

CHINA GOLD INTERNATIONAL RESOURCES
CORP. LTD.

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three and nine months ended September 30, 2020

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 (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 NINE MONTHS ENDED SEPTEMBER 30, 2020 (unaudited)

	NOTES	Three months ended September 30,		Nine months ended September 30,	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Revenue	3	240,451	186,375	598,222	495,133
Cost of sales		(174,346)	(160,094)	(478,461)	(446,294)
Mine operating earnings		<u>66,105</u>	<u>26,281</u>	<u>119,761</u>	<u>48,839</u>
Expenses					
General and administrative expenses	4	(8,026)	(11,762)	(23,005)	(34,789)
Exploration and evaluation expenditure		(77)	(368)	(303)	(658)
Research and development costs		(3,251)	(4,308)	(7,481)	(13,705)
		<u>(11,354)</u>	<u>(16,438)</u>	<u>(30,789)</u>	<u>(49,152)</u>
Income (loss) from operations		<u>54,751</u>	<u>9,843</u>	<u>88,972</u>	<u>(313)</u>
Other income (expenses)					
Foreign exchange gain (loss), net		6,366	(9,616)	(1,404)	(11,742)
Gain on recognition of other assets		-	11,245	-	11,245
Interest and other income		789	1,468	6,182	3,366
Finance costs	5	(10,241)	(10,560)	(32,283)	(32,130)
		<u>(3,086)</u>	<u>(7,463)</u>	<u>(27,505)</u>	<u>(29,261)</u>
Profit (loss) before income tax		51,665	2,380	61,467	(29,574)
Income tax (expense) credit	6	(4,029)	(2,701)	(3,979)	1,728
Profit (loss) for the period		<u>47,636</u>	<u>(321)</u>	<u>57,488</u>	<u>(27,846)</u>
Other comprehensive income (expenses) for the period					
<i>Item that will not be reclassified to profit or loss:</i>					
Fair value gain (loss) on investment in an equity security		1,185	488	(1,010)	(3,617)
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		<u>13,562</u>	<u>(8,454)</u>	<u>8,830</u>	<u>(8,871)</u>
Total comprehensive income (expenses) for the period		<u>62,383</u>	<u>(8,287)</u>	<u>65,308</u>	<u>(40,334)</u>
Profit (loss) for the period attributable to					
Non-controlling interests		579	342	1,447	236
Owners of the Company		<u>47,057</u>	<u>(663)</u>	<u>56,041</u>	<u>(28,082)</u>
		<u>47,636</u>	<u>(321)</u>	<u>57,488</u>	<u>(27,846)</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

		Three months ended September 30,		Nine months ended September 30,	
	<u>NOTES</u>	<u>2020</u> US\$'000	<u>2019</u> US\$'000	<u>2020</u> US\$'000	<u>2019</u> US\$'000
Total comprehensive income (expenses) for the period attributable to					
Non-controlling interests		578	340	1,448	238
Owners of the Company		<u>61,805</u>	<u>(8,627)</u>	<u>63,860</u>	<u>(40,572)</u>
		<u>62,383</u>	<u>(8,287)</u>	<u>65,308</u>	<u>(40,334)</u>
Profit (loss) per share - Basic (US cents)	7	<u>11.87</u>	<u>(0.17)</u>	<u>14.14</u>	<u>(7.08)</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 SEPTEMBER 30, 2020 (unaudited)

	<u>NOTES</u>	September 30, 2020 US\$'000	December 31, 2019 US\$'000 (audited)
Current assets			
Cash and cash equivalents		296,390	182,290
Restricted bank balance		27,309	17,687
Trade and other receivables	8	17,035	26,011
Prepaid expenses and deposits		5,880	12,271
Inventories	9	283,810	281,123
		<u>630,424</u>	<u>519,382</u>
Non-current assets			
Prepaid expense and deposits		13,063	19,044
Right-of-use assets		13,813	13,869
Deferred tax assets		141	-
Equity instruments at fair value through other comprehensive income	15	16,247	17,059
Property, plant and equipment	10	1,718,978	1,709,449
Mining rights	10	873,295	900,373
Other non-current assets		18,392	17,954
		<u>2,653,929</u>	<u>2,677,748</u>
Total assets		<u>3,284,353</u>	<u>3,197,130</u>
Current liabilities			
Accounts and other payables and accrued expenses	11	265,895	296,403
Contract liabilities		25,203	6,783
Borrowings	12	170,089	582,952
Entrusted loan payable		-	28,669
Lease liabilities		89	89
Tax liabilities		12,022	13,850
		<u>473,298</u>	<u>928,746</u>
Net current assets (liabilities)		<u>157,126</u>	<u>(409,364)</u>
Total assets less current liabilities		<u>2,811,055</u>	<u>2,268,384</u>
Non-current liabilities			
Borrowings	12	1,084,786	632,149
Lease liabilities		380	444
Deferred tax liabilities		112,075	119,293
Deferred income		2,312	2,686
Entrusted loan payable		29,368	-
Environmental rehabilitation		66,515	63,145
		<u>1,295,436</u>	<u>817,717</u>
Total liabilities		<u>1,768,734</u>	<u>1,746,463</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000 (audited)
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		16,160	6,791
Retained profits		253,976	199,485
		<u>1,499,197</u>	<u>1,435,337</u>
Non-controlling interests		16,422	15,330
		<u>1,515,619</u>	<u>1,450,667</u>
Total owners' equity		<u>1,515,619</u>	<u>1,450,667</u>
Total liabilities and owners' equity		<u>3,284,353</u>	<u>3,197,130</u>

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on November 12, 2020 and are signed on its behalf by:

(Signed by) Liangyou Jiang

Liangyou Jiang
Director

(Signed by) Ian He

Ian He
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 (unaudited)

	Attributable to owners of the Company								Non-controlling interests US\$'000	Total owners' equity US\$'000
	Number of common 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, 2019	396,413,753	1,229,061	11,179	(1,791)	(15,244)	21,426	229,802	1,474,433	14,805	1,489,238
(Loss) profit for the period	-	-	-	-	-	-	(28,082)	(28,082)	236	(27,846)
Fair value loss on investment in an equity security	-	-	-	(3,617)	-	-	-	(3,617)	-	(3,617)
Exchange difference arising on translation	-	-	-	-	(8,873)	-	-	(8,873)	2	(8,871)
Total comprehensive (loss) income for the period	-	-	-	(3,617)	(8,873)	-	(28,082)	(40,572)	238	(40,334)
Transfer to statutory reserve - safety production fund	-	-	-	-	-	2,901	(2,901)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(165)	(165)
Transfer upon disposal of investment in equity security	-	-	-	(564)	-	-	564	-	-	-
At September 30, 2019	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>(5,972)</u>	<u>(24,117)</u>	<u>24,327</u>	<u>199,383</u>	<u>1,433,861</u>	<u>14,878</u>	<u>1,448,739</u>
At January 1, 2020	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>(3,525)</u>	<u>(20,333)</u>	<u>19,470</u>	<u>199,485</u>	<u>1,435,337</u>	<u>15,330</u>	<u>1,450,667</u>
Profit for the period	-	-	-	-	-	-	56,041	56,041	1,447	57,488
Fair value loss on investment in an equity security	-	-	-	(1,010)	-	-	-	(1,010)	-	(1,010)
Exchange difference arising on translation	-	-	-	-	8,829	-	-	8,829	1	8,830
Total comprehensive (loss) income for the period	-	-	-	(1,010)	8,829	-	56,041	63,860	1,448	65,308
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,550	(1,550)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(356)	(356)
At September 30, 2020	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>(4,535)</u>	<u>(11,504)</u>	<u>21,020</u>	<u>253,976</u>	<u>1,499,197</u>	<u>16,422</u>	<u>1,515,619</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Net cash from operating activities	<u>103,254</u>	<u>64,368</u>	<u>173,741</u>	<u>127,906</u>
Investing activities				
Interest income received	348	305	1,803	1,284
Payment for acquisition of property, plant and equipment	(21,288)	(36,713)	(83,021)	(92,791)
Payment for acquisition of equity investment at fair value through other comprehensive income	(181)	-	(181)	-
Proceeds from disposal of equity investment at fair value through other comprehensive income	-	-	-	2,023
Dividends received from equity investment at fair value through other comprehensive income	545	592	545	592
Payment for acquisition of a mining right	(1,207)	(557)	(1,207)	(2,787)
Proceeds from disposal of property, plant and equipment	-	12	-	12
Placement of restricted bank balance deposits	(9,385)	(10,572)	(83,713)	(18,025)
Release of restricted bank balance deposits	18,498	2,148	95,319	18,299
Net cash used in investing activities	<u>(12,670)</u>	<u>(44,785)</u>	<u>(70,455)</u>	<u>(91,393)</u>
Financing activities				
Proceeds from borrowings	-	-	583,617	81,197
Repayment of borrowings	(518,751)	-	(572,220)	(61,267)
Dividends paid to a non-controlling shareholder	-	-	(356)	(165)
Payment for lease	(27)	(20)	(75)	(63)
Net cash (used in) from financing activities	<u>(518,778)</u>	<u>(20)</u>	<u>10,966</u>	<u>19,702</u>
Net (decrease) increase in cash and cash equivalents	<u>(428,194)</u>	<u>19,563</u>	<u>114,252</u>	<u>56,215</u>
Cash and cash equivalents, beginning of period	723,208	175,245	182,290	137,996
Effect of foreign exchange rate changes on cash and cash equivalents	<u>1,376</u>	<u>(2,295)</u>	<u>(152)</u>	<u>(1,698)</u>
Cash and cash equivalents, end of period	<u><u>296,390</u></u>	<u><u>192,513</u></u>	<u><u>296,390</u></u>	<u><u>192,513</u></u>
Cash and cash equivalents are comprised of				
Cash and bank deposits	<u><u>296,390</u></u>	<u><u>192,513</u></u>	<u><u>296,390</u></u>	<u><u>192,513</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 (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 resources in the People's Republic of China ("PRC"). The Group considers that China National Gold Group Corporation Ltd. ("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 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 *Interim Financial Reporting* issued by the International Accounting Standards Board which should read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

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 nine months ended September 30, 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019.

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

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

2. PRINCIPAL ACCOUNTING POLICIES - continued

In addition to the above amendments to IFRSs, the Group has applied the consequential amendments of a revised Conceptual Framework for Financial Reporting issued in 2018, *the Amendments to References to the Conceptual Framework in IFRS Standards*.

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

3. REVENUE AND SEGMENT INFORMATION

Revenue

(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 September 30,		Nine months ended September 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	US\$'000	US\$'000	US\$'000	US\$'000
<u>At a point in time</u>				
Gold doré bars	76,218	62,374	196,773	152,219
Copper	77,243	88,286	195,889	234,272
Other by-products	86,990	35,715	205,560	108,642
Total revenue	<u>240,451</u>	<u>186,375</u>	<u>598,222</u>	<u>495,133</u>

(ii) Performance obligations for contracts with customers

The Group sells gold doré bars, copper and other by-products directly to customers in the PRC. Revenue is recognised at a point in time when control of the gold doré bars, copper and other by-products are passed to customers, i.e. when the products are delivered and titles have passed to customers.

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.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the executive directors of the Company. The CODM has identified two operating and reportable segments as follows:

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

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 nine months ended September 30, 2020

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	<u>Unallocated</u> US\$'000	<u>Consolidated</u> US\$'000
Revenues - external and segment revenue	196,773	401,449	598,222	-	598,222
Cost of sales	<u>(157,752)</u>	<u>(320,709)</u>	<u>(478,461)</u>	-	<u>(478,461)</u>
Mining operating earnings	<u>39,021</u>	<u>80,740</u>	<u>119,761</u>	-	<u>119,761</u>
Income (loss) from operations	38,718	54,593	93,311	(4,339)	88,972
Foreign exchange (loss) gain, net	(1,505)	280	(1,225)	(179)	(1,404)
Interest and other income	713	4,821	5,534	648	6,182
Finance costs	<u>(3,294)</u>	<u>(17,082)</u>	<u>(20,376)</u>	<u>(11,907)</u>	<u>(32,283)</u>
Profit (loss) before income tax	<u>34,632</u>	<u>42,612</u>	<u>77,244</u>	<u>(15,777)</u>	<u>61,467</u>

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(a) Segment revenues and results - continued

For the nine months ended September 30, 2019

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	<u>Unallocated</u> US\$'000	<u>Consolidated</u> US\$'000
Revenues - external and segment revenue	152,219	342,914	495,133	-	495,133
Cost of sales	<u>(150,231)</u>	<u>(296,063)</u>	<u>(446,294)</u>	<u>-</u>	<u>(446,294)</u>
Mining operating earnings	<u>1,988</u>	<u>46,851</u>	<u>48,839</u>	<u>-</u>	<u>48,839</u>
Income (loss) from operations	1,332	5,439	6,771	(7,084)	(313)
Foreign exchange gain (loss), net	2,307	(14,227)	(11,920)	178	(11,742)
Gain on recognition of other assets	-	11,245	11,245	-	11,245
Interest and other income	351	2,386	2,737	629	3,366
Finance costs	<u>(3,474)</u>	<u>(15,525)</u>	<u>(18,999)</u>	<u>(13,131)</u>	<u>(32,130)</u>
Profit (loss) before income tax	<u>516</u>	<u>(10,682)</u>	<u>(10,166)</u>	<u>(19,408)</u>	<u>(29,574)</u>

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, without allocation of certain general and administrative expenses, foreign exchange gain (loss), interest and other income and finance costs, 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 nine months ended September 30, 2020 and 2019.

3. REVENUE AND SEGMENT INFORMATION - continued

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 concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
As of September 30, 2020					
Total assets	693,696	2,558,861	3,252,557	31,796	3,284,353
Total liabilities	151,957	1,314,735	1,466,692	302,042	1,768,734
As of December 31, 2019					
Total assets	755,231	2,407,554	3,162,785	34,345	3,197,130
Total liabilities	229,873	1,006,604	1,236,477	509,986	1,746,463

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain of cash and cash equivalents, other receivables, prepaid expenses and deposits, right-of-use assets and equity instruments at fair value through other comprehensive income; and
- all liabilities are allocated to operating segments other than other payables and accrued expenses, lease liabilities and certain borrowings.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Administration and office	2,007	3,590	5,274	10,913
Depreciation of property, plant and equipment	781	1,148	2,538	4,442
Depreciation of right-of-use assets	26	21	70	61
Professional fees	1,003	837	2,356	2,235
Salaries and benefits	3,209	3,331	10,498	11,655
Others	1,000	2,835	2,269	5,483
Total general and administrative expenses	<u>8,026</u>	<u>11,762</u>	<u>23,005</u>	<u>34,789</u>

5. FINANCE COSTS

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Interests on borrowings	9,802	10,099	30,953	30,975
Interests on lease liabilities	6	1	11	2
Accretion on environmental rehabilitation	601	546	1,783	1,674
	<u>10,409</u>	<u>10,646</u>	<u>32,747</u>	<u>32,651</u>
Less: Amount capitalised to property, plant and equipment	<u>(168)</u>	<u>(86)</u>	<u>(464)</u>	<u>(521)</u>
Total finance costs	<u><u>10,241</u></u>	<u><u>10,560</u></u>	<u><u>32,283</u></u>	<u><u>32,130</u></u>

6. INCOME TAX EXPENSE (CREDIT)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	US\$'000	US\$'000	US\$'000	US\$'000
PRC Enterprise Income Tax	9,352	926	12,445	1,816
Overprovision of PRC Enterprise Income Tax in prior year	-	-	(1,233)	(989)
Deferred tax expense (credit)	<u>(5,323)</u>	<u>1,775</u>	<u>(7,233)</u>	<u>(2,555)</u>
Total income tax expense (credit)	<u><u>4,029</u></u>	<u><u>2,701</u></u>	<u><u>3,979</u></u>	<u><u>(1,728)</u></u>

During the year ended December 31, 2019, the Group had an uncertain tax position in respect of tax exposure whereby the Company transferred the land use right in of a block of the buildings and twenty car parks (the "Land Exchange") based on the most likely amount of tax expenses. The most likely amount of tax expenses including land appreciation tax and enterprise income tax is calculated by the respective tax rates on land value stated in the cooperation agreement and gain on recognition of other assets, respectively, based on the current facts and circumstances. However, the tax expenses may be subject to change as the tax assessable amount is based on final decision by the relevant tax authority. As at September 30, 2020, the most likely amount of the relevant tax liabilities amounting to RMB8,678,000 (equivalent to US\$1,274,000) (December 31, 2019: RMB56,220,000 (equivalent to US\$8,059,000)) has been recognised. During the nine months ended September 30, 2020, the Group's wholly-owned subsidiary, Tibet Huatailong Mining Development Co. Ltd. ("Huatailong") has paid land appreciation tax amounting to RMB38,152,000 (equivalent to US\$5,425,000) and other surcharges of RMB8,031,000 (equivalent to US\$1,142,000) to the tax authority.

7. EARNINGS (LOSS) PER SHARE

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit (loss) for the period attributable to owners of the Company for the purposes of basic earnings (loss) per share (US\$'000)	<u>47,057</u>	<u>(663)</u>	<u>56,041</u>	<u>(28,082)</u>
Weighted average number of common shares, basic	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>
Basic earnings (loss) per share (US cents)	<u>11.87</u>	<u>(0.17)</u>	<u>14.14</u>	<u>(7.08)</u>

The Group has no outstanding potential dilutive instruments issued as at September 30, 2020 and 2019 and during the three and nine months ended September 30, 2020 and 2019. Therefore, no diluted earnings (loss) per share is presented.

8. TRADE AND OTHER RECEIVABLES

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Trade receivables	2,347	958
Less: Allowance for credit loss	<u>(80)</u>	<u>(78)</u>
	2,267	880
Amounts due from related companies (note 14(a)) ⁽¹⁾	1,465	2,020
Other receivables ⁽²⁾	<u>13,303</u>	<u>23,111</u>
Total trade and other receivables	<u>17,035</u>	<u>26,011</u>

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

⁽²⁾ Included in the balance as at September 30, 2020 are other receivables of US\$13.3 million (December 31, 2019: US\$11.4 million) and nil value-added tax recoverable (December 31, 2019: US\$11.7 million), which are expected to be recovered within twelve months after the end of the reporting period.

The Group allows an average credit period of 30 days and 180 days to its external trade customers including CNG for gold doré bars sales and copper concentrate trade business, respectively.

8. TRADE AND OTHER RECEIVABLES – continued

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:

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Less than 30 days	803	62
31 to 90 days	775	523
91 to 180 days	198	-
Over 180 days	491	295
	<u>2,267</u>	<u>880</u>

9. INVENTORIES

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Gold in process	210,536	222,180
Gold doré bars	20,443	20,708
Consumables	14,824	16,923
Copper	15,720	855
Spare parts	22,287	20,457
Total inventories	<u>283,810</u>	<u>281,123</u>

No inventory write-down was provided in cost of sales for the three and nine months ended September 30, 2020 (three and nine months ended September 30, 2019: nil and write down of US\$4.3 million, respectively).

Cost of inventory sold totalling US\$166 million and US\$454 million for the three and nine months ended September 30, 2020 respectively (three and nine months ended September 30, 2019: US\$153 million and US\$426 million, respectively) was recognised in cost of sales.

10. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS

During the nine months ended September 30, 2020, the Group incurred approximately US\$12.6 million on construction in progress (for the nine months ended September 30, 2019: approximately US\$14.1 million) and approximately US\$72.1 million on mineral assets (for the nine months ended September 30, 2019: approximately US\$58.1 million).

Depreciation of property, plant and equipment was US\$39.2 million and US\$113.4 million for the three and nine months ended September 30, 2020, respectively (for the three and nine months ended September 30, 2019: US\$39.2 million and US\$109.1 million, respectively). The depreciation amount was partly recognised in cost of sales, general and administrative expenses and partly capitalised in inventory.

No addition of mining rights was incurred during the nine months ended September 30, 2020 (for the nine months ended September 30, 2019: addition of US\$11.1 million). Amortisation of mining rights was US\$9.7 million and US\$28.8 million for the three and nine months ended September 30, 2020, respectively (for the three and nine months ended September 30, 2019: US\$8.6 million and US\$23.6 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:

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Accounts payable	46,653	38,610
Bills payable	47,831	95,911
Construction cost payables	123,329	121,576
Mining cost accrual	20,414	11,547
Payroll and benefit payables	3,151	2,578
Other accruals	3,243	2,958
Other tax payable	8,623	7,836
Other payables	5,214	6,917
Payable for acquisition of a mining right	7,437	8,470
Total accounts and other payables and accrued expenses	<u>265,895</u>	<u>296,403</u>

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

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Less than 30 days	20,565	15,816
31 to 90 days	12,042	8,282
91 to 180 days	2,830	4,872
Over 180 days	11,216	9,640
Total accounts payable	<u>46,653</u>	<u>38,610</u>

11. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES - continued

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

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

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Less than 30 days	10,231	21,003
31 to 60 days	1,205	9,532
61 to 90 days	3,346	15,233
91 to 180 days	33,049	50,143
Total bills payable	<u>47,831</u>	<u>95,911</u>

12. BORROWINGS

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Bank loans	927,152	657,951
Loans payable to a CNG subsidiary	29,368	50,171
Bonds	298,355	506,979
	<u>1,254,875</u>	<u>1,215,101</u>

The borrowings are repayable as follows:

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Carrying amount repayable within one year	170,089	582,952
Carrying amount repayable within one to two years	115,493	157,679
Carrying amount repayable within two to five years	526,567	204,983
Carrying amount repayable over five years	442,726	269,487
	1,254,875	1,215,101
Less: Amounts due within one year (shown under current liabilities)	<u>(170,089)</u>	<u>(582,952)</u>
Amounts shown under non-current liabilities	<u>1,084,786</u>	<u>632,149</u>
Analysed as:		
Secured	731,267	521,774
Unsecured	523,608	693,327
	<u>1,254,875</u>	<u>1,215,101</u>

12. BORROWINGS - continued

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

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Mining rights	<u>865,836</u>	<u>891,488</u>

Borrowings carry interest at effective interest rates ranging from 1.20% to 4.51% (December 31, 2019: 2.75% to 4.51%) per annum.

On June 23, 2020, the Company, through its wholly-owned subsidiary, Skyland Mining (BVI) Limited, completed the issuance of bonds to independent third parties in an aggregate principal amount of US\$300 million, listed on the Stock Exchange and ChongWa (Macao) Financial Asset Exchange CO., Limited. The bonds were issued at a price of 99.886%, bearing coupon rate of 2.80% with a maturity date of June 23, 2023. Interest is payable in equal semi-annual instalments on December 23 and June 23 in each year.

13. SHARE CAPITAL

Common shares

(i) Authorised - Unlimited common shares without par value

(ii) Issued and outstanding

	<u>Number of shares</u>	<u>Amount</u> US\$'000
Issued and fully paid: At January 1, 2019, December 31, 2019 and September 30, 2020	<u>396,413,753</u>	<u>1,229,061</u>

14. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. 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 management believes that information relating to related party transactions have been adequately disclosed in accordance with the requirements of IAS 24 "Related party disclosures".

In addition to the related party transactions and balances shown elsewhere in these condensed consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties for the three and nine months ended September 30, 2020 and 2019.

14. RELATED PARTY TRANSACTIONS - continued

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

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

	September 30, <u>2020</u> %	December 31, <u>2019</u> %
CNG	<u>40.01</u>	<u>39.3</u>

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2020</u> US\$'000	<u>2019</u> US\$'000	<u>2020</u> US\$'000	<u>2019</u> US\$'000
Gold doré sales by the Group	<u>76,218</u>	<u>62,374</u>	<u>196,773</u>	<u>152,219</u>
Copper and other by-products sales by the Group	<u>45,572</u>	<u>14,083</u>	<u>59,471</u>	<u>68,247</u>
Provision of transportation services by the Group	<u>280</u>	<u>285</u>	<u>397</u>	<u>758</u>
Construction, stripping and mining service provided to the Group	<u>1,491</u>	<u>1,428</u>	<u>5,612</u>	<u>6,902</u>
Accrued rental expenses for PRC office	<u>118</u>	<u>941</u>	<u>349</u>	<u>2,888</u>
Interest income	<u>6</u>	<u>6</u>	<u>43</u>	<u>13</u>
Interest expenses	<u>622</u>	<u>777</u>	<u>2,109</u>	<u>2,324</u>

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

	September 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
<u>Assets</u>		
Amounts due from related companies	1,465	2,020
Cash and cash equivalents held by a CNG subsidiary	14,184	14,202
Deposits	<u>-</u>	<u>90</u>
Total amounts due from CNG and its subsidiaries	<u>15,649</u>	<u>16,312</u>

14. RELATED PARTY TRANSACTIONS - continued

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

Liabilities

Loans payable to a CNG subsidiary	29,368	50,171
Entrusted loan payable to CNG	29,368	28,669
Construction cost payables to CNG's subsidiaries	22,118	22,860
Trade payable to CNG subsidiaries	1,657	930
Amount due to CNG	34	33
Contract liabilities with CNG's subsidiaries	19,795	2,253
Total amounts due to CNG's subsidiaries	<u>102,340</u>	<u>104,916</u>

With the exception of the entrusted loan payable to CNG and loans payable to a CNG subsidiary which are unsecured, carry fixed interests and have fixed repayment terms, 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.

(b) Compensation of key management personnel

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Salaries and other benefits	164	163	506	504
Post-employment benefits	3	3	16	15
	<u>167</u>	<u>166</u>	<u>522</u>	<u>519</u>

15. FINANCIAL INSTRUMENTS

As at September 30, 2020 and December 31, 2019, the Group's investments in equity securities include equity securities listed on the Stock Exchange and unlisted companies incorporated in the PRC.

Investment in equity securities listed on the Stock Exchange of US\$15,475,000 (December 31, 2019: US\$16,485,000) is measured based on the unadjusted quoted price available on the Stock Exchange (Level 1 fair value measurement). The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals registered in Hong Kong, PRC.

In addition, investment in unlisted companies incorporated in the PRC of US\$772,000 (December 31, 2019: US\$574,000) are measured at fair value based on Level 3 inputs.

16. CONTINGENCIES

During the nine months ended September 30, 2020, there was a construction contract dispute between independent third parties, the constructor, Huaxin Construction Group Co., Ltd. (formerly named as "Nantong Huaxin Construction Group Co., Ltd.") ("Huaxin") and the developer, Zhongxinfang Tibet Construction Investment Co., Ltd. ("Zhongxinfang"), and the Group's subsidiary, Huatailong. The land use right was transferred to Zhongxinfang in 2019 pursuant to the cooperation agreement signed between Zhongxinfang and Huatailong in 2019 in relation to the Land Exchange. Huaxin proceeded a lawsuit against the parties to the construction contract, Zhongxinfang and Huatailong, for the recoverability of the construction costs of RMB149 million (equivalents to US\$21,319,000) and applied for pre-litigation preservation of assets from Huatailong. The Intermediate People's Court of Lhasa City, Tibet, adjudicated that the bank deposit of RMB140 million (equivalents to US\$19,775,000) of Huatailong to be frozen for one year from April 10, 2020 (the "1st Adjudication"). Accordingly, the frozen bank deposit of US\$19,775,000 was included in restricted bank balance as at September 30, 2020.

Based on the first instance adjudication dated July 23, 2020 (the "First Instance Adjudication"), the litigation ruling adjudicated that Zhongxinfang and Huatailong shall have the joint obligation for the construction costs of RMB140 million (equivalents to US\$20,070,000) to Huaxin. Pursuant to the cooperation agreement signed between Zhongxinfang and Huatailong in 2019, Huatailong does not involve in the construction process. The related costs are the sole responsibilities of Zhongxinfang. Huatailong proceeded an appeal against the First Instance Adjudication on August 17, 2020 (the "Appeal"), and based on the legal advice, the lawsuit is currently under proceeding and the result is not ascertain as at the date of issuance of these condensed consolidated financial statements. In addition to the Appeal, Huatailong proceeded a lawsuit against Zhongxinfang for the recoverability of the construction costs of RMB149 million (equivalents to US\$21,319,000) jointly borne by Huatailong on the First Instance Adjudication. Based on the first instance adjudication dated on September 23, 2020, the litigation ruling adjudicated that Zhongxinfang shall have obligation for the construction costs of RMB149 million (equivalents to US\$21,319,000) to Huatailong (the "September Adjudication"). Subsequent to the end of the reporting period, Zhongxinfang proceeded an appeal against the September Adjudication in October 2020, Based on the legal advice, the lawsuit is currently under proceeding and the result is not ascertain as at the date of issuance of these condensed financial statements. The directors of the Company have been closely monitoring the proceedings in relation to the First Instance Adjudication and the September Adjudication. In the opinion of the directors of the Company, no provision is required as the expected cash outflow is not probable as at September 30, 2020.

Due to the impact of 1st Adjudication, Huatailong applied for pre-litigation preservation of assets from Zhongxinfang, the Intermediate People's Court of Lhasa City, Tibet, adjudicated that the value of properties limited to RMB151 million (equivalents to US\$21,597,000) from Zhongxinfang was frozen for one year from April 29, 2020..

As disclosed in note 6, Huatailong has paid the tax and other surcharges related to the Land Exchange during the nine months ended September 30, 2020 and expects to recover such payments from Zhongxinfang in accordance with the cooperation agreement between Huatailong and Zhongxinfang signed in 2019. On July 8, 2020, Huatailong applied for pre-litigation preservation of assets from Zhongxinfang, the Intermediate People's Court of Lhasa City, Tibet, adjudicated that the value of properties limited to RMB46 million (equivalents to US\$6,609,000) from Zhongxinfang was frozen for one year. On August 6, 2020, Huatailong proceeded a lawsuit against Zhongxinfang for the recoverability of the tax and other surcharges paid by Huatailong and the lawsuit will commence on November 17, 2020 and the result is not ascertain as at the date of issuance of these condensed consolidated financial statements based on the legal advice. In the opinion of the directors of the Company, no significant expected credit loss is recognised on other receivables based on the credit risk assessment.

17. EVENT AFTER THE REPORTING PERIOD

Other than the contingencies disclosed in note 16, the Group had no other material event after the end of the reporting period.
