

CHINA GOLD INTERNATIONAL RESOURCES
CORP. LTD.

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three months ended March 31, 2019

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

REPORT AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019

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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, 2019

	NOTES	Three months ended March 31,	
		2019 US\$'000 (unaudited)	2018 US\$'000 (unaudited)
Revenues	3	145,592	106,685
Cost of sales		<u>(130,324)</u>	<u>(100,131)</u>
Mine operating earnings		<u>15,268</u>	<u>6,554</u>
Expenses			
General and administrative expenses	4	(13,495)	(9,383)
Exploration and evaluation expenditure		(115)	(78)
Research and development expenses		<u>(4,856)</u>	<u>(2,553)</u>
		<u>(18,466)</u>	<u>(12,014)</u>
Loss from operations		<u>(3,198)</u>	<u>(5,460)</u>
Other income (expenses)			
Foreign exchange gain, net		5,288	4,463
Interest and other income		861	11,660
Finance costs	5	<u>(10,088)</u>	<u>(11,128)</u>
		<u>(3,939)</u>	<u>4,995</u>
(Loss) profit before income tax		(7,137)	(465)
Income tax credit	6	<u>2,563</u>	<u>2,469</u>
(Loss) profit for the period		<u>(4,574)</u>	<u>2,004</u>
Other comprehensive income for the period			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on equity instruments at fair value through other comprehensive income		1,577	545
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		<u>5,923</u>	<u>17,507</u>
Total comprehensive income for the period		<u>2,926</u>	<u>20,056</u>

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		Three months ended March 31,	
	<u>NOTES</u>	<u>2019</u> US\$'000 (unaudited)	<u>2018</u> US\$'000 (unaudited)
(Loss) profit for the period attributable to			
Non-controlling interests		(89)	222
Owners of the Company		<u>(4,485)</u>	<u>1,782</u>
		<u>(4,574)</u>	<u>2,004</u>
Total comprehensive (expense) income for the period attributable to			
Non-controlling interests		(89)	223
Owners of the Company		<u>3,015</u>	<u>19,833</u>
		<u>2,926</u>	<u>20,056</u>
(Loss) earnings per share - Basic (US)	7	<u>(1.13) cents</u>	<u>0.45 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, 2019

	<u>NOTES</u>	March 31, <u>2019</u> US\$'000 (unaudited)	December 31, <u>2018</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		101,618	137,996
Restricted bank balance		12,805	16,100
Trade and other receivables	8	25,380	23,303
Prepaid expenses and deposits		7,289	4,107
Prepaid lease payments		529	446
Inventories	9	283,197	282,958
Right-of-use assets		81	-
		<u>430,899</u>	<u>464,910</u>
Non-current assets			
Prepaid expenses and deposits		30,103	30,813
Prepaid lease payments		14,603	14,515
Equity instruments at fair value through other comprehensive income	15	21,846	20,230
Property, plant and equipment	10	1,777,548	1,765,360
Mining rights	10	925,669	920,067
		<u>2,769,769</u>	<u>2,750,985</u>
Total assets		<u><u>3,200,668</u></u>	<u><u>3,215,895</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	11	270,348	292,013
Contract liabilities		7,306	4,593
Borrowings	12	118,431	123,921
Entrusted loan payable		29,702	-
Tax liabilities		4,720	5,074
Lease liabilities		81	-
		<u>430,588</u>	<u>425,601</u>
Net current assets		<u>311</u>	<u>39,309</u>
Total assets less current liabilities		<u><u>2,770,080</u></u>	<u><u>2,790,294</u></u>

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	<u>NOTE</u>	March 31, <u>2019</u> US\$'000 (unaudited)	December 31, <u>2018</u> US\$'000 (audited)
Non-current liabilities			
Borrowings	12	1,094,074	1,086,237
Deferred tax liabilities		119,457	122,732
Deferred income		3,368	3,478
Entrusted loan payable		-	29,140
Environmental rehabilitation		61,182	59,469
		<u>1,278,081</u>	<u>1,301,056</u>
Total liabilities		<u>1,708,669</u>	<u>1,726,657</u>
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		24,000	15,570
Retained profits		224,387	229,802
		<u>1,477,448</u>	<u>1,474,433</u>
Non-controlling interests		14,551	14,805
Total owners' equity		<u>1,491,999</u>	<u>1,489,238</u>
Total liabilities and owners' equity		<u>3,200,668</u>	<u>3,215,895</u>

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 15, 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 MONTHS ENDED MARCH 31, 2019**

	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, 2018	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	-	-	-	(8,551)	-	-	8,551	-	-	-
At January 1, 2018 (restated)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>(330)</u>	<u>(639)</u>	<u>18,415</u>	<u>237,650</u>	<u>1,495,336</u>	<u>14,648</u>	<u>1,509,984</u>
Profit for the period	-	-	-	-	-	-	1,782	1,782	222	2,004
Fair value gain on equity instruments at fair value through other comprehensive income	-	-	-	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)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>215</u>	<u>16,867</u>	<u>20,088</u>	<u>237,759</u>	<u>1,515,169</u>	<u>14,547</u>	<u>1,529,716</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	-	-	-	-	-	-	(4,485)	(4,485)	(89)	(4,574)
Fair value gain on equity instruments at fair value through other comprehensive income	-	-	-	1,577	-	-	-	1,577	-	1,577
Exchange difference arising on translation	-	-	-	-	5,923	-	-	5,923	-	5,923
Total comprehensive income (expense) for the period	-	-	-	1,577	5,923	-	(4,485)	3,015	(89)	2,926
Transfer to statutory reserve - safety production fund	-	-	-	-	-	930	(930)	-	-	-
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(165)	(165)
At March 31, 2019 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>(214)</u>	<u>(9,321)</u>	<u>22,356</u>	<u>224,387</u>	<u>1,477,448</u>	<u>14,551</u>	<u>1,491,999</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019

	Three months ended March 31,	
	<u>2019</u> US\$'000 (unaudited)	<u>2018</u> US\$'000 (unaudited)
Net cash from operating activities	<u>6,984</u>	<u>15,827</u>
Investing Activities		
Interest income received	316	650
Payment for acquisition of property, plant and equipment	(39,178)	(11,934)
Deposit paid for acquisition of property, plant and equipment	(195)	(8)
Payment for acquisition of a mining right	(2,230)	-
Placement of restricted bank deposits	(2,331)	(29,858)
Release of restricted bank deposits	5,929	32,907
Net cash used in investing activities	<u>(37,689)</u>	<u>(8,243)</u>
Financing Activities		
Proceeds from borrowings	-	31,430
Repayment of borrowings	(7,411)	(62,859)
Dividend paid to a non-controlling shareholder of a subsidiary	(165)	(324)
Payment for lease	(21)	-
Net cash used in financing activities	<u>(7,597)</u>	<u>(31,753)</u>
Net decrease in cash and cash equivalents	<u>(38,302)</u>	<u>(24,169)</u>
Cash and cash equivalents, beginning of period	137,996	147,318
Effect of foreign exchange rate changes on cash and cash equivalents	1,924	4,743
Cash and cash equivalents, end of period	<u>101,618</u>	<u>127,892</u>
Cash and cash equivalents are comprised of		
Cash and bank deposits	<u>101,618</u>	<u>127,892</u>

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 International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* 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.

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, 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.

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

IFRS 16 Leases

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. These liabilities were measured at the present value of the remaining lease payments, discounted using the rate that reflects the asset's applicable incremental borrowing rate as of January 1, 2019.

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

- 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.

2. PRINCIPAL ACCOUNTING POLICIES - continued

IFRS 16 Leases - continued

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
Lease obligation 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	<u>(261)</u>
Lease liability due to initial application of IFRS 16 as at January 1, 2019	101
Less: Current-portion	<u>(83)</u>
Non-current portion	<u>18</u>

The following is the accounting policy for leases as of January 1, 2019 upon adoption of IFRS 16.

Leases

The Group assesses whether a contract is or contains a lease, at inception 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. For these leases, the Group recognises the lease payments as an operating expense included in general and administrative expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 consolidated statement of financial position. Furthermore, lease payments in relation to lease liability are presented as financing cash flows by the Group.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. 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 consolidated statement of financial position.

3. REVENUE AND SEGMENT INFORMATION

(i) **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 March 31,	
	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000
<u>At a point in time</u>		
Gold bullion	37,675	49,658
Copper concentrate	69,353	38,212
Other by-products	38,564	18,815
Total revenue	<u>145,592</u>	<u>106,685</u>

(ii) **Performance obligations for contracts with customers**

The Group sells gold bullion, copper concentrate and other by-products directly to customers.

For sales of gold bullion, copper concentrate and other by-products directly to customers, revenue is recognised at a point in time when control of the gold doré bars, copper concentrate and other by-products is passed to customers, i.e. when the products are delivered and titles have passed to customers. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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.

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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 reportable and operating segments.

For the three months ended March 31, 2019

	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	37,675	107,917	145,592	-	145,592
Cost of sales	(43,774)	(86,550)	(130,324)	-	(130,324)
Mining operating (loss) earnings	(6,099)	21,367	15,268	-	15,268
Income (expenses) from operations	(6,214)	5,215	(999)	(2,199)	(3,198)
Foreign exchange (loss) gain, net	(2,953)	8,241	5,288	-	5,288
Interest and other income	222	638	860	1	861
Finance costs	(1,258)	(4,501)	(5,759)	(4,329)	(10,088)
(Loss) profit before income tax	(10,203)	9,593	(610)	(6,527)	(7,137)

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)

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 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, 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 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
As of March 31, 2019					
Total assets	731,883	2,441,123	3,173,006	27,662	3,200,668
Total liabilities	200,815	1,003,595	1,204,410	504,259	1,708,669
As of December 31, 2018					
Total assets	745,729	2,435,072	3,180,801	35,094	3,215,895
Total liabilities	203,455	1,013,025	1,216,480	510,177	1,726,657

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Administration and office	5,176	3,923
Depreciation of property, plant and equipment	1,909	920
Professional fees	574	449
Salaries and benefits	4,117	3,313
Others	1,719	778
Total general and administrative expenses	<u>13,495</u>	<u>9,383</u>

5. FINANCE COSTS

	Three months ended March 31,	
	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Effective interests on borrowings	9,934	10,365
Accretion on environmental rehabilitation	<u>566</u>	<u>763</u>
	10,500	11,128
Less: Amount capitalized to property, plant and equipment	<u>(412)</u>	<u>-</u>
Total finance costs	<u>10,088</u>	<u>11,128</u>

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6. INCOME TAX CREDIT

	Three months ended March 31,	
	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000
PRC Enterprise Income Tax	623	1,909
Deferred tax credit	<u>(3,186)</u>	<u>(4,378)</u>
Total income tax credit	<u><u>(2,563)</u></u>	<u><u>(2,469)</u></u>

7. (LOSS) EARNINGS PER SHARE

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

	Three months ended March 31,	
	<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>(4,485)</u>	<u>1,782</u>
Weighted average number of shares, basic	<u>396,413,753</u>	<u>396,413,753</u>
Basic (loss) earnings per share (US)	<u>(1.13) cents</u>	<u>0.45 cents</u>

The Group has no outstanding potential dilutive instruments issued as at March 31, 2019 and 2018 and during the period ended March 31, 2019 and 2018. Therefore, no diluted earnings per share is presented.

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8. TRADE AND OTHER RECEIVABLES

	March 31, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Trade receivables	8,978	570
Less: allowance for credit losses	<u>(47)</u>	<u>(46)</u>
	8,931	524
Amounts due from related companies (note 14(a)) ⁽¹⁾	599	725
Other receivables	<u>15,850</u>	<u>22,054</u>
Total trade and other receivables	<u><u>25,380</u></u>	<u><u>23,303</u></u>

(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, 2019 and December 31, 2018. 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 for credit losses) presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period.

	March 31, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Less than 30 days	8,219	227
31 to 90 days	503	119
91 to 180 days	26	60
Over 180 days	<u>183</u>	<u>118</u>
Total trade receivables	<u><u>8,931</u></u>	<u><u>524</u></u>

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9. INVENTORIES

	March 31, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Gold in process	200,892	203,067
Gold doré bars	19,084	19,021
Consumables	25,149	29,794
Copper	24,246	17,251
Spare parts	<u>13,826</u>	<u>13,825</u>
Total inventories	<u>283,197</u>	<u>282,958</u>

Inventory write down was provided in cost of sales for the three months ended March 31, 2019 totalling US\$4.3 million (three months ended March 31, 2018: nil).

Inventories totalling US\$124 million for the three months ended March 31, 2019 (three months ended March 31, 2018: US\$96 million) was recognized in cost of sales.

10. PROPERTY, PLANT AND EQUIPMENT/ MINING RIGHTS

During the three months ended March 31, 2019, the Group incurred US\$6.1 million on construction in progress (for the three months ended March 31, 2018: US\$6.1 million) and US\$11.9 million on mineral assets (for the period ended March 31, 2018: US\$33.4 million), respectively.

Depreciation of property, plant and equipment was US\$32.1 million for the period ended March 31, 2019 (for the period ended March 31, 2018: US\$33.8 million). The depreciation amount were partly recognized in cost of sales and general and administrative expenses and partly capitalized in inventory.

During the three months ended March 31, 2019, the Group incurred US\$11.1 million on mining rights (three months ended March 31, 2018: Nil). Amortisation of mining rights was US\$6.8 million for the three months ended March 31, 2019 (three months ended March 31, 2018: US\$5.0 million). The amortisation amounts were recognised in cost of sales.

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11. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	March 31, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Accounts payable	34,151	44,670
Bills payable	69,372	83,263
Construction cost payables	118,128	138,838
Mining cost accrual	21,688	3,578
Payroll and benefit payables	4,094	4,863
Other accruals	3,228	5,018
Other tax payable	4,029	5,185
Other payables	6,747	6,598
Payable for acquisition of a mining right	8,911	-
Total accounts and other payables and accrued expenses	<u>270,348</u>	<u>292,013</u>

12. BORROWINGS

The borrowings are repayable as follows:

	March 31, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Carrying amount repayable on demand and within one year	118,431	123,921
Carrying amount repayable within one to two years	534,931	537,659
Carrying amount repayable within two to five years	268,804	263,725
Carrying amount repayable over five years	290,339	284,853
	<u>1,212,505</u>	<u>1,210,158</u>
Less: Amounts due within one year (shown under current liabilities)	<u>(118,431)</u>	<u>(123,921)</u>
Amounts shown under non-current liabilities	<u>1,094,074</u>	<u>1,086,237</u>

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

	March 31, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
Mining rights	<u>914,584</u>	<u>920,067</u>

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

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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, 2018, December 31, 2018 and March 31, 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 are as follows:

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

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

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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>2019</u> US\$'000	<u>2018</u> US\$'000
Gold doré sales by the Group	<u>37,675</u>	<u>49,658</u>
Copper and other product sales by the Group	<u>23,009</u>	<u>33,368</u>
Provision of transportation services by the Group	<u>232</u>	<u>483</u>
Construction, stripping and mining service provided to the Group	<u>1,576</u>	<u>979</u>
Office lease to the Group	<u>977</u>	<u>1,036</u>
Interest income	<u>5</u>	<u>36</u>
Interest expense	<u>740</u>	<u>784</u>

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

	March 31, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
<u>Assets</u>		
Amounts due from related companies	599	725
Cash and cash equivalents held in a CNG subsidiary	1,290	14,570
Trade receivables from CNG subsidiaries	7,202	-
Deposits	<u>429</u>	<u>53</u>
	<u>9,520</u>	<u>15,348</u>

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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

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

	March 31, <u>2019</u> US\$'000	December 31, <u>2018</u> US\$'000
<u>Liabilities</u>		
Loans payable to a CNG subsidiary	44,553	50,997
Entrusted loan payable	29,702	29,140
Construction costs payable to CNG's subsidiaries	25,787	25,500
Trade payable to CNG subsidiaries	2,281	3,556
Amount due to CNG	87	86
Contract liabilities with a CNG's subsidiary	923	3,263
	<u>103,333</u>	<u>112,542</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, 2018: 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.

14. RELATED PARTY TRANSACTIONS - continued

(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>2019</u>	<u>2018</u>
	US\$'000	US\$'000
Salaries and other benefits	173	183
Post-employment benefits	<u>9</u>	<u>7</u>
	<u>182</u>	<u>190</u>

15. FINANCIAL INSTRUMENTS

As at March 31, 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 March 31, 2019, US\$19,232,000 (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 March 31, 2019, the carrying amounts of US\$2,614,000 (December 31, 2018: US\$2,575,000) 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.