

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD  
(incorporated in British Columbia, Canada with limited liability)  
Report and Condensed Consolidated Financial Statements  
For the three months ended March 31, 2018

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

REPORT AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2018

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2018

	NOTES	Three months ended March 31,	
		2018 US\$'000 (unaudited)	2017 US\$'000 (unaudited)
Revenues	3	106,685	82,110
Cost of sales		(100,131)	(62,986)
Mine operating earnings		<u>6,554</u>	<u>19,124</u>
Expenses			
General and administrative expenses	4	(11,936)	(5,776)
Exploration and evaluation expenditure		(78)	(36)
		<u>(12,014)</u>	<u>(5,812)</u>
(Expense) income from operations		<u>(5,460)</u>	<u>13,312</u>
Other income (expenses)			
Foreign exchange gain, net		4,463	2,845
Interest and other income		11,660	2,466
Finance costs	5	(11,128)	(4,914)
		<u>4,995</u>	<u>397</u>
(Loss) profit before income tax		(465)	13,709
Income tax credit (expense)	6	2,469	(7,332)
Profit for the period		2,004	6,377
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		17,507	1,049
Fair value gain on investment in an equity security		545	515
Total comprehensive income for the period		<u>20,056</u>	<u>7,941</u>
Profit for the period attributable to			
Non-controlling interests		222	46
Owners of the Company		1,782	6,331
		<u>2,004</u>	<u>6,377</u>
Total comprehensive income for the period attributable to			
Non-controlling interests		223	48
Owners of the Company		19,833	7,893
		<u>20,056</u>	<u>7,941</u>
Earnings per share - Basic (US)	7	<u>0.45 cents</u>	<u>1.60 cents</u>
Weighted average number of common shares			
- Basic	7	<u>396,413,753</u>	<u>396,413,753</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT MARCH 31, 2018

	<u>NOTES</u>	March 31, <u>2018</u> US\$'000 (unaudited)	December 31, <u>2017</u> US\$'000 (audited)
<b>Current assets</b>			
Cash and cash equivalents		127,892	147,318
Restricted bank balance		15,712	18,089
Trade and other receivables	8	27,489	24,848
Prepaid expenses and deposits		8,491	2,769
Prepaid lease payments		481	466
Inventories	9	242,999	224,501
		<u>423,064</u>	<u>417,991</u>
<b>Non-current assets</b>			
Prepaid expenses and deposits		16,035	15,431
Prepaid lease payments		16,138	15,659
Deferred tax assets		6,253	2,562
Investments in equity securities	15	22,451	21,823
Property, plant and equipment	10	1,838,679	1,809,724
Mining rights		945,077	947,254
		<u>2,844,633</u>	<u>2,812,453</u>
<b>Total assets</b>		<u><u>3,267,697</u></u>	<u><u>3,230,444</u></u>
<b>Current liabilities</b>			
Accounts and other payables and accrued expenses	11	247,757	227,410
Borrowings	12	136,028	161,489
Tax liabilities		7,483	7,702
		<u>391,268</u>	<u>396,601</u>
Net current assets		<u>31,796</u>	<u>21,390</u>
Total assets less current liabilities		<u>2,876,429</u>	<u>2,833,843</u>
<b>Non-current liabilities</b>			
Borrowings	12	1,133,461	1,113,444
Deferred tax liabilities		123,072	123,959
Deferred income		4,327	4,579
Entrusted loan payable		31,806	30,608
Environmental rehabilitation		54,047	51,269
		<u>1,346,713</u>	<u>1,323,859</u>
<b>Total liabilities</b>		<u><u>1,737,981</u></u>	<u><u>1,720,460</u></u>

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	<u>NOTE</u>	March 31, <u>2018</u> US\$'000 (unaudited)	December 31, <u>2017</u> US\$'000 (audited)
<b>Owners' equity</b>			
Share capital	13	1,229,061	1,229,061
Reserves		48,349	37,176
Retained profits		237,759	229,099
		<u>1,515,169</u>	<u>1,495,336</u>
Non-controlling interests		14,547	14,648
		<u>1,529,716</u>	<u>1,509,984</u>
<b>Total owners' equity</b>			
		<u>1,529,716</u>	<u>1,509,984</u>
<b>Total liabilities and owners' equity</b>		<u>3,267,697</u>	<u>3,230,444</u>

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The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 15, 2018 and are signed on its behalf by:

(Signed by) Xin Song

Xin Song  
Director

(Signed by) Bing Liu

Bing Liu  
Director

**CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2018**

	Number of shares	Share capital US\$'000	Equity reserve US\$'000	Investment revaluation reserve US\$'000	Exchange reserve US\$'000	Statutory reserve US\$'000	Retained profits US\$'000	Subtotal US\$'000	Non- controlling interests US\$'000	Total owners' equity US\$'000
At January 1, 2017 (audited)	396,413,753	1,229,061	11,179	1,278	(19,429)	12,163	172,205	1,406,457	13,732	1,420,189
Profit for the period	-	-	-	-	-	-	6,331	6,331	46	6,377
Fair value gain on investment In equity security	-	-	-	515	-	-	-	515	-	515
Exchange difference arising on translation	-	-	-	-	1,047	-	-	1,047	2	1,049
Total comprehensive income for the period	-	-	-	515	1,047	-	6,331	7,893	48	7,941
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(276)	(276)
At March 31, 2017 (unaudited)	396,413,753	1,229,061	11,179	1,793	(18,382)	12,163	178,536	1,414,350	13,504	1,427,854
At January 1, 2018 (audited)	396,413,753	1,229,061	11,179	8,221	(639)	18,415	229,099	1,495,336	14,648	1,509,984
Impact of adopting IFRS 9 on January 1, 2018 (note 2)	-	-	-	(8,551)	-	-	8,551	-	-	-
At January 1, 2018 (restated)	396,413,753	1,229,061	11,179	(330)	(639)	18,415	237,650	1,495,336	14,648	1,509,984
Profit for the period	-	-	-	-	-	-	1,782	1,782	222	2,004
Fair value gain on investment in equity security	-	-	-	545	-	-	-	545	-	545
Exchange difference arising on translation	-	-	-	-	17,506	-	-	17,506	1	17,507
Total comprehensive income for the period	-	-	-	545	17,506	-	1,782	19,833	223	20,056
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,673	(1,673)	-	-	-
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(324)	(324)
At March 31, 2018 (unaudited)	396,413,753	1,229,061	11,179	215	16,867	20,088	237,759	1,515,169	14,547	1,529,716

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2018

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	Three months ended March 31,	
	<u>2018</u> US\$'000 (unaudited)	<u>2017</u> US\$'000 (unaudited)
<b>Net cash from operating activities</b>	<u>15,827</u>	<u>10,077</u>
<b>Investing Activities</b>		
Interest income received	650	2,237
Payment for acquisition of property, plant and equipment	(11,934)	(52,406)
Deposit paid for acquisition of property, plant and equipment	(8)	(49)
Payment for acquisition of land use right	-	(709)
Placement of restricted bank deposits	(29,858)	(33,401)
Release of restricted bank deposits	32,907	34,809
<b>Net cash (used in) investing activities</b>	<u>(8,243)</u>	<u>(49,519)</u>
<b>Financing Activities</b>		
Proceeds from borrowings	31,430	56,345
Repayment of borrowings	(62,859)	(4,007)
Proceeds from entrusted loan	-	29,186
Repayment of entrusted loan	-	(28,572)
Dividend paid to a non-controlling shareholder of a subsidiary	(324)	(276)
<b>Net cash (used in) from financing activities</b>	<u>(31,753)</u>	<u>52,676</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(24,169)</u>	<u>13,234</u>
Cash and cash equivalents, beginning of period	147,318	59,930
Effect of foreign exchange rate changes on cash and cash equivalents	<u>4,743</u>	<u>111</u>
<b>Cash and cash equivalents, end of period</b>	<u><u>127,892</u></u>	<u><u>73,275</u></u>
Cash and cash equivalents are comprised of		
Cash and bank deposits	<u><u>127,892</u></u>	<u><u>73,275</u></u>

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2018

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1. GENERAL AND BASIS OF PREPARATION

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

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

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as well as International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting* issued by the International Accounting Standard Board.

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended March 31, 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2017.

In the current interim period, the Group has applied the following new and revised International Financial Reporting Standards ("IFRSs") which are mandatorily effective for the current interim period:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share- based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

### **Financial instruments**

On January 1, 2018, the Group adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. The standard is effective for annual periods beginning on or after January 1, 2018. The Group adopted the standard using the modified retrospective approach. IFRS 9 did not impact the Group's classification and measurement of financial assets and liabilities except for equity securities as described below. The standard also had negligible impact on the carrying amounts of our financial instruments at the transition date.

2. PRINCIPAL ACCOUNTING POLICIES - continued

**Financial instruments** - continued

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Group's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The change did not impact the carrying amounts of any of our financial assets on the transition date. The Group designated its listed and unlisted equity securities under the category of 'investments in equity securities' as financial assets at fair value through other comprehensive income ("FVTOCI"), where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income only and will not be transferred into profit or loss upon disposition. As a result of this change, the Group reclassified US\$8,551,000 of impairment loss recognized in prior years on the listed equity security which continues to be owned by the Group as at January 1, 2018 from retained profits to investment revaluation reserve on January 1, 2018. As a result of adopting IFRS 9, the net change in fair value of the listed and unlisted equity securities, including realized and unrealized gains and losses, if any, is now presented as an item that will not be reclassified subsequently to profit or loss in the consolidated statement of profit or loss and other comprehensive income. Impairment losses on listed equity security derecognized prior to January 1, 2018 has not been restated in prior year comparatives.
- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had a negligible impact on the carrying amounts of our financial assets on the transition date given the Group transacts exclusively with large international financial institutions and other organizations with strong credit ratings and the negligible historical level of customer defaults.

**Revenue recognition**

On January 1, 2018, the Group adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 18 – Revenue ("IAS 18"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018. The Group adopted the standard on January 1, 2018 using the modified retrospective approach without applying any practical expedients.

2. PRINCIPAL ACCOUNTING POLICIES - continued

**Revenue recognition** - continued

IFRS 15 requires entities to recognize revenue when 'control' of goods or services transfers to the customer whereas the previous standard, IAS 18, required entities to recognize revenue when the 'risks and rewards' of the goods or services transfer to the customer. The Group concluded there is no change in the timing of revenue recognition of gold doré bars, copper concentrate and other by-products sales under IFRS 15 compared to the previous standard as the point of transfer of risks and rewards of goods and services and transfer of control occur at the same time. As such, no adjustment was required to the Group's financial statements.

IFRS 15 requires that variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Group concluded that the adjustments relating to the final assay results for the quantity and quality of gold and copper concentrate sold and the retrospective pricing adjustment for the annual pricing terms are not historically significant and expected not to be significant. It does not constrain the recognition of revenue.

Additional disclosures have been presented in Notes 3 and 15, as a result of adopting IFRS 9 and 15, respectively.

Other than those new IFRSs mentioned above, the application of the other new and amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosure in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

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

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

Information regarding the above segments is reported below:

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3. REVENUE AND SEGMENT INFORMATION - continued

(a) Segment revenues and results

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

For the three months ended March 31, 2018

	Mine - produced gold US\$'000	Mine - produced copper US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue - external and segment revenue	49,658	57,027	106,685	-	106,685
Cost of sales	(38,893)	(61,238)	(100,131)	-	(100,131)
Mining operating earnings	10,765	(4,211)	6,554	-	6,554
Income (expenses) from operations	10,688	(13,728)	(3,040)	(2,420)	(5,460)
Foreign exchange (loss) gain, net	(5,623)	10,086	4,463	-	4,463
Interest and other income	190	11,396	11,586	74	11,660
Finance costs	(1,281)	(5,519)	(6,800)	(4,328)	(11,128)
Profit (loss) before income tax	3,974	2,235	6,209	(6,674)	(465)

For the three months ended March 31, 2017

	Mine - produced gold US\$'000	Mine - produced copper US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue - external and segment revenue	45,197	36,913	82,110	-	82,110
Cost of sales	(41,189)	(21,797)	(62,986)	-	(62,986)
Mining operating earnings	4,008	15,116	19,124	-	19,124
Income (expenses) from operations	3,973	10,974	14,947	(1,635)	13,312
Foreign exchange gain, net	1,139	1,664	2,803	42	2,845
Interest and other income	204	361	565	1,901	2,466
Finance costs	(1,175)	(1,171)	(2,346)	(2,568)	(4,914)
Profit (loss) before income tax	4,141	11,828	15,969	(2,260)	13,709

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

There were no inter-segment sales for the three months ended March 31, 2018 and 2017.

**CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**

3. REVENUE AND SEGMENT INFORMATION - continued

(b) Segment assets and liabilities

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

	Mine - produced <u>gold</u> US\$'000	Mine - produced <u>copper</u> US\$'000	Segment <u>total</u> US\$'000	<u>Unallocated</u> US\$'000	<u>Consolidated</u> US\$'000
<b>As of March 31, 2018</b>					
Total assets	761,194	2,457,857	3,219,051	48,646	3,267,697
Total liabilities	221,265	1,010,507	1,231,772	506,209	1,737,981
<b>As of December 31, 2017</b>					
Total assets	733,032	2,446,753	3,179,785	50,659	3,230,444
Total liabilities	208,545	1,003,410	1,211,955	508,505	1,720,460

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	<u>2018</u> US\$'000	<u>2017</u> US\$'000
Administration and office	3,923	2,120
Depreciation of property, plant and equipment	1,398	679
Professional fees	1,105	292
Salaries and benefits	4,732	2,365
Others	778	320
Total general and administrative expenses	<u>11,936</u>	<u>5,776</u>

Research and development expenses of US\$2,553,000 for the three months ended March 31, 2018 (three months ended March 31, 2017: nil) were recognized as part of general and administrative expenses.

5. FINANCE COSTS

	Three months ended March 31,	
	<u>2018</u> US\$'000	<u>2017</u> US\$'000
Effective interests on borrowings	10,365	10,523
Accretion on environmental rehabilitation	763	674
	11,128	11,197
Less: Amount capitalized to property, plant and equipment	-	(6,283)
Total finance costs	<u>11,128</u>	<u>4,914</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

6. INCOME TAX EXPENSE

	Three months ended March 31,	
	<u>2018</u>	<u>2017</u>
	US\$'000	US\$'000
PRC Enterprise Income Tax	1,909	7,740
Overprovision of PRC Enterprise Income Tax in prior year	-	(2,100)
Deferred tax (credit) expense	<u>(4,378)</u>	<u>1,692</u>
Total income tax (credit) expense	<u>(2,469)</u>	<u>7,332</u>

7. EARNINGS PER SHARE

Profits used in determining earnings per share are presented below:

	Three months ended March 31,	
	<u>2018</u>	<u>2017</u>
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share (US\$'000)	<u>1,782</u>	<u>6,331</u>
Weighted average number of shares, basic	<u>396,413,753</u>	<u>396,413,753</u>
Basic earnings per share (US)	<u>0.45 cents</u>	<u>1.60 cents</u>

The Group has no outstanding potential dilutive instruments issued as at March 31, 2018 and 2017 and during the period ended March 31, 2018 and 2017. Therefore, no diluted earnings per share is presented.

8. TRADE AND OTHER RECEIVABLES

	March 31,	December 31,
	<u>2018</u>	<u>2017</u>
	US\$'000	US\$'000
Trade receivables	20,702	20,685
Less: allowance for doubtful debts	<u>(30)</u>	<u>(33)</u>
	20,672	20,652
Amounts due from related companies (note 14(a)) <sup>(1)</sup>	788	69
Other receivables	<u>6,029</u>	<u>4,127</u>
Total trade and other receivables	<u>27,489</u>	<u>24,848</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

8. TRADE AND OTHER RECEIVABLES - continued

- (1) The outstanding balances represent related service fee receivables arising from provision of transportation services to the subsidiaries of CNG during the period/year ended March 31, 2018 and December 31, 2017. The amounts are unsecured, interest free and repayable on demand.

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

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

	March 31, <u>2018</u> US\$'000	December 31, <u>2017</u> US\$'000
Less than 30 days	20,122	20,538
31 to 90 days	483	33
91 to 180 days	-	26
Over 180 days	<u>67</u>	<u>55</u>
Total trade receivables	<u><u>20,672</u></u>	<u><u>20,652</u></u>

9. INVENTORIES

	March 31, <u>2018</u> US\$'000	December 31, <u>2017</u> US\$'000
Gold in process	202,763	196,611
Gold doré bars	13,310	14,726
Consumables	13,255	3,812
Copper	4,223	672
Spare parts	<u>9,448</u>	<u>8,680</u>
Total inventories	<u><u>242,999</u></u>	<u><u>224,501</u></u>

Inventories totaling US\$96 million for the three months ended March 31, 2018 (three months ended March 31, 2017: US\$62 million) was recognized in cost of sales.

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10. PROPERTY, PLANT AND EQUIPMENT

During the three month period ended March 31, 2018, the Group incurred approximately US\$6.1 million on construction in progress (for the period ended March 31, 2017: approximately US\$43.4 million) and approximately US\$33.4 million on mineral assets (for the period ended March 31, 2017: approximately US\$16.4 million), respectively.

Depreciation of property, plant and equipment was US\$33.8 million for the period ended March 31, 2018 (for the period ended March 31, 2017: US\$16.3 million). The depreciation amount were partly recognized in cost of sales and general and administrative expenses and partly capitalized in inventory.

11. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	March 31, <u>2018</u> US\$'000	December 31, <u>2017</u> US\$'000
Accounts payable	30,778	26,191
Bills payable	58,650	67,338
Construction cost payables	110,110	112,194
Advances from customers	4,290	2,724
Mining cost accrual	25,577	1,940
Payroll and benefit payables	4,236	4,833
Other accruals	5,886	4,714
Other tax payable	4,840	4,523
Other payables	3,390	2,953
Total accounts and other payables and accrued expenses	<u>247,757</u>	<u>227,410</u>

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12. BORROWINGS

The borrowings are repayable as follows:

	March 31, <u>2018</u> US\$'000	December 31, <u>2017</u> US\$'000
Carrying amount repayable on demand and within one year	136,028	161,489
Carrying amount repayable within one to two years	102,880	128,799
Carrying amount repayable within two to five years	668,786	636,478
Carrying amount repayable over five years	361,795	348,167
	<u>1,269,489</u>	<u>1,274,933</u>
Less: Amounts due within one year (shown under current liabilities)	<u>(136,028)</u>	<u>(161,489)</u>
Amounts shown under non-current liabilities	<u>1,133,461</u>	<u>1,113,444</u>

The carrying value of the pledged asset to secure borrowing by the Group are as follows:

	March 31, <u>2018</u> US\$'000	December 31, <u>2017</u> US\$'000
Mining rights	<u>945,077</u>	<u>947,254</u>

Borrowings carry interest at effective interest rates ranging from 3.37% (December 31, 2017: 3.27%) per annum.

13. SHARE CAPITAL AND OPTIONS

Common shares

(i) Authorized - Unlimited common shares without par value

(ii) Issued and outstanding

	<u>Number of shares</u>	<u>Amount US\$'000</u>
Issued and fully paid: At January 1, 2017, December 31, 2017 and March 31, 2018	<u>396,413,753</u>	<u>1,229,061</u>

14. RELATED PARTY TRANSACTIONS

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

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

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

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

	March 31, <u>2018</u> %	December 31, <u>2017</u> %
CNG	<u>39.3</u>	<u>39.3</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

14. RELATED PARTY TRANSACTIONS - continued

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

(i) Transactions/balances with CNG and its subsidiaries

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

	Three months ended March 31,	
	<u>2018</u> US\$'000	<u>2017</u> US\$'000
Gold doré sales by the Group	49,658	45,197
Copper and other product sales by the Group	33,368	23,454
Provision of transportation services by the Group	483	217
Construction, stripping and mining service provided to the Group	979	2,470
Office lease to the Group	1,036	272
Interest income	36	1,682
Interest expense	784	638
Loan provided to the Group	-	7,247

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

	March 31, <u>2018</u> US\$'000	December 31, <u>2017</u> US\$'000
<u>Assets</u>		
Amounts due from related companies	788	65
Cash and cash equivalents held in a CNG subsidiary	12,688	96,337
Trade receivables from CNG subsidiaries	8,037	19,721
Deposits	125	81
	<u>21,638</u>	<u>116,204</u>

The amounts due from CNG and its subsidiaries which are included in other receivables are non-interest bearing, unsecured and repayable on demand.

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14. RELATED PARTY TRANSACTIONS - continued

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

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

	March 31, <u>2018</u> US\$'000	December 31, <u>2017</u> US\$'000
<u>Liabilities</u>		
Loans payable to a CNG subsidiary	55,661	53,564
Entrusted loan payable	31,806	30,608
Construction costs payable to CNG's subsidiaries	11,484	22,852
Trade payable to CNG subsidiaries	650	722
Customer advance paid by a CNG subsidiary	37	35
	<u>99,638</u>	<u>107,781</u>

The loans payable to a CNG subsidiary, which are included in borrowings, carry fixed interest rates at the range from 4.35% (December 31, 2017: 4.35%) per annum and are unsecured and repayable within one year. With the exception of the entrusted loan payable to CNG and loans payable to a CNG subsidiary, the amounts due to CNG and its subsidiaries which are included in other payables and construction costs payable, are non-interest bearing, unsecured and have no fixed terms of repayments.

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

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

(b) Compensation of key management personnel

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

	Three months ended March 31,	
	<u>2018</u> US\$'000	<u>2017</u> US\$'000
Salaries and other benefits	183	222
Post-employment benefits	7	7
	<u>190</u>	<u>229</u>

15. FINANCIAL INSTRUMENTS

As at March 31, 2018 and December 31, 2017, the Group's investments in equity securities include equity securities listed in Hong Kong and unlisted companies incorporated in the PRC.

Subsequent to initial recognition at fair value, investment in equity securities listed on the Stock Exchange is measured based on the quoted price (unadjusted) available on the stock exchange (Level 1 fair value measurement). As at March 31, 2018, US\$20,225,000 (December 31, 2017: US\$19,680,000) investment in equity securities is measured at fair value on a recurring basis. The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals in the PRC.

As at March 31, 2018, the carrying amounts of US\$2,226,000 (December 31, 2017: US\$2,143,000) investments in unlisted companies incorporated in the PRC are approximately their fair values (Level 3 fair value measurement).

16. EVENT AFTER THE REPORTING PERIOD

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

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