

CHINA GOLD INTERNATIONAL RESOURCES  
CORP. LTD.

(incorporated in British Columbia, Canada with  
limited liability)

Condensed Consolidated Financial Statements  
For the three and six months ended June 30, 2022

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

	<u>NOTES</u>	Three months ended June 30, <u>2022</u> US\$'000 (unaudited)	2021 <u>2021</u> US\$'000 (unaudited)	Six months ended June 30, <u>2022</u> US\$'000 (unaudited)	2021 <u>2021</u> US\$'000 (unaudited)
Revenue	3	291,994	304,944	596,015	577,014
Cost of sales		<u>(174,304)</u>	<u>(179,001)</u>	<u>(372,797)</u>	<u>(367,320)</u>
Mine operating earnings		<u>117,690</u>	<u>125,943</u>	<u>223,218</u>	<u>209,694</u>
Expenses					
General and administrative expenses	4	(8,296)	(10,294)	(18,244)	(18,393)
Exploration and evaluation expenditure		(256)	(59)	(296)	(100)
Research and development expenses		<u>(5,470)</u>	<u>(5,051)</u>	<u>(11,355)</u>	<u>(9,475)</u>
		<u>(14,022)</u>	<u>(15,404)</u>	<u>(29,895)</u>	<u>(27,968)</u>
Income from operations		<u>103,668</u>	<u>110,539</u>	<u>193,323</u>	<u>181,726</u>
Other (expenses) income					
Foreign exchange (loss) gain, net		(11,542)	4,944	(9,869)	6,672
Interest and other income		5,915	2,607	6,732	3,514
Finance costs	5	<u>(7,943)</u>	<u>(9,604)</u>	<u>(16,131)</u>	<u>(19,347)</u>
		<u>(13,570)</u>	<u>(2,053)</u>	<u>(19,268)</u>	<u>(9,161)</u>
Profit before income tax		90,098	108,486	174,055	172,565
Income tax expenses	6	<u>(8,374)</u>	<u>(7,789)</u>	<u>(20,529)</u>	<u>(14,901)</u>
Profit for the period		<u>81,724</u>	<u>100,697</u>	<u>153,526</u>	<u>157,664</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		(2,965)	15,190	4,501	14,956
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		<u>(46,186)</u>	4,654	<u>(43,845)</u>	742
		<u>(49,151)</u>	19,844	<u>(39,344)</u>	15,698
Total comprehensive income for the period		<u>32,573</u>	<u>120,541</u>	<u>114,182</u>	<u>173,362</u>
Profit for the period attributable to					
Non-controlling interests		530	540	1,104	812
Owners of the Company		<u>81,194</u>	<u>100,157</u>	<u>152,422</u>	<u>156,852</u>
		<u>81,724</u>	<u>100,697</u>	<u>153,526</u>	<u>157,664</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	Three months ended June 30,		Six months ended June 30,	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		US\$'000	US\$'000	US\$'000	US\$'000
Total comprehensive income for the period attributable to Non-controlling interests Owners of the Company		540 <u>32,033</u>	538 <u>120,003</u>	1,111 <u>113,071</u>	814 <u>172,548</u>
		<u>32,573</u>	<u>120,541</u>	<u>114,182</u>	<u>173,362</u>
Earnings per share - Basic (US cents)	8	<u>20.48</u>	<u>25.27</u>	<u>38.45</u>	<u>39.57</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, 2022 (unaudited)

	<u>NOTES</u>	June 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
<b>Current assets</b>			
Cash and cash equivalents		317,919	208,128
Restricted bank balance		2,019	6,403
Trade and other receivables	9	11,400	25,912
Dividends receivables		2,695	-
Prepaid expenses and deposits		1,593	1,337
Inventories	10	307,333	299,645
		<u>642,959</u>	<u>541,425</u>
<b>Non-current assets</b>			
Prepaid expenses and deposits		449	1,175
Right-of-use assets	11	43,986	25,549
Equity instruments at fair value through other comprehensive income	16	33,413	28,958
Property, plant and equipment	11	1,661,321	1,803,982
Mining rights	11	807,048	831,556
Deferred tax assets		-	4,753
Other non-current assets	17	18,663	19,645
		<u>2,564,880</u>	<u>2,715,618</u>
<b>Total assets</b>		<u>3,207,839</u>	<u>3,257,043</u>
<b>Current liabilities</b>			
Accounts and other payables and accrued expenses	12	224,840	221,954
Contract liabilities		13,046	10,265
Borrowings	13	427,955	97,606
Lease liabilities		524	533
Tax liabilities		16,865	13,317
		<u>683,230</u>	<u>343,675</u>
<b>Net current (liabilities) assets</b>		<u>(40,271)</u>	<u>197,750</u>
<b>Total assets less current liabilities</b>		<u>2,524,609</u>	<u>2,913,368</u>
<b>Non-current liabilities</b>			
Borrowings	13	484,869	872,953
Lease liabilities		2,072	2,178
Deferred tax liabilities		105,431	118,591
Deferred income		671	1,142
Environmental rehabilitation		83,535	85,112
		<u>676,578</u>	<u>1,079,976</u>
<b>Total liabilities</b>		<u>1,359,808</u>	<u>1,423,651</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	June 30, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
<b>Owners' equity</b>			
Share capital	14	1,229,061	1,229,061
Reserves		66,857	104,691
Retained profits		533,972	482,170
		<u>1,829,890</u>	<u>1,815,922</u>
Non-controlling interests		18,141	17,470
<b>Total owners' equity</b>		<u>1,848,031</u>	<u>1,833,392</u>
<b>Total liabilities and owners' equity</b>		<u>3,207,839</u>	<u>3,257,043</u>

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The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on August 15, 2022 and are signed on its behalf by:

(Signed by) Liangyou Jiang

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Liangyou Jiang  
Director

(Signed by) Yingbin Ian He

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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, 2022 (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, 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)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>14,961</u>	<u>8,100</u>	<u>37,861</u>	<u>402,338</u>	<u>1,703,500</u>	<u>16,970</u>	<u>1,720,470</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	-	-	-	-	-	-	152,422	152,422	1,104	153,526
Fair value gain on investment in an equity security	-	-	-	4,501	-	-	-	4,501	-	4,501
Exchange difference arising on translation	-	-	-	-	(43,852)	-	-	(43,852)	7	(43,845)
Total comprehensive income (expenses) for the period	-	-	-	4,501	(43,852)	-	152,422	113,071	1,111	114,182
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,517	(1,517)	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(99,103)	(99,103)	-	(99,103)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(440)	(440)
At June 30, 2022 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>12,532</u>	<u>(26,909)</u>	<u>70,055</u>	<u>533,972</u>	<u>1,829,890</u>	<u>18,141</u>	<u>1,848,031</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

	Three months ended June 30,		Six months ended June 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)
<b>Net cash from operating activities</b>	<u>107,618</u>	<u>106,234</u>	<u>268,384</u>	<u>276,432</u>
<b>Investing activities</b>				
Interest income received	1,267	708	2,247	1,018
Payment for acquisition of property, plant and equipment	(1,530)	(42,838)	(13,537)	(99,858)
Payment for acquisition of right-of-use assets	(18,385)	-	(21,573)	-
Placement of restricted bank deposits	(801)	(10,437)	(2,097)	(13,521)
Release of restricted bank deposits	<u>3,128</u>	<u>9,240</u>	<u>6,303</u>	<u>11,183</u>
<b>Net cash used in investing activities</b>	<u>(16,321)</u>	<u>(43,327)</u>	<u>(28,657)</u>	<u>(101,178)</u>
<b>Financing activities</b>				
Repayment of borrowings	(25,603)	(57,454)	(25,603)	(57,454)
Repayment of entrusted loan	-	-	-	(30,592)
Dividends paid to a non-controlling shareholder	-	-	(440)	(413)
Dividends paid to shareholders	(99,091)	(48,416)	(99,091)	(48,416)
Payment for lease	<u>(30)</u>	<u>(30)</u>	<u>(60)</u>	<u>(59)</u>
<b>Cash used in financing activities</b>	<u>(124,724)</u>	<u>(105,900)</u>	<u>(125,194)</u>	<u>(136,934)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(33,427)</u>	<u>(42,993)</u>	<u>114,533</u>	<u>38,320</u>
Cash and cash equivalents, beginning of period	354,094	323,733	208,128	243,288
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(2,748)</u>	<u>3,048</u>	<u>(4,742)</u>	<u>2,180</u>
<b>Cash and cash equivalents, end of period</b>	<u><u>317,919</u></u>	<u><u>283,788</u></u>	<u><u>317,919</u></u>	<u><u>283,788</u></u>
Cash and cash equivalents are comprised of cash and bank deposits	<u><u>317,919</u></u>	<u><u>283,788</u></u>	<u><u>317,919</u></u>	<u><u>283,788</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, 2021.

The condensed consolidated financial statements are presented in United States Dollars ("US\$"), which is the functional currency of the Company.

At June 30, 2022, the Group's current liabilities exceeded its current assets by approximately US\$40 million. In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group's cash flow projection, including the Group's future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that it has sufficient working capital to meet in full its financial obligations as they fall due for at least next twelve months from the end of the reporting period and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

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

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 June 30,		Six months ended June 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
<u>At a point in time</u>				
Gold doré bars	72,168	65,102	141,903	121,758
Copper	159,115	137,490	337,784	254,062
Other by-products	60,711	102,352	116,328	201,194
Total revenue	<u>291,994</u>	<u>304,944</u>	<u>596,015</u>	<u>577,014</u>

3. REVENUE AND SEGMENT INFORMATION - continued

**Revenue** - continued

**(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, 2022, the Group had entered into barter transactions of RMB36 million (equivalent to US\$6 million) (for the six months ended June 30, 2021: 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.

**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 six months ended June 30, 2022

	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	141,903	454,112	596,015	-	596,015
Cost of sales	(112,994)	(259,803)	(372,797)	-	(372,797)
Mining operating earnings	<u>28,909</u>	<u>194,309</u>	<u>223,218</u>	<u>-</u>	<u>223,218</u>
Income (loss) from operations	28,614	166,736	195,350	(2,027)	193,323
Foreign exchange (loss) gain, net	(2,520)	(10,459)	(12,979)	3,110	(9,869)
Interest and other income	664	3,360	4,024	2,708	6,732
Finance costs	(877)	(10,403)	(11,280)	(4,851)	(16,131)
Profit (loss) before income tax	<u>25,881</u>	<u>149,234</u>	<u>175,115</u>	<u>(1,060)</u>	<u>174,055</u>

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	<u>18,455</u>	<u>191,239</u>	<u>209,694</u>	<u>-</u>	<u>209,694</u>
Income (loss) from operations	18,355	165,520	183,875	(2,149)	181,726
Foreign exchange (loss) gain, 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	<u>15,368</u>	<u>164,103</u>	<u>179,471</u>	<u>(6,906)</u>	<u>172,565</u>

3. REVENUE AND SEGMENT INFORMATION - continued

**Segment information** - continued

(a) Segment revenue and results - continued

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, 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
<b>As of June 30, 2022</b>					
Total assets	615,492	2,545,983	3,161,475	46,364	3,207,839
Total liabilities	<u>62,288</u>	<u>997,289</u>	<u>1,059,577</u>	<u>300,231</u>	<u>1,359,808</u>
<b>As of December 31, 2021</b>					
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>

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

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Administration and office	1,106	1,664	3,042	2,796
Depreciation of property, plant and equipment	1,555	1,247	3,230	2,397
Depreciation of right-of-use assets	26	27	53	54
Professional fees	630	602	1,365	917
Salaries and benefits	2,589	3,543	5,899	6,351
Others	2,390	3,211	4,655	5,878
	<u>8,296</u>	<u>10,294</u>	<u>18,244</u>	<u>18,393</u>
Total general and administrative expenses				

5. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Interests on borrowings	6,533	8,364	13,331	16,872
Interests on lease liabilities	31	5	63	11
Accretion on environmental rehabilitation	1,357	1,420	2,773	2,835
	<u>7,921</u>	<u>9,789</u>	<u>16,167</u>	<u>19,718</u>
Less: Amounts capitalised to property, plant and equipment	22	(185)	(36)	(371)
Total finance costs	<u>7,943</u>	<u>9,604</u>	<u>16,131</u>	<u>19,347</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

6. INCOME TAX EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Current tax:				
PRC Enterprise Income Tax	5,039	14,484	18,302	21,177
PRC withholding income tax on profit earned from PRC subsidiaries	10,939	3,779	10,939	3,779
Overprovision of PRC Enterprise Income Tax in prior year	(123)	(629)	(123)	(629)
	<u>15,855</u>	<u>17,634</u>	<u>29,118</u>	<u>24,327</u>
Deferred tax:				
PRC Enterprise Income Tax	(7,481)	(9,845)	(8,589)	(9,426)
Total income tax expenses	<u>8,374</u>	<u>7,789</u>	<u>20,529</u>	<u>14,901</u>

7. DIVIDEND

During the six months ended June 30, 2022, a special dividend in respect of the year ended December 31, 2021 of US\$0.25 (for the six months ended June 30, 2021: US\$0.12) per share amounting to US\$99,103,000 (for the six months ended June 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 June 30,		Six months ended June 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share (US\$'000)	<u>81,194</u>	<u>100,157</u>	<u>152,422</u>	<u>156,852</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>20.48</u>	<u>25.27</u>	<u>38.45</u>	<u>39.57</u>

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

9. TRADE AND OTHER RECEIVABLES

	June 30, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Trade receivables	1,659	1,311
Less: Allowance for credit loss	<u>(155)</u>	<u>(163)</u>
	1,504	1,148
Amounts due from related companies (note 15(a)) <sup>(1)</sup>	856	1,883
Other receivables <sup>(2)</sup>	<u>9,040</u>	<u>22,881</u>
Total trade and other receivables	<u><u>11,400</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 June 30, 2022 are nil value-added tax recoverable (December 31, 2021: US\$12,980,000) and tax and other surcharges of US\$6,803,000 (December 31, 2021: 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 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>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Less than 30 days	491	372
31 to 90 days	762	605
91 to 180 days	123	2
Over 180 days	<u>128</u>	<u>169</u>
	<u><u>1,504</u></u>	<u><u>1,148</u></u>

10. INVENTORIES

	June 30, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Gold in process	232,310	229,049
Gold doré bars	22,158	24,263
Consumables	16,661	18,086
Copper	10,719	3,599
Spare parts	<u>25,485</u>	<u>24,648</u>
Total inventories	<u>307,333</u>	<u>299,645</u>

Cost of inventory sold totaling US\$165 million and US\$355 million for the three and six months ended June 30, 2022, respectively (three and six months ended June 30, 2021: US\$170 million and US\$352 million, respectively) was recognised in cost of sales.

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

During the six months ended June 30, 2022, the Group incurred approximately US\$2.3 million on construction in progress (for the six months ended June 30, 2021: approximately US\$17.0 million) and approximately US\$14.9 million on mineral assets (for the six months ended June 30, 2021: approximately US\$40.2 million).

Depreciation of property, plant and equipment was US\$46.3 million and US\$89.3 million for the three and six months ended June 30, 2022, respectively (for the three and six months ended June 30, 2021: US\$45.8 million and US\$87.1 million, respectively). The depreciation amount was partly recognised in cost of sales, general and administrative expenses, research and development expenses and partly capitalised in inventory.

No addition of mining rights was incurred during the six months ended June 30, 2022 and 2021. Amortisation of mining rights was US\$10.6 million and US\$21.1 million for the three and six months ended June 30, 2022, respectively (for the three and months ended June 30, 2021: US\$10.4 million and US\$18.7 million, respectively). The amortisation amounts were recognised in cost of sales.

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

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	June 30, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Accounts payable	51,044	43,266
Bills payable	33,554	48,144
Construction cost payables	113,577	106,100
Mining cost accrual	6,593	2,213
Payroll and benefit payables	351	337
Other accruals	1,573	4,437
Other tax payable	6,314	5,388
Other payables	5,545	5,449
Payable for acquisition of a mining right	6,289	6,620
Total accounts and other payables and accrued expenses	<u>224,840</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:

	June 30, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Less than 30 days	15,217	20,961
31 to 90 days	16,020	11,357
91 to 180 days	3,040	2,614
Over 180 days	16,767	8,334
Total accounts payable	<u>51,044</u>	<u>43,266</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>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Less than 30 days	3,342	10,942
31 to 60 days	3,461	12,140
61 to 90 days	3,817	2,144
91 to 180 days	22,934	22,918
Total bills payable	<u>33,554</u>	<u>48,144</u>

13. BORROWINGS

	June 30, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Bank loans	614,201	672,579
Bonds	298,623	297,980
	<u>912,824</u>	<u>970,559</u>

The borrowings are repayable as follows:

	June 30, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Carrying amount repayable within one year	427,955	97,606
Carrying amount repayable within one to two years	52,150	399,412
Carrying amount repayable within two to five years	198,170	200,762
Carrying amount repayable over five years	234,549	272,779
	<u>912,824</u>	<u>970,559</u>
Less: Amounts due within one year (shown under current liabilities)	<u>(427,955)</u>	<u>(97,606)</u>
Amounts shown under non-current liabilities	<u>484,869</u>	<u>872,953</u>
Analysed as:		
Secured	424,525	594,312
Unsecured	488,299	376,247
	<u>912,824</u>	<u>970,559</u>

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

	June 30, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Mining rights	<u>802,628</u>	<u>825,995</u>

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

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>2022</u> %	December 31, <u>2021</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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Gold doré bars sales by the Group	<u>72,168</u>	<u>65,102</u>	<u>141,903</u>	<u>121,758</u>
Copper and other by-products sales by the Group	<u>208,256</u>	<u>146,492</u>	<u>431,884</u>	<u>266,831</u>
Provision of transportation services by the Group	<u>274</u>	<u>309</u>	<u>715</u>	<u>607</u>
Construction, stripping and mining services provided to the Group	<u>3,310</u>	<u>1,431</u>	<u>3,854</u>	<u>2,752</u>
Accrued rental expenses and property management fee for PRC office	<u>-</u>	<u>252</u>	<u>-</u>	<u>252</u>
Commitment fee	<u>363</u>	<u>266</u>	<u>392</u>	<u>530</u>
Interest income	<u>1,184</u>	<u>22</u>	<u>2,099</u>	<u>92</u>
Interest expenses on borrowings and entrusted loan payable	<u>-</u>	<u>268</u>	<u>-</u>	<u>735</u>
Interest expenses on lease liabilities	<u>27</u>	<u>-</u>	<u>55</u>	<u>-</u>

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

	June 30, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
<u>Assets</u>		
Amounts due from related companies	856	1,883
Cash and cash equivalents held by a CNG subsidiary	<u>278,401</u>	<u>180,049</u>
	<u>279,257</u>	<u>181,932</u>

Other than the cash and cash equivalents held in a CNG subsidiary, the remaining amounts due from CNG and its subsidiaries as at June 30, 2022 and December 31, 2021, which are included in trade, and other receivables 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>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
<u>Liabilities</u>		
Construction costs payable to CNG's subsidiaries	646	335
Trade payable to CNG's subsidiaries	840	1,138
Amount due to CNG	835	755
Contract liabilities with CNG's subsidiaries	12,550	9,538
Lease liabilities to a CNG's subsidiary	<u>2,296</u>	<u>2,361</u>
Total amounts due to CNG's subsidiaries	<u><u>17,167</u></u>	<u><u>14,127</u></u>

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Salaries and other benefits	53	121	142	263
Post-employment benefits	<u>1</u>	<u>2</u>	<u>6</u>	<u>10</u>
	<u><u>54</u></u>	<u><u>123</u></u>	<u><u>148</u></u>	<u><u>273</u></u>

16. FINANCIAL INSTRUMENTS

As at June 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\$32,542,000 (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.

16. FINANCIAL INSTRUMENTS - continued

In addition, investment in an unlisted company incorporated in the PRC of US\$871,000 (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 June 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 18 October 2021, Huatailong submitted further application to the court and requested assessment on the level of rent to be used for determining the penalty. 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.

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\$18,663,000 (equivalent to RMB125,252,000) as at June 30, 2022.

17. CONTINGENCIES - continued

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) 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 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 the 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 June 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.