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China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations Three months ended March 31, 2022 (Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2022. (Stated in U.S. dollars, except as otherwise noted)

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The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) is prepared as of May 16, 2022. It should be read in conjunction with the consolidated financial statements and notes thereto of China Gold International Resources Corp. Ltd. (referred to herein as “China Gold International”, the “Company”, “we” or “our” as the context may require) for the three months ended March 31, 2022 and the three months ended March 31, 2021, respectively. Unless the context otherwise provides, references in this MD&A to China Gold International or the Company refer to China Gold International and each of its subsidiaries collectively on a consolidated basis.

The following discussion contains certain forward-looking statements relating to the Company’s plans, objectives, expectations and intentions, which are based on the Company’s current expectations and are subject to risks, uncertainties and changes in circumstances. Readers should carefully consider all of the information set out in this MD&A, including the risks and uncertainties outlined further in the Company’s Annual Information Form (“Annual Information Form” or “AIF”) dated March 30, 2022 on SEDAR at www.sedar.com, www.chinagoldintl.com and www.hkex.com.hk. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the result of operations of the Company, please refer to the sections titled “Forward-Looking Statements” and “Risk Factors” and to discussions elsewhere within this MD&A. China Gold International’s business, financial condition or results of operations could be materially and adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

Certain statements made herein, other than statements of historical fact relating to the Company, represent forward-looking information. In some cases, this forward-looking information can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “contemplates”, “aim”, “estimate”, “intend”, “plan”, “believe”, “potential”, “continue”, “is/are likely to”, “should” or the negative of these terms, or other similar expressions intended to identify forward-looking information. This forward-looking information includes, among other things; China Gold International’s production estimates, business strategies and capital expenditure plans; the development and expansion plans and schedules for the CSH Mine and the Jiama Mine; China Gold International’s financial condition; the regulatory environment as well as the general industry outlook; general economic trends in China; and statements respecting anticipated business activities, planned expenditures, corporate strategies, participation in projects and financing, and other statements that are not historical facts.

By their nature, forward-looking information involves numerous assumptions, both general and specific, which may cause the actual results, performance or achievements of China Gold International and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Some of the key assumptions include, among others, the absence of any material change in China Gold International’s operations or in foreign exchange rates, the prevailing price of gold, copper and other non-ferrous metal products; the absence of lower-than-anticipated mineral recovery or other production problems; effective income and other tax rates and other assumptions underlying China Gold International’s financial performance as stated in the Company’s technical reports for its CSH Mine and Jiama Mine; China Gold International’s ability to obtain regulatory confirmations and approvals on a timely basis; continuing positive labor relations; the absence of any material adverse effects as a result of political instability, terrorism, natural disasters, pandemics such as COVID-19, litigation or arbitration and adverse changes in government regulation; the availability and accessibility of financing to China Gold International; and the performance by counterparties of the terms and conditions of all contracts to which China Gold International and its subsidiaries are a party. The forward-looking information is also based on the assumption that none of the risk factors identified in this MD&A or in the AIF that could cause actual results to differ materially from the forward-looking information actually occurs.

Forward-looking information contained herein as of the date of this MD&A is based on the opinions, estimates and assumptions of management. There are a number of important risks, uncertainties and other factors that could cause actual actions, events or results to differ materially from those described as forward-looking information. China Gold International disclaims any obligation to update any forward-looking information, whether as a result of new information, estimates, opinions or assumptions, future events or results, or otherwise except to the extent required by law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking information in this MD&A is expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on forward-looking information.

THE COMPANY

Overview

China Gold International is a gold and base metal mining company registered in British Columbia Canada. The Company's main business involves the operation, acquisition, development and exploration of gold and base metal properties.

The Company's principal mining operations are the Chang Shan Hao Gold Mine ("CSH Mine" or "CSH"), located in Inner Mongolia, China and the Jiama Copper-Gold Polymetallic Mine ("Jiama Mine" or "Jiama"), located in Tibet, China. China Gold International holds a 96.5% interest in the CSH Mine, while its Chinese joint venture ("CJV") partner holds the remaining 3.5% interest. The Company owns a 100% interest in the Jiama Mine, which hosts a large scale copper-gold polymetallic deposit containing copper, gold, molybdenum, silver, lead and zinc metals.

China Gold International's common shares are listed on the Toronto Stock Exchange ("TSX") and The Stock Exchange of Hong Kong Limited ("HKSE") under the symbol CGG and the stock code 2099, respectively. Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR at sedar.com as well as Hong Kong Exchange News at hkexnews.hk.

Performance Highlights

Three months ended March 31, 2022

- Revenue increased by 12% to US\$304.0 million from US\$272.1 million for the same period in 2021.
- Mine operating earnings increased by 26% to US\$105.5 million from US\$83.8 million for the same period in 2021.
- Net income of US\$71.8 million increased by 26% or US\$14.8 million from US\$57.0 million for the same period in 2021.
- Cash flow from operation decreased by 6% to US\$160.8 million from US\$170.2 million for the same period in 2021.
- Total gold production increased by 9% to 58,583 ounces from 53,521 ounces for the same period in 2021.
- Total copper production slightly decreased by 1% to 48.3 million pounds (approximately 21,923 tonnes) from 48.9 million pounds (approximately 22,191 tonnes) for the same period in 2021.

OUTLOOK

- The anticipated gold production in 2022 will be between 241,130 ounces (7.5 tonnes) and 250,775 ounces (7.8 tonnes).
- Total copper production in 2022 is estimated to be between 187 million pounds (85,000 tonnes) and 198 million pounds (90,000 tonnes).
- The Company continues to focus its efforts on optimizing the operation at both mines, stabilizing the Jiama Mine's production and potentially extending the mine life of CSH Mine.
- To fulfill its growth strategy, the Company continues to work with CNG and other interested parties to identify potential international mining acquisition opportunities.
- The Company has not experienced any significant impact on its operations from the COVID-19 pandemic. Both of the Company's mines have been able to operate and sell products without significant interruption during the three months ended March 31, 2022. The Company continues to closely monitor the health of its employees and supply chains to be able to respond to any potential disruptions, should any arise. The Company is also managing its cash reserves to be able to withstand any financial ramifications of potential disruptions.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

	Quarter ended							
	2022	2021				2020		
	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
<i>(US\$ in thousands except per share)</i>								
Revenue	304,021	312,016	248,326	304,944	272,070	265,810	240,451	209,188
Cost of sales	198,493	200,210	165,681	179,001	188,319	175,717	174,346	173,701
Mine operating earnings	105,528	111,806	82,645	125,943	83,751	90,093	66,105	35,487
General and administrative expenses	9,949	16,165	9,462	10,294	8,099	13,656	8,026	5,793
Exploration and evaluation expenses	40	358	260	59	41	174	77	165
Research and development expenses	5,885	10,347	6,619	5,051	4,424	11,019	3,251	2,264
Income from operations	89,654	84,936	66,304	110,539	71,187	65,244	54,751	27,265
Foreign exchange gain (loss)	1,673	2,071	(161)	4,944	1,728	4,806	6,366	(2,331)
Finance costs	817	8,296	8,670	9,604	9,743	9,732	10,241	11,525
Profit before income tax	83,956	81,198	57,885	108,486	64,079	63,961	51,665	17,597
Income tax expense (credit)	12,155	22,422	5,650	7,789	7,112	7,513	4,029	(926)
Net profit	71,801	58,776	52,235	100,697	56,967	56,448	47,636	18,523
Basic earnings per share (cents)	17.97	14.76	13.11	25.27	14.30	14.10	11.87	4.52
Diluted earnings per share (cents)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Selected Quarterly Production Data and Analysis

CSH Mine	Three months ended March 31,	
	2022	2021
Gold sales (US\$ million)	69.73	56.66
Realized average price (US\$) of gold per ounce	1,871	1,803
Gold produced (ounces)	37,276	30,222
Gold sold (ounces)	37,266	31,419
Total production cost (US\$ per ounce)	1,537	1,529
Cash production cost ⁽¹⁾ (US\$ per ounce)	961	1,031

(1) Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

Gold production at the CSH Mine increased by 23% to 37,276 ounces for the three months ended March 31, 2022 compared to 30,222 ounces for the same period in 2021. The total production cost of gold for the three months ended March 31, 2022 slightly increased to US\$1,537 per ounce compared to US\$1,529 for the same period in 2021. The cash production cost of gold for the three months ended March 31, 2022 decreased to US\$961 per ounce from US\$1,031 for the same period in 2021. The increase in total production cost is mainly due to higher depreciation and depletion.

Jiama Mine	Three months ended March 31,	
	2022	2021
Copper sales (US\$ in millions)	178.67	116.57
Realized average price ¹ (US\$) of copper per pound after smelting fee discount	3.72	2.21
Copper produced (tonnes)	21,923	22,191
Copper produced (pounds)	48,332,017	48,923,721
Copper sold (tonnes)	21,778	23,907
Copper sold (pounds)	48,012,990	52,705,436
Gold produced (ounces)	21,307	23,299
Gold sold (ounces)	21,104	24,941
Silver produced (ounces)	805,743	1,732,653
Silver sold (ounces)	810,367	1,899,867
Lead produced (tonnes)	-	20,822
Lead produced (pounds)	-	45,905,657
Lead sold (tonnes)	-	23,091
Lead sold (pounds)	-	50,906,530
Zinc produced (tonnes)	-	9,652
Zinc produced (pounds)	-	21,279,737
Zinc sold (tonnes)	-	10,738
Zinc sold (pounds)	-	23,672,916
Moly produced (tonnes)	212	-
Moly produced (pounds)	467,861	-
Moly sold (tonnes)	264	-
Moly sold (pounds)	583,076	-
Total production cost ² (US\$) of copper per pound	3.25	2.88
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	2.13	1.01
Cash production cost ³ (US\$) of copper per pound	2.58	2.26
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	1.46	0.39

¹ A discount factor of 12.9% to 23.8% is applied to the copper benchmark price to compensate the refinery costs incurred by the buyer. The discount factor is higher if the grade of copper in copper concentrate is below 18%. The industry standard of copper in copper concentrate is between 18-20%.

² Production costs include expenditures incurred at the mine sites for the activities related to production including mining, processing, mine site G&A and royalties etc.

³ Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

⁴ By-products credit refers to the sales of gold, silver, lead, zinc and moly during the corresponding period.

During the three months ended March 31, 2022, the Jiama Mine produced 21,923 tonnes (approximately 48.3 million pounds) of copper, a decrease of 1% compared with the three months ended March 31, 2021 (22,191 tonnes, or 48.9 million pounds).

Both total production cost of copper per pound after by-products and cash production cost of copper per pound after by-product increased as compared to the same period in 2021 due to lower head grades; and less by-products recovered of silver, lead and zinc, despite more by-product recovered from molybdenum.

Taking advantage of high metal prices in 2022, the Jiama Mine increased the utilization rate of low-grade ore with operating costs being strictly controlled. A flexible mining plan with a dynamic cut-off grade was adopted, which is responsive and tailored to the market conditions. The flexible mining plan can effectively maintain the stability of the Jiama Mine's operation results and reduce the impact and risk of metal price fluctuations to ensure sustainable growth in operation performance.

Review of Quarterly Data

Three months ended March 31, 2022 compared to three months ended March 31, 2021

Revenue of US\$304.0 million for the first quarter of 2022 increased by US\$31.9 million from US\$272.1 million for the same period in 2021.

Revenue from the CSH Mine was US\$69.7 million, an increase of US\$13.0 million from US\$56.7 million for the same period in 2021. Realized average gold price increased by 4% from US\$1,803/oz in Q1 2021 to US\$1,871/oz in Q1 2022. Gold sold by the CSH Mine was 37,266 ounces (gold produced: 37,276 ounces), compared to 31,419 ounces (gold produced: 30,222 ounces) for the same period in 2021.

Revenue from the Jiama Mine was US\$234.3 million, an increase of US\$18.9 million, compared to US\$215.4 million for the same period in 2021. Realized average price of copper increased by 68% from US\$2.21/pound in Q1 2021 to US\$3.72/pound in Q1 2022. Total copper sold was 21,778 tonnes (48.0 million pounds) for the three months ended March 31, 2022, a decrease of 9% from 23,907 tonnes (52.7 million pounds) for the same period in 2021.

Cost of sales of US\$198.5 million for the quarter ended March 31, 2022, an increase of US\$10.2 million from US\$188.3 million for the same period in 2021. Cost of sales as a percentage of revenue for the Company decreased from 69% to 65% for the three months ended March 31, 2021 and 2022, respectively. Cost of sales was impacted by many operation factors such as grade of ore, recovery rates and stripping ratio. Refer to the sections below for details of production factors for each individual mine.

Mine operating earnings of US\$105.5 million for the three months ended March 31, 2022, an increase of 26%, or US\$21.7 million, from US\$83.8 million for the same period in 2021. Mine operating earnings as a percentage of revenue increased from 31% to 35% for the three months ended March 31, 2021 and 2022, respectively.

General and administrative expenses increased by US\$1.8 million, from US\$8.1 million for the quarter ended March 31, 2021 to US\$9.9 million for the quarter ended March 31, 2022. The increase was mainly due to the settlement of prior year expenses with contractors in the recent quarter. .

Research and development expenses of US\$5.9 million for the three months ended March 31, 2022, increased from US\$4.4 million for the comparative 2021 period. The increase in the first quarter of 2022 was mainly due to the Company's research and development activities in the areas of improvement of recovery rates and optimization of processing and mining processes.

Income from operations of US\$89.7 million for the first quarter of 2022, increased by US\$18.5 million, compared to US\$71.2 million for the same period in 2021.

Finance costs of US\$8.2 million for the three months ended March 31, 2022, decreased by US\$1.5 million compared to US\$9.7 million for the same period in 2021. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange gain remained the same at US\$1.7 million for the three months ended March 31, 2022 and 2021. The gain was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of US\$0.8 million for the three months ended March 31, 2022, decreased from US\$0.9 million for the same period in 2021.

Income tax expense of US\$12.2 million for the quarter ended March 31, 2022, increased by US\$5.1 million from US\$7.1 million for the comparative period in 2021. The increase is directly related to an increase in sales. During the current quarter, the Company had US\$1.1 million of deferred tax credit compared to US\$0.4 million of deferred tax expense for the same period in 2021.

Net income of US\$71.8 million for the three months ended March 31, 2022, increased by US\$14.8 million from US\$57.0 million for the three months ended March 31, 2021.

NON-IFRS MEASURES

The cash cost of production, cash cost after by-product credits and cash cost per ounce and per pound are measures that are not in accordance with IFRS.

The Company has included these metrics to supplement its consolidated financial statements, which are presented in accordance with IFRS. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be

comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance, operating results or financial condition prepared in accordance with IFRS. The Company has included cash production cost per ounce and per pound data because it understands that certain investors use this information to determine the Company's ability to generate earnings and cash flow. The measures are not necessarily indicative of operating results, cash flow from operations, or financial condition as determined under IFRS.

The following tables provide a reconciliation of cost of sales to the cash costs of production in total dollars and in dollars per gold ounce for the CSH Mine or per copper pound for the Jiama Mine:

Cash production cost for gold is calculated as total cost of sales adjusted by depreciation and depletion and amortization of intangible assets. Cash production cost of gold per ounce is calculated as total cash production cost divided by total gold sold (ounces).

CSH Mine (Gold)

	Three months ended March 31,			
	2022		2021	
	US\$	US\$ Per ounce	US\$	US\$ Per ounce
Total Cost of sales	57,264,210	1,537	48,048,720	1,529
Adjustment – Depreciation & depletion	(21,068,499)	(565)	(15,153,167)	(482)
Adjustment – Amortization of intangible assets	(416,607)	(11)	(497,101)	(16)
Total cash production cost	35,779,104	961	32,398,452	1,031
Total Gold sold ounces		37,266		31,419
Cash production cost of gold US\$ per ounce calculated as total cash production cost divided by total gold sold ounces				

Cash Production cost for copper is calculated as production costs (total cost of sales adjusted by General and administrative expenses and Research and development expenses) adjusted by depreciation and depletion and amortization of intangible assets. Cash production cost of copper pound is calculated as total cash production cost divided by total copper sold (pounds).

Jiama Mine (Copper with by-products credits)

	Three months ended December 31,			
	2022		2021	
	US\$	US\$ Per Pound	US\$	US\$ Per Pound
Total Cost of sales	141,228,450	2.94	140,270,592	2.66
General and administrative expenses	8,986,522	0.19	7,127,969	0.14
Research and development expenses	5,884,724	0.12	4,424,050	0.08
Total production cost	156,099,696	3.25	151,822,611	2.88
Adjustment – Depreciation & depletion	(22,138,244)	(0.46)	(24,756,577)	(0.47)
Adjustment – Amortization of intangible assets	(10,072,232)	(0.21)	(7,824,765)	(0.15)
Total cash production costs	123,889,200	2.58	119,241,269	2.26
By-products credits	(53,696,299)	(1.12)	(98,545,362)	(1.87)
Total cash production costs after by-products credits	70,192,921	1.46	20,695,907	0.39
Total Copper sold pounds		48,012,990		52,705,436
Cash production cost of copper US\$ per pound calculated as total cash production cost divided by total copper sold pounds				

MINERAL PROPERTIES

The CSH Mine

The CSH Mine is located in Inner Mongolia Autonomous Region of China (Inner Mongolia). The property hosts two low-grade, near surface gold deposits, along with other mineralized prospects. The main deposit is called the Northeast Zone (the “Northeast Zone”), while the second, smaller deposit is called the Southwest Zone (the “Southwest Zone”).

The CSH Mine is owned and operated by Inner Mongolia Pacific Mining Co. Limited, a Chinese Joint Venture in which the Company holds a 96.5% interest and Ningxia Nuclear Industry Geological Exploration Institution holds the remaining 3.5%.

The CSH Mine is an open-pit mining operations with a designed mining and processing capacity of 60,000 tpd. In July 2019, CSH updated its mine plan based on a result of latest ultimate limit optimization, in which the production rate was reduced to 40,000 t/d with a life of mine (“LoM”) of seven years as of 2019. The run-of-mine ore is heap leached with cyanide solution to extract gold and electro-wonned to produce a gold dore which is sold to refiners. In June 2020, the operation of southwest pit ended.

Production Update

CSH Mine	Three months ended March 31,	
	2022	2021
Ore mined and placed on pad (tonnes)	3,586,283	3,432,864
Average ore grade (g/t)	0.61	0.42
Recoverable gold (ounces)	42,265	27,999
Ending gold in process (ounces)	166,220	158,320
Waste rock mined (tonnes)	3,552,892	10,579,578

For the quarter ended March 31, 2022, the total amount of ore placed on the leach pad was 3.6 million tonnes, with total contained gold of 42,265 ounces (1,315 kilograms). The overall accumulative project-to-date gold recovery rate has remained at approximately 55.29% at the end of March 2022 from 55.39% at the end of December 2021. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 51.95% at March 31, 2022, respectively.

Exploration

An exploration report on zones along boundary and at depth was reviewed by the Evaluation Centre for Mineral Resources and Mineral Reserves of the Ministry of Natural Resources (PRC) in November 2021 and registered in the Ministry of Natural Resources (PRC) in January 2022, providing a basis for development studies of mineral resources at depth.

Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 2021 under NI 43-101 are listed below:

Type	Quantity Mt	Au g/t	Metal	
			Au t	Au Moz
Measured	0.93	0.43	0.40	0.01
Indicated	94.62	0.62	58.52	1.88
M+I	95.55	0.62	58.92	1.89
Inferred	80.24	0.52	41.52	1.33

Note: The gold price (in USD) used to estimate the cut-off grade for the mineral resources is AU = \$1,800/oz. The estimated cut-off grade is 0.28 g/t.

Mineral Reserves Update

CSH Mine Mineral Reserves by category at December 31, 2021 under NI 43-101 are summarized below:

Type	Quantity Mt	Au g/t	Metal	
			Au t	Au Moz
Proven	0.35	0.47	0.16	0.01
Probable	42.32	0.67	28.29	0.91
Total	42.67	0.67	28.45	0.91

Note: The gold price (in USD) used to estimate the cut-off grade for the mineral reserves is AU = \$1,380/oz. The estimated cut-off grade is 0.28 g/t.

The Jiama Mine

Jiama is a large copper-gold polymetallic deposit containing copper, gold, silver, molybdenum, lead and zinc, located in the Gandise metallogenic belt in Tibet Autonomous Region of China.

The Jiama Mine has both underground mining and open-pit mining operations. Phase I of the Jiama Mine commenced operation in the latter half of 2010 and reached its design capacity of 6,000 tpd in early 2011. Phase II of the Jiama Mine commenced mining operations in 2018 with 44,000 tpd design capacity. The combined mining and processing capacity at the Jiama Mine is 50,000 tpd.

Production Update

Jiama Mine	Three months ended March 31,	
	2022	2021
Ore processed (tonnes)	4,448,618	3,968,330
Average copper ore grade (%)	0.58	0.67
Copper recovery rate (%)	85	83
Average gold grade (g/t)	0.22	0.27
Gold recovery rate (%)	68	68
Average silver grade (g/t)	8.9	21.29
Silver recovery rate (%)	63	64
Average lead grade (%)	-	1.48
Lead recovery rate (%)	-	80
Average zinc grade (%)	-	0.80
Zinc recovery rate (%)	-	69
Average Moly grade (%)	0.023	-
Moly recovery rate (%)	20.99	-

During the three months ended March 31, 2022, the metals recovery rates increased by 2% for copper, remained unchanged for Gold and decreased by 1% for silver despite the lower head grades. There was recovery of molybdenum and no production of lead and zinc during Q1 2022. The improvement is mainly due to the continued optimization of mineral processing operations including regime of reagents, and the amelioration of steady flowsheet.

Exploration

The 2021 exploration program at Jiama Mine consists of 12 drill holes for 17,418 m, focused on extremities of Jiama deposit, in which the remaining nine drill holes for 14,606 m need to be completed in 2022. By the end of Q1 2022, the grassland leasing was approved while awaiting the leasing approval of forest land to serve as temporary exploration roads. In addition, the other exploration program with eight holes for 10,222 m concentrated on the boundary of the Jiama deposit was planned early this year, giving the leasing approval of land underway. Third, to delineate one to two new target areas, a prospecting program at Bayi meadow was initiated in Q1 2022, with geological investigation of 37.31 km², soil and rock survey of 26 km² respectively, and 12 drill holes for 5,168 m, with the leasing approval of land underway.

Mineral Resources Estimate

Jiama Mine resources by category at December 31, 2021 under NI 43-101:

Jiama Project - Cu, Mo, Pb, Zn, Au, and Ag Mineral Resources under NI 43-101 Reported at a 0.3% Cu Equivalent Cut off grade*, as of December 31, 2021

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Measured	92.99	0.38	0.04	0.04	0.02	0.07	5.10	356.9	34.0	33.5	16.8	0.224	15.236
Indicated	1,330.44	0.40	0.03	0.05	0.03	0.10	5.53	5,306.6	456.0	613.1	380.0	4.315	236.515
M+I	1,423.43	0.40	0.03	0.05	0.03	0.10	5.50	5,663.5	489.0	646.6	396.8	4.539	251.752
Inferred	406.1	0.31	0.03	0.08	0.04	0.10	5.13	1,247.0	123.0	311.0	175.0	1.317	66.926

Note: Figures reported are rounded which may result in small tabulation errors.

The Copper price is US\$2.9/lbs

The Copper Equivalent basis for the reporting of resources has been compiled on the following basis:

CuEq Grade: = (Ag Grade * Ag Price + Au Grade * Au Price + Cu Grade * Cu Price + Pb Grade * Pb Price + Zn Grade * Zn Price + Mo Grade * Mo Price) / Copper Price

Mineral Reserves Estimate

Jiama Mine reserves by category at December 31, 2021 under NI 43-101:

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2021

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Proven	18.48	0.60	0.05	0.02	0.01	0.19	7.67	110.5	9.1	4.0	2.7	0.114	4.559
Probable	356.44	0.60	0.03	0.12	0.07	0.16	10.25	2,127.3	121.1	427.7	236.2	1.844	117.524
P+P	374.92	0.60	0.03	0.12	0.06	0.16	10.13	2,237.8	130.3	431.7	238.9	1.958	122.083

Notes:

1. All Mineral Reserves have been estimated in accordance with the JORC code and have been reconciled to CIM standards as prescribed by the NI 43-101.

2. Mineral Reserves were estimated using the following mining and economic factors:

Open Pits:

- 5% dilution factor and 95% recovery were applied to the mining method;
- an overall slope angles of 43 degrees;
- a copper price of US\$ 2.9/lbs;
- an overall processing recovery of 88 - 90% for copper

Underground:

- 10% dilution added to all Sub-Level Open Stopping;
- Stope recovery is 87% for Sub-Level Open Stopping;
- An overall processing recovery of 88 - 90% for copper.

3. The cut-off grade for Mineral Reserves has been estimated at copper equivalent grades of 0.3% Cu (NSR) for the open pits and 0.45% Cu (NSR) for the underground mine.

During the year ended December 31, 2019, 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 Company'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 transferring of land use right in return of a block of the buildings and twenty car parks (the "Land Exchange").

Based on the cooperation agreement, Zhongxinfang is obligated to deliver a block of the buildings and twenty car parks (the "New Premises") to the Company no later than 2021. As at March 31, 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. The construction of the New Premises is substantially completed pending for installation of plumbing, electrical wiring, interior walls and decoration. On June 21, 2021, Huatailong applied for pre-litigation preservation of the New Premises from Zhongxinfang, the Intermediate People's Court of Lhasa City, Tibet, adjudicated that the value of New Premises limited to RMB137 million (equivalent to US\$21 million), and a block of the building and twenty car parks from Zhongxinfang were frozen for three and two years, respectively (the "New Premises Pre-litigation Preservation"). On July 21, 2021, pursuant to the New Premises Pre-litigation Preservation, Huatailong proceeded a lawsuit against Zhongxinfang for the delivery of New Premises and penalty amounting to RMB5 million (equivalent to US\$773,000), and on 18 October 2021, Huatailong submitted further application to the court and requested assessment on the level of rent to be used for determining the penalty, the lawsuit is currently under processing and the result is not ascertain as at the date these consolidated financial statements are authorised for issue. Based on Company's assessment on the completion status of the New Premises, the construction of the New Premises has been substantially completed, there has been no significant market value decline of comparable properties during the current interim period and the Company has first priority of claim over the New Premises under New Premises Pre-litigation Preservation. Accordingly, no impairment loss (2020: nil) has been made on the other non-current assets as the management are of the opinion that the recoverable amount of the non-current assets is above its carrying amount of US\$19,730,000 (equivalent to RMB125,252,000) as at March 31, 2022.

In addition, during the year ended December 31, 2020, Huatailong has been subjected to tax and other surcharges (the "Tax and Other Surcharge") in relation to Land Exchange amounting to RMB60 million (equivalent to US\$8,714,000), which Huatailong expects to recover from Zhongxinfang in accordance with the cooperation agreement between Huatailong and Zhongxinfang signed in 2019. On July 8, 2020, Huatailong applied for pre-litigation preservation of assets from Zhongxinfang, the Intermediate People's Court of Lhasa City, Tibet, adjudicated that the value of certain properties limited to RMB46 million (equivalent to US\$6,609,000) of Zhongxinfang was frozen for one year (the "Pre-litigation Preservation"). Based on the first instance adjudication dated November 20, 2020 in relation to the lawsuit against Zhongxinfang for the recoverability of the Tax and Other Surcharges paid by Huatailong, which became final adjudication upon expiry of appeal application in December 2020, the litigation ruling adjudicated that Zhongxinfang shall repay the Tax and Other Surcharge of RMB46 million (equivalent to US\$6,997,000) to Huatailong (the "November Adjudication") within 30 days from the effective date of the November Adjudication (the "Due Date"). As Zhongxinfang has not settled such amount within the Due Date, Huatailong applied for an enforcement of the November Adjudication in January 2021 (the "Enforcement"). On June 24, 2021, the Intermediate People's Court of Lhasa City, Tibet, adjudicated the Enforcement is suspended as there are no executable properties from Zhongxinfang as all of the assets owned by Zhongxinfang have been sealed up or frozen. Based on legal advice, the Enforcement is currently suspended and the Company's first priority of claim over one of the assets under Pre-litigation Preservation has been extended for three years till May 24, 2024. Furthermore, in order to recover Tax and Other Surcharge from Zhongxinfang, Huatailong has applied for participation of enforcement procedures over assets sealed up together with the other plaintiffs, which the Higher People's Court of Lhasa City will start the auctions of the assets. The Company will also reapply for enforcement when there are executable properties of Zhongxinfang being made available.

Based on the best available information to the Company as of March 31, 2022, and up to the date of these condensed consolidated financial statements are authorised for issue, the Company estimated that the fair value of total assets owned by Zhongxinfang exceeded the outstanding liabilities that the courts adjudicated to Zhongxinfang's plaintiffs. In addition, the Company has first priority of claim over one of the assets under Pre-litigation Preservation, which has estimated fair value exceeding the carry amount of the other receivable related to the Tax and Other Surcharge. In the opinion of the management, expected credit loss on other receivables is insignificant based on the credit risk assessment for the three months ended March 31, 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Company operates in a capital intensive industry. The Company's liquidity requirements arise principally from the need for financing its mining and mineral processing operations, exploration activities and acquisition of exploration and mining rights. The Company's principal sources of funds have been proceeds from borrowings from commercial banks in China, corporate bonds financing, equity financings, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

At March 31, 2022, the Company had an accumulated surplus of US\$453.1 million, working capital of US\$212.8 million and borrowings of US\$975.9 million. The Company's cash balance at March 31, 2022 was US\$354.1 million.

Management believes that its forecast operating cash flows are sufficient to cover the next twelve months of the Company's operations including its planned capital expenditures and current debt repayments. The Company's borrowings are comprised of US\$300.4 million of 2.8% coupon rate unsecured bonds maturing on June 23, 2023, and US\$89.8 million of short term debt facilities with interest rates ranging from 1.20% to 4.51% per annum arranged through various banks in China. In addition, on November 3, 2015, the Company entered into a Loan Facility agreement with a syndicate of banks, led by Bank of China. The lenders agreed to lend an aggregate principle amount of RMB 3.98 billion, approximately US\$613 million with the interest rate of 2.83% per annum. The People's Bank of China Lhasa Center Branch's interest rate serves as a local benchmark for the interest on the drawdowns. The bank's interest rate is then discounted by 7 basis points (or 0.07%) to calculate the interest on the drawdowns. The loan interest rate was adjusted from benchmark interest rate minus 7 basis points to 5 year loan prime rate ("LPR") less 2% (LPR-2%) in second quarter of 2020. The interest rate of 2.65% shall be applied for the current year after converting. The proceeds from the Loan Facility are to be used for the development of the Jiama Mine. The loan is secured by the mining rights for the Jiama Mine. As of December 31, 2021 the Company has drawn down RMB3.79 billion, approximately US\$594.4 million under the Loan Facility. On April 29, 2020, the Company entered into a Loan Facility agreement with a syndicate of banks. The lenders agreed to lend an aggregate principal amount of RMB1.4 billion, approximately US\$197.8 million with the interest rate of 2.65% per annum currently, maturing on April 28, 2034. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$61.7 million, with China Development Bank bearing interest at the People's Bank of China Loan Market Quote Rate (1 year) minus 2.65% on April 30, 2020. The current interest rate of the loan is 1.2% per annum. The Company believes that the availability of debt financing in China at favorable rates will continue for the foreseeable future. The Company continues to review and assess its assets for impairment as part of its financial reporting processes. To date, the assessment carried out by the Company support the carrying values of the Company's assets and no impairment has been required. However, the management of the Company continues to evaluate key assumptions on estimates and management judgements in order to determine the recoverable amount of the CSH Mine and the Jiama Mine.

Cash flows

The following table sets out selected cash flow data from the Company's consolidated cash flow statements for the three months ended March 31, 2022 and March 31, 2021.

	Three months ended March 31,	
	2022	2021
	US\$'000	US\$'000
Net cash from operating activities	160,766	170,198
Net cash (used) in investing activities	(12,336)	(57,851)
Net cash (used in) financing activities	(470)	(31,034)
Net increase in cash and cash equivalents	147,960	81,313
Effect of foreign exchange rate changes on cash and cash equivalents	(1,994)	(868)
Cash and cash equivalents, beginning of period	208,128	243,288
Cash and cash equivalents, end of period	354,094	323,733

Operating cash flow

For the three months ended March 31, 2022, net cash inflow from operating activities was US\$160.8 million which is primarily attributable to (i) profit before income tax of US\$84.0 million (ii) depreciation of property, plant and equipment of US\$43.0 million (iii) decrease in accounts receivables of US\$14.5 million (iv) increase in accounts payables and accrued liabilities of US\$ 12.6 million (v) amortization of mining rights of US\$10.5 million and (vi) finance cost of US\$8.2 million, partially offset by (i) income taxes paid of US\$5.5 million and (ii) interest paid of US\$4.4 million.

Investing cash flow

For the three months ended March 31, 2022, the net cash outflow from investing activities was US\$12.3 million which is primarily attributable to (i) payment for acquisition of property, plant and equipment of US\$12 million and (ii) purchase of land use rights of US\$3.2 million, partially offset by release of restricted bank deposits of US\$3.2 million.

Financing cash flow

For the three months ended March 31, 2022, the net cash outflow mainly from financing activities was US\$470,000 which is primarily attributable to (i) dividend paid to a non-controlling shareholder of a subsidiary of US\$440,000 and (ii) repayments of lease liabilities of US\$30,000.

Expenditures Incurred

For the three months ended March 31, 2022, the Company incurred mining costs of US\$25.9 million, mineral processing costs of US\$44.1 million and transportation costs of US\$1.7 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at March 31, 2022, the Company's total debt was US\$975.9 million and the total equity was US\$1,815 million. The Company's gearing ratio was therefore 0.54 as at March 31, 2022 compared to 0.53 as at December 31, 2021.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLAN FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS

Other than as disclosed elsewhere in this MD&A or in the condensed consolidated financial statements for three months ended March 31, 2022, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the three months ended March 31, 2022. Other than as disclosed in this MD&A, there was no plan authorized by the Board for other material investments or additions of capital assets at the date of this MD&A.

CHARGE ON ASSETS

Other than as disclosed elsewhere in this MD&A and condensed consolidated financial statements, none of the Company's assets were pledged as at March 31, 2022.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation. However, the Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Refer to Note 35, Financial Instruments, in the annual consolidated financial statements for the year ended December 31, 2021.

COMMITMENTS

Commitments include principal payments on the Company's bank loans and syndicated loan facility, corporate bonds, and capital commitments in respect of the future acquisition of property, plant and equipment and construction for both the CSH Mine and the Jiama Mine.

The Company's capital commitments relate primarily to the payments for purchase of equipment and machinery for both mines and payments to third-party contractors for the provision of mining and exploration engineering work and mine construction work for both mines. The Company has entered into contracts that prescribe such capital commitments; however, liabilities relating to them have not yet been incurred. Refer to Note 36, Commitments, in the annual consolidated financial statements for the year ended December 31, 2021.

On June 24, 2020, the Company, through its wholly owned subsidiary Skyland Mining (BVI) Limited, issued bonds denominated in U.S. dollar, with an aggregate principal amount of US\$300 million. The Bonds were issued at a price of 99.886%, bearing a coupon of 2.8% per annum with a maturity date of June 23, 2023. Interest is payable in semi-annual installments on December 23 and June 23 of each year. The bonds are listed on HKSE and Chongwa (Macao) Financial Asset Exchange ("MOX").

The following table outlines payments for commitments for the periods indicated:

	Total	Within	Within	Over five years
	US\$'000	One year	Two to five years	Over five years
	US\$'000	US\$'000	US\$'000	US\$'000
Principal repayment of bank loans	675,492	89,789	311,742	273,961
Repayment of bonds including interest	300,388	8,270	292,118	-
Total	975,880	98,059	603,860	273,961

In addition to the table set forth above, the Company has entered into service agreements with third-party contractors such as China Railway for the provision of mining and exploration engineering work and mine construction work for the CSH Mine. The fees for such work performed and to be performed each year varies depending on the amount of work performed. The Company has similar agreements with third party contractors for the Jiama Mine.

RELATED PARTY TRANSACTIONS

China National Gold Group Co., Ltd. (formerly known as China National Gold Group Corporation) ("CNG") owned 40.01 percent of the outstanding common shares of the Company as at December 31, 2021 and March 31, 2022.

The Company had major related party transactions with the following companies related by way of shareholders or shareholder in common:

The Company's subsidiary, Inner Mongolia Pacific is a party to a non-exclusive contract for the purchase and sale of doré with CNG (the "Dore Sales Contract") pursuant to which Inner Mongolia Pacific sells gold doré bars to CNG. The pricing is based on the monthly average price of gold ingot as quoted on the Shanghai Gold Exchange and the daily average price of silver as quoted on the Shanghai Huatong Platinum & Silver Exchange prevailing at the time of each relevant purchase order during the contract period. The Dore Sales Contract has been in effect since October 24, 2008 and was renewed for a new term that commenced on January 1, 2018 and expired on December 31, 2020, which renewal was approved by the Company's shareholders on June 28, 2017. On June 16, 2020, the third Supplemental Contract for Purchase and Sale of Dore was approved by the Company's Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023.

Revenue from sales of gold doré bars to CNG was US\$69.7 million for the three months ended March 31, 2022 which increased from US\$56.7 million for the three months ended March 31, 2021.

The Company is also a party to a Product and Service Framework Agreement with CNG, pursuant to which CNG provides construction, procurement and equipment financing services to the Company and also purchases the copper concentrates produced at the Jiama Mine. The quantity of copper concentrates, pricing terms and payment terms may be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the Product and Service Framework Agreement. On June 28, 2017, the Supplemental Product and Service Framework Agreement was approved and extended to expire on December 31, 2020. On June 16, 2020, the third Supplemental Product and Service Framework Agreement was approved by the

Company's Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023. For the three months ended March 31, 2022, revenue from sales of copper concentrate and other products to CNG was US\$223.6 million compared to US\$120.3 million for the same period in 2021.

For the three months ended March 31, 2022, construction services of US\$0.5 million were provided to the Company by subsidiaries of CNG (US\$1.3 million for the three months ended March 31, 2021).

In addition to the aforementioned major related party transactions, the Company also obtains additional services from related parties in its normal course of business, including a Loan Agreement and a Deposit Services Agreement entered into on March 25, 2019, December 31, 2019, December 22, 2020 and a Financial Service Agreement on May 5, 2021 among the Company and China Gold Finance. As part of the 2021 signed agreement, approved by the Company's Shareholders at Annual General Meeting, China Gold Finance agreed to provide the Company with a range of financial services including (a) Deposit Services, (b) Lending Services, (c) Settlement Services and (d) Other Financial Services effective until December 31, 2023.

Refer to Note 15 of the condensed consolidated financial statements for the three months ended March 31, 2022.

PROPOSED TRANSACTIONS

The Board of Directors has given the Company approval to conduct reviews of a number of projects that may qualify as acquisition targets through joint venture, merger and/or outright acquisitions. The Company did not have any material acquisition and disposal of subsidiaries and associated companies for the three months ended March 31, 2022. The Company continues to review possible acquisition targets.

CRITICAL ACCOUNTING ESTIMATES

In the process of applying the Company's accounting policies, the Directors of the Company have identified accounting judgments and key sources of estimation uncertainty that have a significant effect on the amounts recognized in the audited annual consolidated financial statements.

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are described in Note 4 of the audited annual consolidated financial statements for the year ended December 31, 2021.

CHANGE IN ACCOUNTING POLICIES

A summary of new and revised IFRS standards and interpretations are outlined in Note 2 of the audited annual consolidated financial statements as at December 31, 2021.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are equity securities, accounts receivables, accounts payables, cash and loans. The financial instruments are recorded at either fair values or amortized amount on the balance sheet. The Company did not have any financial derivatives or outstanding hedging contracts as at March 31, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2022, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company does not currently have a fixed dividend policy. The Board of Directors will determine any future dividend policy on the basis of, among other things, the results of operations, cash flows and financial conditions, operating and capital requirements, the rules promulgated by the regulators affecting dividends in both Canada and Hong Kong, China and at both the TSX and HKSE, and the amount of distributable profits and other relevant factors.

Subject to the British Columbia Business Corporations Act, the Directors may from time to time declare and authorize payment of such dividends as they may deem advisable, including the amount thereof and the time and method of payment provided that the record date for the purpose of determining shareholders entitled to receive payment of the dividend must not precede the date on which the dividend is to be paid by more than two months.

A dividend may be paid wholly or partly by the distribution of cash, specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways. No dividend may be declared or paid in money or assets if there are reasonable grounds for believing that the Company is insolvent or the payment of the dividend would render the Company insolvent.

In connection with the Company's financial results for the year ended 31 December 2021, the Company is pleased to announce the declaration of a special dividend of US\$0.25 per common share payable on June 15, 2022 to shareholders of record as of April 20, 2022. This dividend qualifies as an "eligible dividend" for Canadian income tax purposes while dividends paid to shareholders outside Canada (non-resident investors) will be subject to Canadian non-resident withholding taxes. If you are a non-resident taxpayer resident in a country or area that Canada has a tax treaty with, you may be eligible to receive the reduced rate of tax for the dividend you will be receiving. Please review the NR301 form to check if you are eligible and if so, submit the aforementioned form to ensure the benefit from the tax treaty is applied to you.

The Board of Directors will determine any future dividends and dividend policy on the basis of earnings, financial requirements and other relevant factors.

OUTSTANDING SHARES

As of March 31, 2022 the Company had 396,413,753 common shares issued and outstanding.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the Company's DC&P and ICFR as of March 31, 2022 and, in accordance with the requirements established under Canadian National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of March 31, 2022, and provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company's Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the Company's ICFR as of March 31, 2022 and have concluded that these controls and procedures were effective as of March 31, 2022 and provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means design of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected. During the three months ended March 31, 2022, there were no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISK FACTORS

There are certain risks involved in the Company's operations, some of which are beyond the Company's control. Aside from risks relating to business and industry, the Company's principal operations are located within the People's Republic of China and are governed by a legal and regulatory environment that in some respects differs from that which prevails in other countries. Readers of this MD&A should give careful consideration to the information included in this document and the Company's audited annual consolidated financial statements and related notes. Significant risk factors for the Company are metal prices, government regulations, foreign operations, environmental compliance, the ability to obtain additional financing, risk relating to recent acquisitions, dependence on management, title to the Company's mineral properties, natural disasters, pandemics such as COVID-19 and litigation. China Gold International's business, financial condition or results of operations could be materially and adversely affected by any of these risks. For details of risk factors, please refer to the Company's annual audited consolidated financial statements, and Annual Information Form filed from time to time on SEDAR at www.sedar.com and www.hkex.com.hk.

QUALIFIED PERSON

Disclosure of scientific or technical information in this MD&A was reviewed and approved by Mr. Zhongxin Guo, P.Eng., the Company's Chief Engineer and a Qualified Person ("QP") for the purposes of NI 43-101.

May 16, 2022