

# 中国黄金国际资源有限公司社会责任报告

China Gold International Resources Corp. Ltd.

Social Responsibility Report

# 2010



## Report Description

This is the first social responsibility report issued by China Gold International Resources Corp Ltd., and hereafter we will issue a social responsibility report once a year. For facilitating presentation and reading, China Gold International Resources Corp Ltd. is also expressed as China Gold International, the Company, Company or We.

- **Basis of compilation:** This report was prepared by referring to Guiding Opinions on Implementation of Social Responsibility by the Central Government Owned SOEs issued by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and the China Corporate Social Responsibility Recommended Standard (CASS-CSR 2.0) issued by the Research Center for Corporate Social Responsibility, Economics Division, Chinese Academy of Social Sciences combined with specific practice of the Company.
- **Time Range:** The time span of this report is mainly based on the year 2010 as well as it appropriately traces back to some important years in the history of the development of the Company.
- **Main Range:** This report covers the Company's headquarters and subordinate organizations.
- **Data Source:** This report truly reflects the Company's positive performance of economic, social and environmental responsibilities and its effort to achieve comprehensive, coordinated and sustainable development; all information and data are sourced from official documents, statistical reports and financial reports as well as social responsibility practice information of various business units compiled, summarized and verified by various functional divisions of the Company. In case there are any discrepancies between the financial data and the annual report, the latter shall prevail. Unless specific explanation, all the currency in this report is used RMB as the financial unit
- **Grading Organization:** This report was graded by an independent third party, the Corporate Social Responsibility Research Center, Economics Division of Chinese Academy of Social Sciences. See the annex of this report for details of the grading statement.
- **Report Access:** To obtain a copy of this report, please write to the Board Secretary Department of China Gold International Resources Corp Ltd. You can also log on the home page of China Gold International to browse electronic version of this report.

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## I. Chairman Statement



As a rapid-developing international mining company, China Gold International has always maintained the social responsibility concept of "Never get engaged in gold production in any place at the expense of damaging the ecological and social environment". While pursuing economic interests, it is managing the impact on stakeholders and the natural environment during business operation, pursuing the maximum integrated value of the Company, the society and the environment.

We firmly believe that fulfilling social responsibility attached to any enterprise is an indispensable route for enterprises to complete sustainable development and keeping the business thriving. As a mining enterprise with a high degree of production risks, we value safe production as a prerequisite for development and take measures to improve safety productions.

We adhere to the principle of people-oriented, focusing on the sustainable development of our staff and strictly guarantee the rights and interests of our employees. We attach great importance on environmental protection, energy conservation and emission reduction, insist on green development. We also make contributions to the local community, put in substantive financial resources, materials and manpower to help local area with education, health, transportation and other infrastructure construction.

Our corporate social responsibility work is in the advancement process of improving through learning. There are still many aspects in our work that need improving. We also hope that every person who cares about the Company's growth can point out our shortcomings and inadequacies and give us some advice.

In the future, China Gold International will take building a world-class mining company as its goal, continue to hold the concept of social responsibilities, apply their expectations for the society, the environment and benefits to the production and operation practice, improve its core competitiveness through technology innovation and management improvement, implement social responsibility consciously, build a responsible and completely trustworthy company and become an active practitioner of social responsibility in the global mining industry.

Chairman of the board of directors  
Dr. Sun, Zhaoxue

## II. CEO Statement



In 2010, China Gold International achieved remarkable results in its fulfillment of social responsibility, in addition to it successfully completing different production and operation missions.

We have always treasured our employees as the company's greatest asset. Meanwhile, we have enlarged the investments in safety protection work, and constantly conducted safety education, safety inspection and safety construction. It efficiently improved the enterprise's safety management level. In 2010, the company's death toll per million tons (DIPMT) was zero. As a result, the company's safety production has taken the lead compared to its domestic and even global counterparts in the gold industry. Also, we constantly intensified the supervision and management of major hazard sources and important hazardous chemicals, further improving the company's safety production.

We invest much in the improvement of our employees' treatment, training, and wages. To promote all-round development of our employees, we continue to improve their working conditions and welfare treatment, as well as strengthen the quality education & training of the employees.

We have actively maintained the stability of the mine's surrounding environment, and boosted surrounding regions' development. In particular, we actively enlarged the investment to the maximum extent in two ethnic autonomous regions (Inner Mongolia and Tibet), in order to lure local residents to serve our company, to intensify the training to local employees and people, and to drive local economy and maintain local stability. In the Changshanhao Mine, about 30% of the employees are locally employed, of which, woman employees accounted for more than 10% of the number of employees. In the Jiama Mine, about 35% of the employees are locally employed. Moreover, we invested lots of manpower, capital and materials in helping the local people in traffic infrastructure improvement, environment protection, local people welfare and education.

We enlarged the investment in energy-saving and emission reduction segment, and strongly boosted the company's technical reconstruction and technical development targeting energy conservation and consumption reduction, to control pollution and protect the environment, constantly reducing the company production's influence on the environment and endeavoring to build up the resource-saving and environment-friendly society.

Thanks to adoption of new technology and new equipment, the company is now taking the leading position in China in terms of control of chemical oxygen demand and sulfur dioxide emission. Needless to say, we have invested much in building environmental protection

projects like tailings treatment, sewage treatment, environmental monitoring, land reclamation, and reforestation & beautification etc. Amongst the newly-built mines, the company's investment in environmental protection has reached 11% of its total investment, surpassing the national standard of 3%.

In 2010, we continued promoting the construction of social responsibility system, reinforced the publicizing and education on the social responsibility philosophy and actively organized dialogue regarding the social responsibility. As a result, the company strikingly improved its ability in fulfilling the social responsibility.

In the future, we will take social responsibility as our own mission and continue to abide by the optimal international conventions on environment, safety, and culture. Thus we will actively fulfill the company's social responsibility in global mining sector, and boost the company, the society and the environment's all-round, synergic, and sustainable development.

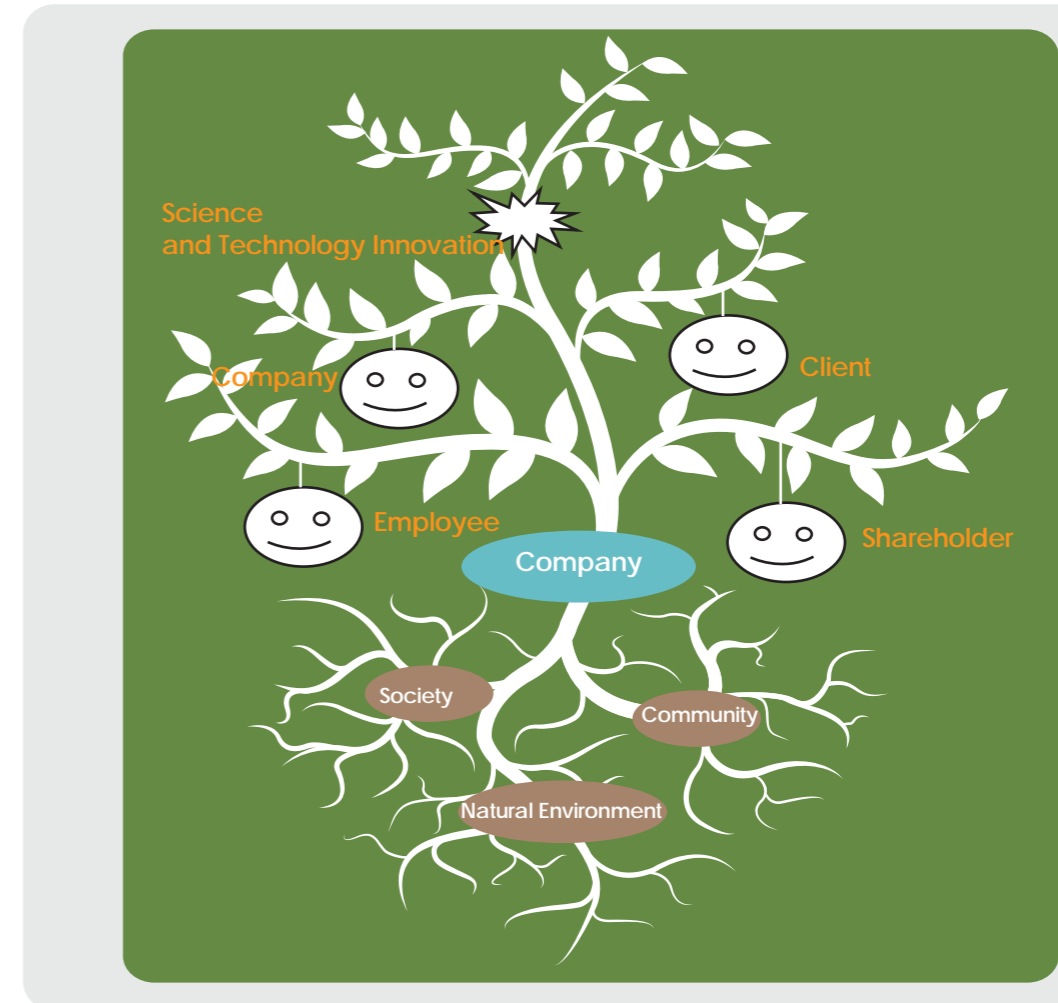
Chief Executive Officer  
Dr.Xin, Song

### III.The Social Responsibility Concept

#### (I) Vision of Social Responsibility

The Company's social responsibility vision: Run the Company in an ethical and sustainable manner, protect and enhance interests, health, safety, welfare and personal development of each employee working for China Gold International directly or indirectly, operate mining without polluting its surrounding environment and increase its core

competitiveness through technological innovation and management improvement, actively integrate into the international community and advertise the concept of Green Development and make China Gold International a good image of an active practitioner of social responsibility in the world's gold mining industry.



## (II) Social Responsibility Model

China Gold International's goal is to "be an active practitioner of social responsibility in the world's mining field", promote the achievement of core concepts of environmental protection and energy saving, work safety, employees' rights, scientific and technological progress and mutual benefit etc. Through responsible organizations, risk prevention, legal compliance, moral conduct it will carry out this goal. The above contents can be summarized in the following model: (replace contents of the following chart into environmental protection and energy saving, work safety, employees' rights, science and technology planning, social benefit and Mutual benefit).



We shall always keep in mind that while realizing core social functions and pursuing economic interests, we should effectively manage our impact on the stakeholder and natural environment during the process, and try hard to maximize the integrated value of the Company, the society and the environment, as well as seek for harmonious construction and common development with our stakeholders.

## Social Responsibility Values

1	During the process of developing gold resources, adhere to the principle of adequate, reasonable and scientific exploitation promote large scale mining and integrated utilization of gold resources.
2	Never engage in gold production in any place at the expense of damaging the ecological environment.
3	Will not merely pursue the financial benefit of gold, but create spiritual values while creating material wealth, focusing on environmental protection and rational exploitation of various resources, undertaking its social responsibilities and obligations.

## Core Responsibility Concept

1	Environmental Protection and Energy Saving	Committed to creating a resource-saving, environment-friendly society. While developing and utilizing mineral resources, strive to consume the least natural resources with the least impact on the environment.
2	Work Safety	China Gold International is committed to creating a safe environment for productions and operations. It carries work safety culture into line production and management, strengthening the construction for production management system, establishing and improving a long-term mechanism of safety a production.
3	Employees' rights	Adhere to the concept of "people-oriented, enable each person to develop their own talents", protect employees' rights and interests, provide a satisfactory development platform for employees, stimulate their enthusiasm and creativity, and thus realize collaborative development of the Company and employees.
4	Scientific and Technological Advancement	Adhere to the concept of "Science and technology is the first productive force" and "Leading science and technology oriented, rewards the country with industry". It takes an active role in participating in national hard dressing & smelting gold ore research and carrying out industrialization experimental practice, solving technical problems such as low-grade gold, hard-dressing & smelting in gold industry and improves the efficiency of gold resource utilization.
5	Harmonious and Win-win Development	Based on the "Respect and Mutual Benefit" principle, we will adhere to the "Honest Operation and Mutually Beneficial" philosophy to actively cooperate with interested parties, during which we will constantly improve the company's ability in customer service, intensify the management of suppliers, and build a strategic partnership with the local government, suppliers, creditors, enterprises and institutions and other organizations, in an effort to realize the mutual benefit and win-win situation with the interested parties.

## Social responsibility and work performance reference listing

A: Target completed (greater than 95%)    B: Progress on schedule    C: Unrealized

Responsible Field	Social Responsibility Targets in 2010	Target completion
Responsibility Management	Improve communication channels by establishing an internal social responsibility management system, covering all functional departments, secondary units in operation and main productive enterprises.	A
	Organize multi-level social responsibility learning, communication and training to improve the sense of social responsibility of the managerial personnel of all levels and employees.	A
	Strengthen publicity campaigns to promote legal knowledge, organize anti-corruption training, deepen performance monitoring and cultivate a law-abiding business philosophy.	A
Economic Performance	Compare the best practices with domestic counterparts, improve the resources guarantee system and the marketing service system and work hard to achieve strategic transformation.	A
	Strengthen management, increase the value of assets	A
	Enhance superior resources control, increase the efforts for resource acquisition and promote capital operations.	B
Safety Performance	Enhance production safety, establish and perfect safety management and control model which is adaptable for strategic transformation.	A
	Promote the construction of a safety standardization management system, monitor major hazard sources effectively, improve the emergency rescue system, strive for a zero fatal accident ratio for work safety and make efforts to reduce the number of various accidents.	A
	Strengthen safety management information system and safety education training system construction and continuously improve the level of safety.	A
	Speed up technological equipment and safety engineering reconstruction, increase efforts in scientific and technological research and development and realize safety management with technology innovation.	A
Caring for Employees	Strictly observe relevant laws and regulations and safeguard the legitimate interests of Company employees.	A
	Carrying out on the job training and improve promotion channels for employees	A
	Establish and improve workers' safety and health protection systems.	A
	Fulfill the responsibilities for employees and realize the goal of gradually increasing wages.	A
Environmental Performance	Helping employees with financial problems overcome difficulties	A
	Standardize basic management and goal management over energy conservation and emission reduction, strengthen force of supervision, inspection and examination on energy conservation and emission reduction and ensure the completion of emission reduction targets	A
	Increase investments in environmental protection, promote environmental technological innovation, application of power-saving technology and comprehensive utilization of renewable resources, strive to realize the leading level among domestic counterparts and international advanced levels	A
Social Performance	Develop mineral resource scientifically and improve the comprehensive utilization rate of resources and strengthen residual mine recovery and waste recycling	A
	Increase support for public welfare, using various forms of assistance for poor areas.	A
	Support community education, strengthen health screening, improve community infrastructure construction and realize common development of the Company and the community	A
	Increase local procurement, realize localization of employees and promote community economic development	A
	Observe business ethics, oppose commercial bribery and create a fair competitive market environment	A

## IV. Company Profile



China Gold International Resources Corp Ltd. is a mineral development company and a share-holding subsidiary of the China National Gold Group Corporation integrating acquisition, exploration, exploitation, development and processing of gold and other non-ferrous metals and its base is in Vancouver, Canada .

The Company's main assets are CSH Gold Mine located in Inner Mongolia, China and Jiama copper-gold polymetallic mine located in Tibet, China. China Gold International holds 96.5% equity of CSH Gold Mine. The company's Changshanhao Gold Mine has carried out production since July 2007.

The Company acquired 100% equity of Jiama Mine on December 1, 2010. Jiama Mine is a large-scale copper-gold polymetal deposit, containing copper, molybdenum, gold, silver, lead and zinc resources. The mine started production in September 2010. China Gold International is listed in the Toronto Stock Exchange (TSX ) and the Stock Exchange of Hong Kong Limited (SEHK) with code of CGG and stock code of 2099. Other information of this company, including the Company's annual data sheet can be browsed on SEDAR's website [www.sedar.com](http://www.sedar.com) and the HKEX website [www.hkexnews.hk](http://www.hkexnews.hk).

The vision of the Company is to become a large mining company with great social responsibilities, which has great influence in international capital market and global mining industry.

### Company Key Economic Indicators

	Unit	2010
Revenue	100 million RMB	8.82
Net profit	100 million RMB	1.80
Net profit attribute to the shareholders	100 million RMB	1.74
Basical revenue per share	RMB	0.92
Total assets by the year end	100 million RMB	109.65

# V. Responsibility Management

## (I) Responsibility System

### 1. Leadership Organization

The Company will establish and improve a corporate social responsibility management system. The Board of Directors, the Company's Management & Nominations Committee, Audit Committee, Salary & Welfare Committee, the Safety, Health and Environmental & Social Responsibility Committee of the Company etc. make decisions and manage social responsibility strategies for the Company. The Company's Management department is in charge of specific operations.

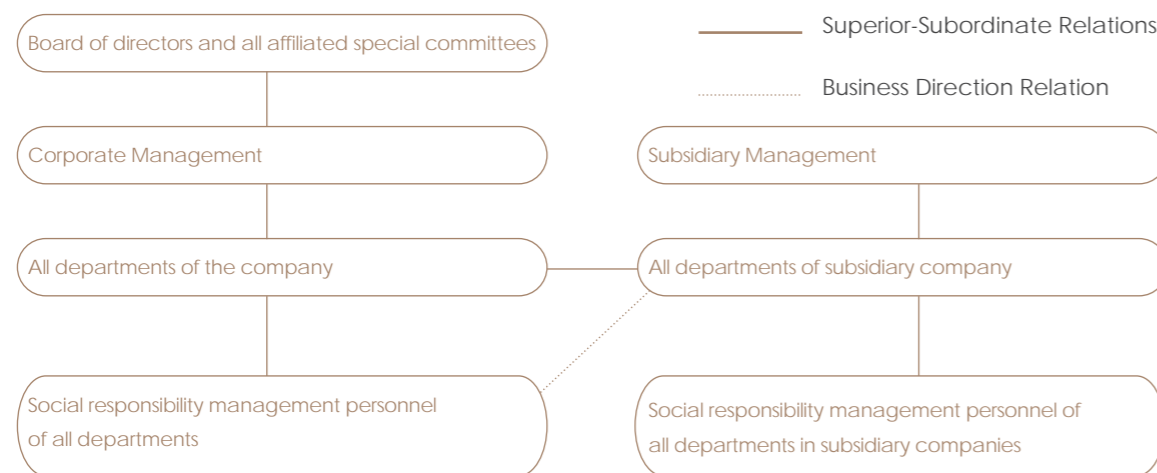
The affiliated enterprises and major management personnel form a mining enterprise social responsibility promotion team which is responsible for making decisions and managing the social responsibility work of the various enterprises

### 2. Daily Management Organization

The Company has set management organizations, management posts and managerial personnel for safety management, energy conservation and emission reduction and environmental protection, wages and benefits, occupational health, technological innovation, employees' rights etc. for relevant departments of the headquarters and various sub-companies (branch companies), specifically implementing and fulfilling social responsibility.

The Deputy General Manager Department of the Company is responsible for social responsibility information disclosure for the Company as well as the consulting and replying included in the Company's social responsibility work that is provided for investors, regulators and other stakeholders.

### 3. Organization Chart



### 4. The Company's special safety management system

The Company has established various management systems with the main goal of target management, inspection and evaluation, examination, rewards and punishments and responsibility investigation, etc. based on actual situations of frequent safety accidents in the mine to form a safety standard company management model.



### 5. The Company's special environment management system

The Company attaches great importance on the development of environmental management systems and it has set up a health, safety and environment committee for this. The headquarters and its subsidiaries have a professional environmental staff and it has formed three sound environmental management systems.

**Statistical monitoring system:** It is required that various secondary units should be staffed with full time environmental monitoring personnel and establish environmental monitoring programs to regularly monitor main pollutants and characteristic pollutants on schedule to ensure that pollutant facilities are operating normally and pollutant monitoring documents should be established.

**Organization and management system:** It is required that various secondary units should set up environmental protection management organizations, establish corporate environmental management systems composed of responsible personnel of the units, environmental management departments, workshop responsible personnel and workshop environmental staff. By strengthening the organization and leadership, accomplish projects and funds, apply strict supervision and management and comprehensively improve independent environmental management levels of various units to ensure that main pollutant emission reduction targets are realized.

**The System for Assessing, Rewarding and Punishing:** Environmental management structures, environmental management systems, environment protection record management and total amount of main pollutant emission reduction completion conditions of various secondary units should be included in the performance assessment and environmental protection responsibility systems should be established and implemented.

## (II) Responsibility Issues

During the process of implementing social responsibilities, the Company has been focusing on establishing and improving a stakeholder participation mechanism. While determining social responsibility issues, it is fully borrowing social responsibility standards and the best practices of other companies, while taking into consideration the Company's development target and strategy, industry characteristics, expectations and requirements of stakeholders, then selecting social responsibility issues scientifically and rationally.



The Social Responsibility Issue Selection Process

## Social Responsibility Issues

Responsibility Sections	Social Responsibility Issues
Responsibility Management	Establish the concept of social responsibility and set up a social responsibility organization system, develop social responsibility strategic planning, promote the application of the social responsibility concept in operations, and carrying out social responsibility communication and social responsibility research.
Market Performance	Financial performance, investor relations management, customer relationship management, production quality control, responsible procurement, honest operation and fair competition
Social Performance	Law abiding, implementation of national policies, protection of workers' rights, equality of employment, occupational health management, staff training and development, work safety, localized operations, charity and public benefit activities, development of volunteer activities
Environmental Performance	Environmental management system, actively responding to climate changes, development and application of environmental technology and equipment, energy and water resources conservation, development of recycling economy, residual mineral recovery, waste gas, waste water and waste solid discharge reduction, mine conservation, tailing disposal and mine ecological protection, conservation of land resources, reduction of waste emissions

## (III) Responsibility Promotion

Effective social responsibility management lies at the foundation for promoting sustainable, stable and harmonious development of enterprises. China Gold International plays an active role in perfecting its social responsibility and promoting construction of the management system, and by communicating with the Company's stakeholders through a variety of ways, it has continued to improve its social responsibility performance.

### 1. Establishing the Management System

The Company initially established system, institution and process of corporate social responsibility and established a long-term mechanism of corporate social responsibility management and practice. Preparing and issuing annual reports of corporate social responsibility guarantee the implementation of the social responsibility work. Preparing and publishing this report has deepened the Company's comprehension of the social responsibility work index system, strengthened statistics and comparison of information and helped them discover the shortcomings of the Company that have occurred during the social responsibility work and will play a major role in perfecting and improving corporate responsibility management system construction.

### 2. Conducting Special Training

The Company has continued to strengthen employee safety training, law and regulations training and environmental management training. In this way it is laying a solid foundation for the special social responsibility management work of the Company.

### 3. Promoting Changes of Special Tasks

The Company strives to promote applying the social responsibility concept into various functional departments and business units. It takes special thematic practice as a breakthrough and starting point according to needs to drive conversion and optimization of the management mode during the work of strengthening social responsibility management.



## (IV) Responsibility Communication

### 1. Stakeholders Participation

Stakeholder	Stakeholder Description	Expectations for the Company	Methods of Communication	Primary Indicators
Government	The Chinese government and local government of the business location	Actively implement the national macro-control, promote integration of industries according to the national industrial revitalization plan, strengthen work safety supervision and environmental protection	Establish planning measures, participate in meetings and special reports, report statistics and conduct visitation	Total taxes and number of employees
Employees	All members of the Company's organization	Protect the rights of employees, provide stable employment and a fair and equitable compensation guarantee, improve employees' career development channels, provide a safe and healthy working environment	Establish Trade Unions of all levels organize and regularly hold worker's congresses, establish smooth internal channels of communication	Labor contract rate, social security participation rate, employee turnover rate, workers' education investment, number of worker's congress proposals
Clients	Users purchasing products or services	Provide quality products and service quality according to the promises made in order to realize equality and mutual benefit	Keep in close Communication with customers, implement contracts strictly and provide rich product support information	Agreement Implementing Conditions
Business Partners	Suppliers, contractors, financial institutions, research institutions, consultative bodies, etc.	Observe business ethics, laws and regulations, establish Long-term partnership and realize mutual benefit	Strategic partnership negotiations, high-level meetings, biddings, daily business transactions and regular visitations	Agreement Implementing Conditions
Investors and creditors	Stock and bond holders of the Company and its subsidiary	Increase corporate value and reduce risks continuously, operate continuously, repay principal and interest and pay dividends on schedule	Accurate and timely disclosure of information, regular visitation, annual reports, shareholders' meeting	Credit rating, interests of minority shareholders

Stakeholder	Stakeholder description	Right expectations	Communication way	Primary indicators
Community and General Public	Location of business services and operations	Promote sustainable development of community economy, support public welfare, protect community environment and realize common prosperity	Signagreements of coordinated construction, participate in community project construction, communicate regularly and organize gatherings	Investments in community development, total amount of community charity donations
Non-governmental organizations	International organizations, industry associations and local groups etc.	Support social organizations, fulfill the articles of association, strengthen the disclosure of operational information, support public welfare undertake such things as environmental protection, etc.	Actively participate in relevant meetings and make continuous improvement, taking the initiative in offering advice and suggestions	Number of times for participating in relevant meetings and social welfare investment

### 2. Internal Communication

The Company promotes internal social responsibility communication, voicing feedback at any time and getting updates on the progress of the social responsibility work through contacts for social responsibility of various enterprises and carrying out effective communications.

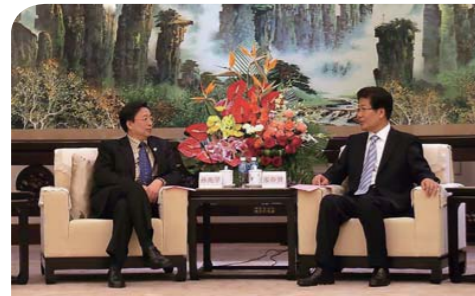
Knowledge contest of safety and Healthcare



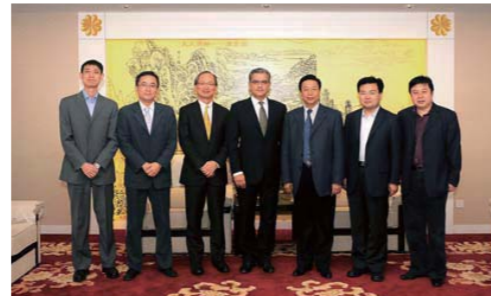
Propaganda for Safety Production

### 3. External Communication

The Company carries out effective communication in various ways with stakeholders of the Company and meets their demands for the Company's information disclosure



Meet with the leaders of Tibet, China



Meet with the chairman of World Gold Council



Reporting to SASAC with parent company



Attend the international mining conference



Independent director visit Inner Mongolia Pacific



Discussion with industry experts



Visit to the Toronto Stock Exchange



Communication with local people

### (V) Social Assessment

China Gold International is rooted in the society. While creating economic benefit, it is continuing to deepen its understanding regarding its social responsibility and make efforts to implement its corporate social responsibility. As a result, it has obtained good reviews from the society.

#### List of Awards Received by China Gold International in 2010

Winning Unit	Award	Awarded By
China Gold International	100 Fastest-growing Public Companies in British Columbia, Canada	British Columbia, Canada
Huatailong(Jiama)	Best Development Award	2009 International Mining conference and Ministry of Land of China
Huatailong	Advanced Group in 2009	CPC China National Gold Group Corporation Commission
Huatailong	Title of Model Employees' Home in the Whole Region	Federation of Trade Unions of Tibet Autonomous Region
Huatailong	Advanced Unit on Target Management of Labor Union in 2009	Lhasa Municipal Federation of Trade Unions
Huatailong	Advanced Unit on News Propaganda of National Gold Industry in 2009	China Gold Newspaper Office
Huatailong	Model Employees' Home of 2009	Maizhokunggar County Federation of Trade Unions
Huatailong	Ten Exploration Results in 2009	Geological Society of China
Huatailong	One of First Batch of 29 Scientific Research Bases	Ministry of Science and Technology , Ministry of Land and Resources
Huatailong	Top Ten Scientific and Technological Progress Results of Chinese Academy of Geological Sciences in 2009	Ministry of Science and Technology , Ministry of Land and Resources
Huatailong	Youth Civilization	Union group of Central Government Owned SOEs
Huatailong	National Model Home of Workers	National Federation of Trade Unions
Huatailong	Safe enterprises	Maizhokunggar County People's Government
Inner Mongolia Pacific	Advanced group 2009	CPC China National Gold Group Corporation Commission
Inner Mongolia Pacific	Top Ten Gold Mine in China, 2010	China Gold Association
Inner Mongolia Pacific	Advanced Group	Wulatezhongqi People's Government
Inner Mongolia Pacific	2008 Advanced Company in scientific and technological innovation	Wulatezhongqi People's Government
Inner Mongolia Pacific	2007 Advanced company in helping the community	Wulatezhongqi People's Government



Jiama Mining Area

## VI.Environmental Protection and Energy Saving

The Company has always insisted on protecting the environment while developing, solving environmental problems in the process of development, adhering to the mode of safe development, clean development, conservation development and harmonious development. It is devoted to environmental protection and control actions focusing on "three wastes" treatment, energy conservation and emission reduction, greening and beautification. It vigorously promotes low-carbon economy, exploring a green development model with low power consumption, low pollution and low emission.

In 2010, the Company invested a total of 2.55x108RMB on tailing treatment, dedusting, sewage treatment, environmental monitoring, land reclamation etc. The proportion of new mine environment protection investment accounting for total investment was over 3% higher than that of the national standard, with an average of 10.55%.

### (I) Energy Conservation and Emission Reduction

Global climate change has become an important international issue of public concern. During the Company production and operation activities, it takes "low consumption, low emission and high efficiency" as its goal, vigorously develops circular economy relying on technological innovation, improves scientific development strength on resources, carries out integrated high efficiency utilization of resources, making every resource consumption create the greatest benefit.

Both mines owned by the Company are new mines that have been developed in last few years. During the development of the mine, the Company followed the principle of "high standard, high starting point and strict requirements", fully using advanced equipment and technology to achieve high efficiency on energy conservation and emission reduction. In 2010, the chemical oxygen demand and sulfur dioxide emission were 4.95 tons and 42.83 tons respectively. As a result it has taken the lead in China in controlling pollutant emission.

Table of the environment protection accomplishments of company in the year 2010.

Index	2010
SO2 (ton)	42.83
chemical oxygen demands(ton)	4.95

### 1 Extensive Use of Advanced Equipment and Technology

Both mining enterprises affiliated to the Company adopt advanced technology and equipment to reduce pollutant emission to the maximum in their construction and production.



Crushing and screening equipment of Inner Mongolia Taiping Mining Co.Ltd are imported from Metso Company. 6 sets of HP800 cone crushers are constantly power controlled by computers; the conveyer equipment is produced by North Heavy Industry Transportation Equipment Group. Both manufacturers are world-class mining equipment manufacturers. Transformers that are used are the latest models: SZ11, S9, S9-M, SCB10 and SG10. Static vary compensation (SVC) equipment are deployed in all levels of substations. Lighting instruments are two new energy conservation lamps. The 15 units of key heavy duty water pumps are made by ITT that are ranked number one in the world and Kaiquan Pump Industry Co. Ltd which ranks number one in China and all of them adopted ABB transducer drivers. The Boilers used are new model products that were purchased domestically: DZL2.8-1.0/110/70-A and SZL10-1.25-A. Application of the above high-tech, environment-friendly equipment and facilities has laid a solid foundation for energy conservation and emission reduction management of the Company.

### 2. Heavy Promotion of Practical Technologies for Energy Conservation

The Company heavily promoted application of practical technologies for energy conservation and energy conservation lighting instruments. It made full use of solar resources and introduced solar power technology, by which it set up a solar heating supply, heating, drying, bathing and lighting, etc., and employed the inexhaustible clean energy.



Considering the particular environment of Jiama Mine with its high altitude, sparse vegetation and fragile ecological environment, Huatailong Company laid great importance on original ecosystem of Tibet. It required every production link to take measures on energy conservation and emission reduction and environment protection. It also sent out personnel to carry out investigation on solar heating markets. After understanding the feasibility of application of solar power in the mine, it installed nearly ten thousand square meters of solar heating engineering in the current employees apartments, office buildings, guest houses and other buildings in the Jiama Mine. Comparing with diesel oil heating program, solar power can not only save more than 10 billion RMB each year but also reduce carbon dioxide emission by about 5000 tons.

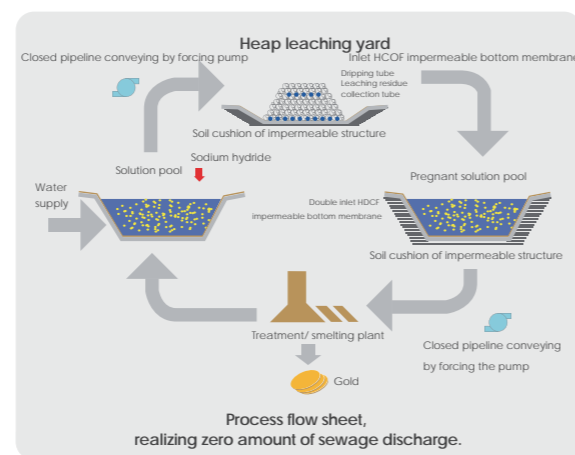
### (II) Water Resource and Environmental Resource Recycling

The recycling water amount used in the production for 2010 was 960,000 tons, which is 79.1% of the total water amount.

Indicator	2010	
Water consumption	Total amount 10 <sup>4</sup> tons	121.4
	Fresh water 10 <sup>4</sup> tons	25.4
	Recirculated water 10 <sup>4</sup> tons	96.0
10thousand RMB output value water consumption(tons) (Inner Mongolia Taiping)		13.7
Per ton of ore water consumption		0.163

Case:

Inner Mongolia Taiping Co., Ltd introduced the national initiative buried pipe drop-leaching technique and cyanide solution tank coverage technique with an international advanced level. Laying earth with thickness of 600 - 800mm is to decrease water evaporation and waste under high temperature weather in the summer. The double layer broken ore burying coverage technique was adopted for winter use for frost prevention to guarantee the normal production of the heap leaching field. Double layering HDPE plastic film was adopted in the cyanide solution tank and a lump ore landfill was implemented. On one hand, it guarantees the demand for winter protection and on the other it solves problems of environmental and safety protection, etc. During the production process, the fully closed loop system was adopted to realize zero emission of production waste water to become a model of mining industry for conservation of water resources and environmental protection.



### 1. Strengthening Environment Protection Publicity

The Company attaches great importance to environment protection publicity. It has established and implemented annual environment protection advocacy training programs to popularize environmental protection knowledge and promote environmental protection culture. Through publicity and training, environmental protection awareness, work concept and work method were improved to standardize corporate environmental protection management, implement the main responsibility for the implementation of corporate environmental protection and give full play of the Company for its main role in micro-environmental management.



Green Road in Jiama Mine

### 2. Environment Protection Technological Innovation

Taking the work of environmental protection research as an important field, the Company fully relies on environmental protection innovation and system integration to provide technical support for pollution prevention and environmental management.

Case:

The Environmental Monitoring Center of Inner Mongolia Taiping Mining Co., Ltd has 12 patented technologies. During the Eleventh Five-Year Plan period, it undertook 2 scientific supporting programs of the Ministry of Science and Technology. It is in the leading position in the field of advanced cyanide effluent treatment, etc., making its environment protection and scientific research play an active role in pollution prevention and environmental management.

### (III) Environmental Protection

The Company actively intensified publicity efforts on environmental protection, promoting green environment protection operations, making efforts to reduce its impact on the environment during operations.

Case:

To effectively protect the local ecological environment, Huatailong Company invested over 20 million RMB on soil and water conservation for river courses, side slopes, embankment and project areas; over 13 million RMB on landscape engineering construction such as planting trees in the mine and reclamation and grass growing, etc. and carrying out forest plantation with residents of Jiama Village, purchasing 22140 seedlings with a plantation area of 408 mu. It controlled quality on aspects of bidding, purchasing, planting, watering and building fences, and ensured the smooth progress of the plantation. During the first phase of the construction of the project, the Company invested 1.8 x108RMB on environment protection, accounting for 11% of the total investment for the whole project.



Green Road in Jiama Mine


### 3. Green Environment Protection Operations

The Company actively promoted green office. Considering the characteristics of the company's cross-regional operations, audio conference systems are widely used in daily activities of the company to improve work efficiency and realize green office.

The Company actively promotes clean productions and strengthens environmental protection management over the entire process of production, continuing to improve cleaner production level of the production site.

Changshanhao Mine

**Case:**  
Inner Mongolia Taiping has adopted the large-scale opencast mining and monomer heap leaching technology. It has introduced the buried pipeline drop-leaching technique and cyanide solution tank coverage technique with an international advanced level and domestic initiation level to ensure production and operations of the mine in a whole year in cold areas in the north. Meanwhile, by using the full closed loop process system, it realized zero emission of production waste water and become a model on saving water resources and environmental protection in the mining industry.



### 4 Promoting Green Procurement

The Company actively implemented the national comments on Implementing Government Procurement for Eco-label Products, giving priority for purchasing eco-label products, choosing manufacturers with leading level green environmental protection and energy saving technologies as their main equipment providers. In this way they can control pollution from sources.

### 5. Ecological Environment Protected Zone

The Company has strictly implemented the Mineral Resource Development and Utilization Program, Mining Geology Environmental Protection and Treatment Recovery Program and the Mine Land Reclamation Plan. During mineral resource development designing and various stages of development, it adhered to the principle of "Developing while reclaiming" to restore vegetation to prevent soil erosion and protect biological diversity.

The Company strictly implemented the national environmental protection laws and regulations. For new investment projects, the "environmental impact assessment" and "Three Simultaneous" system implementation rate reaches 100%, strengthening environmental management for new investment projects from the source. In 2010, 1,200,000 RMB of reclamation cost was pre-drawn for reclamation fees. Since its establishment, no environmental pollution accidents occurred in the Company.

### 6. Creating Green Enterprise

The Company firmly adheres to the concept of "Protecting the environment while constructing an enterprise". Through growing vegetation, the ecological environment of the region was improved.

**Case:**  
Inner Mongolia Taiping has already invested nearly 8 million RMB in the first half of 2011 to make thorough changes in the surrounding environment of the mine. Meanwhile, the Company will invest a lot of money each year to continue to strengthen environmental protection and landscape improvement and greening by running the mine with international environment monitoring standards. As a result it has created a domestic first-class green mining enterprise.



Changshanhao Mine

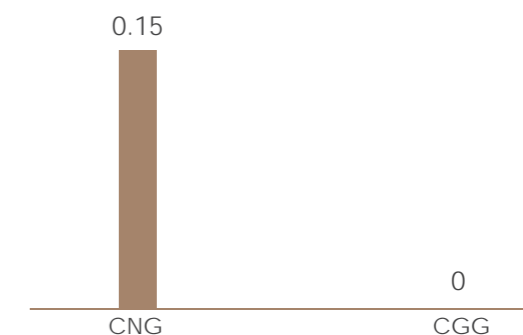
## VII. Work Safety

The Company fully understands the long-term, arduous and complex natures of work safety and it adheres to the safe development concepts of "all accidents can be prevented" and "people-oriented and safe development", effectively implementing the policy of "Safety first, Precautions Crucial and Comprehensive Treatment", paying close attention to safety management system engineering starting from staff education, software improving and hardware reconstruction, it basically improved the company's integral and internal safety level, laying a good foundation for creating a safe and harmonious mine.

### (I) Safety Investment and Performance

In 2010, the Company invested a total of 12,110,000 RMB in safety production, focusing on strengthening field management and improving system construction to guarantee safe productions and operations of the Company. In 2010, the one million ton worker death rate was zero, the major equipment accident rate was zero, the major fire and explosion accident rate was zero and the major traffic accident rate was zero, thus realizing safe and stable operations. Now, the company's safety production has the leading level in the China gold industry.

Death toll per million tons in 2010



Please provide the per million ton worker death rate of China Gold International Corp and China Gold Group index and make a comparison diagram.

### (II) Safety Supervision

The Company participated in developing and strictly observed the Interim Provisions of Production Safety Accident Responsibility Investigation of China National Gold Group Company, established and improved a safety responsibility system, strengthened safety responsibility and took safety responsibility seriously.

Economy is Directly Linked to Benefits	The number of fatal accidents and the number of deaths in fatal accidents are linked with annual salaries of leaderships of various enterprises; 20% of the final result of the appraisal of performance for annual salaries of leaderships of various enterprises is used for safety management process assessment.
Administrative Penalties	The One-vote Negation System is implemented for work safety for work safety accidents, non-fulfillment of work safety laws and regulations, outdated guidelines and policies and work safety and poor rectification of potential safety hazards. Units which are punished by the One-vote Negation System shall be depleted from obtaining annual comprehensive honorary titles, various individual recognition awards and qualifications of their main responsible persons, branch office responsible personnel, managerial personnel and direct responsible personnel for obtaining appraising rewards, promotions and appointments.

### (III) Hidden Danger Identification

The Company has always adhered to placing major hazard sources, key positions and key links on the most important positions during production safety management. By strengthening system construction, intensifying special examinations and supervision and special treatment, occurrences of various accidents can be strictly prevented. In 2010, the special equipment inspection rate reached 100% and the percentage rate of passing reached 100%.



**Case:**  
Inner Mongolia Pacific Co., Ltd firmly carries out monthly safety inspections on schedule. By the end of each month, the inspection team led by the manager and composed of responsible personnel of various departments of the company and electrical technicians carries out a comprehensive safety inspection on various production locations of the Company. After inspection, an inspection conference is held immediately. Meanwhile, the work safety situations for the previous month are summarized and key issues on work safety for the following month are arranged. Potential safety hazards and problems identified shall be rectified by the responsible unit and the Safety and Environmental Protection Department shall track and confirm rectification results and eventually eliminate the hidden dangers so as to achieve work safety.

Meeting for safety supervision

#### Content of Work Safety Supervision

1	Check implementation conditions of the work safety subject responsibility of the enterprise.
2	Check the existence of major hidden dangers, whether treatment measures are in place, existing problems and contingency measures established.
3	Check work safety investments and hidden danger treatment capital input of the enterprise.
4	Check the safety management of the construction team, focusing on: blasting operations, open pit mining, underground mine escape exits, lifting and transportation systems, distribution substations and electrical management and drainage systems, ventilation equipment, worked-out area management, stope roof control, abandoned mine management, contingency plan implementation conditions, tailing reservoirs, dangerous (toxic) chemicals, etc.

### (IV) Hazardous Chemical Management

Hazardous chemicals of the Company mainly include explosive, sodium cyanide, sulfuric acid, arsenic trioxide (arsenic), etc. To ensure safety, strict protective measures are established for links of storage, transportation and application. In 2010, there was no explosive, dangerous chemical loss or severe leakage accidents.

**Case:**  
Inner Mongolia Pacific Mining Co., Ltd set up a mine rescue team, undertaking the rescue work of various positions in the Company. A contingency drill is carried out once each year. Through the drill, the strength of the Taiping Company internal mine rescue team was demonstrated and the team received praise from the cadres, workers and the local government of Sumuheqi.



Emergency drill

### (V) Safety Culture

The Company attaches great importance to safety culture construction. By carrying out safety education, training and advocacy, it makes efforts to promote the conversion of the concept of "want me safe" to the concept of "I want safety", constructing the cultural atmosphere of "Work safety depends on everyone", "safety is for production and production must be safe", etc.

#### 1. Safety Education and Training

The Company seriously implemented the "Notice of the State Council on Further Strengthening the Work of Safety in Production" (Guofa [2010] 23) and Provisions on Safety Training for Production and Operation Units (Order No.3 of the Administration of Work Safety), actively carried out safety education and training.

In 2010, the Company and enterprises affiliated with the Company organized and carried out 14 sessions of various safety education and training for training a total 1,870 person each time. By the end of 2010, the safety education training rate of employees of the Company reached 100%.

Case:

Inner Mongolia Pacific carry out the "Three level safety education and training", special type work training, safety qualification certificate training and crew safety construction training etc. periodically, making their pre-service and on the job training rates and special type work certification rate reach 100%.



Safety training class

## VIII. Employees' rights

The Company firmly established the talent development concept of "talent is the first resource", persisting in people-oriented. It involved improving employee quality, providing equal development opportunities for employees, achieving common development of employees and enterprise as important contents of corporate social responsibility. It actively optimized personnel structure, improved personnel quality, strengthened personnel motivation and constructed harmonious labor relations. It has been trying hard to build a professional team with both ability and moral integrity and a reasonable structure, which is forging ahead in unity and highly responsible. The Company adheres to the concept of employment of "people-oriented, no talent is to be wasted". It protects employees' rights comprehensively, providing a satisfactory development platform for employees, trying to arouse enthusiasm and creativity of employees.

### (I) Employees' Rights

The Company always adheres to the concept of employment of "people-oriented", respecting employees, safeguarding various interests of employees, trying hard to create good working and living conditions for employees. Under the basis of improving wages and welfare of employees, it increases investment and strengthens corporate culture construction,

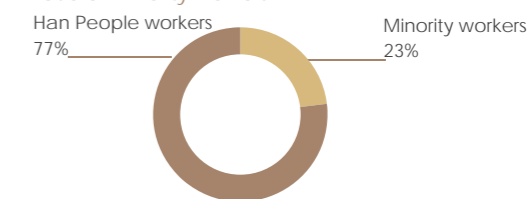
#### 1. Profile of Employees

By the end of 2010, the total number of work force at the Company was 1,004 people, including 194 female workers, 231 minority workers. 111 people in first-line management and above construction positions, which included 31 female workers.

Ratio of female workers



Ratio of Minority workers



#### 2. Safeguarding the Interests of Workers

The Company follows the relevant law and regulations, adhering to ethical standards of the company and strengthening management of labor contracts. It continuously improves the labor and employment system, giving full attention to employees' right to know and guarantees their lawful rights and interests. In 2010, the employee contract signing rate of the Company was 100%, the coverage of social insurance is 100%

It insists that men and women get equal payment for equal work, decent work, and no discriminatory act is generated towards different races, sexes or ages, etc. Using child labor and all forms of forced labor are strictly prohibited.

It gives full play for workers to have their roles in democratic management and democratic supervision. All levels of worker unions are established. Grassroots democracy management systems such as the workers congress and openness of factory affairs, etc. are established, basically providing sound democracy organizations, diversified openness of factory affairs and smooth rationalized proposal channels. All level labor unions strengthen democratic participation and democratic management activities of the employees, doing practical and good things for them.

## 2. Advocating Work Safety

The Company actively participated in the "work safety month", "work safety year", "safety knowledge contest" and many other activities organized by the State Administration of Work Safety and achieved excellent results and won recognition of higher authorities.



"Safety makes thousands of families happy" speech contest during Safety Activities Month of 2010

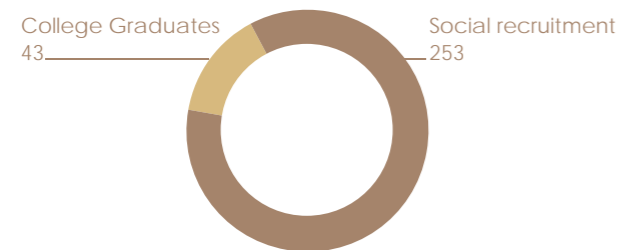
### 3. Promoting Employees' Development

The Company treats old and new employees equally, adhering to the mode of "recruitment, training, hiring, motivation, training and promotion". By implementing multi-dimensional and multi-level training, it has improved the quality of the staff. It provides equal employment development opportunities and diversified employment development channels through a perfect personnel selection and appointment mechanism. Through corporate culture construction, it enables employees feel warmth from the big family of the Company, enhancing the cohesion of the employees, and thus realizing common development of the Company and employees.

#### Recruitment of Employees

Its personnel recruitment work adheres to the model of "unified stage, reasonable licensing, hierarchical management", as well as the principle of open and democratic recruitment work, thus providing equal employment opportunities for all candidates. In 2010, 296 people were employed from open recruitment, including 43 fresh university graduates and 253 employees recruited from the society.

Proportion of Each Kind of Personnel Employed in 2010



#### Staff Training

The Company adheres to the concept of "upgrading quality through training, promoting development with quality". It has established a well arranged, qualified teacher supported training system with effective contents, implementing an entire personnel quality upgrading project. In 2010, the Company trained the staff for a total of 1,483 people each time.

For managerial personnel: It constructed a Training Development Mechanism consisting of three levels, including leading personnel, executive personnel and backup personnel. At the same time, it promoted training in rotation for the executive personnel of regional enterprises.

**Case:**  
Huatailong Company heavily promoted the reform of personnel system. In 2010, a competitive post engagement system was exercised for middle management cadres of 18 departments of the company and personnel with positions of above group leaders of workshops of the dressing plant and various departments. Meanwhile, the first time appointment was conducted for the professional and technical positions including geology, surveying, mining, mineral processing, machinery and electric automatization etc., effectively excavating the available potential of human resources and improving the production management level.

Training for talented workers

For professional and technical personnel: The focus was on upgrading professional competencies and the overall quality of the main professional and technical backbones regarding surveying, mining and dressing, etc.

For personnel with production skills: It actively carried out craftsman pre-job training, craftsman job skill grade authentication as well as job foreman training in rotation, effectively improving the overall quality and ability of the workers.

#### Incentive and Restraint Mechanism

The Company vigorously strengthened performance assessment work, taking the responsibility of promoting organizational performance which assist it to realize the strategic goals. It established a performance assessment system based on the Full Personnel Performance Assessment Regulations. With the implementation of assessment, it stimulated employees to think, to plan, to do and to succeed.

The Company established a corresponding remuneration system according to three series of management, technology and workers with subdivided work positions and grades based on their own characteristics in order to promote staff development and realize the goal that no talent is to

be wasted, which opens up the career development paths and clear promotion channels, encouraging employees and striving to realize common progress and mutual benefit with employees.

The Company carried out annual technical title evaluation. In 2010, 147 people were awarded titles of different levels, among which 11 people were employed as expert-level senior engineers who can enjoy special subsidies.

Technical Title Evaluation Data Sheet for 2010

Year	Engineering Series			Social Series			Political Series		
	Senior	Intermediate	Junior	Senior	Intermediate	Junior	Senior	Intermediate	Junior
2010	9	79	50	0	1	12	2	0	2

### 4 Focusing on Employee Care

The Company attaches great importance to employee care, focusing on female workers, workers of a younger age and retired workers. It actively solves problems for employees with difficulties. Every Spring Festival, it organizes and carries out condolence visit activities, helping employees with difficulties.

**Case:**  
Inner Mongolia Pacific Company connected a high-definition cable TV and 100 M Fast Ethernet cables to every compartment of employees and purchased various fitness equipment, renovated fields and facilities such as employee reading rooms, a casual cafe, an indoor snooker room, a badminton court and basketball court etc. Meanwhile, to meet the general requirements of approaching production and operation, approaching job sites, approaching hot spots and difficulty spots of employees, enhancing a sense of collective honor and ownership, in every major festival such as May Day, National Day, New Year's Day etc., the Company organizes the staff to carry out a series of recreational activities with modest popular appeal and in various forms. It invites troupes from Wulanmuqi to perform in the company. Drag races, singing contests, safety quizzes, table tennis matches, badminton matches etc. are organized by the company to let employees feel the warmth of a big family of the company. Meanwhile, it has built dormitories for husbands and wives working in the same company, provided convenient living and working conditions for employees. This further reflects the company's concept of employment of people-oriented as well as its care for employees, making their employees whole-heartedly devoted to their work and make contributions to the productions and operations of the company.

**Case:**  
Huatailong Company takes improving people's livelihood, working on the quality of life and promoting harmony as important contents to realizing designed production capacity and target standards focusing on the mine construction target of "meeting production standards, constructing a beautiful environment, rich culture and a harmonious life". After the "Hope Apartment" for production backbones and the "Happy Apartment" for single employees was constructed, the construction of "Happiness Apartment" for working couples was accelerated. Currently, all employees of the mine are living in new and warm staff buildings.

Flowers in front of Huatailong office building

Entertainment place for workers



## 5 Strengthening the Construction of Corporate Culture

The Company carried out positive, healthy and entertaining corporate culture activities actively, strengthened corporate culture construction, enriching cultural life of employees and increasing cohesion of the Company.



Workers' activities



A social gathering of employees

## (II) Occupational Health

The Company combines the work of occupational safety and safeguarding the health of employees with the sustainable development of the Company. By the end of 2010, there were cases of occupational diseases which had occurred. In 2010, occupational safety and health work of the Company reached good performance of no new cases of occupational disease throughout the whole year.

### 1. Occupational Health Management

The Company owned enterprises included occupational safety and health work into their production and business activities with clear objectives and measures, specifying leaderships specifically in charge of the occupational safety and health work of the units. Special management organizations were established staffed with professional management personnel, strengthening inspection and supervision on occupational hazards in workplaces so as to prevent and decrease occupational hazards effectively; an insurance mechanism is gradually implemented to improve job environment, improving labor protection, carrying out prevention, health protection, inspection and treatment for occupational diseases, strengthening organization and leadership for caring about safety and health of employees.

### 2. Physical Examination and Health Records

Attaching importance to emotional needs and mental health of employees is a problem that enterprises and our society are facing. The Company vigorously popularized knowledge of mental health and provided good information transmission, grasping psychological expectations and dynamic changes of employees. Through the efforts of the mental health counseling team, relevant employees were

counseled in time to change their concept and their psychological adjustment capability enhanced. This reflects their humane care, meeting the multi-level demands of employees.

### 3. Labor Protection

The Company has established standardized safety management systems, including a labor protection product management system. Various enterprises of the Company have provided job environments meeting national standards and have established strict labor protection measures for all laborers in accordance with system requirements, effectively implementing the labor protection product distribution and application management system, providing labor protection products for all laborers and guiding their proper use.



Dust-proof in mining area

## IX. Scientific and Technological Progress

The Company adheres to the concept of "Science and technology are primary productive forces" and "Leading science and technology oriented, rewarding the country with industry". It takes an active role participating in national hard dressing & smelting gold ore research and carrying out industrialization experiments, constantly solving problems in the resources industry such as low-grade gold, hard dressing and smelting and improving the gold resource utilization efficiency.

### (I) Technological Innovation Investment

The Company actively increased research investment. In 2010, the company acquired one term of scientific and technological accomplishment, took on 4 terms of scientific and technological tasks, which provided scientific and technological support for the sound development of the company.

#### Science and Technological Projects

Case	Company	Project Name	Approved by	Notes
1	Huatailong	Research on effective underground mining methods in Super-large multi-metal mine in Tibet, China	The Ministry of Science and Technology of China	Listed in National science and technology support project of twelve "five year" period
2	Huatailong	Research on key technological methods for fine dressing of ore in Super-large multi-metal mine in Tibet, China	The Ministry of Science and Technology of China	Listed in National science and technology support project of twelve "five year" period
3	Huatailong	Research on key technological methods of energy conservation and emission reduction in Super-large multi-metal mine in Tibet, China	The Ministry of Science and Technology of China	Listed in National science and technology support project of twelve "five year" period
4	Huatailong	Research on high altitude mining methods in Tibet, China	The Ministry of Science and Technology of China	Listed in National science and technology support project of twelve "five year" period

Inner Mongolic Pacific has 12 patented technologies. During the Eleventh Five-Year Plan period, it undertook 2 scientific supporting programs of the Ministry of Science and Technology. It is in the leading position in the field of advanced cyanide effluent treatment, etc., making its environment protection and scientific researches play an active role in pollution prevention and environmental management.



Review on copper and multi-metal separation technology in Jiama mine

**Case:**

In September, a set of 5 tons/batch large-scale high pressure high temperature cyanic-free desorption & electrolyzation system were added with desorption & electrolyzation speed of 2 days/3 batches, increasing desorption speed of 2.5 tons/batch of the original two sets of desorption & electrolyzation systems, decreasing the grade of de-gold carbon, improving the desorption & electrolyzation rate and making various production indicators stabilized.

## (II) Scientific and Technological Innovations

### 1. Development and Utilization of Low-grade Ores

Gold resources are scarce resources in the world, featuring small reserves and low production. To fully utilize limited resources and enhance sustainable development capability of the Company, it continues solving problems in the resources industry such as low-grade gold, hard dressing and smelting relying on scientific and technological progress and large-scale operation, which greatly increased minable gold resources & reserves.

#### Case:

Processing grade of Inner Mongolia Taiping Mining Company was only 0.86g/t and in 2008 capital loss was 1.8 x 108 RMB. After it was taken over by the group company in 2009, relying on scientific and technological progress and large-scale operation, it achieved the profit of 1.18 x108 RMB and in 2010 it completed a jumpy fashion profit of 3.46 x108RMB.

### 2. Digital Mine Construction

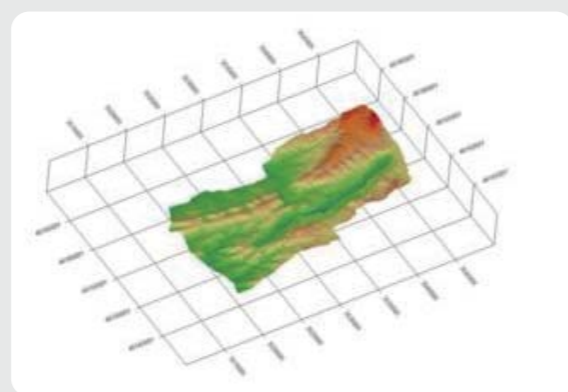
The mine affiliated to the Company established an integrated system in accordance with modern production management mode, taking data as a center, covering production management and basic automation, integrating real-time data of the whole process of production and production management information into a PCS system. It is divided into four parts including coarse crushing, grinding, floatation pressure filtration and tailings according to production processes to complete data monitoring, data acquisition, equipment process control, data analysis of the entire mine system. Thus it realized the automatic control of the production processes.



Digital surveillance center of ore-dressing factory in Huatailong

### 3. Geological Resource Dynamic Management System Construction

Construction for the geological resource dynamic management system of the Company helps to understand resources of various mining enterprises and grasp mine production dynamics. Thus it improves geological exploration, resource development and utilization efficiency and management efficiency.



Changshanhao mine of inner mongolia Pacific

## X. Harmonious and Win-win Development

The Company adheres to the principles of "honest operations, mutual benefit and common benefit", and under the principles of equality and mutual benefit, it carries out extensive cooperation with stakeholders actively, constantly improving its customer service capability, strengthening management on suppliers, implementing strategic cooperation with the local government, suppliers, creditors, enterprises and institutions as well as other organizations so as to realize mutual benefit with stakeholders.

### (I) Corporate Governance

According to the documents of listing and the Articles of Association etc., the Company has established a normal operating company governance structure which is controlled by a general meeting of shareholders, a board of directors and a senior management.

The Company focuses on strengthening system construction, normalizing decision-making process, making various strict decisions according to procedures.

Various affiliated enterprises of the Company have established standardized corporate governance structures in accordance with relevant laws and regulations.

The Company exercises its investor's responsibilities for various sub-companies.



Celebration for HK IPO

### (II) Compliance with Legal Regulation

The Company operates in strict accordance with national policies, laws and regulations of local government, strengthening anti-corruption education and efforts on auditing and supervision to guarantee that production and operation of the Company can be carried out smoothly.

#### 1. Contract Management

According to Interim Provisions on Subsidiaries Contract Review and other measures, the Company's specialized personnel shall be responsible for centralized vertical management and unified verification system of the Company's contracts. In 2010, the contract performance rate of the Company's headquarters reached 100% and major contract performance rate of its subsidiaries reached 100%.

#### 2. Education of Legal System

The Company carried out legal work according to actual production and operation conditions of the Company and law publicity and education on Contract Law, Company Law, Mineral Resources Law, Production Safety Law, etc. and arranged some law experts and lawyers to give law lectures, and motivated enthusiasm of employees for learning laws using multiple forms. According to the characteristics of geographically dispersed business operation locations of the Company, centralized and decentralized modes of business training were carried out.



Class for safety regulations

### 3. Internal Auditing

The Company is registered in British Columbia, Canada and dual-listed in the Toronto Stock Exchange and the Hong Kong Stock Exchange. It has established an effective internal auditing system based on the laws and regulations of the place where it is listed and the region where it is carrying out business operations. Thus it uses the forms of hiring outside auditors to participate in internal auditing so as to carry out strict internal auditing.

#### Self-discipline education

1	The Company provides legal and standard training for the board of the directors and executives, carries out all-level training education in internal control mechanism
2	The Company carried out education on obeying the rules, or code of conduct, focusing on strengthening honesty education for key position staff regarding human resources, finance and materials.
3	The Company promotes corporate ethical culture construction.

### 4 Anti-corruption and anti-commercial bribery

The Company adheres to the policy of "Treating root causes and symptoms, comprehensive treatment, punishment and prevention at the same time and focusing on prevention", strengthening against anti-corruption and anti-commercial bribery and providing a guarantee for the development of the Company.

## (III) Investor Relations

### 1. Information Disclosure

The Company attaches great importance to information disclosure and discloses information timely, accurately and completely according to supervision requirements of the market strictly considering different demands and habits of Canadian and Hong Kong investors.

In 2010, the Company completed issuance of its annual compliance report, semiannual and quarterly compliance reports. In addition to releasing performance announcements, the Company also issued announcements and news in Toronto and Hong Kong markets regarding many aspects of the Company's operation and management, mainly including: profile of many exploration projects and major operating data of the Company etc., guiding investors to master the production and operation conditions of the Company. According to regulatory requirements,

the Company issued various temporary notices such as resolution announcements and related party transactions, etc.

In addition, in 2010 the Company did a good job on maintaining the Company's website to make it a genuine effective communication channel for communicating with stakeholders.



### 2. Investor Relations

In 2010, China Gold International was focusing on IPO in Hong Kong. It carried out positive and frank communication with investors and analysts continuously in many ways such as holding investors meetings, press conferences, trading and non-trading road shows, etc., trying to demonstrate future development potential of the Company to investors comprehensively, which won positive assessments from investors and promoted its IPO and listing in Hong Kong market.



Ceremony for HK IPO

### 3. Dividend Policy

Since its foundation, the Company has not paid any dividends. Currently the Company does not have any regular dividend policy. Directors of the Company shall decide subsequent dividend policies in accordance with operation performance, cash flow, financial status, operating and capital requirements, distributable profits and all other relevant factors.

The Company was incorporated in British Columbia, Canada. According to Corporations Act of British Columbia, Canada, directors of the Company may declare and are authorized to pay dividends they think desirable, including the amounts of dividends, time and mode of payments (but the date of recording shareholders who are determined as having the right of receiving payments of dividends shall not be more than two months earlier than the date of paying dividends).

As a fast-growing international mining company, the Company shall continue to strengthen its operating management to achieve rapid development and create more value for shareholders.

## (IV) Customer Relationships

The Company adheres to the concept of "honest operation and customer satisfaction", taking good faith as a close link with customers and the foundation of its development. It continues improving its comprehensive service capabilities and trying hard to provide quality service for customers. The Company attaches great importance to its long-term relationships with customers and is dedicated to establish long-term stable relationships with customers, promoting cooperation and mutual benefit with them and thereby enhancing the Company's industry position and image. In 2010, the total sales income of the Company from its top 5 customers accounted for 100% of total operation revenue of the Company.



Product launch of our main customer



Foreign experts' visit to Jiama

## (V) Suppliers Relationship

### 1. Strict Supplier Management

Corporate social responsibility is a collection of relationships between enterprises and key stakeholders, values, discipline, respect for people, policies and practices related to community and environment. To create a harmonious business environment, obtain dual bumper harvests of economic benefit and social benefit, the Company supervised and urged suppliers to implement social responsibilities strictly during material procurement process. It actively implements the Work of Implementing Government Procurement for Eco-label Products, a notice of the country for preferential purchasing eco-label products, selecting manufacturers with advanced green environmental protection and energy saving technologies as its main suppliers so as to control pollution from the sources.

Meanwhile, the Company adheres to the principle of equal consultation and mutual benefit. It establishes long-term strategic partnership with suppliers who have qualifications, reputation, good quality products and services.

In 2010, the Company purchased materials with a total worth of 3.25x108 RMB, including social responsibility procurement worth 0.52x108 RMB, with responsibility procurement ratio of 16%.



### 2. Promoting Localized Procurement of Equipment

The Company dedicated to establishing cooperation local suppliers, is steadily advancing localized procurement of equipment, giving priority to local materials and equipment with mature production technology, reliable product quality and apparent price advantages. While reducing the Company's procurement cost, it effectively promoted upgrading of manufacturing industry in the Company's region, realizing mutual benefit of the Company and the region.



Mechanized Operations Team of Inner Mongolia Pacific



Taiping Mining Co.ltd of Inner Mongolia took positive measures to realize localization of parts of standby and spare part of equipment. The price of the same part was reduced to 30 - 50% the price of the original part. Localization of Banana sieve pieces saved about 104.7x104 RMB, circular oscillation sieve pieces saved about 15.37 x 104 RMB, Jaw Plate rolling hitches saved about 24x 104 RMB, machining and cast products saved about 160.82x 104 RMB, for a total of 304.89x 104 RMB and the benefit of localization work will last long.

## (VI) Creditor Relationships

Relying on a stable financial structure and an abundant cash flow basis, the Company will create more value for shareholder by active and full use of financial leverage. The main creditors of the Company are banks. In 2010, the debt ratio of the Company for top five creditors accounted for 83.94% of its total debt.

The Company always pays attention to the development of its cooperation with banks and is dedicated to constructing a diversified financing system with competitive advantages. The Company has signed bank-enterprise cooperation agreements and credit loan agreements etc. with major financial institutions, consolidating indirect financing, guaranteeing capital supply for production and operation, enjoying relative privileged financing cost. Banks fully trust the financial structure and sound operations of the Company and provide loans as scheduled. The Company repays capital with interest in time so as to establish a long-term friendly cooperative relations of mutual trust with banks.

## (VII) To be the First and Excellent

At present, the company abides by the requirements of its overall objective (namely, "Boost the Scientific Development, Promote the Social Harmony, Service the Masses and Reinforce the Construction of Grassroots Organizations), focuses on the theme "Redouble the Party's Advanced Construction", and makes endeavors to accomplish well its "To be the First and Excellent" work, in order to build up the world first-rate mining enterprise.



Activities

**Case:**

The mining site of Huatailong Company Jiama Mining Area is located on the plateau with an elevation of 4500 to 5300m. The natural environment, which is cold, low in oxygen, and full of rain and snow, sets hurdles for lots of the construction workers. To meet the dressing plant's production demands, the company's party committee established the "5300 Party Branch" in August 2010. After that, 10-different young party members led the construction team to fulfill tough jobs like engineering exploration and technical mining etc at the place. Meanwhile, they put forward the slogan "Let the Bright Party Flag Fly, Party Members Shine, Party Members' Image is Raised, and Party Members' Enthusiasm Inspired". In the face of windstorm, heavy snow, icy road, and steep rock, they frequently resolved hard nuts in the construction, and made remarkable achievements for completing the company's production and operation goal.

## (VIII) Exchange and Cooperation

The Company adheres to the concept of "mutual benefiting and multi-benefit", coordinating interests with enterprises, various regions and units. It has established various cooperative relationships widely with the local government, financial institutions, research institutions, large enterprises and international economic organizations, etc. It has firmly established a good image which is good at integrating various resources, capable of mobilizing positive factors, with strong comprehensive strength.



News conference



Inner Mongolia Pacific cooperating with the local government

## (IX) Community Welfare

As a the Central Government Owned SOE, the Company takes the goal of "developing a place while benefiting the place" as its own responsibility, actively participating in social welfare undertakings, advocating honesty and fairness with action, rooting in fertile soil, returning to society and benefiting future generations, making harmonious and common development of individuals, the Company and the society. In recent years, the Company has actively sought for mutual development with the local government, hand in hand, participating in social benefit undertakings including local economic construction, new pasturing area construction, environmental construction, drought relief, poverty relief, caring students, medical donations, solving problems of employment of herdsmen etc., constructing a "harmonious mine" and a "harmonious society". It has received full confirmation of all levels of governments and the masses in the region.

### 1. Promoting Community Development

The Company adheres to the concept mutual benefit for the Company and the local people. It took into account the interests of local people while developing the mine. It supported local economy and social development on aspects of environmental protection, labor, taxes, etc.

**Employment Localization:** The Company absorbed and arranged local labor in the two minority regions of Tibet and Inner Mongolia, actively supporting and supporting the development of local economy. About 30% of the employees of CSH Gold Mine are hired locally and at least 10% of the local employees are female. Many employees of Jiama Mine are also hired locally.

In 2010, the Company donated 5.325 MRMB in total through the joint efforts of the Company and the local people covering supporting local infrastructure, helping poor families and poor students, etc. The company supported many local infrastructure projects, helped poor families, and up to 181 students.

The Company gave full play to the fine tradition of "When disaster strikes, help comes from all sides", actively providing assistance for regions suffering from natural disasters. After earthquake strikes in Wenchuan and Yushu and the super-large debris flow in Gansu Zhouqu, it took an active role participating in the special donation activities to make contributions to disaster relief and post-disaster reconstruction.

**Procurement localization:** The Company adheres to the principle of localization for its material procurement to support the development of local economy, establishing a more secure benefit community with local people, realizing common development.

**Helping the Poor:** The Company actively participated in poverty relief work for the community, which generated a positive social impact in the region



Social activity: Free medical examination

Case:

Inner Mongolia Taiping Mining Company takes an active role participating local economic construction and social welfare undertakings, actively building a "harmonious company" and a "harmonious mine".

In recent years, a total of over 1.5 million RMB was donated by the Company to support 2 local basic construction projects, help over 30 poor families, over 150 poor students and over 120 people to solve employment problems. In 2009, it paid a total tax of over 87 million RMB and 2010, 1.37 x108RMB tax.

In June 2010, the region was hit by the worst drought in 50 years. Drinking water became the major problem for the herdsmen. The Company decided to help and invested over 300 thousand RMB to build water wells and diverted water to families of herdsmen. Meanwhile it signed an agreement with the local meteorological department to make many times of artificial raining and solve drinking water problems of herdsmen.

In the winter of 2010, peripheral areas of the mine suffered severe snow disaster and feed for livestock of the herdsmen was out of supply. The Company purchased over 20 tons of corn feed and sent it to herdsmen affected, effectively reducing their loss.

When hearing the news those herdsmen in peripheral areas of the mine could not pay high medical expenses, the Company actively organized the activity of "visiting the underprivileged homes and offering help or subsidies to needy families". A total of 20970 RMB was donated by all the staff and sent to the herdsmen.

## 2. Promoting Development of Ethnic Minority Areas

The Company attaches great importance to maintaining national unity, adhering to the tenet of "Building a mine, supporting the local economy and promoting harmonious development of the region". During resource development process in the minority area, it tried hard to promote economic development of the area.

Case:

Tibet Jiama Mine is located in the Territory of Jiama Township, Maizhokunggar County, Lhasa, Tibet. The Company attaches great importance to strengthening ideological and political education for employees. It carried out folk custom education with the theme of "respecting local customs, strengthening national solidarity, promoting project construction", enhancing national unity consciousness of employees and regulating words and deeds of employees. In July 2009, the Company held the First Young Students Job Skill Training Class in Jiama Township, implementing the policy of "localized employment". Meanwhile, it hired more local population for work positions in engineering construction, vehicle transport etc., and more local people participated in project construction, solving employment problems of the local people and making their income increased, forming the fine situation of harmonious common construction. Currently, Tibet Huatailong Company has hired a great number of local employees and some of them have become backbone employees of the Company.



The employee in Tibet, China

## Annex: China Gold International's Social Responsibility Indexes System

	Unit, (RMB)	2010
<b>Environmental Protection and Energy Conservation</b>		
Company' s investment in environmental protection (including tailings treatment, dust removal, sewage processing, environmental monitoring, and land reclamation etc)	RMB 100 million	2.55
Proportion of investment in environmental protection to total investment amongst newly-built mines	%	10.55
Comprehensive energy consumption per RMB10,000 of output value	ton	4.95
Sulfur dioxide emission (Huatailong)	ton	42.83
Comprehensive energy consumption per ton of ore	Degree	38.83
Total water consumption	10,000 ton	121.4
Incl. newly-added water	10,000 ton	25.4
Recycled water	10,000 ton	96.0
Output value for water consumption per RMB10,000	ton	13.7
Water consumption per ton of ores	ton	0.163
Pre-extracted reclamation fees	RMB10,000	120
Times of environmental pollution accidents	Time	0
<b>Safety Production</b>		
Safety investment	RMB10,000	1211
Death of employees	Person	0
Death rate per million tons	Person/1 million tons	0
Serious equipment accident	Time	0
Serious fire disaster and explosion accident	Time	0
Serious traffic accidents	Time	0
Inspection rate of special equipment	%	100
Pass rate in inspection of special equipment	%	100
Times of accidents for explosive articles and hazardous chemicals' loss	Time	0
Times of accidents in hazardous chemicals' serious leakage	Time	0
Safety education & training sessions	Time	14
Safety education & training person-sessions	Person-time	1870
Training rate of safety education amongst employees	%	100
<b>Employees' Rights</b>		
Total employee number	Person	1004
Total number of woman employees	Person	194
Employees from minorities	Person	231
Employees at primary management level or above	Person	111
Incl. woman employees	Person	31
Signing rate of labor contract amongst employees	%	100
Coverage of social insurance amongst employees	%	100
Publically recruited employees per year	Person	296
Incl. from univeristy graduates	Person	43
From the society	Person	253
People-times of trained employees in total	Person-time	1483

## Evaluation Report of the Social Responsibility Report 2010 of China National Gold Group Corporation

Entrusted by China Gold International Resources Corporation Ltd. Research Center for Corporate Social Responsibility, Economics Division, the Chinese Academy of Social Sciences choose experts from the evaluation experts committee of the China Corporate Social Responsibility Report to constitute a panel to evaluate the Social Responsibility Report 2010 (hereafter referred as "the Report") of China Gold International Resources Corporation Ltd.

### I. Evaluation Basis

China Corporate Social Responsibility Recommended Standard (CASS-CSR 2.0) issued by Research Center for Corporate Social Responsibility, Economics Division, the Chinese Academy of Social Sciences, China Association of Enterprises, China Association of Petroleum and Chemical Industry, China Light Industry Federation, Program of Sustainable Development and Code of Enterprise Conduct of China-Germany Trade, China WTO Tribune, China Corporate Citizenship Committee.

### II. Evaluation Conclusions

#### Integrity (★★★★☆)

The Report discloses the Corporation's responsibility actions and achievements in terms of responsibility management, market responsibility, social responsibility and environmental responsibility, etc., covering 73.4% of the core indices in mining industry, thus, the integrity is satisfactory.

#### Substantiality (★★★★)

The Report discloses key responsibility issues with respect to technological innovations, energy saving and emission reductions, tailings control and management, safety and health, caring staff and social development, etc., and responds to the essential focus of such stakeholders as investors, government, customers, staff and community, etc., thus, the substantiality is satisfactory.

#### Balance (★★★☆☆)

The Report discloses such negative information as safety accidents, death toll of laborers, mortality per Mt., etc., and briefly elaborates the categories, causes, improvement measures of the safety accidents in 2010. In all, the report has a good balance.

#### Comparability (★★★)

The Report discloses key performance indicators for the year of 2010 due to the company's short history, thus, the comparability is not satisfactory.

#### Readability (★★★★)

The main body of the Report has a clear structure, which rolls out in order of responsibility management, environmental protection and energy saving, safety and health and harmonious mutual benefit and so on, and, combining texts and photos, the layout design of the Report incarnates the characteristic of mining industry, thus, the readability is satisfactory.

#### Innovation (★★)

The report is similar with CNG's social responsibility report. The innovation is not satisfactory.

#### Comprehensive Evaluation (★★★☆☆)

The Social Responsibility Report 2010 of China National Gold Group Corporation is rated as three-and-a-half-star level by the Evaluation Panel, which signifies the Report is an excellent corporate social responsibility report.

### III. Suggestions

1. Differentiate from CNG's report and enhance the innovation level.
2. Discloses more key performance indicators of companies or corporations of the same industry to improve the horizontal comparability of the Report.

### IV. Evaluation Panel

Panel Head: Peng Huagang, Standing vice-President, Research Center for Corporate Social Responsibility; Director General, Research Bureau of State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

Panel Member: Yang Jinzhong, Senior Manager, Shanghai Stock Exchange

Zhong Hongwu, Chairman, Research Center for Corporate Social Responsibility, Economics Division, Chinese Academy of Social Sciences

Zeng Sihai, Vice Chairman, Research Center for Corporate Social Responsibility, Economics Division, Chinese Academy of Social Sciences

Zhang En, Director, Research Center for Corporate Social Responsibility, Economics Division, Chinese Academy of Social Sciences

Chen Jiagui  
Chairman of the Evaluation Experts Committee;  
President of the Research Center for Corporate Social Responsibility;  
Member of the Standing Committee of the National People's Congress.

Peng Huagang  
Head of the Evaluation Experts Panel;  
Vice-president of the Research Center for Corporate Social  
Responsibility;  
Director General of the Research Bureau of SASAC.



	Unit: (RMB)	2010
Promoted Employees per year	Person	147
Senior engineers promoted to the expert level per year	Person	11
Cases of occupational diseases at the end of current year	Case	0
Cases of newly-increased occupational diseases per year	Case	0
Sci-tech Progress		
Sci-tech fruits	Item	1
Scientific research topics assumed	Item	4
Harmony and Mutual Benefit		
Total taxes paid	RMB10,000	13070
Headquarters' contract-fulfilling rate	%	100
Subsidiaries' contract-fulfilling rate	%	100
Sum of internal auditing items in 2010 (Tibet Huatailong Jiama Project)	RMB100 millio	4.49
The company's total sales revenue towards Top Five Customers	RMB 100 million	10.01
Proportion of the company's total sales revenue towards Top Five Customers to total turnover	%	100
Total purchase value	RMB100 million	3.25
Incl.: procurement value for social responsibility	RMB100 million	0.52
Proportion of procurement value for social responsibility to total procurement value	%	16
Proportion of the company's debts towards the Top Five Creditors to total debts	%	83.94
Total donations towards outside	RMB10,000	532.5
Needy households and students aided	Person-time	181

# Report Feedback Form

Dear readers: Hello!

Thank you for reading this report. In order to improve corporate social responsibility capability and level of the Company, we sincerely hope you can evaluate this report and provide your valuable comments and suggestions to help us continue to improve this report, take your time! Please complete the following feedback form and answer the questions and give us some of your feed back.

1. Overall assessment on this report (tick√ in the appropriate place)

(1) Did the report fully and accurately reflected present conditions of corporate social responsibility?( )

(2) Did the report respond or disclose problems concerning stakeholders?( )

(3) Was the information and data disclosed in this report clear, accurate and complete?( )

(4) The readability of this report, or mine line of logic of the report, content design, language and layout design?( )

2. What do you think is the best aspect of the report that makes you most satisfied?

3. What is the information that you wanted to know but not reflected in this report?

4. Do you have any suggestions for our future social responsibility work and release of social responsibility report?

If convenient, please attach some of your information

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