

CHINA GOLD INTERNATIONAL RESOURCES  
CORP. LTD.

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(incorporated in British Columbia, Canada with  
limited liability)

Condensed Consolidated Financial Statements  
For the three and six months ended June 30, 2021

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

	NOTES	Three months ended June 30, 2021 US\$'000 (unaudited)	2020 US\$'000 (unaudited)	Six months ended June 30, 2021 US\$'000 (unaudited)	2020 US\$'000 (unaudited)
Revenue	3	304,944	209,188	577,014	357,771
Cost of sales		(179,001)	(173,701)	(367,320)	(304,115)
Mine operating earnings		125,943	35,487	209,694	53,656
Expenses					
General and administrative expenses	4	(10,294)	(5,793)	(18,393)	(14,979)
Exploration and evaluation expenditure		(59)	(165)	(100)	(226)
Research and development expenses		(5,051)	(2,264)	(9,475)	(4,230)
		(15,404)	(8,222)	(27,968)	(19,435)
Income from operations		110,539	27,265	181,726	34,221
Other income (expenses)					
Foreign exchange gain (loss), net		4,944	(2,331)	6,672	(7,769)
Interest and other income		2,607	4,188	3,514	5,393
Finance costs	5	(9,604)	(11,525)	(19,347)	(22,041)
		(2,053)	(9,668)	(9,161)	(24,417)
Profit before income tax		108,486	17,597	172,565	9,804
Income tax (expenses) credit	6	(7,789)	926	(14,901)	50
Profit for the period		100,697	18,523	157,664	9,854
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		15,190	275	14,956	(2,196)
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		4,654	137	742	(4,732)
		19,844	412	15,698	(6,928)
Total comprehensive income for the period		120,541	18,935	173,362	2,926
Profit for the period attributable to					
Non-controlling interests		540	614	812	869
Owners of the Company		100,157	17,909	156,852	8,985
		100,697	18,523	157,664	9,854

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	Three months ended June 30,		Six months ended June 30,	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		US\$'000	US\$'000	US\$'000	US\$'000
Total comprehensive income for the period attributable to Non-controlling interests Owners of the Company		538 120,003	617 18,318	814 172,548	872 2,054
		<u>120,541</u>	<u>18,935</u>	<u>173,362</u>	<u>2,926</u>
Earnings per share - Basic (US cents)	8	<u>25.27</u>	<u>4.52</u>	<u>39.57</u>	<u>2.27</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>

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT JUNE 30, 2021 (unaudited)

	<u>NOTES</u>	June 30, 2021 US\$'000 (unaudited)	December 31, 2020 US\$'000 (audited)
<b>Current assets</b>			
Cash and cash equivalents		283,788	243,288
Restricted bank balance		7,461	5,069
Trade, bills and other receivables	9	16,484	35,760
Dividends receivables		1,010	-
Prepaid expenses and deposits		1,827	3,309
Inventories	10	300,636	297,694
		<u>611,206</u>	<u>585,120</u>
<b>Non-current assets</b>			
Prepaid expenses and deposits		3,700	2,575
Right-of-use assets		14,114	14,244
Equity instruments at fair value through other comprehensive income	16	35,788	20,824
Property, plant and equipment	11	1,795,629	1,808,961
Mining rights	11	849,341	867,259
Deferred tax assets		7,475	4,463
Other non-current assets	17	19,389	19,196
		<u>2,725,436</u>	<u>2,737,522</u>
<b>Total assets</b>		<u>3,336,642</u>	<u>3,322,642</u>
<b>Current liabilities</b>			
Accounts and other payables and accrued expenses	12	250,490	280,592
Contract liabilities		15,628	2,878
Borrowings	13	119,087	140,303
Lease liabilities		102	95
Tax liabilities		21,400	18,905
		<u>406,707</u>	<u>442,773</u>
<b>Net current assets</b>		<u>204,499</u>	<u>142,347</u>
<b>Total assets less current liabilities</b>		<u>2,929,935</u>	<u>2,879,869</u>
<b>Non-current liabilities</b>			
Borrowings	13	1,013,502	1,054,094
Lease liabilities		297	352
Deferred tax liabilities		104,804	111,306
Deferred income		1,499	2,333
Entrusted loan payable		-	30,652
Environmental rehabilitation		89,363	85,663
		<u>1,209,465</u>	<u>1,284,400</u>
<b>Total liabilities</b>		<u>1,616,172</u>	<u>1,727,173</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	June 30, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
<b>Owners' equity</b>			
Share capital	14	1,229,061	1,229,061
Reserves		72,101	53,918
Retained profits		402,338	295,543
		<u>1,703,500</u>	<u>1,578,522</u>
Non-controlling interests		16,970	16,947
<b>Total owners' equity</b>		<u>1,720,470</u>	<u>1,595,469</u>
<b>Total liabilities and owners' equity</b>		<u><u>3,336,642</u></u>	<u><u>3,322,642</u></u>

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The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on August 12, 2021 and are signed on its behalf by:

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Liangyou Jiang  
Director

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Yingbin 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, 2021 (unaudited)

	Attributable to owners of the Company							Subtotal US\$'000	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			
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 (unaudited)	396,413,753	1,229,061	11,179	(5,721)	(25,068)	21,662	206,278	1,437,391	15,846	1,453,237
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	-	-	-	-	-	-	156,852	156,852	812	157,664
Fair value gain on investment in an equity security	-	-	-	14,956	-	-	-	14,956	-	14,956
Exchange difference arising on translation	-	-	-	-	740	-	-	740	2	742
Total comprehensive income for the period	-	-	-	14,956	740	-	156,852	172,548	814	173,362
Transfer to statutory reserve - safety production fund	-	-	-	-	-	2,487	(2,487)	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(47,570)	(47,570)	-	(47,570)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(791)	(791)
At June 30, 2021 (unaudited)	396,413,753	1,229,061	11,179	14,961	8,100	37,861	402,338	1,703,500	16,970	1,720,470

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (unaudited)

	Three months ended June 30,		Six months ended June 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)
<b>Net cash from operating activities</b>	<u>106,234</u>	<u>54,467</u>	<u>276,432</u>	<u>70,487</u>
<b>Investing activities</b>				
Interest income received	708	529	1,018	1,455
Payment for acquisition of property, plant and equipment	(42,838)	(26,744)	(99,858)	(61,733)
Placement of restricted bank deposits	(10,437)	(35,780)	(13,521)	(74,328)
Release of restricted bank deposits	9,240	35,741	11,183	76,821
<b>Net cash used in investing activities</b>	<u>(43,327)</u>	<u>(26,254)</u>	<u>(101,178)</u>	<u>(57,785)</u>
<b>Financing activities</b>				
Proceeds from borrowings	-	583,617	-	583,617
Repayment of borrowings	(57,454)	(53,469)	(57,454)	(53,469)
Repayment of entrusted loan	-	-	(30,592)	-
Dividends paid to a non-controlling shareholder	-	-	(413)	(356)
Dividends paid to shareholders	(48,416)	-	(48,416)	-
Payment for lease	(30)	(26)	(59)	(48)
<b>Net cash (used in) from financing activities</b>	<u>(105,900)</u>	<u>530,122</u>	<u>(136,934)</u>	<u>529,744</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(42,993)</u>	<u>558,335</u>	<u>38,320</u>	<u>542,446</u>
Cash and cash equivalents, beginning of period	323,733	163,693	243,288	182,290
Effect of foreign exchange rate changes on cash and cash equivalents	3,048	1,180	2,180	(1,528)
<b>Cash and cash equivalents, end of period</b>	<u><u>283,788</u></u>	<u><u>723,208</u></u>	<u><u>283,788</u></u>	<u><u>723,208</u></u>
Cash and cash equivalents are comprised of				
Cash and bank deposits	<u><u>283,788</u></u>	<u><u>723,208</u></u>	<u><u>283,788</u></u>	<u><u>723,208</u></u>

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

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange 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, 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 six months ended June 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 June 30,		Six months ended June 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000	US\$'000	US\$'000
<u>At a point in time</u>				
Gold doré bars	65,102	65,057	121,758	120,555
Copper	137,490	63,989	254,062	118,646
Other by-products	102,352	80,142	201,194	118,570
Total revenue	<u>304,944</u>	<u>209,188</u>	<u>577,014</u>	<u>357,771</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 six months ended June 30, 2020, the Group had entered into barter transactions of RMB81 million (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 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 six months ended June 30, 2021

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue - external and segment revenue	121,758	455,256	577,014	-	577,014
Cost of sales	(103,303)	(264,017)	(367,320)	-	(367,320)
Mining operating earnings	18,455	191,239	209,694	-	209,694
Income (loss) from operations	18,355	165,520	183,875	(2,149)	181,726
Foreign exchange gain (loss), net	(1,391)	8,991	7,600	(928)	6,672
Interest and other income	398	2,092	2,490	1,024	3,514
Finance costs	(1,994)	(12,500)	(14,494)	(4,853)	(19,347)
Profit (loss) before income tax	15,368	164,103	179,471	(6,906)	172,565

3. REVENUE AND SEGMENT INFORMATION - continued

**Segment information** - continued

(a) Segment revenue and results - continued

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
Revenue - 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	19,719	33,937	53,656	-	53,656
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	(2,264)	(10,860)	(13,124)	(8,917)	(22,041)
Profit (loss) before income tax	18,229	3,187	21,416	(11,612)	9,804

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 six months ended June 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 gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
<b>As of June 30, 2021</b>					
Total assets	701,152	2,592,730	3,293,882	42,760	3,336,642
Total liabilities	157,627	1,157,492	1,315,119	301,053	1,616,172
<b>As of December 31, 2020</b>					
Total assets	678,630	2,612,039	3,290,669	31,973	3,322,642
Total liabilities	130,613	1,296,112	1,426,725	300,448	1,727,173

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 instrument; and
- all liabilities are allocated to operating segments other than other payables and accrued expenses, lease liabilities, deferred income and certain borrowings.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Administration and office	1,664	606	2,796	3,267
Depreciation of property, plant and equipment	1,247	823	2,397	1,757
Depreciation of right-of-use assets	27	24	54	44
Professional fees	602	929	917	1,353
Salaries and benefits	3,543	2,143	6,351	7,289
Others	3,211	1,268	5,878	1,269
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total general and administrative expenses	<u>10,294</u>	<u>5,793</u>	<u>18,393</u>	<u>14,979</u>

5. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Interests on borrowings	8,364	11,074	16,872	21,151
Interests on lease liabilities	5	4	11	5
Accretion on environmental rehabilitation	1,420	587	2,835	1,182
	<u>9,789</u>	<u>11,665</u>	<u>19,718</u>	<u>22,338</u>
Less: Amounts capitalised to property, plant and equipment	<u>(185)</u>	<u>(140)</u>	<u>(371)</u>	<u>(297)</u>
Total finance costs	<u>9,604</u>	<u>11,525</u>	<u>19,347</u>	<u>22,041</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

6. INCOME TAX EXPENSES (CREDIT)

	Three months ended June 30,		Six months ended June 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000	US\$'000	US\$'000
PRC Enterprise Income Tax ("EIT")	18,263	2,254	24,956	3,093
Overprovision of PRC Enterprise Income Tax in prior year	(629)	(1,233)	(629)	(1,233)
Deferred tax credit	(9,845)	(1,947)	(9,426)	(1,910)
Total income tax expenses (credit)	<u>7,789</u>	<u>(926)</u>	<u>14,901</u>	<u>(50)</u>

7. DIVIDEND

During the six months ended June 30, 2021, a special dividend in respect of the year ended December 31, 2020 of US\$0.12 (for the six months ended June 30, 2020: nil) per share amounting to US\$47,570,000 (for the six months ended June 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 June 30,		Six months ended June 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share (US\$'000)	<u>100,157</u>	<u>17,909</u>	<u>156,852</u>	<u>8,985</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 per share (US cents)	<u>25.27</u>	<u>4.52</u>	<u>39.57</u>	<u>2.27</u>

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

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

9. TRADE, BILLS AND OTHER RECEIVABLES

	June 30, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Trade receivables	2,109	1,603
Less: Allowance for credit loss	(120)	(119)
	<u>1,989</u>	<u>1,484</u>
Bills receivables	1,443	15,316
Amounts due from related companies (note 15(a)) <sup>(1)</sup>	1,839	1,498
Other receivables <sup>(2)</sup>	11,213	17,462
	<u>16,484</u>	<u>35,760</u>
	<u><u>16,484</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 June 30, 2021 are nil value-added tax recoverable (December 31, 2020: US\$7.2 million) and tax and other surcharges of approximately US\$9.3 million (December 31, 2020: US\$9.2 million) to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang") as set out in notes 6 and 17.

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>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Less than 30 days	910	745
31 to 90 days	727	348
91 to 180 days	163	127
Over 180 days	189	264
	<u>1,989</u>	<u>1,484</u>
	<u><u>1,989</u></u>	<u><u>1,484</u></u>

As at June 30, 2021, total bills receivable amounting to US\$1.4 million (December 31, 2020: US\$15.3 million) are held by the Group for future settlement of trade receivables, which were further discounted to a CNG's subsidiary by the Group. The Group continues to recognise their full carrying amounts of US\$1.4 million (December 31, 2020: US\$15.3 million) at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

10. INVENTORIES

	June 30, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Gold in process	233,194	220,059
Gold doré bars	23,664	22,665
Consumables	21,037	23,255
Copper	410	9,016
Spare parts	22,331	22,699
Total inventories	<u>300,636</u>	<u>297,694</u>

Cost of inventory sold totaling US\$170 million and US\$352 million for the three and six months ended June 30, 2021, respectively (three and six months ended June 30, 2020: US\$166 million and US\$288 million, respectively) was recognised in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS

During the six months ended June 30, 2021, the Group incurred approximately US\$17.0 million on construction in progress (for the six months ended June 30, 2020: approximately US\$7.8 million) and approximately US\$40.2 million on mineral assets (for the six months ended June 30, 2020: approximately US\$33.6 million).

Depreciation of property, plant and equipment was US\$45.8 million and US\$87.1 million for the three and six months ended June 30, 2021, respectively (for the three and six months ended June 30, 2020: US\$41.0 million and US\$74.2 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, 2021 and 2020. Amortisation of mining rights was US\$10.4 million and US\$18.7 million for the three and six months ended June 30, 2021, respectively (for the three and months ended June 30, 2020: US\$9.4 million and US\$19.1 million, respectively). The amortisation amounts were recognised in cost of sales.

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	June 30, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Accounts payable	40,927	45,634
Bills payable	63,817	63,494
Construction cost payables	106,620	145,973
Mining cost accrual	14,502	3,524
Payroll and benefit payables	675	257
Other accruals	3,830	3,306
Other tax payable	6,568	3,053
Other payables	5,711	7,589
Payable for acquisition of a mining right	7,840	7,762
Total accounts and other payables and accrued expenses	<u>250,490</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:

	June 30, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Less than 30 days	19,450	26,263
31 to 90 days	11,206	9,628
91 to 180 days	3,419	2,496
Over 180 days	6,852	7,247
Total accounts payable	<u>40,927</u>	<u>45,634</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>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Less than 30 days	10,336	27,720
31 to 60 days	9,509	6,832
61 to 90 days	22,367	13,867
91 to 180 days	21,605	15,075
Total bills payable	<u>63,817</u>	<u>63,494</u>

13. BORROWINGS

	June 30, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Bank loans	810,669	859,476
Loans payable to a CNG subsidiary (Note 15(a))	24,662	38,305
Bonds	297,258	296,616
	<u>1,132,589</u>	<u>1,194,397</u>

The borrowings are repayable as follows:

	June 30, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Carrying amount repayable within one year	119,087	140,303
Carrying amount repayable within one to two years	430,694	118,228
Carrying amount repayable within two to five years	182,660	519,002
Carrying amount repayable over five years	400,148	416,864
	<u>1,132,589</u>	<u>1,194,397</u>
Less: Amounts due within one year (shown under current liabilities)	<u>(119,087)</u>	<u>(140,303)</u>
Amounts shown under non-current liabilities	<u>1,013,502</u>	<u>1,054,094</u>
Analysed as:		
Secured	692,608	740,231
Unsecured	439,981	454,166
	<u>1,132,589</u>	<u>1,194,397</u>

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

	June 30, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Mining rights	842,946	859,793
Bills receivables (note 9)	1,443	15,316
	<u>844,389</u>	<u>875,109</u>

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

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, December 31, 2020 and June 30, 2021	396,413,753	1,229,061
	<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.

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, 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:

	June 30, <u>2021</u> %	December 31, <u>2020</u> %
CNG	40.01	40.01
	<u>40.01</u>	<u>40.01</u>

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 June 30,		Six months ended June 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Gold doré bars sales by the Group	<u>65,102</u>	<u>65,057</u>	<u>121,758</u>	<u>120,555</u>
Copper and other by-products sales by the Group	<u>146,492</u>	<u>10,883</u>	<u>266,831</u>	<u>13,899</u>
Provision of transportation services by the Group	<u>309</u>	<u>74</u>	<u>607</u>	<u>117</u>
Construction, stripping and mining services provided to the Group	<u>1,431</u>	<u>3,135</u>	<u>2,752</u>	<u>4,121</u>
Accrued (reversal of) rental expenses and property management fee for PRC office	<u>252</u>	<u>(714)</u>	<u>252</u>	<u>231</u>
Commitment fee	<u>266</u>	<u>-</u>	<u>530</u>	<u>-</u>
Interest income	<u>22</u>	<u>28</u>	<u>92</u>	<u>37</u>
Interest expenses	<u>268</u>	<u>716</u>	<u>735</u>	<u>1,487</u>

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

	June 30, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
<u>Assets</u>		
Amounts due from related companies	1,839	1,498
Cash and cash equivalents held by a CNG subsidiary	58,590	14,304
Deposits	<u>16</u>	<u>-</u>
	<u>60,445</u>	<u>15,802</u>

Other than the cash and cash equivalents held in a CNG subsidiary, the remaining amounts due from CNG and its subsidiaries and deposits as at June 30, 2021 and December 31, 2020, which are included in trade, bills and other receivables and prepaid expenses and deposits respectively are non-interest bearing, unsecured and recoverable on demand.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

	June 30, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
<u>Liabilities</u>		
Loans payable to a CNG's subsidiary	24,662	38,305
Entrusted loan payable to CNG	-	30,652
Construction costs payable to CNG's subsidiaries	3,034	34,031
Trade payable to CNG's subsidiaries	1,774	280
Amount due to CNG	36	258
Contract liabilities with CNG's subsidiaries	13,654	2,539
Total amounts due to CNG's subsidiaries	<u>43,160</u>	<u>106,065</u>

With the exception of the entrusted loan payable to CNG and loans payable to a CNG's 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>2021</u> US\$'000	<u>2020</u> US\$'000	<u>2021</u> US\$'000	<u>2020</u> US\$'000
Salaries and other benefits	121	154	263	342
Post-employment benefits	2	3	10	13
	<u>123</u>	<u>157</u>	<u>273</u>	<u>355</u>

16. FINANCIAL INSTRUMENTS

As at June 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\$34,971,000 (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\$817,000 (December 31, 2020: US\$809,000) are measured at fair value based on Level 3 inputs.

16. FINANCIAL INSTRUMENTS - continued

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 June 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) from Zhongxinfang was frozen for two and three 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). 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 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 of the Company are of the opinion that the recoverable amount of the non-current assets is above its carrying amount of US\$19,389,000 (equivalent to RMB125,252,000) as at June 30, 2021.

17. CONTINGENCIES - continued

In addition, during the year ended December 31, 2020, Huatailong has been subjected to tax and other surcharges 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 properties limited to RMB46 million (equivalent to US\$6,609,000) from 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 (the "Tax and Other Surcharge") 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 is 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 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 is going to 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 June 30, 2021, and up to the date of these condensed consolidated financial statements are authorized 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 of the Company, expected credit loss on other receivables is insignificant based on the credit risk assessment for the three and six months ended June 30, 2021.

18. EVENT AFTER THE REPORTING PERIOD

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