

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, 2022

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 (unaudited)

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 (unaudited)

	NOTES	Three months ended September 30,		Nine months ended September 30,	
		2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Revenue	3	255,030	248,326	851,045	825,340
Cost of sales		<u>(179,322)</u>	<u>(165,681)</u>	<u>(552,119)</u>	<u>(533,001)</u>
Mine operating earnings		<u>75,708</u>	<u>82,645</u>	<u>298,926</u>	<u>292,339</u>
Expenses					
General and administrative expenses	4	(16,215)	(9,462)	(34,459)	(27,855)
Exploration and evaluation expenditure		(81)	(260)	(377)	(360)
Research and development expenses		<u>(7,357)</u>	<u>(6,619)</u>	<u>(18,712)</u>	<u>(16,094)</u>
		<u>(23,653)</u>	<u>(16,341)</u>	<u>(53,548)</u>	<u>(44,309)</u>
Income from operations		<u>52,055</u>	<u>66,304</u>	<u>245,378</u>	<u>248,030</u>
Other (expenses) income					
Foreign exchange (loss) gain, net		(16,085)	(161)	(25,954)	6,511
Interest and other income		2,141	412	8,873	3,926
Finance costs	5	<u>(7,504)</u>	<u>(8,670)</u>	<u>(23,635)</u>	<u>(28,017)</u>
		<u>(21,448)</u>	<u>(8,419)</u>	<u>(40,716)</u>	<u>(17,580)</u>
Profit before income tax		30,607	57,885	204,662	230,450
Income tax expenses	6	<u>(7,251)</u>	<u>(5,650)</u>	<u>(27,780)</u>	<u>(20,551)</u>
Profit for the period		<u>23,356</u>	<u>52,235</u>	<u>176,882</u>	<u>209,899</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		(5,581)	(716)	(1,080)	14,240
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		<u>(40,234)</u>	<u>(2,414)</u>	<u>(84,079)</u>	<u>(1,672)</u>
		<u>(45,815)</u>	<u>(3,130)</u>	<u>(85,159)</u>	<u>12,568</u>
Total comprehensive (expenses) income for the period		<u>(22,459)</u>	<u>49,105</u>	<u>91,723</u>	<u>222,467</u>
Profit for the period attributable to					
Non-controlling interests		200	260	1,304	1,072
Owners of the Company		<u>23,156</u>	<u>51,975</u>	<u>175,578</u>	<u>208,827</u>
		<u>23,356</u>	<u>52,235</u>	<u>176,882</u>	<u>209,899</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

		Three months ended September 30,		Nine months ended September 30,	
	<u>NOTE</u>	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)
Total comprehensive income (expenses) for the period attributable to					
Non-controlling interests		208	260	1,319	1,074
Owners of the Company		<u>(22,667)</u>	<u>48,845</u>	<u>90,404</u>	<u>221,393</u>
		<u>(22,459)</u>	<u>49,105</u>	<u>91,723</u>	<u>222,467</u>
Earnings per share - Basic (US cents)	8	<u>5.84</u>	<u>13.11</u>	<u>44.29</u>	<u>52.68</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, 2022 (unaudited)

	<u>NOTES</u>	September 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		399,788	208,128
Restricted bank balance		1,895	6,403
Trade and other receivables	9	9,266	25,912
Prepaid expenses and deposits		1,872	1,337
Inventories	10	296,014	299,645
		<u>708,835</u>	<u>541,425</u>
Non-current assets			
Prepaid expense and deposits		802	1,175
Right-of-use assets	11	40,696	25,549
Equity instruments at fair value through other comprehensive income	16	27,783	28,958
Property, plant and equipment	11	1,552,135	1,803,982
Mining rights	11	793,163	831,556
Deferred tax assets		-	4,753
Other non-current assets	17	17,643	19,645
		<u>2,432,222</u>	<u>2,715,618</u>
Total assets		<u><u>3,141,057</u></u>	<u><u>3,257,043</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	12	215,176	221,954
Contract liabilities		14,343	10,265
Borrowings	13	423,341	97,606
Lease liabilities		501	533
Tax liabilities		13,366	13,317
		<u>666,727</u>	<u>343,675</u>
Net current assets		<u>42,108</u>	<u>197,750</u>
Total assets less current liabilities		<u>2,474,330</u>	<u>2,913,368</u>
Non-current liabilities			
Borrowings	13	458,345	872,953
Lease liabilities		1,969	2,178
Deferred tax liabilities		107,996	118,591
Deferred income		216	1,142
Environmental rehabilitation		80,232	85,112
		<u>648,758</u>	<u>1,079,976</u>
Total liabilities		<u>1,315,485</u>	<u>1,423,651</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	September 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Owners' equity			
Share capital	14	1,229,061	1,229,061
Reserves		20,179	104,691
Retained profits		557,983	482,170
		<u>1,807,223</u>	<u>1,815,922</u>
Non-controlling interests		18,349	17,470
Total owners' equity		<u>1,825,572</u>	<u>1,833,392</u>
Total liabilities and owners' equity		<u>3,141,057</u>	<u>3,257,043</u>

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on November 14, 2022 and are signed on its behalf by:

Junhu Tong
Director

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, 2022 (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, 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>
At January 1, 2022	396,413,753	1,229,061	11,179	8,031	16,943	68,538	482,170	1,815,922	17,470	1,833,392
Profit for the period	-	-	-	-	-	-	175,578	175,578	1,304	176,882
Fair value loss on investment in an equity security	-	-	-	(1,080)	-	-	-	(1,080)	-	(1,080)
Exchange difference arising on translation	-	-	-	-	(84,094)	-	-	(84,094)	15	(84,079)
Total comprehensive (expenses) income for the period	-	-	-	(1,080)	(84,094)	-	175,578	90,404	1,319	91,723
Transfer to statutory reserve - safety production fund	-	-	-	-	-	662	(662)	-	-	-
Dividends distribution (note 7)	-	-	-	-	-	-	(99,103)	(99,103)	-	(99,103)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(440)	(440)
At September 30, 2022 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>6,951</u>	<u>(67,151)</u>	<u>69,200</u>	<u>557,983</u>	<u>1,807,223</u>	<u>18,349</u>	<u>1,825,572</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)
Net cash from operating activities	<u>89,836</u>	<u>117,482</u>	<u>358,220</u>	<u>393,914</u>
Investing activities				
Interest income received	1,186	1,557	3,433	2,575
Payment for acquisition of property, plant and equipment	(10,049)	(32,367)	(23,586)	(132,225)
Dividends received from equity investment at fair value through other comprehensive income	2,695	1,010	2,695	1,010
Payment for acquisition of right-of-use assets	-	-	(21,573)	-
Payment for acquisition of a mining right	(1,864)	(1,254)	(1,864)	(1,254)
Placement of restricted bank deposits	(1,185)	(10,817)	(3,282)	(24,338)
Release of restricted bank deposits	<u>1,122</u>	<u>1,639</u>	<u>7,425</u>	<u>12,822</u>
Net cash used in investing activities	<u>(8,095)</u>	<u>(40,232)</u>	<u>(36,752)</u>	<u>(141,410)</u>
Financing activities				
Repayment of borrowings	-	(57,479)	(25,603)	(114,933)
Repayment of entrusted loan	-	-	-	(30,592)
Dividends paid to a non-controlling shareholder	-	-	(440)	(413)
Dividends paid to shareholders	-	-	(99,091)	(48,416)
Payment for lease	<u>(29)</u>	<u>(30)</u>	<u>(89)</u>	<u>(89)</u>
Net cash used in from financing activities	<u>(29)</u>	<u>(57,509)</u>	<u>(125,223)</u>	<u>(194,443)</u>
Net increase in cash and cash equivalents	81,712	19,741	196,245	58,061
Cash and cash equivalents, beginning of period	317,919	283,788	208,128	243,288
Effect of foreign exchange rate changes on cash and cash equivalents	<u>157</u>	<u>(765)</u>	<u>(4,585)</u>	<u>1,415</u>
Cash and cash equivalents, end of period	<u><u>399,788</u></u>	<u><u>302,764</u></u>	<u><u>399,788</u></u>	<u><u>302,764</u></u>
Cash and cash equivalents are comprised of				
Cash and bank deposits	<u><u>399,788</u></u>	<u><u>302,764</u></u>	<u><u>399,788</u></u>	<u><u>302,764</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 International Accounting Standard 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, 2021.

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, 2022 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021.

2. PRINCIPAL ACCOUNTING POLICIES - continued

In the current interim period, the Group has applied the following amendments to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 - 2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out 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		Nine months ended	
	September 30,		September 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<u>At a point in time</u>				
Gold doré bars	61,040	65,658	202,943	187,416
Copper	148,279	135,110	486,063	389,172
Other by-products	45,711	47,558	162,039	248,752
Total revenue	<u>255,030</u>	<u>248,326</u>	<u>851,045</u>	<u>825,340</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, 2022, the Group had entered into barter transactions of nil and RMB 36 million (equivalent to US\$ 6 million) (for the three and nine months ended September 30, 2021: nil and 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 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 of 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, 2022

	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	202,943	648,102	851,045	-	851,045
Cost of sales	<u>(162,483)</u>	<u>(389,636)</u>	<u>(552,119)</u>	<u>-</u>	<u>(552,119)</u>
Mining operating earnings	<u>40,460</u>	<u>258,466</u>	<u>298,926</u>	<u>-</u>	<u>298,926</u>
Income (loss) from operations	40,084	208,261	248,345	(2,967)	245,378
Foreign exchange (loss) gain, net	(8,661)	(21,076)	(29,737)	3,783	(25,954)
Interest and other income	1,129	5,015	6,144	2,729	8,873
Finance costs	<u>(1,295)</u>	<u>(15,024)</u>	<u>(16,319)</u>	<u>(7,316)</u>	<u>(23,635)</u>
Profit (loss) before income tax	<u>31,257</u>	<u>177,176</u>	<u>208,433</u>	<u>(3,771)</u>	<u>204,662</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, 2021

	Mine - produced gold US\$'000 (unaudited)	Mine - produced copper concentrate US\$'000 (unaudited)	Segment total US\$'000 (unaudited)	Unallocated US\$'000 (unaudited)	Consolidated US\$'000 (unaudited)
Revenue - external and segment revenue	187,416	637,924	825,340	-	825,340
Cost of sales	(158,280)	(374,721)	(533,001)	-	(533,001)
Mining operating earnings	29,136	263,203	292,339	-	292,339
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	(2,784)	(17,914)	(20,698)	(7,319)	(28,017)
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>

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 (loss) gain, 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, 2022 and 2021.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment representing assets/liabilities directly attributable to respective segment:

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
As of September 30, 2022 (unaudited)					
Total assets	611,945	2,488,686	3,100,631	40,426	3,141,057
Total liabilities	57,144	955,597	1,012,741	302,744	1,315,485
As of December 31, 2021 (audited)					
Total assets	639,013	2,584,877	3,223,890	33,153	3,257,043
Total liabilities	<u>84,130</u>	<u>1,036,957</u>	<u>1,121,087</u>	<u>302,564</u>	<u>1,423,651</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 equipments 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, deferred income and certain borrowings.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Administration and office	1,879	1,986	4,921	4,782
Depreciation of property, plant and equipment	2,711	1,064	5,941	3,461
Depreciation of right-of-use assets	26	27	79	81
Professional fees	676	1,202	2,041	2,119
Salaries and benefits	3,125	2,854	9,024	9,205
Others	7,798	2,329	12,453	8,207
Total general and administrative expenses	<u>16,215</u>	<u>9,462</u>	<u>34,459</u>	<u>27,855</u>

5. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on borrowings	6,183	7,840	19,514	24,712
Interests on lease liabilities	30	6	93	17
Accretion on environmental rehabilitation	1,312	1,417	4,085	4,252
	<u>7,525</u>	<u>9,263</u>	<u>23,692</u>	<u>28,981</u>
Less: Amounts capitalised to property, plant and equipment	<u>(21)</u>	<u>(593)</u>	<u>(57)</u>	<u>(964)</u>
Total finance costs	<u>7,504</u>	<u>8,670</u>	<u>23,635</u>	<u>28,017</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

6. INCOME TAX EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)
Current tax:				
PRC Enterprise Income Tax	4,489	6,906	22,791	28,083
PRC withholding income tax on profit earned from PRC subsidiaries	-	-	10,939	3,779
Underprovision (Overprovision) of PRC Enterprise Income Tax in prior year	15	-	(108)	(629)
	<u>4,504</u>	<u>6,906</u>	<u>33,622</u>	<u>31,233</u>
Deferred tax:				
PRC Enterprise Income Tax	2,747	(1,256)	(5,842)	(10,682)
Total income tax expenses	<u>7,251</u>	<u>5,650</u>	<u>27,780</u>	<u>20,551</u>

7. DIVIDEND

During the nine months ended September 30, 2022, a special dividend in respect of the year ended December 31, 2021 of US\$0.25 (for the nine months ended September 30, 2021: US\$0.12) per share amounting to US\$99,103,000 (for the nine months ended September 30, 2021: US\$47,570,000) was declared and 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>2022</u> (unaudited)	<u>2021</u> (unaudited)	<u>2022</u> (unaudited)	<u>2021</u> (unaudited)
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share (US\$'000)	<u>23,156</u>	<u>51,975</u>	<u>175,578</u>	<u>208,827</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>5.84</u>	<u>13.11</u>	<u>44.29</u>	<u>52.68</u>

The Group has no outstanding potential dilutive instruments issued as at September 30, 2022 and 2021 and during the three and nine months ended September 30, 2022 and 2021. Therefore, no diluted earnings per share is presented.

9. TRADE AND OTHER RECEIVABLES

	September 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Trade receivables	884	1,311
Less: Allowance for credit loss	<u>(146)</u>	<u>(163)</u>
	738	1,148
Amounts due from related companies (note 15(a)) ⁽¹⁾	815	1,883
Other receivables ⁽²⁾	<u>7,713</u>	<u>22,881</u>
Total trade and other receivables	<u><u>9,266</u></u>	<u><u>25,912</u></u>

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

(2) Included in the balance as at September 30, 2022 are nil value-added tax recoverable (December 31, 2021: RMB82,757,000 (equivalent to US\$12,980,000)) and tax and other surcharges of RMB45,655,000 (equivalent to US\$6,430,000) (December 31, 2021: RMB45,655,000 (equivalent to US\$7,161,000)) to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang"). Details of the impairment assessment of the receivable amount from Zhongxinfang are set out in note 17.

The Group allows an average credit period of 30 days and 180 days to its trade customers.

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>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Less than 30 days	387	372
31 to 90 days	221	605
91 to 180 days	4	2
Over 180 days	<u>126</u>	<u>169</u>
	<u><u>738</u></u>	<u><u>1,148</u></u>

10. INVENTORIES

	September 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Gold in process	229,775	229,049
Gold doré bars	19,912	24,263
Consumables	16,271	18,086
Copper	5,076	3,599
Spare parts	<u>24,980</u>	<u>24,648</u>
Total inventories	<u>296,014</u>	<u>299,645</u>

Cost of inventory sold totalling US\$170 million and US\$525 million for the three and nine months ended September 30, 2022 respectively (three and nine months ended September 30, 2021: US\$158 million and US\$510 million, respectively) was recognised in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS / RIGHT-OF-USE ASSETS

During the nine months ended September 30, 2022, the Group incurred approximately US\$2.7 million on construction in progress (for the nine months ended September 30, 2021: approximately US\$23.5 million) and approximately US\$21.0 million on mineral assets (for the nine months ended September 30, 2021: approximately US\$50.9 million).

Depreciation of property, plant and equipment was US\$41.4 million and US\$130.7 million for the three and nine months ended September 30, 2022, respectively (for the three and nine months ended September 30, 2021: US\$43.7 million and US\$130.8 million, respectively). The depreciation amount was partly recognised in cost of sales, general and administrative expenses, research and development expense and partly capitalised in inventory.

No addition of mining rights was incurred during the nine months ended September 30, 2022 and 2021. Amortisation of mining rights was US\$10.3 million and US\$31.4 million for the three and nine months ended September 30, 2022, respectively (for the three and nine months ended September 30, 2021: US\$8.6 million and US\$27.3 million, respectively). The amortisation amounts were recognised in cost of sales.

During the nine months ended September 30, 2022, the Group paid farmland use tax in relation to leasehold lands and recognised right-of-use assets of US\$21.6 million (nine months ended September 30, 2021: nil) and lease liabilities of nil (nine months ended September 30, 2021: nil).

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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>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Accounts payable	39,549	43,266
Bills payable	37,355	48,144
Construction cost payables	114,104	106,100
Mining cost accrual	4,394	2,213
Payroll and benefit payables	2,785	337
Other accruals	1,610	4,437
Other tax payable	6,529	5,388
Other payables	4,094	5,449
Payable for acquisition of a mining right	4,756	6,620
Total accounts and other payables and accrued expenses	<u>215,176</u>	<u>221,954</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>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Less than 30 days	16,821	20,961
31 to 90 days	9,987	11,357
91 to 180 days	3,907	2,614
Over 180 days	8,834	8,334
Total accounts payable	<u>39,549</u>	<u>43,266</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>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Less than 30 days	11,390	10,942
31 to 60 days	5,359	12,140
61 to 90 days	17,789	2,144
91 to 180 days	2,817	22,918
Total bills payable	<u>37,355</u>	<u>48,144</u>

13. BORROWINGS

	September 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Bank loans	580,602	672,579
Bonds	<u>301,084</u>	<u>297,980</u>
	<u>881,686</u>	<u>970,559</u>

The borrowings are repayable as follows:

	September 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Carrying amount repayable within one year	423,341	97,606
Carrying amount repayable within one to two years	49,297	399,412
Carrying amount repayable within two to five years	187,329	200,762
Carrying amount repayable over five years	<u>221,719</u>	<u>272,779</u>
	881,686	970,559
Less: Amounts due within one year (shown under current liabilities)	<u>(423,341)</u>	<u>(97,606)</u>
Amounts shown under non-current liabilities	<u>458,345</u>	<u>872,953</u>
Analysed as:		
Secured	401,300	594,312
Unsecured	<u>480,386</u>	<u>376,247</u>
	<u>881,686</u>	<u>970,559</u>

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

	September 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Mining rights	<u>789,303</u>	<u>825,995</u>

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13. BORROWINGS - continued

As at September 30, 2022 and December 31, 2021, the Group's borrowings carry variable interest rate that is set by PRC government's interest rate benchmark, adjusted by certain base points, or fixed interest rate.

Borrowings carry interest at effective interest rates ranging from 1.05% to 4.51% (December 31, 2021: 1.20% 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, 2021 (audited),		
December 31, 2021 (audited) and		
September 30, 2022 (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, 2022 and 2021.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

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

	September 30, <u>2022</u> % (unaudited)	December 31, <u>2021</u> % (audited)
CNG	<u>40.01</u>	<u>40.01</u>

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)
Gold doré bars sales by the Group	<u>61,040</u>	<u>65,658</u>	<u>202,943</u>	<u>187,416</u>
Copper and other by-products sales by the Group	<u>189,723</u>	<u>168,911</u>	<u>621,607</u>	<u>435,742</u>
Provision of transportation services by the Group	<u>210</u>	<u>360</u>	<u>925</u>	<u>967</u>
Construction, stripping and mining services provided to the Group	<u>716</u>	<u>1,252</u>	<u>4,570</u>	<u>4,004</u>
Accrued expenses for short-term property management fee	<u>-</u>	<u>125</u>	<u>-</u>	<u>377</u>
Commitment fee	<u>173</u>	<u>268</u>	<u>565</u>	<u>798</u>
Interest income	<u>1,006</u>	<u>277</u>	<u>3,105</u>	<u>369</u>
Interest expenses on borrowings and entrusted loan payable	<u>-</u>	<u>122</u>	<u>-</u>	<u>857</u>
Interest expenses on lease liabilities	<u>26</u>	<u>-</u>	<u>81</u>	<u>-</u>

15. 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:

	September 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
<u>Assets</u>		
Amounts due from related companies	815	1,883
Cash and cash equivalents held by a CNG subsidiary	<u>358,761</u>	<u>180,049</u>
Total amounts due from CNG and its subsidiaries	<u><u>359,576</u></u>	<u><u>181,932</u></u>
<u>Liabilities</u>		
Construction cost payables to CNG's subsidiaries	617	335
Trade payable to CNG's subsidiaries	990	1,138
Amount due to CNG	465	755
Contract liabilities with CNG's subsidiaries	13,513	9,538
Lease liabilities to a CNG subsidiary	<u>2,196</u>	<u>2,361</u>
Total amounts due to CNG's and its subsidiaries	<u><u>17,781</u></u>	<u><u>14,127</u></u>

The amounts due to CNG and its subsidiaries as at September 30, 2022 and December 31, 2021 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 September 30,		Nine months ended September 30,	
	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)
Salaries and other benefits	99	115	241	378
Post-employment benefits	<u>-</u>	<u>2</u>	<u>6</u>	<u>12</u>
	<u><u>99</u></u>	<u><u>117</u></u>	<u><u>247</u></u>	<u><u>390</u></u>

16. FINANCIAL INSTRUMENTS

As at September 30, 2022 and December 31, 2021, 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\$26,961,000 (December 31, 2021: US\$28,041,000) 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\$822,000 (December 31, 2021: US\$917,000) 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"), 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 where the Group agreed to transfer the land use right for the development and Zhongxinfang agreed to compensate the Group by transferring a block of the buildings and twenty car parks (the "New Premises") to the Group no later than 2021 (the "Land Exchange").

As at September 30, 2022 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. 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 October 18, 2021, Huatailong submitted further application to the court and requested assessment on the level of rent to be used for determining the penalty. In April 2022, Huatailong submitted alternation of claims application to the court and requested the delivery of New Premises and changing the penalty charge to be RMB9 million (equivalent to US\$1,397,000). On June 24, 2022, the first instance of the claims has been held and is currently under processing and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

17. CONTINGENCIES – continued

Based on Group's assessment on the completion status of the New Premises, the construction of the New Premises has been substantially completed pending for installation of plumbing, electrical wiring, interior walls and decoration, 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 (2021: 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\$17,643,000 (equivalent to RMB125,252,000) as at September 30, 2022.

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 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. The result of aforementioned Enforcement is not ascertain as at the date these condensed consolidated financial statements are authorised for issue. Based on the best available information to the Group and the credit assessment as of September 30, 2022, the directors of the Company considered that ECL on other receivables is not material.

18. EVENT AFTER THE REPORTING PERIOD

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