

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, 2021

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 (unaudited)

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 (unaudited)**

	NOTES	Three months ended September 30,		Nine months ended September 30,	
		2021 US\$'000 (unaudited)	2020 US\$'000 (unaudited)	2021 US\$'000 (unaudited)	2020 US\$'000 (unaudited)
Revenue	3	248,326	240,451	825,340	598,222
Cost of sales		(165,681)	(174,346)	(533,001)	(478,461)
Mine operating earnings		<u>82,645</u>	<u>66,105</u>	<u>292,339</u>	<u>119,761</u>
Expenses					
General and administrative expenses	4	(9,462)	(8,026)	(27,855)	(23,005)
Exploration and evaluation expenditure		(260)	(77)	(360)	(303)
Research and development expenses		(6,619)	(3,251)	(16,094)	(7,481)
		<u>(16,341)</u>	<u>(11,354)</u>	<u>(44,309)</u>	<u>(30,789)</u>
Income from operations		<u>66,304</u>	<u>54,751</u>	<u>248,030</u>	<u>88,972</u>
Other (expenses) income					
Foreign exchange (loss) gain, net		(161)	6,366	6,511	(1,404)
Interest and other income		412	789	3,926	6,182
Finance costs	5	(8,670)	(10,241)	(28,017)	(32,283)
		<u>(8,419)</u>	<u>(3,086)</u>	<u>(17,580)</u>	<u>(27,505)</u>
Profit before income tax		57,885	51,665	230,450	61,467
Income tax expenses	6	(5,650)	(4,029)	(20,551)	(3,979)
Profit for the period		<u>52,235</u>	<u>47,636</u>	<u>209,899</u>	<u>57,488</u>
Other comprehensive (expenses) income for the period					
<i>Item that will not be reclassified to profit or loss:</i>					
Fair value (loss) gain on investment in an equity security		(716)	1,185	14,240	(1,010)
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		(2,414)	13,562	(1,672)	8,830
		<u>(3,130)</u>	<u>14,747</u>	<u>12,568</u>	<u>7,820</u>
Total comprehensive income for the period		<u>49,105</u>	<u>62,383</u>	<u>222,467</u>	<u>65,308</u>
Profit for the period attributable to					
Non-controlling interests		260	579	1,072	1,447
Owners of the Company		51,975	47,057	208,827	56,041
		<u>52,235</u>	<u>47,636</u>	<u>209,899</u>	<u>57,488</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

		Three months ended September 30,		Nine months ended September 30,	
	<u>NOTE</u>	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)
Total comprehensive income for the period attributable to					
Non-controlling interests		260	578	1,074	1,448
Owners of the Company		48,845	61,805	221,393	63,860
		<u>49,105</u>	<u>62,383</u>	<u>222,467</u>	<u>65,308</u>
Earnings per share - Basic (US cents)	8	<u>13.11</u>	<u>11.87</u>	<u>52.68</u>	<u>14.14</u>
Weighted average number of common shares - Basic	8	<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, 2021 (unaudited)

	<u>NOTES</u>	September 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		302,764	243,288
Restricted bank balance		16,591	5,069
Trade, bills and other receivables	9	12,862	35,760
Prepaid expenses and deposits		2,147	3,309
Inventories	10	311,714	297,694
		<u>646,078</u>	<u>585,120</u>
Non-current assets			
Prepaid expense and deposits		3,180	2,575
Right-of-use assets		13,931	14,244
Deferred tax assets		7,495	4,463
Equity instruments at fair value through other comprehensive income	16	35,068	20,824
Property, plant and equipment	11	1,765,510	1,808,961
Mining rights	11	840,380	867,259
Other non-current assets		19,315	19,196
		<u>2,684,879</u>	<u>2,737,522</u>
Total assets		<u><u>3,330,957</u></u>	<u><u>3,322,642</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	12	247,002	280,592
Contract liabilities		31,314	2,878
Borrowings	13	66,864	140,303
Lease liabilities		101	95
Tax liabilities		14,383	18,905
		<u>359,664</u>	<u>442,773</u>
Net current assets		<u>286,414</u>	<u>142,347</u>
Total assets less current liabilities		<u>2,971,293</u>	<u>2,879,869</u>
Non-current liabilities			
Borrowings	13	1,006,131	1,054,094
Lease liabilities		274	352
Deferred tax liabilities		103,605	111,306
Deferred income		1,279	2,333
Entrusted loan payable		-	30,652
Environmental rehabilitation		90,429	85,663
		<u>1,201,718</u>	<u>1,284,400</u>
Total liabilities		<u>1,561,382</u>	<u>1,727,173</u>

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	<u>NOTE</u>	September 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Owners' equity			
Share capital	14	1,229,061	1,229,061
Reserves		69,783	53,918
Retained profits		453,501	295,543
		<u>1,752,345</u>	<u>1,578,522</u>
Non-controlling interests		17,230	16,947
Total owners' equity		<u>1,769,575</u>	<u>1,595,469</u>
Total liabilities and owners' equity		<u>3,330,957</u>	<u>3,322,642</u>

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on November 15, 2021 and are signed on its behalf by:

(Signed by) Liangyou Jiang

Liangyou Jiang
Director

(Signed by) Yingbin Ian He

Yingbin 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, 2021 (unaudited)**

	Number of common shares	Attributable to owners of the Company						Subtotal US\$'000	Non- controlling interests US\$'000	Total owners' equity US\$'000
		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			
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	-	-	-	-	-	-	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 (expenses) 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 (unaudited)	<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>
At January 1, 2021	396,413,753	1,229,061	11,179	5	7,360	35,374	295,543	1,578,522	16,947	1,595,469
Profit for the period	-	-	-	-	-	-	208,827	208,827	1,072	209,899
Fair value gain on investment in an equity security	-	-	-	14,240	-	-	-	14,240	-	14,240
Exchange difference arising on translation	-	-	-	-	(1,674)	-	-	(1,674)	2	(1,672)
Total comprehensive income (expenses) for the period	-	-	-	14,240	(1,674)	-	208,827	221,393	1,074	222,467
Transfer to statutory reserve - safety production fund	-	-	-	-	-	3,299	(3,299)	-	-	-
Dividends distribution (note 7)	-	-	-	-	-	-	(47,570)	(47,570)	-	(47,570)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(791)	(791)
At September 30, 2021 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>14,245</u>	<u>5,686</u>	<u>38,673</u>	<u>453,501</u>	<u>1,752,345</u>	<u>17,230</u>	<u>1,769,575</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 (unaudited)**

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net cash from operating activities	<u>117,482</u>	<u>103,254</u>	<u>393,914</u>	<u>173,741</u>
Investing activities				
Interest income received	1,557	348	2,575	1,803
Payment for acquisition of property, plant and equipment	(32,367)	(21,288)	(132,225)	(83,021)
Payment for acquisition of equity investment at fair value through other comprehensive income	-	(181)	-	(181)
Dividends received from equity investment at fair value through other comprehensive income	1,010	545	1,010	545
Payment for acquisition of a mining right	(1,254)	(1,207)	(1,254)	(1,207)
Placement of restricted bank deposits	(10,817)	(9,385)	(24,338)	(83,713)
Release of restricted bank deposits	1,639	18,498	12,822	95,319
Net cash used in investing activities	<u>(40,232)</u>	<u>(12,670)</u>	<u>(141,410)</u>	<u>(70,455)</u>
Financing activities				
Proceeds from borrowings	-	-	-	583,617
Repayment of borrowings	(57,479)	(518,751)	(114,933)	(572,220)
Repayment of entrusted loan	-	-	(30,592)	-
Dividends paid to a non-controlling shareholder	-	-	(413)	(356)
Dividends paid to shareholders	-	-	(48,416)	-
Payment for lease	(30)	(27)	(89)	(75)
Net cash (used in) from financing activities	<u>(57,509)</u>	<u>(518,778)</u>	<u>(194,443)</u>	<u>10,966</u>
Net increase (decrease) in cash and cash equivalents	19,741	(428,194)	58,061	114,252
Cash and cash equivalents, beginning of period	283,788	723,208	243,288	182,290
Effect of foreign exchange rate changes on cash and cash equivalents	(765)	1,376	1,415	(152)
Cash and cash equivalents, end of period	<u>302,764</u>	<u>296,390</u>	<u>302,764</u>	<u>296,390</u>
Cash and cash equivalents are comprised of				
Cash and bank deposits	<u>302,764</u>	<u>296,390</u>	<u>302,764</u>	<u>296,390</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 (unaudited)

1. GENERAL AND BASIC 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 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 (the "PRC"). The Group considers that China National Gold Group Co., 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, 2020.

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended September 30, 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020.

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:

Amendment to IFRS 16
Amendments to IFRS 9,
IAS 39, IFRS 7, IFRS 4
and IFRS 16

Covid-19-Related Rent Concessions
Interest Rate Benchmark Reform - Phase 2

2. PRINCIPAL ACCOUNTING POLICIES - continued

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>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)
<u>At a point in time</u>				
Gold doré bars	65,658	76,218	187,416	196,773
Copper	135,110	77,243	389,172	195,889
Other by-products	<u>47,558</u>	<u>86,990</u>	<u>248,752</u>	<u>205,560</u>
Total revenue	<u>248,326</u>	<u>240,451</u>	<u>825,340</u>	<u>598,222</u>

(ii) Performance obligations for contracts with customers

The Group sells gold doré bars, 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. 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.

During the three and nine months ended September 30, 2021, the Group had entered into barter transactions of nil and RMB81million (equivalent to US\$13 million) with independent third parties regarding exchange of gold bearing materials. The directors estimated the fair values of the inventories given up and received approximated the same value and no gain or loss was recognised.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information

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

The 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 revenue 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, 2021

	Mine - produced gold US\$'000 (unaudited)	Mine - produced copper concentrate US\$'000 (unaudited)	Segment total US\$'000 (unaudited)	<u>Unallocated</u> US\$'000 (unaudited)	<u>Consolidated</u> US\$'000 (unaudited)
Revenue - external and segment revenue	187,416	637,924	825,340	-	825,340
Cost of sales	<u>(158,280)</u>	<u>(374,721)</u>	<u>(533,001)</u>	-	<u>(533,001)</u>
Mining operating earnings	<u>29,136</u>	<u>263,203</u>	<u>292,339</u>	-	<u>292,339</u>
Income (loss) from operations	28,777	222,700	251,477	(3,447)	248,030
Foreign exchange (loss) gain, net	(314)	7,723	7,409	(898)	6,511
Interest and other income	905	2,006	2,911	1,015	3,926
Finance costs	<u>(2,784)</u>	<u>(17,914)</u>	<u>(20,698)</u>	<u>(7,319)</u>	<u>(28,017)</u>
Profit (loss) before income tax	<u>26,584</u>	<u>214,515</u>	<u>241,099</u>	<u>(10,649)</u>	<u>230,450</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(a) Segment revenue and results - continued

For the nine months ended September 30, 2020

	Mine - produced <u>gold</u> US\$'000 (unaudited)	Mine - produced copper <u>concentrate</u> US\$'000 (unaudited)	Segment <u>total</u> US\$'000 (unaudited)	<u>Unallocated</u> US\$'000 (unaudited)	<u>Consolidated</u> US\$'000 (unaudited)
Revenue - external and segment revenue	196,773	401,449	598,222	-	598,222
Cost of sales	(157,752)	(320,709)	(478,461)	-	(478,461)
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	(3,294)	(17,082)	(20,376)	(11,907)	(32,283)
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>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent 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 segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There are no inter-segment sales for the nine months ended September 30, 2021 and 2020.

(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 <u>gold</u> US\$'000	Mine - produced copper <u>concentrate</u> US\$'000	Segment <u>total</u> US\$'000	<u>Unallocated</u> US\$'000	<u>Consolidated</u> US\$'000
As of September 30, 2021 (unaudited)					
Total assets	682,392	2,607,397	3,289,789	41,168	3,330,957
Total liabilities	129,908	1,127,534	1,257,442	303,940	1,561,382
As of December 31, 2020 (audited)					
Total assets	678,630	2,612,039	3,290,669	31,973	3,322,642
Total liabilities	<u>130,613</u>	<u>1,296,112</u>	<u>1,426,725</u>	<u>300,448</u>	<u>1,727,173</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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, property, plant and equipment 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		Nine months ended	
	September 30,		September 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Administration and office	1,986	2,007	4,782	5,274
Depreciation of property, plant and equipment	1,064	781	3,461	2,538
Depreciation of right-of-use assets	27	26	81	70
Professional fees	1,202	1,003	2,119	2,356
Salaries and benefits	2,854	3,209	9,205	10,498
Others	2,329	1,000	8,207	2,269
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total general and administrative expenses	<u>9,462</u>	<u>8,026</u>	<u>27,855</u>	<u>23,005</u>

5. FINANCE COSTS

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on borrowings	7,840	9,802	24,712	30,953
Interests on lease liabilities	6	6	17	11
Accretion on environmental rehabilitation	1,417	601	4,252	1,783
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	9,263	10,409	28,981	32,747
Less: Amounts capitalised to property, plant and equipment	<u>(593)</u>	<u>(168)</u>	<u>(964)</u>	<u>(464)</u>
Total finance costs	<u>8,670</u>	<u>10,241</u>	<u>28,017</u>	<u>32,283</u>

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6. INCOME TAX EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)
PRC Enterprise Income Tax	6,906	9,352	31,862	12,445
Overprovision of PRC Enterprise Income Tax in prior year	-	-	(629)	(1,233)
Deferred tax credit	<u>(1,256)</u>	<u>(5,323)</u>	<u>(10,682)</u>	<u>(7,233)</u>
Total income tax expenses	<u>5,650</u>	<u>4,029</u>	<u>20,551</u>	<u>3,979</u>

7. DIVIDEND

During the nine months ended September 30, 2021, a special dividend in respect of the year ended December 31, 2020 of US\$0.12 (for the nine months ended September 30, 2020: nil) per share amounting to US\$47,570,000 (for the nine months ended September 30, 2020: nil) was paid to the shareholders of the Company.

8. EARNINGS PER SHARE

Profit used in determining earnings per share are presented below:

	Three months ended September 30,		Nine months ended September 30,	
	<u>2021</u> (unaudited)	<u>2020</u> (unaudited)	<u>2021</u> (unaudited)	<u>2020</u> (unaudited)
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share (US\$'000)	<u>51,975</u>	<u>47,057</u>	<u>208,827</u>	<u>56,041</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 per share (US cents)	<u>13.11</u>	<u>11.87</u>	<u>52.68</u>	<u>14.14</u>

The Group has no outstanding potential dilutive instruments issued as at September 30, 2021 and 2020 and during the three and nine months ended September 30, 2021 and 2020. Therefore, no diluted earnings per share is presented.

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9. TRADE, BILLS AND OTHER RECEIVABLES

	September 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Trade receivables	1,190	1,603
Less: Allowance for credit loss	<u>(119)</u>	<u>(119)</u>
	1,071	1,484
Bills receivables	-	15,316
Amounts due from related companies (note 15(a)) ⁽¹⁾	1,828	1,498
Other receivables ⁽²⁾	<u>9,963</u>	<u>17,462</u>
Total trade, bills and other receivables	<u><u>12,862</u></u>	<u><u>35,760</u></u>

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

(2) Included in the balance as at September 30, 2021 are nil value-added tax recoverable (December 31, 2020: RMB47,354,000 (US\$7,257,000)) and tax and other surcharges of RMB46,206,000 (US\$7,125,000) (December 31, 2020: RMB60,104,000 (US\$9,211,000)) to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang") as set out in note 17.

The Group allows an average credit period of 30 days and 180 days to its external trade customers including CNG for gold dofe 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:

	September 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Less than 30 days	401	745
31 to 90 days	459	348
91 to 180 days	4	127
Over 180 days	<u>207</u>	<u>264</u>
	<u><u>1,071</u></u>	<u><u>1,484</u></u>

As at September 30, 2021, no bills receivable is held by the Group for future settlement of trade receivables.

As at December 31, 2020, bills receivables of US\$15.3 million were held by the Group, for future settlement of trade receivables, which were further discounted to a CNG's subsidiary by the Group and the Group continues to recognise their full carrying amounts of US\$15.3 million at the end of the reporting period. During the period ended September 30, 2021, short-term borrowings of US\$15.3 million (2020: nil) have been settled through bills discounted to the relevant financial institutions.

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10. INVENTORIES

	September 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Gold in process	238,781	220,059
Gold doré bars	24,807	22,665
Consumables	19,189	23,255
Copper	5,541	9,016
Spare parts	23,396	22,699
Total inventories	<u>311,714</u>	<u>297,694</u>

Cost of inventory sold totalling US\$158 million and US\$510 million for the three and nine months ended September 30, 2021 respectively (three and nine months ended September 30, 2020: US\$166 million and US\$454 million, respectively) was recognised in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS

During the nine months ended September 30, 2021, the Group incurred approximately US\$23.5 million on construction in progress (for the nine months ended September 30, 2020: approximately US\$12.6 million) and approximately US\$50.9 million on mineral assets (for the nine months ended September 30, 2020: approximately US\$72.1 million).

Depreciation of property, plant and equipment was US\$43.7 million and US\$130.8 million for the three and nine months ended September 30, 2021, respectively (for the three and nine months ended September 30, 2020: US\$39.2 million and US\$113.4 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, 2021 and 2020. Amortisation of mining rights was US\$8.6 million and US\$27.3 million for the three and nine months ended September 30, 2021, respectively (for the three and nine months ended September 30, 2020: US\$9.7 million and US\$28.8 million, respectively). The amortisation amounts were recognised in cost of sales.

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12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	September 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Accounts payable	55,419	45,634
Bills payable	56,773	63,494
Construction cost payables	92,354	145,973
Mining cost accrual	18,307	3,524
Payroll and benefit payables	772	257
Other accruals	4,238	3,306
Other tax payable	6,659	3,053
Other payables	5,972	7,589
Payable for acquisition of a mining right	6,508	7,762
Total accounts and other payables and accrued expenses	<u>247,002</u>	<u>280,592</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>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Less than 30 days	17,808	26,263
31 to 90 days	19,898	9,628
91 to 180 days	1,501	2,496
Over 180 days	16,212	7,247
Total accounts payable	<u>55,419</u>	<u>45,634</u>

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>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Less than 30 days	6,168	27,720
31 to 60 days	6,167	6,832
61 to 90 days	9,956	13,867
91 to 180 days	34,482	15,075
Total bills payable	<u>56,773</u>	<u>63,494</u>

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13. BORROWINGS

	September 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Bank loans	773,275	859,476
Loans payable to a CNG subsidiary (note 15(a))	-	38,305
Bonds	<u>299,720</u>	<u>296,616</u>
	<u>1,072,995</u>	<u>1,194,397</u>

The borrowings are repayable as follows:

	September 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Carrying amount repayable within one year	66,864	140,303
Carrying amount repayable within one to two years	425,596	118,228
Carrying amount repayable within two to five years	181,946	519,002
Carrying amount repayable over five years	<u>398,589</u>	<u>416,864</u>
	1,072,995	1,194,397
Less: Amounts due within one year (shown under current liabilities)	<u>(66,864)</u>	<u>(140,303)</u>
Amounts shown under non-current liabilities	<u>1,006,131</u>	<u>1,054,094</u>
Analysed as:		
Secured	688,469	740,231
Unsecured	<u>384,526</u>	<u>454,166</u>
	<u>1,072,995</u>	<u>1,194,397</u>

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

	September 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Mining rights	834,640	859,793
Bills receivables (note 9)	<u>-</u>	<u>15,316</u>
	<u>834,640</u>	<u>875,109</u>

As at September 30, 2021 and December 31, 2020, the Group's borrowings carry variable interest rate that is set by the PRC government's interest rate benchmark, adjusted by certain base points, or fixed interest rate.

Borrowings carry interest at effective interest rates ranging from 1.2% to 4.51% (December 31, 2020: 1.2% to 4.51%) per annum.

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14. 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, 2020 (audited), December 31, 2020 (audited) and September 30, 2021 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>

15. SIGNIFICANT 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, 2021 and 2020.

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>2021</u> % (unaudited)	December 31, <u>2020</u> % (audited)
CNG	<u>40.01</u>	<u>40.01</u>

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gold doré bars sales by the Group	<u>65,658</u>	<u>76,218</u>	<u>187,416</u>	<u>196,773</u>
Copper and other by-products sales by the Group	<u>168,911</u>	<u>45,572</u>	<u>435,742</u>	<u>59,471</u>
Provision of transportation services by the Group	<u>360</u>	<u>280</u>	<u>967</u>	<u>397</u>
Construction, stripping and mining services provided to the Group	<u>1,252</u>	<u>1,491</u>	<u>4,004</u>	<u>5,612</u>
Accrued property management fee	<u>125</u>	<u>118</u>	<u>377</u>	<u>349</u>
Commitment fee	<u>268</u>	<u>-</u>	<u>798</u>	<u>-</u>
Interest income	<u>277</u>	<u>6</u>	<u>369</u>	<u>43</u>
Interest expenses	<u>122</u>	<u>622</u>	<u>857</u>	<u>2,109</u>

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

	September 30,	December 31,
	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000
	(unaudited)	(audited)
<u>Assets</u>		
Amounts due from related companies	1,828	1,498
Cash and cash equivalents held by a CNG subsidiary	272,560	14,304
Deposits	<u>161</u>	<u>-</u>
Total amounts due from CNG and its subsidiaries	<u>274,549</u>	<u>15,802</u>
<u>Liabilities</u>		
Loans payable to a CNG's subsidiary	-	38,305
Entrusted loan payable to CNG	-	30,652
Construction cost payables to CNG's subsidiaries	1,709	34,031
Trade payable to CNG's subsidiaries	2,509	280
Amount due to CNG	35	258
Contract liabilities with CNG's subsidiaries	<u>30,863</u>	<u>2,539</u>
Total amounts due to CNG's subsidiaries	<u>35,116</u>	<u>106,065</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

With the exception of the entrusted loan payable to CNG and loans payable to a CNG's subsidiary as at December 31, 2020 which are unsecured, carry fixed interests and have fixed repayment terms, the amounts due to CNG and its subsidiaries as at September 30, 2021 and December 31, 2020 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries and other benefits	115	164	378	506
Post-employment benefits	2	3	12	16
	<u>117</u>	<u>167</u>	<u>390</u>	<u>522</u>

16. FINANCIAL INSTRUMENTS

As at September 30, 2021 and December 31, 2020, 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\$34,255,000 (December 31, 2020: US\$20,015,000) 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\$813,000 (December 31, 2020: US\$809,000) are measured at fair value based on Level 3 inputs.

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

17. CONTINGENCIES

During the year ended December 31, 2020, there was a construction contract dispute between independent third parties, including, the constructor, Huaxin Construction Group Co., Ltd. (formerly named as "Nantong Huaxin Construction Group Co., Ltd.") ("Huaxin") and the developer, Zhongxinfang, and the Group's subsidiary, Tibet Huatailong Mining Development Co. Ltd. ("Huatailong"). The land use right was transferred from Huatailong to Zhongxinfang in 2019 pursuant to the cooperation agreement signed between Zhongxinfang and Huatailong in 2019 in relation to the transferring of land use right in return of a block of the buildings and twenty car parks (the "Land Exchange").

Based on the cooperation agreement, Zhongxinfang is obligated to deliver a block of the buildings and twenty car parks (the "New Premises") to the Group no later than 2021. As at September 30, 2021 and up to the date these condensed consolidated financial statements are authorised for issue, the composite project is still suspended due to litigations against Zhongxinfang and the New Premises are not delivered to Huatailong on May 31, 2021, the original contractual delivery date. The construction of the New Premises is substantially completed pending for installation of plumbing, electrical wiring, interior walls and decoration. On June 21, 2021, Huatailong applied for pre-litigation preservation of the New Premises from Zhongxinfang, the Intermediate People's Court of Lhasa City, Tibet, adjudicated that the value of New Premises limited to RMB137 million (equivalent to US\$21 million), and a block of the buildings and twenty car parks from Zhongxinfang were frozen for three and two years respectively (the "New Premises Pre-litigation Preservation"). On July 21, 2021, pursuant to the New Premises Pre-litigation Preservation, Huatailong proceeded a lawsuit against Zhongxinfang for the delivery of New Premises and penalty amounting to RMB5 million (equivalent to US\$773,000), and on 18 October 2021, Huatailong submitted further application to the court and requested assessment on the level of rent to be used for determining the penalty, the lawsuit is currently under processing and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue. Based on Group's assessment on the completion status of the New Premises, the construction of the New Premises has been substantially completed, there has been no significant market value decline of comparable properties during the current interim period and the Group has first priority of claim over the New Premises under New Premises Pre-litigation Preservation. Accordingly, no impairment loss (2020: nil) has been made on the other non-current assets as the management are of the opinion that the recoverable amount of the non-current assets is above its carrying amount of US\$19,315,000 (equivalent to RMB125,252,000) as at September 30, 2021.

17. CONTINGENCIES – continued

In addition, during the year ended December 31, 2020, Huatailong has been subjected to tax and other surcharges (the “Tax and Other Surcharge”) in relation to Land Exchange amounting to RMB60 million (equivalent to US\$8,714,000), which Huatailong expects to recover 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 certain properties limited to RMB46 million (equivalent to US\$6,609,000) of Zhongxinfang was frozen for one year (the “Pre-litigation Preservation”). Based on the first instance adjudication dated November 20, 2020 in relation to the lawsuit against Zhongxinfang for the recoverability of the Tax and Other Surcharges paid by Huatailong, which became final adjudication upon expiry of appeal application in December 2020, the litigation ruling adjudicated that Zhongxinfang shall repay the Tax and Other Surcharge of RMB46 million (equivalent to US\$6,997,000) to Huatailong (the “November Adjudication”) within 30 days from the effective date of the November Adjudication (the “Due Date”). As Zhongxinfang has not settled such amount within the Due Date, Huatailong applied for an enforcement of the November Adjudication in January 2021 (the “Enforcement”). On June 24 2021, the Intermediate People’s Court of Lhasa City, Tibet, adjudicated the Enforcement is suspended as there are no executable properties from Zhongxinfang as all of the assets owned by Zhongxinfang have been sealed up or frozen. Based on legal advice, the Enforcement is currently suspended and the Group's first priority of claim over one of the assets under Pre-litigation Preservation has been extended for three years till May 24, 2024. Furthermore, in order to recover Tax and Other Surcharge from Zhongxinfang, Huatailong has applied for participation of enforcement procedures over assets sealed up together with the other plaintiffs, which the Higher People’s Court of Lhasa City will start the auctions of the assets. The Group will also reapply for enforcement when there are executable properties of Zhongxinfang being made available.

Based on the best available information to the Group as of September 30, 2021, and up to the date these condensed consolidated financial statements are authorised for issue, the Group estimated that the fair value of total assets owned by Zhongxinfang exceeded the outstanding liabilities that the courts adjudicated to Zhongxinfang's plaintiffs. In addition, the Group has first priority of claim over one of the assets under Pre-litigation Preservation, which has estimated fair value exceeding the carry amount of the other receivable related to the Tax and Other Surcharge. In the opinion of the management, expected credit loss on other receivables is insignificant based on the credit risk assessment for the three and nine months ended September 30, 2021.

18. EVENT AFTER THE REPORTING PERIOD

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