

CHINA GOLD INTERNATIONAL RESOURCES
CORP. LTD.

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three months ended March 31, 2021

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2021

		Three months ended March 31,	
	<u>NOTES</u>	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)
Revenues	3	272,070	148,583
Cost of sales		<u>(188,319)</u>	<u>(130,414)</u>
Mine operating earnings		<u>83,751</u>	<u>18,169</u>
Expenses			
General and administrative expenses	4	(8,099)	(9,186)
Exploration and evaluation expenditure		(41)	(61)
Research and development expenses		<u>(4,424)</u>	<u>(1,966)</u>
		<u>(12,564)</u>	<u>(11,213)</u>
Income from operations		<u>71,187</u>	<u>6,956</u>
Other income (expenses)			
Foreign exchange gain (loss), net		1,728	(5,438)
Interest and other income		907	1,205
Finance costs	5	<u>(9,743)</u>	<u>(10,516)</u>
		<u>(7,108)</u>	<u>(14,749)</u>
Profit (loss) before income tax		64,079	(7,793)
Income tax expenses	6	<u>(7,112)</u>	<u>(876)</u>
Profit (loss) for the period		<u>56,967</u>	<u>(8,669)</u>
Other comprehensive expense for the period			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income		(234)	(2,471)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		<u>(3,911)</u>	<u>(4,869)</u>
Other comprehensive expense for the period		<u>(4,145)</u>	<u>(7,340)</u>
Total comprehensive income (expense) for the period		<u>52,822</u>	<u>(16,009)</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

		Three months ended March 31,	
	<u>NOTES</u>	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)
Profit (loss) for the period attributable to			
Non-controlling interests		272	255
Owners of the Company		<u>56,695</u>	<u>(8,924)</u>
		<u>56,967</u>	<u>(8,669)</u>
Total comprehensive income (expense) for the period attributable to			
Non-controlling interests		276	255
Owners of the Company		<u>52,546</u>	<u>(16,264)</u>
		<u>52,822</u>	<u>(16,009)</u>
Earnings (loss) per share - Basic (US cents)	7	<u>14.30</u>	<u>(2.25)</u>
Weighted average number of common shares - Basic	7	<u>396,413,753</u>	<u>396,413,753</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2021

	<u>NOTES</u>	March 31, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		323,733	243,288
Restricted bank balance		6,159	5,069
Trade, bills and other receivables	8	20,633	35,760
Prepaid expenses and deposits		2,513	3,309
Inventories	9	287,890	297,694
		<u>640,928</u>	<u>585,120</u>
Non-current assets			
Prepaid expenses and deposits		2,492	2,575
Right-of-use assets		14,021	14,244
Equity instruments at fair value through other comprehensive income	15	20,584	20,824
Property, plant and equipment	10	1,786,566	1,808,961
Mining rights	10	858,400	867,259
Deferred tax assets		2,852	4,463
Other non-current assets		19,061	19,196
		<u>2,703,976</u>	<u>2,737,522</u>
Total assets		<u>3,344,904</u>	<u>3,322,642</u>
Current liabilities			
Accounts and other payables and accrued expenses	11	269,935	280,592
Contract liabilities		27,186	2,878
Borrowings	12	153,369	140,303
Dividend payables		47,570	-
Tax liabilities		19,593	18,905
Lease liabilities		98	95
		<u>517,751</u>	<u>442,773</u>
Net current assets		<u>123,177</u>	<u>142,347</u>
Total assets less current liabilities		<u>2,827,153</u>	<u>2,879,869</u>
Non-current liabilities			
Borrowings	12	1,028,203	1,054,094
Lease liabilities		326	352
Deferred tax liabilities		110,177	111,306
Deferred income		2,063	2,333
Entrusted loan payable		-	30,652
Environmental rehabilitation		86,455	85,663
		<u>1,227,224</u>	<u>1,284,400</u>
Total liabilities		<u>1,744,975</u>	<u>1,727,173</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	March 31, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		50,906	53,918
Retained profits		303,531	295,543
		<u>1,583,498</u>	<u>1,578,522</u>
Non-controlling interests		16,431	16,947
		<u>1,599,929</u>	<u>1,595,469</u>
Total owners' equity			
		<u>1,599,929</u>	<u>1,595,469</u>
Total liabilities and owners' equity		<u>3,344,904</u>	<u>3,322,642</u>

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 13, 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 MONTHS ENDED MARCH 31, 2021

	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
(Loss) profit for the period	-	-	-	-	-	-	(8,924)	(8,924)	255	(8,669)
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	(2,471)	-	-	-	(2,471)	-	(2,471)
Exchange difference arising on translation	-	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Total comprehensive (expense) income for the period	-	-	-	(2,471)	(4,869)	-	(8,924)	(16,264)	255	(16,009)
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,950	(1,950)	-	-	-
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(356)	(356)
At March 31, 2020 (unaudited)	396,413,753	1,229,061	11,179	(5,996)	(25,202)	21,420	188,611	1,419,073	15,229	1,434,302
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	-	-	-	-	-	-	56,695	56,695	272	56,967
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	(234)	-	-	-	(234)	-	(234)
Exchange difference arising on translation	-	-	-	-	(3,915)	-	-	(3,915)	4	(3,911)
Total comprehensive (expense) income for the period	-	-	-	(234)	(3,915)	-	56,695	52,546	276	52,822
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,137	(1,137)	-	-	-
Dividend distribution	-	-	-	-	-	-	(47,570)	(47,570)	-	(47,570)
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(792)	(792)
At March 31, 2021 (unaudited)	396,413,753	1,229,061	11,179	(229)	3,445	36,511	303,531	1,583,498	16,431	1,599,929

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Three months ended March 31,	
	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)
Net cash from operating activities	<u>170,198</u>	<u>16,020</u>
Investing activities		
Interest income received	310	926
Payment for acquisition of property, plant and equipment	(57,020)	(34,989)
Placement of restricted bank deposits	(3,084)	(38,548)
Release of restricted bank deposits	<u>1,943</u>	<u>41,080</u>
Net cash used in investing activities	<u>(57,851)</u>	<u>(31,531)</u>
Financing activities		
Repayment of entrusted loan	(30,592)	-
Dividend paid to a non-controlling shareholder of a subsidiary	(413)	(356)
Repayments of lease liabilities	<u>(29)</u>	<u>(22)</u>
Cash used in financing activities	<u>(31,034)</u>	<u>(378)</u>
Net increase (decrease) in cash and cash equivalents	81,313	(15,889)
Cash and cash equivalents, beginning of period	243,288	182,290
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(868)</u>	<u>(2,708)</u>
Cash and cash equivalents, end of period	<u><u>323,733</u></u>	<u><u>163,693</u></u>
Cash and cash equivalents are comprised of Cash and bank deposits	<u><u>323,733</u></u>	<u><u>163,693</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

1. GENERAL AND BASIS OF PREPARATION

China Gold International Resources Corp. Ltd., (the "Company") is a publicly listed company incorporated in British Columbia, Canada on May 31, 2000 with limited liability under the legislation of the Province of British Columbia and its shares are listed on the Toronto Stock Exchange 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, the PRC which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by the International Accounting Standards Board, which should be 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended March 31, 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 new and revised 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

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 March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
<u>At a point in time</u>		
Gold doré bars	56,656	55,498
Copper	116,572	54,657
Other by-products	<u>98,842</u>	<u>38,428</u>
Total revenue	<u>272,070</u>	<u>148,583</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.

All sales of gold doré bars, copper and other by-products are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

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 three months ended March 31, 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	56,656	215,414	272,070	-	272,070
Cost of sales	(48,048)	(140,271)	(188,319)	-	(188,319)
Mining operating earnings	8,608	75,143	83,751	-	83,751
Income (loss) from operations	8,567	63,592	72,159	(972)	71,187
Foreign exchange (loss) gain, net	(1,231)	2,905	1,674	54	1,728
Interest and other income	84	820	904	3	907
Finance costs	(992)	(6,338)	(7,330)	(2,413)	(9,743)
Profit (loss) before income tax	6,428	60,979	67,407	(3,328)	64,079

For the three months ended March 31, 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	55,498	93,085	148,583	-	148,583
Cost of sales	(48,037)	(82,377)	(130,414)	-	(130,414)
Mining operating earnings	7,461	10,708	18,169	-	18,169
Income (loss) from operations	7,400	1,862	9,262	(2,306)	6,956
Foreign exchange gain (loss), net	1,296	(6,834)	(5,538)	100	(5,438)
Interest and other income	172	1,001	1,173	32	1,205
Finance costs	(1,167)	(4,972)	(6,139)	(4,377)	(10,516)
Profit (loss) before income tax	7,701	(8,943)	(1,242)	(6,551)	(7,793)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent 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 three months ended March 31, 2021 and 2020.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment representing assets/liabilities directly attributable to the 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 March 31, 2021					
Total assets	698,361	2,615,836	3,314,197	30,707	3,344,904
Total liabilities	145,120	1,249,018	1,394,138	350,837	1,744,975
As of December 31, 2020					
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

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

- all assets are allocated to operating segments other than certain cash and cash equivalents, other receivables, prepaid expenses and deposits, right-of-use assets, property, plant and equipment and equity instrument at FVTOCI; 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 March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
Administration and office	1,132	2,661
Depreciation of property, plant and equipment	1,150	934
Depreciation of right-of-use assets	27	20
Professional fees	315	424
Salaries and benefits	2,808	5,146
Others	2,667	1
Total general and administrative expenses	<u>8,099</u>	<u>9,186</u>

5. FINANCE COSTS

	Three months ended March 31,	
	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000
Interests on borrowings	8,508	10,077
Interests on lease liabilities	6	1
Accretion on environmental rehabilitation	<u>1,415</u>	<u>595</u>
	9,929	10,673
Less: Amounts capitalized to property, plant and equipment	<u>(186)</u>	<u>(157)</u>
Total finance costs	<u><u>9,743</u></u>	<u><u>10,516</u></u>

6. INCOME TAX EXPENSES

	Three months ended March 31,	
	<u>2021</u>	<u>2020</u>
	US\$'000	US\$'000
PRC Enterprise Income Tax ("EIT")	(6,693)	(839)
Deferred tax expenses	<u>(419)</u>	<u>(37)</u>
Total income tax expenses	<u><u>(7,112)</u></u>	<u><u>(876)</u></u>

During the year ended December 31, 2019, the Group had an uncertain tax position in respect of tax exposure whereby the Company transferred the land use right in 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 by the relevant tax authority. As at March 31, 2021, the most likely amount of the relevant tax liabilities amounting to RMB14,449,000 (equivalent to US\$2,199,000) (December 31, 2020: RMB14,449,000 (equivalent to US\$2,214,000)) has been recognised.

7. EARNINGS (LOSS) PER SHARE

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

	Three months ended March 31,	
	<u>2021</u>	<u>2020</u>
Profit (loss) for the period attributable to owners of the Company for the purposes of basic earnings (loss) per share (US\$'000)	<u>56,695</u>	<u>(8,924)</u>
Weighted average number of common shares, basic	<u>396,413,753</u>	<u>396,413,753</u>
Basic earnings (loss) per share (US cents)	<u>14.30</u>	<u>(2.25)</u>

The Group has no outstanding potential dilutive instruments issued as at March 31, 2021 and 2020 and during the periods ended March 31, 2021 and 2020. Therefore, no diluted earnings (loss) per share is presented.

8. TRADE, BILLS AND OTHER RECEIVABLES

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Trade receivables	1,834	1,603
Less: allowance for credit losses	<u>(118)</u>	<u>(119)</u>
	1,716	1,484
Bills receivables	6,313	15,316
Amounts due from related companies (note 14(a)) ⁽¹⁾	1,767	1,498
Other receivables ⁽²⁾	<u>10,837</u>	<u>17,462</u>
Total trade, bills and other receivables	<u>20,633</u>	<u>35,760</u>

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

(2) Included in the balance as at March 31, 2021 are nil value-added tax recoverable (December 31, 2020: US\$7.2 million) and tax and other surcharges of approximately US\$9.1 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 16, which are expected to be recovered within twelve months after the end of the reporting period.

8. TRADE, BILLS AND OTHER RECEIVABLES – continued

The Group allows an average credit period of 30 days and 180 days to its trade customers including CNG for gold doré bar 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.

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Less than 30 days	804	745
31 to 90 days	728	348
91 to 180 days	3	127
Over 180 days	<u>181</u>	<u>264</u>
Total trade receivables	<u>1,716</u>	<u>1,484</u>

As at March 31, 2021, total bills receivable amounting to US\$6.3 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\$6.3 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.

9. INVENTORIES

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Gold in process	224,448	220,059
Gold doré bars	21,677	22,665
Consumables	19,742	23,255
Copper concentrates	723	9,016
Spare parts	<u>21,300</u>	<u>22,699</u>
Total inventories	<u>287,890</u>	<u>297,694</u>

Cost of inventories sold totalling US\$181 million for the three months ended March 31, 2021 (three months ended March 31, 2020: US\$122 million) was recognized in cost of sales.

10. PROPERTY, PLANT AND EQUIPMENT/MINING RIGHTS

During the three months ended March 31, 2021, the Group incurred US\$8.8 million on construction in progress (for the three months ended March 31, 2020: US\$4.7 million) and US\$19.3 million on mineral assets (for the three months ended March 31, 2020: US\$14.5 million), respectively.

Depreciation of property, plant and equipment was US\$41.3 million for the three months ended March 31, 2021 (for the three months ended March 31, 2020: US\$33.2 million). The depreciation amount were partly recognized in cost of sales and general and administrative expenses and partly capitalized in inventory.

No addition of mining rights was incurred during the three months ended March 31, 2021 and 2020. Amortisation of mining rights was US\$8.3 million for the three months ended March 31, 2021 (for the three months ended March 31, 2020: US\$9.7 million). 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:

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Accounts payable	30,041	45,634
Bills payable	81,102	63,494
Construction cost payables	117,520	145,973
Mining cost accrual	15,704	3,524
Payroll and benefit payables	532	257
Other accruals	3,757	3,306
Other tax payable	8,894	3,053
Other payables	4,678	7,589
Payable for acquisition of a mining right	7,707	7,762
Total accounts and other payables and accrued expenses	<u>269,935</u>	<u>280,592</u>

12. BORROWINGS

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Bank loans	853,408	859,476
Loans payable to a CNG subsidiary	29,140	38,305
Bonds	299,024	296,616
	<u>1,181,572</u>	<u>1,194,397</u>

The borrowings are repayable as follows:

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Carrying amount repayable within one year	153,369	140,303
Carrying amount repayable within one to two years	94,706	118,228
Carrying amount repayable within two to five years	519,575	519,002
Carrying amount repayable over five years	413,922	416,864
	1,181,572	1,194,397
Less: Amounts due within one year (shown under current liabilities)	<u>(153,369)</u>	<u>(140,303)</u>
Amounts shown under non-current liabilities	<u>1,028,203</u>	<u>1,054,094</u>

12. BORROWINGS - continued

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

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Mining rights	851,511	859,793
Bills receivables (note 8)	<u>6,313</u>	<u>15,316</u>
	<u>857,824</u>	<u>875,109</u>

Borrowings carry interest at effective interest rates ranging from 1.20% to 4.51% (December 31, 2020: 1.20% to 4.51%) per annum.

13. SHARE CAPITAL

Common shares

(i) Authorized - Unlimited common shares without par value

(ii) Issued and outstanding

	<u>Number of shares</u>	<u>Amount US\$'000</u>
Issued and fully paid: At January 1, 2020, December 31, 2020 and March 31, 2021	<u>396,413,753</u>	<u>1,229,061</u>

14. 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 months ended March 31, 2021 and 2020.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

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

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

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
Gold doré bars sales by the Group	<u>56,656</u>	<u>55,498</u>
Copper and other by-product sales by the Group	<u>120,339</u>	<u>3,016</u>
Provision of transportation services by the Group	<u>298</u>	<u>43</u>
Construction, stripping and mining services provided to the Group	<u>1,321</u>	<u>986</u>
Accrued rental expenses for PRC office	<u>-</u>	<u>945</u>
Commitment fee	<u>264</u>	<u>-</u>
Interest income	<u>70</u>	<u>9</u>
Interest expense	<u>467</u>	<u>771</u>

14. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

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

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
<u>Assets</u>		
Amounts due from related companies (Note 8)	1,767	1,498
Cash and cash equivalents held in a CNG's subsidiary	<u>3,965</u>	<u>14,304</u>
	<u>5,732</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 as at March 31 2021 and December 31, 2020, which are included in trade, bills and other receivables is non-interest bearing, unsecured and recoverable on demand.

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
<u>Liabilities</u>		
Loans payable to a CNG's subsidiary	29,140	38,305
Entrusted loan payable to CNG	-	30,652
Construction costs payable to CNG's subsidiaries	29,606	34,031
Trade payable to CNG subsidiaries	757	280
Amounts due to CNG	35	258
Contract liabilities with a CNG's subsidiary	<u>20,510</u>	<u>2,539</u>
	<u>80,048</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 March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
Salaries and other benefits	142	188
Post-employment benefits	<u>8</u>	<u>10</u>
	<u>150</u>	<u>198</u>

15. FINANCIAL INSTRUMENTS

As at March 31, 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\$19,781,000 (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\$803,000 (December 31, 2020: US\$809,000) are measured at fair value based on Level 3 inputs.

16. 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 to Zhongxinfang in 2019 pursuant to the cooperation agreement signed between Zhongxinfang and Huatailong in 2019 in relation to 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 March 31, 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. Based on Group's assessment on the completion status of the New Premises, the construction of the New Premises has been substantially completed and there has been no significant market value decline of comparable properties during the current period. Accordingly, no impairment loss (2020: nil) has been made on the other non-current assets as the directors of the Company are of the opinion that the recoverable amount of the non-current assets is above its carrying amount of US\$19,061,000 (equivalent to RMB125,252,000) as at March 31, 2020.

During the year ended December 31, 2020, Huatailong has paid the tax and other surcharges related to the Land Exchange 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 (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"). Based on legal advice, the Enforcement is currently under proceeding and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

16. CONTINGENCIES – continued

In the opinion of the directors of the Company, expected credit loss on other receivables is insignificant based on the credit risk assessment for the three months ended March 31, 2021, taking into account the Group's right to claim over the assets under pre-litigation preservation, and the estimated fair value of such asset exceeds the carry amount of the other receivable related to the Tax and Other Surcharge.

17. EVENTS AFTER THE REPORTING PERIOD

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