

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, 2020

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

	NOTES	Three months ended June 30,		Six months ended June 30,	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		US\$'000	US\$'000	US\$'000	US\$'000
Revenue	3	209,188	163,166	357,771	308,758
Cost of sales		<u>(173,701)</u>	<u>(155,876)</u>	<u>(304,115)</u>	<u>(286,200)</u>
Mine operating earnings		<u>35,487</u>	<u>7,290</u>	<u>53,656</u>	<u>22,558</u>
Expenses					
General and administrative expenses	4	(5,793)	(9,532)	(14,979)	(23,027)
Exploration and evaluation expenditure		(165)	(175)	(226)	(290)
Research and development costs		<u>(2,264)</u>	<u>(4,541)</u>	<u>(4,230)</u>	<u>(9,397)</u>
		<u>(8,222)</u>	<u>(14,248)</u>	<u>(19,435)</u>	<u>(32,714)</u>
Income (loss) from operations		<u>27,265</u>	<u>(6,958)</u>	<u>34,221</u>	<u>(10,156)</u>
Other income (expenses)					
Foreign exchange loss, net		(2,331)	(7,414)	(7,769)	(2,126)
Interest and other income		4,188	1,037	5,393	1,898
Finance costs	5	<u>(11,525)</u>	<u>(11,482)</u>	<u>(22,041)</u>	<u>(21,570)</u>
		<u>(9,668)</u>	<u>(17,859)</u>	<u>(24,417)</u>	<u>(21,798)</u>
Profit (loss) before income tax		17,597	(24,817)	9,804	(31,954)
Income tax credit	6	<u>926</u>	<u>1,866</u>	<u>50</u>	<u>4,429</u>
Profit (loss) for the period		<u>18,523</u>	<u>(22,951)</u>	<u>9,854</u>	<u>(27,525)</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		275	(5,682)	(2,196)	(4,105)
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		<u>137</u>	<u>(6,340)</u>	<u>(4,732)</u>	<u>(417)</u>
Total comprehensive income (expenses) for the period		<u>18,935</u>	<u>(34,973)</u>	<u>2,926</u>	<u>(32,047)</u>
Profit (loss) for the period attributable to					
Non-controlling interests		614	(17)	869	(106)
Owners of the Company		<u>17,909</u>	<u>(22,934)</u>	<u>8,985</u>	<u>(27,419)</u>
		<u>18,523</u>	<u>(22,951)</u>	<u>9,854</u>	<u>(27,525)</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	Three months ended June 30,		Six months ended June 30,	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		US\$'000	US\$'000	US\$'000	US\$'000
Total comprehensive income (expenses) for the period attributable to					
Non-controlling interests		617	(13)	872	(102)
Owners of the Company		18,318	(34,960)	2,054	(31,945)
		<u>18,935</u>	<u>(34,973)</u>	<u>2,926</u>	<u>(32,047)</u>
Earnings (loss) per share - Basic (US cents)	7	<u>4.52</u>	<u>(5.79)</u>	<u>2.27</u>	<u>(6.92)</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, 2020 (unaudited)

	<u>NOTES</u>	June 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		723,208	182,290
Restricted bank balance		34,595	17,687
Trade and other receivables	8	19,937	26,011
Prepaid expenses and deposits		5,467	12,271
Inventories	9	276,393	281,123
		<u>1,059,600</u>	<u>519,382</u>
Non-current assets			
Prepaid expense and deposits		16,892	19,044
Right-of-use assets		13,447	13,869
Equity instruments at fair value through other comprehensive income	15	14,855	17,059
Property, plant and equipment	10	1,661,678	1,709,449
Mining rights	10	880,248	900,373
Other non-current assets		17,692	17,954
		<u>2,604,812</u>	<u>2,677,748</u>
Total assets		<u><u>3,664,412</u></u>	<u><u>3,197,130</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	11	248,333	296,403
Contract liabilities		10,590	6,783
Borrowings	12	615,676	582,952
Entrusted loan payable		-	28,669
Lease liabilities		85	89
Tax liabilities		9,701	13,850
		<u>884,385</u>	<u>928,746</u>
Net current assets (liabilities)		<u>175,215</u>	<u>(409,364)</u>
Total assets less current liabilities		<u>2,780,027</u>	<u>2,268,384</u>
Non-current liabilities			
Borrowings	12	1,115,009	632,149
Lease liabilities		405	444
Deferred tax liabilities		117,455	119,293
Deferred income		2,273	2,686
Entrusted loan payable		28,251	-
Environmental rehabilitation		63,397	63,145
		<u>1,326,790</u>	<u>817,717</u>
Total liabilities		<u>2,211,175</u>	<u>1,746,463</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	June 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		2,052	6,791
Retained profits		206,278	199,485
		<u>1,437,391</u>	<u>1,435,337</u>
Non-controlling interests		15,846	15,330
		<u>1,453,237</u>	<u>1,450,667</u>
Total owners' equity		<u>1,453,237</u>	<u>1,450,667</u>
Total liabilities and owners' equity		<u>3,664,412</u>	<u>3,197,130</u>

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on August 14, 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 SIX MONTHS ENDED JUNE 30, 2020 (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, 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 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	396,413,753	1,229,061	11,179	(6,460)	(15,665)	23,796	200,577	1,442,488	14,538	1,457,026
At January 1, 2020	396,413,753	1,229,061	11,179	(3,525)	(20,333)	19,470	199,485	1,435,337	15,330	1,450,667
Profit for the period	-	-	-	-	-	-	8,985	8,985	869	9,854
Fair value loss on investment in an equity security	-	-	-	(2,196)	-	-	-	(2,196)	-	(2,196)
Exchange difference arising on translation	-	-	-	-	(4,735)	-	-	(4,735)	3	(4,732)
Total comprehensive (expenses) income for the period	-	-	-	(2,196)	(4,735)	-	8,985	2,054	872	2,926
Transfer to statutory reserve - safety production fund	-	-	-	-	-	2,192	(2,192)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(356)	(356)
At June 30, 2020	396,413,753	1,229,061	11,179	(5,721)	(25,068)	21,662	206,278	1,437,391	15,846	1,453,237

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 (unaudited)

	Three months ended June 30,		Six months ended June 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>54,467</u>	<u>56,554</u>	<u>70,487</u>	<u>63,538</u>
Investing activities				
Interest income received	529	663	1,455	979
Payment for acquisition of property, plant and equipment	(26,744)	(16,705)	(61,733)	(56,078)
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	(35,780)	(5,122)	(74,328)	(7,453)
Release of restricted bank deposits	<u>35,741</u>	<u>10,222</u>	<u>76,821</u>	<u>16,151</u>
Net cash used in investing activities	<u>(26,254)</u>	<u>(8,919)</u>	<u>(57,785)</u>	<u>(46,608)</u>
Financing activities				
Proceeds from borrowings	583,617	81,197	583,617	81,197
Repayment of borrowings	(53,469)	(53,856)	(53,469)	(61,267)
Dividends paid to a non-controlling shareholder	-	-	(356)	(165)
Payment for lease	<u>(26)</u>	<u>(22)</u>	<u>(48)</u>	<u>(43)</u>
Net cash from financing activities	<u>530,122</u>	<u>27,319</u>	<u>529,744</u>	<u>19,722</u>
Net increase in cash and cash equivalents	<u>558,335</u>	<u>74,954</u>	<u>542,446</u>	<u>36,652</u>
Cash and cash equivalents, beginning of period	163,693	101,618	182,290	137,996
Effect of foreign exchange rate changes on cash and cash equivalents	<u>1,180</u>	<u>(1,327)</u>	<u>(1,528)</u>	<u>597</u>
Cash and cash equivalents, end of period	<u><u>723,208</u></u>	<u><u>175,245</u></u>	<u><u>723,208</u></u>	<u><u>175,245</u></u>
Cash and cash equivalents are comprised of				
Cash and bank deposits	<u><u>723,208</u></u>	<u><u>175,245</u></u>	<u><u>723,208</u></u>	<u><u>175,245</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 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 reserves 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 the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange as well as 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 six months ended June 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 June 30,		Six months ended June 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 bullion	65,057	52,170	120,555	89,845
Copper	63,989	76,633	118,646	145,986
Other by-products	80,142	34,363	118,570	72,927
Total revenue	<u>209,188</u>	<u>163,166</u>	<u>357,771</u>	<u>308,758</u>

(ii) Performance obligations for contracts with customers

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

For sales of gold bullion, copper and other by-products directly to customers, revenue is recognised at a point in time when control of the gold doré bars, copper and other by-products is 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 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 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 six months ended June 30, 2020

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenues - external and segment revenue	120,555	237,216	357,771	-	357,771
Cost of sales	(100,836)	(203,279)	(304,115)	-	(304,115)
Mining operating earnings	<u>19,719</u>	<u>33,937</u>	<u>53,656</u>	-	<u>53,656</u>
Income (loss) from operations	19,494	17,607	37,101	(2,880)	34,221
Foreign exchange gain (loss), net	645	(8,510)	(7,865)	96	(7,769)
Interest and other income	354	4,950	5,304	89	5,393
Finance costs	<u>(2,264)</u>	<u>(10,860)</u>	<u>(13,124)</u>	<u>(8,917)</u>	<u>(22,041)</u>
Profit before income tax	<u><u>18,229</u></u>	<u><u>3,187</u></u>	<u><u>21,416</u></u>	<u><u>(11,612)</u></u>	<u><u>9,804</u></u>

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(a) Segment revenues and results - continued

For the six months ended June 30, 2019

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated 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>

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 six months ended June 30, 2020 and 2019.

(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 June 30, 2020					
Total assets	707,065	2,427,800	3,134,865	529,547	3,664,412
Total liabilities	<u>164,669</u>	<u>1,235,721</u>	<u>1,400,390</u>	<u>810,785</u>	<u>2,211,175</u>
As of December 31, 2019					
Total assets	755,231	2,407,554	3,162,785	34,345	3,197,130
Total liabilities	<u>229,873</u>	<u>1,006,604</u>	<u>1,236,477</u>	<u>509,986</u>	<u>1,746,463</u>

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(b) Segment assets and liabilities - continued

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 June 30,		Six months ended June 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Administration and office	606	2,147	3,267	7,323
Depreciation of property, plant and equipment	823	1,405	1,757	3,294
Depreciation of right-of-use assets	24	20	44	40
Professional fees	929	824	1,353	1,398
Salaries and benefits	2,143	4,207	7,289	8,324
Others	1,268	929	1,269	2,648
	<u>5,793</u>	<u>9,532</u>	<u>14,979</u>	<u>23,027</u>
Total general and administrative expenses				

5. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Interests on borrowings	11,074	10,943	21,151	20,876
Interests on lease liabilities	4	-	5	1
Accretion on environmental rehabilitation	587	562	1,182	1,128
	<u>11,665</u>	<u>11,505</u>	<u>22,338</u>	<u>22,005</u>
Less: Amount capitalised to property, plant and equipment	<u>(140)</u>	<u>(23)</u>	<u>(297)</u>	<u>(435)</u>
Total finance costs	<u>11,525</u>	<u>11,482</u>	<u>22,041</u>	<u>21,570</u>

6. INCOME TAX CREDIT

	Three months ended June 30,		Six months ended June 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	2,254	267	3,093	890
Overprovision of PRC Enterprise Income Tax in prior year	(1,233)	(989)	(1,233)	(989)
Deferred tax credit	<u>(1,947)</u>	<u>(1,144)</u>	<u>(1,910)</u>	<u>(4,330)</u>
Total income tax credit	<u>(926)</u>	<u>(1,866)</u>	<u>(50)</u>	<u>(4,429)</u>

During the year ended December 31, 2019, the Group has an uncertain tax position in respect of tax exposure of the transferring of land use right in return 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 with the relevant tax authority. As at June 30, 2020, the most likely amount of the relevant tax liabilities amounting to US\$1,226,000 (December 31, 2019: US\$8,059,000) has been recognised. During the three and six months ended June 30, 2020, the Group's wholly-owned subsidiary, Tibet Huatailong Mining Development Co. Ltd. ("Huatailong") has paid land appreciation tax amounting to US\$5,425,000 and US\$5,425,000 and other surcharges of US\$1,142,000 and US\$1,142,000 to the tax authority respectively.

7. EARNINGS (LOSS) PER SHARE

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

	Three months ended June 30,		Six months ended June 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>17,909</u>	<u>(22,934)</u>	<u>8,985</u>	<u>(27,419)</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 earnings (loss) per share (US cents)	<u>4.52</u>	<u>(5.79)</u>	<u>2.27</u>	<u>(6.92)</u>

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

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8. TRADE AND OTHER RECEIVABLES

	June 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Trade receivables	1,745	958
Less: Allowance for credit loss	<u>(77)</u>	<u>(78)</u>
	1,668	880
Amounts due from related companies (note 14(a)) ⁽¹⁾	1,363	2,020
Other receivables ⁽²⁾	<u>16,906</u>	<u>23,111</u>
Total trade and other receivables	<u><u>19,937</u></u>	<u><u>26,011</u></u>

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

(2) Included in the balance as at June 30, 2020 are value-added tax recoverable of approximately US\$6.4 million (December 31, 2019: US\$11.7 million) and other receivables of US\$10.5 million (December 31, 2019: US\$11.4 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.

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:

	June 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Less than 30 days	890	62
31 to 90 days	234	523
91 to 180 days	180	-
Over 180 days	<u>364</u>	<u>295</u>
	<u><u>1,668</u></u>	<u><u>880</u></u>

9. INVENTORIES

	June 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Gold in process	209,940	222,180
Gold doré bars	20,787	20,708
Consumables	15,873	16,923
Copper	8,496	855
Spare parts	<u>21,297</u>	<u>20,457</u>
Total inventories	<u><u>276,393</u></u>	<u><u>281,123</u></u>

9. INVENTORIES - continued

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

Cost of inventory sold totaling US\$166 million and US\$288 million for the three and six months ended June 30, 2020, respectively (three and six months ended June 30, 2019: US\$149 million and US\$274 million, respectively) was recognised in cost of sales.

10. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS

During the six months ended June 30, 2020, the Group incurred approximately US\$7.8 million on construction in progress (for the six months ended June 30, 2019: approximately US\$7.7 million) and approximately US\$33.6 million on mineral assets (for the six months ended June 30, 2019: approximately US\$38.5 million).

Depreciation of property, plant and equipment was US\$41.0 million and US\$74.2 million for the three and six months ended June 30, 2020, respectively (for the three and six months ended June 30, 2019: US\$37.8 million and US\$69.9 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 six months ended June 30, 2020 (for the six months ended June 30, 2019: addition of US\$11.1 million). Amortisation of mining rights was US\$9.4 million and US\$19.1 million for the three and six months ended June 30, 2020, respectively (for the three and months ended June 30, 2019: US\$8.2 million and US\$15.0 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>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Accounts payable	38,725	38,610
Bills payable	53,832	95,911
Construction cost payables	102,681	121,576
Mining cost accrual	21,207	11,547
Payroll and benefit payables	3,494	2,578
Other accruals	6,394	2,958
Other tax payable	6,581	7,836
Other payables	7,073	6,917
Payable for acquisition of a mining right	8,346	8,470
Total accounts and other payables and accrued expenses	<u>248,333</u>	<u>296,403</u>

11. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES - continued

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>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Less than 30 days	14,079	15,816
31 to 90 days	10,655	8,282
91 to 180 days	2,951	4,872
Over 180 days	<u>11,040</u>	<u>9,640</u>
Total accounts payable	<u><u>38,725</u></u>	<u><u>38,610</u></u>

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

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>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Less than 30 days	13,032	21,003
31 to 60 days	6,337	9,532
61 to 90 days	6,632	15,233
91 to 180 days	<u>27,831</u>	<u>50,143</u>
Total bills payable	<u><u>53,832</u></u>	<u><u>95,911</u></u>

12. BORROWINGS

	June 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Bank loans	891,871	657,951
Loans payable to a CNG subsidiary	35,313	50,171
Bonds	<u>803,501</u>	<u>506,979</u>
	<u><u>1,730,685</u></u>	<u><u>1,215,101</u></u>

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12. BORROWINGS - continued

The borrowings are repayable as follows:

	June 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Carrying amount repayable within one year	615,676	582,952
Carrying amount repayable within one to two years	174,196	157,679
Carrying amount repayable within two to five years	514,935	204,983
Carrying amount repayable over five years	425,878	269,487
	<u>1,730,685</u>	<u>1,215,101</u>
Less: Amounts due within one year (shown under current liabilities)	<u>(615,676)</u>	<u>(582,952)</u>
Amounts shown under non-current liabilities	<u>1,115,009</u>	<u>632,149</u>
Analysed as:		
Secured	703,439	521,774
Unsecured	<u>1,027,246</u>	<u>693,327</u>
	<u>1,730,685</u>	<u>1,215,101</u>

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

	June 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
Mining rights	<u>872,584</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 US\$'000</u>
Issued and fully paid:		
At January 1, 2019, December 31, 2019 and June 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.

In accordance with IAS 24 "Related party disclosures", the management believes that information relating to related party transactions have been adequately disclosed in conformity of the IFRSs.

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 six months ended June 30, 2020 and 2019.

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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:

	June 30, <u>2020</u> %	December 31, <u>2019</u> %
CNG	<u>39.3</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 June 30,		Six months ended June 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>65,057</u>	<u>52,170</u>	<u>120,555</u>	<u>89,845</u>
Copper and other by-products sales by the Group	<u>10,883</u>	<u>31,155</u>	<u>13,899</u>	<u>54,164</u>
Provision of transportation services by the Group	<u>74</u>	<u>241</u>	<u>117</u>	<u>473</u>
Construction, stripping and mining service provided to the Group	<u>3,135</u>	<u>3,898</u>	<u>4,121</u>	<u>5,474</u>
(Reversal of) accrued rental expenses for PRC office	<u>(714)</u>	<u>970</u>	<u>231</u>	<u>1,974</u>
Interest income	<u>28</u>	<u>2</u>	<u>37</u>	<u>7</u>
Interest expenses	<u>716</u>	<u>807</u>	<u>1,487</u>	<u>1,547</u>

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

	June 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
<u>Assets</u>		
Amounts due from related companies	1,363	2,020
Cash and cash equivalents held by a CNG subsidiary	825	14,202
Deposits	<u>-</u>	<u>90</u>
	<u>2,188</u>	<u>16,312</u>

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14. RELATED PARTY TRANSACTIONS - continued

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

	June 30, <u>2020</u> US\$'000	December 31, <u>2019</u> US\$'000
<u>Liabilities</u>		
Loans payable to a CNG subsidiary	35,313	50,171
Entrusted loan payable to CNG	28,251	28,669
Construction cost payables to CNG's subsidiaries	21,302	22,860
Trade payable to CNG subsidiaries	1,434	930
Amount due to CNG	32	33
Contract liabilities with CNG's subsidiaries	<u>7,219</u>	<u>2,253</u>
Total amounts due to CNG's subsidiaries	<u>93,551</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 June 30,		Six months ended June 30,	
	<u>2020</u> US\$'000	<u>2019</u> US\$'000	<u>2020</u> US\$'000	<u>2019</u> US\$'000
Salaries and other benefits	154	251	342	341
Post-employment benefits	<u>3</u>	<u>3</u>	<u>13</u>	<u>12</u>
	<u>157</u>	<u>254</u>	<u>355</u>	<u>353</u>

15. FINANCIAL INSTRUMENTS

As at June 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\$14,289,000 (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 an unlisted company incorporated in the PRC of US\$566,000 (December 31, 2019: US\$574,000) are measured at fair value based on Level 3 inputs.

16. CONTINGENCIES

During the second quarter of 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, who are the signatories of the construction contract for the property development project on the land previously owned by Huatailong. Such land was transferred to Zhongxinfang during 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\$21,196,000) 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 (the "1st Adjudication"). Accordingly, the frozen bank deposit of US\$19,775,000 was included in restricted bank balance as at June 30, 2020.

Based on the first instance adjudication dated August 5, 2020 (the "First Instance Adjudication"), the litigation ruling adjudicated that Zhongxinfang and Huatailong shall have the jointly obligation for the construction costs of RMB140 million (equivalents to US\$19,954,000) to Huaxin. Pursuant to the cooperation agreement signed between Zhongxinfang and Huatailong in 2019, Huatailong does not involve in the construction process which and the related costs are the sole responsibilities of Zhongxinfang. Based on the legal opinion, Huatailong will proceed an appeal against the First Instance Adjudication, and the lawsuit is currently under proceeding and the results is not ascertain as at the date of issuance of these condensed consolidated financial statements. The directors of the Company have been closing monitoring the proceedings in relation to the First Instance Adjudication...

Regarding the 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\$21,473,000) from Zhongxinfang was frozen for one year.

As disclosed in note 6, Huatailong has paid the tax and other surcharges related to the Land Exchange during the six months ended June 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\$6,571,000) from Zhongxinfang was frozen for one year. 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

On July 6, 2020, the Group has repaid the unsecured bonds with an aggregate principal amount of US\$500 million and interest expenses of US\$8.125 million.

Other than disclosed above, the Group had no other material event after the end of the reporting period.