

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

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three and six months ended June 30, 2019

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)

	NOTES	Three months ended June 30,		Six months ended June 30,	
		2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Revenues	3	163,166	142,087	308,758	248,772
Cost of sales		<u>(155,876)</u>	<u>(106,294)</u>	<u>(286,200)</u>	<u>(206,425)</u>
Mine operating earnings		<u>7,290</u>	<u>35,793</u>	<u>22,558</u>	<u>42,347</u>
Expenses					
General and administrative expenses	4	(9,532)	(12,674)	(23,027)	(22,057)
Exploration and evaluation expenditure		(175)	(251)	(290)	(329)
Research and development costs		<u>(4,541)</u>	<u>(2,800)</u>	<u>(9,397)</u>	<u>(5,353)</u>
		<u>(14,248)</u>	<u>(15,725)</u>	<u>(32,714)</u>	<u>(27,739)</u>
(Loss) income from operations		<u>(6,958)</u>	<u>20,068</u>	<u>(10,156)</u>	<u>14,608</u>
Other income (expenses)					
Foreign exchange loss, net		(7,414)	(7,580)	(2,126)	(3,117)
Interest and other income		1,037	2,565	1,898	14,225
Finance costs	5	<u>(11,482)</u>	<u>(11,214)</u>	<u>(21,570)</u>	<u>(22,342)</u>
		<u>(17,859)</u>	<u>(16,229)</u>	<u>(21,798)</u>	<u>(11,234)</u>
(Loss) profit before income tax		<u>(24,817)</u>	<u>3,839</u>	<u>(31,954)</u>	<u>3,374</u>
Income tax credit (expense)	6	<u>1,866</u>	<u>(3,449)</u>	<u>4,429</u>	<u>(980)</u>
(Loss) profit for the period		<u>(22,951)</u>	<u>390</u>	<u>(27,525)</u>	<u>2,394</u>
Other comprehensive (expenses) income for the period					
<i>Item that will not be reclassified to profit or loss:</i>					
Fair value (loss) gain on investment in an equity security		(5,682)	361	(4,105)	906
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		<u>(6,340)</u>	<u>(22,375)</u>	<u>(417)</u>	<u>(4,868)</u>
Total comprehensive expenses for the period		<u>(34,973)</u>	<u>(21,624)</u>	<u>(32,047)</u>	<u>(1,568)</u>
(Loss) profit for the period attributable to					
Non-controlling interests		(17)	204	(106)	426
Owners of the Company		<u>(22,934)</u>	<u>186</u>	<u>(27,419)</u>	<u>1,968</u>
		<u>(22,951)</u>	<u>390</u>	<u>(27,525)</u>	<u>2,394</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	Three months ended June 30,		Six months ended June 30,	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		US\$'000	US\$'000	US\$'000	US\$'000
Total comprehensive (expenses) income for the period attributable to Non-controlling interests		(13)	207	(102)	430
Owners of the Company		<u>(34,960)</u>	<u>(21,831)</u>	<u>(31,945)</u>	<u>(1,998)</u>
		<u>(34,973)</u>	<u>(21,624)</u>	<u>(32,047)</u>	<u>(1,568)</u>
(Loss) earnings per share - Basic (US)	7	<u>(5.79) cents</u>	<u>0.05 cents</u>	<u>(6.92) cents</u>	<u>0.50 cents</u>
Weighted average number of common shares - Basic	7	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019 (unaudited)

	<u>NOTES</u>	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		175,245	137,996
Restricted bank balance		7,504	16,100
Trade and other receivables	8	27,837	23,303
Prepaid expenses and deposits		6,176	4,107
Prepaid lease payments		-	446
Inventories	9	268,089	282,958
		<u>484,851</u>	<u>464,910</u>
Non-current assets			
Prepaid expense and deposits		30,485	30,813
Right-of-use assets		14,789	-
Prepaid lease payments		-	14,515
Equity instruments at fair value through other comprehensive income	15	14,131	20,230
Property, plant and equipment	10	1,744,013	1,765,360
Mining rights	10	915,871	920,067
		<u>2,719,289</u>	<u>2,750,985</u>
Total assets		<u><u>3,204,140</u></u>	<u><u>3,215,895</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	11	269,951	292,013
Contract liabilities		33,588	4,593
Borrowings	12	74,282	123,921
Entrusted loan payable		29,092	-
Lease liabilities		60	-
Tax liabilities		3,356	5,074
		<u>410,329</u>	<u>425,601</u>
Net current assets		<u>74,522</u>	<u>39,309</u>
Total assets less current liabilities		<u><u>2,793,811</u></u>	<u><u>2,790,294</u></u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000 (audited)
Non-current liabilities			
Borrowings	12	1,154,914	1,086,237
Deferred tax liabilities		118,416	122,732
Deferred income		2,974	3,478
Entrusted loan payable		-	29,140
Environmental rehabilitation		60,481	59,469
		<u>1,336,785</u>	<u>1,301,056</u>
Total liabilities		<u>1,747,114</u>	<u>1,726,657</u>
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		12,850	15,570
Retained profits		200,577	229,802
		<u>1,442,488</u>	<u>1,474,433</u>
Non-controlling interests		14,538	14,805
Total owners' equity		<u>1,457,026</u>	<u>1,489,238</u>
Total liabilities and owners' equity		<u>3,204,140</u>	<u>3,215,895</u>

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on August 14, 2019 and are signed on its behalf by:

(Signed by) Xin Song

Xin Song
Director

(Signed by) Liangyou Jiang

Liangyou Jiang
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)**

	Attributable to owners of the Company							Non-controlling interests US\$'000	Total owners' equity US\$'000	
	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
At January 1, 2018	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	-	-	-	-	-	-	1,968	1,968	426	2,394
Fair value gain on investment in an equity security	-	-	-	906	-	-	-	906	-	906
Exchange difference arising on translation	-	-	-	-	(4,872)	-	-	(4,872)	4	(4,868)
Total comprehensive income (expenses) for the period	-	-	-	906	(4,872)	-	1,968	(1,998)	430	(1,568)
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,825	(1,825)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(324)	(324)
At June 30, 2018	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>576</u>	<u>(5,511)</u>	<u>20,240</u>	<u>237,793</u>	<u>1,493,338</u>	<u>14,754</u>	<u>1,508,092</u>
At January 1, 2019	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>(1,791)</u>	<u>(15,244)</u>	<u>21,426</u>	<u>229,802</u>	<u>1,474,433</u>	<u>14,805</u>	<u>1,489,238</u>
Loss for the period	-	-	-	-	-	-	(27,419)	(27,419)	(106)	(27,525)
Fair value loss on investment in an equity security	-	-	-	(4,105)	-	-	-	(4,105)	-	(4,105)
Exchange difference arising on translation	-	-	-	-	(421)	-	-	(421)	4	(417)
Total comprehensive expenses for the period	-	-	-	(4,105)	(421)	-	(27,419)	(31,945)	(102)	(32,047)
Transfer to statutory reserve - safety production fund	-	-	-	-	-	2,370	(2,370)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(165)	(165)
Transfer upon disposal of investment in equity security	-	-	-	(564)	-	-	564	-	-	-
At June 30, 2019	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>(6,460)</u>	<u>(15,665)</u>	<u>23,796</u>	<u>200,577</u>	<u>1,442,488</u>	<u>14,538</u>	<u>1,457,026</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)

	Three months ended June 30,		Six months ended June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Net cash from operating activities	<u>56,554</u>	<u>40,262</u>	<u>63,538</u>	<u>56,089</u>
Investing Activities				
Interest income received	663	645	979	1,295
Payment for acquisition of property, plant and equipment	(16,705)	(13,216)	(56,078)	(25,158)
Proceeds from disposal of equity investment at fair value through other comprehensive income	2,023	-	2,023	-
Payment for acquisition of a mining right	-	-	(2,230)	-
Placement of restricted bank deposits	(5,122)	(32,924)	(7,453)	(62,782)
Release of restricted bank deposits	10,222	33,689	16,151	66,596
Net cash used in investing activities	<u>(8,919)</u>	<u>(11,806)</u>	<u>(46,608)</u>	<u>(20,049)</u>
Financing Activities				
Proceeds from borrowings	81,197	23,504	81,197	54,934
Repayment of borrowings	(53,856)	(25,035)	(61,267)	(87,894)
Dividends paid to a non-controlling shareholder	-	-	(165)	(324)
Payment for lease	(22)	-	(43)	-
Net cash from (used in) financing activities	<u>27,319</u>	<u>(1,531)</u>	<u>19,722</u>	<u>(33,284)</u>
Net increase in cash and cash equivalents	<u>74,954</u>	<u>26,925</u>	<u>36,652</u>	<u>2,756</u>
Cash and cash equivalents, beginning of period	101,618	127,892	137,996	147,318
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(1,327)</u>	<u>(6,191)</u>	<u>597</u>	<u>(1,448)</u>
Cash and cash equivalents, end of period	<u><u>175,245</u></u>	<u><u>148,626</u></u>	<u><u>175,245</u></u>	<u><u>148,626</u></u>
Cash and cash equivalents are comprised of				
Cash and bank deposits	<u>175,245</u>	<u>148,626</u>	<u>175,245</u>	<u>148,626</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)

1. GENERAL

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 People's Republic of China ("PRC"). The Group considers that China National Gold Group Corporation ("CNG"), a state owned company registered in Beijing, PRC which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

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

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

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 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 - 2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018.

2. PRINCIPAL ACCOUNTING POLICIES - continued

IFRS 16 Leases

Transition and summary of effects arising from initial application of IFRS 16

The Group has adopted IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019.

On transition to IFRS 16, the Group recognised lease liabilities for leases which were previously classified as operating leases under IAS 17 *Leases* and IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the rate that reflects the weighted average lessee's incremental borrowing rate of 3.6% as of January 1, 2019.

As at January 1, 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equals to the related lease liabilities adjusted by any prepaid lease payments by applying IFRS 16.C8(b)(ii) transition.

The Group has made use of the following practical expedients available on transition to IFRS 16:

- Relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- Measure the right-of-use assets equal to the lease liability calculated;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively; and
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The impact to the Group's condensed consolidated financial statements at January 1, 2019 was as follows:

	<u>At January 1,</u> <u>2019</u> US\$'000
Operating lease commitments as at December 31, 2018	364
Effect from discounting at the incremental borrowing rate as at January 1, 2019	(2)
Recognition exemption for:	
Short-term leases and low-value items	(261)
	<hr/>
Lease liability as at January 1, 2019	101
Less: Current-portion	(83)
	<hr/>
Non-current portion	18
	<hr/> <hr/>

2. PRINCIPAL ACCOUNTING POLICIES - continued

IFRS 16 Leases - continued

Transition and summary of effects arising from initial application of IFRS 16

The carrying amount of right-of-use assets as at January 1, 2019 comprises the following:

	<u>Right-of-use assets</u> US\$'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	101
Reclassified from prepaid lease payments (Note)	14,961
	<u>15,062</u>
By class:	
Office premise	101
Leasehold land	14,961
	<u>15,062</u>

Note: Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to US\$446,000 and US\$14,515,000 respectively were reclassified to right-of-use assets.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously recorded at <u>December 31, 2018</u> US\$'000	<u>Adjustments</u> US\$'000	Carrying amounts under IFRS 16 January 1, <u>2019</u> US\$'000
Current asset			
Prepaid lease payments	446	(446)	-
Non-current assets			
Prepaid lease payments	14,515	(14,515)	-
Right-of-use assets	-	15,062	15,062
Current liability			
Lease liabilities	-	(83)	(83)
Non-current liability			
Lease liabilities	-	(18)	(18)
	<u> </u>	<u> </u>	<u> </u>

2. PRINCIPAL ACCOUNTING POLICIES - continued

IFRS 16 Leases - continued

Key changes in accounting policies resulting from application of IFRS 16

The Group has applied the following accounting policy for leases upon adoption of IFRS 16 on January 1, 2019.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease, at inception or modification of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is presented under current liabilities as a separate line in the condensed consolidated statement of financial position. Furthermore, lease payments in relation to lease liability are presented as financing cash flows by the Group.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, any initial direct costs and dismantling costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The right-of-use assets are presented as a separate line in the condensed consolidated statement of financial position.

2. PRINCIPAL ACCOUNTING POLICIES - continued

IFRS 16 Leases - continued

Key changes in accounting policies resulting from application of IFRS 16

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

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

	Three months ended June 30,		Six months ended June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000	US\$'000	US\$'000
<u>At a point in time</u>				
Gold bullion	52,170	45,035	89,845	94,693
Copper concentrate	76,633	72,431	145,986	110,643
Other by-products	34,363	24,621	72,927	43,436
Total revenue	<u>163,166</u>	<u>142,087</u>	<u>308,758</u>	<u>248,772</u>

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, who 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.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

3. REVENUE AND SEGMENT INFORMATION - continued

Information regarding the above segments is reported below:

(a) Segment revenues and results

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

For the six months ended June 30, 2019

	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
Revenues - external and segment revenue	89,845	218,913	308,758	-	308,758
Cost of sales	<u>(96,974)</u>	<u>(189,226)</u>	<u>(286,200)</u>	-	<u>(286,200)</u>
Mining operating (loss) earnings	<u>(7,129)</u>	<u>29,687</u>	<u>22,558</u>	-	<u>22,558</u>
(Loss) income from operations	(7,419)	1,872	(5,547)	(4,609)	(10,156)
Foreign exchange (loss) gain, net	(1,026)	(1,101)	(2,127)	1	(2,126)
Interest and other income	256	1,640	1,896	2	1,898
Finance costs	<u>(2,610)</u>	<u>(10,254)</u>	<u>(12,864)</u>	<u>(8,706)</u>	<u>(21,570)</u>
Loss before income tax	<u>(10,799)</u>	<u>(7,843)</u>	<u>(18,642)</u>	<u>(13,312)</u>	<u>(31,954)</u>

For the six months ended June 30, 2018

	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
Revenues - external and segment revenue	94,693	154,079	248,772	-	248,772
Cost of sales	<u>(76,357)</u>	<u>(130,068)</u>	<u>(206,425)</u>	-	<u>(206,425)</u>
Mining operating earnings	<u>18,336</u>	<u>24,011</u>	<u>42,347</u>	-	<u>42,347</u>
Income (loss) from operations	18,007	1,047	19,054	(4,446)	14,608
Foreign exchange gain (loss), net	2,049	(5,166)	(3,117)	-	(3,117)
Interest and other income	308	13,705	14,013	212	14,225
Finance costs	<u>(2,594)</u>	<u>(11,044)</u>	<u>(13,638)</u>	<u>(8,704)</u>	<u>(22,342)</u>
Profit (loss) before income tax	<u>17,770</u>	<u>(1,458)</u>	<u>16,312</u>	<u>(12,938)</u>	<u>3,374</u>

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

There were no inter-segment sales for the six months ended June 30, 2019 and 2018.

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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 respective segment:

	Mine - produced gold US\$'000	Mine - produced copper US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
As of June 30, 2019					
Total assets	723,586	2,451,818	3,175,404	28,736	3,204,140
Total liabilities	193,596	1,044,329	1,237,925	509,189	1,747,114
As of December 31, 2018					
Total assets	745,729	2,435,072	3,180,801	35,094	3,215,895
Total liabilities	203,453	1,013,025	1,216,478	510,179	1,726,657

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Administration and office	2,147	6,438	7,323	10,361
Depreciation of property, plant and equipment and right-of-use assets	1,425	867	3,334	1,787
Professional fees	824	689	1,398	1,138
Salaries and benefits	4,207	3,471	8,324	6,784
Others	929	1,209	2,648	1,987
Total general and administrative expenses	<u>9,532</u>	<u>12,674</u>	<u>23,027</u>	<u>22,057</u>

5. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Effective interests on borrowings and lease liabilities	10,943	10,452	20,877	20,817
Accretion on environmental rehabilitation	562	762	1,128	1,525
	11,505	11,214	22,005	22,342
Less: Amount capitalised to property, plant and equipment	<u>(23)</u>	<u>-</u>	<u>(435)</u>	<u>-</u>
Total finance costs	<u>11,482</u>	<u>11,214</u>	<u>21,570</u>	<u>22,342</u>

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6. INCOME TAX (CREDIT) EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000	US\$'000	US\$'000
PRC Enterprise Income Tax expense	267	574	890	2,483
Overprovision of PRC Enterprise Income Tax in prior year	(989)	(2,266)	(989)	(2,266)
Deferred tax (credit) expense	<u>(1,144)</u>	<u>5,141</u>	<u>(4,330)</u>	<u>763</u>
Total income tax (credit) expense	<u>(1,866)</u>	<u>3,449</u>	<u>(4,429)</u>	<u>980</u>

7. (LOSS) EARNINGS PER SHARE

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

	Three months ended June 30,		Six months ended June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share (US\$'000)	<u>(22,934)</u>	<u>186</u>	<u>(27,419)</u>	<u>1,968</u>
Weighted average number of shares, basic	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>
Basic (loss) earnings per share (US\$)	<u>(5.79) cents</u>	<u>0.05 cents</u>	<u>(6.92) cents</u>	<u>0.50 cents</u>

The Group has no outstanding potential dilutive instruments issued as at June 30, 2019 and 2018 and during the three and six months ended June 30, 2019 and 2018. Therefore, no diluted (loss) earnings per share is presented.

8. TRADE AND OTHER RECEIVABLES

	June 30,	December 31,
	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000
Trade receivables	14,087	570
Less: Allowance for credit loss	<u>(46)</u>	<u>(46)</u>
	14,041	524
Amounts due from related companies (note 14(a)) ⁽¹⁾	574	725
Other receivables	<u>13,222</u>	<u>22,054</u>
Total trade and other receivables	<u>27,837</u>	<u>23,303</u>

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

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8. TRADE AND OTHER RECEIVABLES - continued

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:

	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Less than 30 days	13,696	227
31 to 90 days	141	119
91 to 180 days	179	60
Over 180 days	25	118
	<u>14,041</u>	<u>524</u>

9. INVENTORIES

	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Gold in process	200,585	203,067
Gold doré bars	18,435	19,021
Consumables	21,474	29,794
Copper	11,188	17,251
Spare parts	16,407	13,825
Total inventories	<u>268,089</u>	<u>282,958</u>

Inventory write down was provided in cost of sales for three and six months ended June 30, 2019 totalling to nil and US\$4.3 million (three and six months ended June 30, 2018: nil and nil) respectively.

Inventory totalling US\$149 million and US\$274 million for the three and six months ended June 30, 2019 (three and six months ended June 30, 2018: US\$102 million and US\$198 million) was recognised in cost of sales.

10. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS

During the six months ended June 30, 2019, the Group incurred approximately US\$7.7 million on construction in progress (six months ended June 30, 2018: approximately US\$17.4 million) and approximately US\$38.5 million on mineral assets (six months ended June 30, 2018: approximately US\$45.9 million), respectively.

10. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS - continued

Depreciation of property, plant and equipment was US\$37.8 million and US\$69.9 million for the three and six months ended June 30, 2019, respectively (for the three and six months ended June 30, 2018: US\$30.8 million and US\$64.6 million, respectively). The depreciation amount was partly recognised in cost of sales, general and administrative expenses and partly capitalised in inventory.

During the six months ended June 30, 2019, the Group incurred US\$11.1 million on mining rights (for the six months ended June 30, 2018: nil). Amortisation of mining rights was US\$8.2 million and US\$15.0 million for the three and six months ended June 30, 2019 (for the three and months ended June 30, 2018: US\$4.6 million and US\$9.6 million) respectively. The amortisation amounts were recognised in cost of sales.

11. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Accounts payable	38,240	44,670
Bills payable	47,744	83,263
Construction cost payables	132,580	138,838
Mining cost accrual	25,175	3,578
Payroll and benefit payables	3,369	4,863
Other accruals	3,445	5,018
Other tax payable	3,893	5,185
Other payables	6,767	6,598
Payable for acquisition of a mining right	8,738	-
Total accounts and other payables and accrued expenses	<u>269,951</u>	<u>292,013</u>

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

	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Less than 30 days	5,378	16,832
31 to 90 days	7,302	12,232
91 to 180 days	3,036	1,619
Over 180 days	<u>22,524</u>	<u>13,987</u>
Total accounts payable	<u>38,240</u>	<u>44,670</u>

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

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11. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES - continued

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

	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Less than 30 days	5,818	19,512
31 to 60 days	11,721	15,265
61 to 90 days	5,813	14,196
91 to 180 days	<u>24,392</u>	<u>34,290</u>
Total bills payable	<u><u>47,744</u></u>	<u><u>83,263</u></u>

12. BORROWINGS

The borrowings are repayable as follows:

	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Carrying amount repayable within one year	74,282	123,921
Carrying amount repayable within one to two years	521,432	537,659
Carrying amount repayable within two to five years	334,559	263,725
Carrying amount repayable over five years	<u>298,923</u>	<u>284,853</u>
	1,229,196	1,210,158
Less: Amounts due within one year (shown under current liabilities)	<u>(74,282)</u>	<u>(123,921)</u>
Amounts shown under non-current liabilities	<u><u>1,154,914</u></u>	<u><u>1,086,237</u></u>
Analysed as:		
Secured	530,204	509,238
Unsecured	<u>698,992</u>	<u>700,920</u>
	<u><u>1,229,196</u></u>	<u><u>1,210,158</u></u>

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

	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Mining rights	<u><u>905,954</u></u>	<u><u>920,067</u></u>

Borrowings carry interest at effective interest rates ranging from 2.75% to 4.51% (December 31, 2018: 2.75% to 4.35%) per annum.

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13. SHARE CAPITAL

Common shares

(i) Authorised - 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, 2018, December 31, 2018 and June 30, 2019	<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 is as follows:

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

	June 30, <u>2019</u> %	December 31, <u>2018</u> %
CNG	<u>39.3</u>	<u>39.3</u>

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 June 30,		Six months ended June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Gold doré sales by the Group	<u>52,170</u>	<u>45,035</u>	<u>89,845</u>	<u>94,693</u>
Copper and other product sales by the Group	<u>31,155</u>	<u>45,071</u>	<u>54,164</u>	<u>78,439</u>
Provision of transportation services by the Group	<u>241</u>	<u>68</u>	<u>473</u>	<u>551</u>
Construction, stripping and mining service provided to the Group	<u>3,898</u>	<u>5,842</u>	<u>5,474</u>	<u>6,821</u>
Payment for office facilities by the Group	<u>970</u>	<u>1,034</u>	<u>1,974</u>	<u>2,070</u>
Interest income	<u>2</u>	<u>3</u>	<u>7</u>	<u>39</u>
Interest expenses	<u>807</u>	<u>798</u>	<u>1,547</u>	<u>1,582</u>

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

	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
<u>Assets</u>		
Amounts due from related companies (note 8)	574	725
Cash and cash equivalents held by a CNG subsidiary	2,106	14,570
Trade receivables from CNG subsidiaries	13,293	-
Prepaid expenses and deposits	<u>54</u>	<u>53</u>
Total amounts due from CNG and its subsidiaries	<u>16,027</u>	<u>15,348</u>

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

	June 30, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
<u>Liabilities</u>		
Loans payable to a CNG subsidiary	50,911	50,997
Entrusted loan payable to CNG	29,092	29,140
Construction cost payables to CNG subsidiaries	25,922	25,500
Trade payable to CNG subsidiaries	774	3,556
Amount due to CNG	86	86
Contract liabilities with CNG's subsidiaries	29,318	3,263
	<u>136,103</u>	<u>112,542</u>

The loans payable to a CNG subsidiary, which are included in borrowings, carry fixed interest rates of 4.51% (December 31, 2018: 4.13%) per annum and are unsecured and repayable within three years. With the exception of the entrusted loan payable to CNG and loans payable to a CNG's 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 June 30,		Six months ended June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Salaries and other benefits	168	251	341	434
Post-employment benefits	3	3	12	10
	<u>171</u>	<u>254</u>	<u>353</u>	<u>444</u>

15. FINANCIAL INSTRUMENTS

As at June 30, 2019 and December 31, 2018, 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 June 30, 2019, US\$13,550,000 (December 31, 2018: US\$17,655,000) 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 June 30, 2019, the carrying amounts of US\$581,000 (December 31, 2018: US\$2,575,000) investment in unlisted companies incorporated in the PRC are approximately their fair values (Level 3 fair value measurement). The sales proceeds of US\$2,023,000 (for the six months ended June 30, 2018: nil) were received from the disposal of one of investment in unlisted company during the six months ended June 30, 2019. The cumulative fair value change of US\$564,000 from investment in unlisted company included in investment revaluation reserve has been transferred to retained profit at the date of disposal.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation of the condensed consolidated financial statements.

17. EVENT AFTER THE REPORTING PERIOD

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