

CHINA GOLD INTERNATIONAL RESOURCES
CORP. LTD.

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three months ended March 31, 2022

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022

	<u>NOTES</u>	Three months ended March 31,	
		<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)
Revenues	3	304,021	272,070
Cost of sales		(198,493)	(188,319)
Mine operating earnings		<u>105,528</u>	<u>83,751</u>
Expenses			
General and administrative expenses	4	(9,949)	(8,099)
Exploration and evaluation expenditure		(40)	(41)
Research and development expenses		(5,885)	(4,424)
		<u>(15,874)</u>	<u>(12,564)</u>
Income from operations		<u>89,654</u>	<u>71,187</u>
Other income (expenses)			
Foreign exchange gain, net		1,673	1,728
Interest and other income		817	907
Finance costs	5	(8,188)	(9,743)
		<u>(5,698)</u>	<u>(7,108)</u>
Profit before income tax		83,956	64,079
Income tax expenses	6	(12,155)	(7,112)
Profit for the period		<u>71,801</u>	<u>56,967</u>
Other comprehensive income (expense) for the period			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain (loss) on equity instruments at fair value through other comprehensive income		7,466	(234)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		2,342	(3,911)
Other comprehensive income (expense) for the period		<u>9,808</u>	<u>(4,145)</u>
Total comprehensive income for the period		<u><u>81,609</u></u>	<u><u>52,822</u></u>

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		Three months ended March 31,	
	<u>NOTES</u>	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)
Profit for the period attributable to Non-controlling interests Owners of the Company		573 71,228 <u>71,801</u>	272 56,695 <u>56,967</u>
Total comprehensive income for the period attributable to Non-controlling interests Owners of the Company		571 81,038 <u>81,609</u>	276 52,546 <u>52,822</u>
Earnings per share - Basic (US cents)	8	<u>17.97</u>	<u>14.30</u>
Weighted average number of common shares - Basic	8	<u>396,413,753</u>	<u>396,413,753</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2022

	<u>NOTES</u>	March 31, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		354,094	208,128
Restricted bank balance		4,551	6,403
Trade and other receivables	9	11,828	25,912
Prepaid expenses and deposits		1,242	1,337
Inventories	10	300,128	299,645
		<u>671,843</u>	<u>541,425</u>
Non-current assets			
Prepaid expenses and deposits		1,111	1,175
Right-of-use assets		28,333	25,549
Equity instruments at fair value through other comprehensive income	16	36,408	28,958
Property, plant and equipment	11	1,776,306	1,803,982
Mining rights	11	821,375	831,556
Deferred tax assets		4,144	4,753
Other non-current assets		19,730	19,645
		<u>2,687,407</u>	<u>2,715,618</u>
Total assets		<u><u>3,359,250</u></u>	<u><u>3,257,043</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	12	230,303	221,954
Contract liabilities		9,999	10,265
Dividends payables	7	99,103	-
Borrowings	13	98,059	97,606
Tax liabilities		21,073	13,317
Lease liabilities		544	533
		<u>459,081</u>	<u>343,675</u>
Net current assets		<u>212,762</u>	<u>197,750</u>
Total assets less current liabilities		<u>2,900,169</u>	<u>2,913,368</u>
Non-current liabilities			
Borrowings	13	877,821	872,953
Lease liabilities		2,181	2,178
Deferred tax liabilities		116,860	118,591
Deferred income		951	1,142
Environmental rehabilitation		86,898	85,112
		<u>1,084,711</u>	<u>1,079,976</u>
Total liabilities		<u><u>1,543,792</u></u>	<u><u>1,423,651</u></u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	March 31, <u>2022</u> US\$'000 (unaudited)	December 31, <u>2021</u> US\$'000 (audited)
Owners' equity			
Share capital	14	1,229,061	1,229,061
Reserves		115,717	104,691
Retained profits		453,079	482,170
		<u>1,797,857</u>	<u>1,815,922</u>
Non-controlling interests		17,601	17,470
Total owners' equity		<u>1,815,458</u>	<u>1,833,392</u>
Total liabilities and owners' equity		<u><u>3,359,250</u></u>	<u><u>3,257,043</u></u>

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 16, 2022 and are signed on its behalf by:

(Signed by) Liangyou Jiang

Liangyou Jiang
Director

(Signed by) Yingbin Ian He

Yingbin Ian He
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022

	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	-	-	-	-	-	-	56,695	56,695	272	56,967
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	(234)	-	-	-	(234)	-	(234)
Exchange difference arising on translation	-	-	-	-	(3,915)	-	-	(3,915)	4	(3,911)
Total comprehensive (expense) income for the period	-	-	-	(234)	(3,915)	-	56,695	52,546	276	52,822
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,137	(1,137)	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(47,570)	(47,570)	-	(47,570)
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(792)	(792)
At March 31, 2021 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>(229)</u>	<u>3,445</u>	<u>36,511</u>	<u>303,531</u>	<u>1,583,498</u>	<u>16,431</u>	<u>1,599,929</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	-	-	-	-	-	-	71,228	71,228	573	71,801
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	7,466	-	-	-	7,466	-	7,466
Exchange difference arising on translation	-	-	-	-	2,344	-	-	2,344	(2)	2,342
Total comprehensive income (expense) for the period	-	-	-	7,466	2,344	-	71,228	81,038	571	81,609
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,216	(1,216)	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(99,103)	(99,103)	-	(99,103)
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(440)	(440)
At March 31, 2022 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>15,497</u>	<u>19,287</u>	<u>69,754</u>	<u>453,079</u>	<u>1,797,857</u>	<u>17,601</u>	<u>1,815,458</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Three months ended March 31,	
	<u>2022</u> US\$'000 (unaudited)	<u>2021</u> US\$'000 (unaudited)
Net cash from operating activities	<u>160,766</u>	<u>170,198</u>
Investing activities		
Interest income received	980	310
Payment for acquisition of property, plant and equipment	(12,007)	(57,020)
Payment for land use right	(3,188)	-
Placement of restricted bank deposits	(1,296)	(3,084)
Release of restricted bank deposits	3,175	1,943
Net cash used in investing activities	<u>(12,336)</u>	<u>(57,851)</u>
Financing activities		
Repayment of entrusted loan	-	(30,592)
Dividend paid to a non-controlling shareholder of a subsidiary	(440)	(413)
Repayments of lease liabilities	(30)	(29)
Cash used in financing activities	<u>(470)</u>	<u>(31,034)</u>
Net increase in cash and cash equivalents	147,960	81,313
Cash and cash equivalents, beginning of period	208,128	243,288
Effect of foreign exchange rate changes on cash and cash equivalents	(1,994)	(868)
Cash and cash equivalents, end of period	<u>354,094</u>	<u>323,733</u>
Cash and cash equivalents are comprised of		
Cash and bank deposits	<u>354,094</u>	<u>323,733</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

1. GENERAL AND BASIS OF PREPARATION

China Gold International Resources Corp. Ltd., (the "Company") is a publicly listed company incorporated in British Columbia, Canada on May 31, 2000 with limited liability under the legislation of the Province of British Columbia and its shares are listed on the Toronto Stock Exchange and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company together with its subsidiaries (collectively referred to as the "Group") is principally engaged in the acquisition, exploration, development and mining of mineral resources in the People's Republic of China (the "PRC"). The Group considers that China National Gold Group Co., Ltd. ("CNG"), a state owned company registered in Beijing, the PRC which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"), which should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended March 31, 2022 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021.

In the current interim period, the Group has applied the following amendments to International Financial Reporting Standards ("IFRSs") issued by IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 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 effect on the amounts reported and/or disclosures in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

The following is an analysis of the Group's revenue from its major products and services:

	Three months ended March 31,	
	<u>2022</u> US\$'000	<u>2021</u> US\$'000
<u>At a point in time</u>		
Gold doré bars	69,735	56,656
Copper	178,669	116,572
Other by-products	55,617	98,842
Total revenue	<u>304,021</u>	<u>272,070</u>

(ii) Performance obligations for contracts with customers

The Group sells gold doré bars, copper and other by-products directly to customers. Revenue is recognised at a point in time when control of the gold doré bars, copper and other by-products is passed to customers, i.e. when the products are delivered and titles have passed to customers. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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

Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker ("CODM") to allocate resources to the segments and to assess their performance.

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the executive directors of the Company. The CODM has identified two operating and reportable segments as follows:

- (i) The mine-produced gold segment - the production of gold doré bars through the Group's integrated processes, i.e., mining, metallurgical processing, production and selling of gold doré bars to external clients.
- (ii) The mine-produced copper concentrate segment - the production of copper concentrate including other by-products through the Group's integrated processes, i.e., mining, metallurgical processing, production and selling copper concentrate including other by-products to external clients.

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3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

Information regarding the above segments is reported below:

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the three months ended March 31, 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	69,735	234,286	304,021	-	304,021
Cost of sales	(57,264)	(141,229)	(198,493)	-	(198,493)
Mining operating earnings	12,471	93,057	105,528	-	105,528
Income (loss) from operations	12,431	78,186	90,617	(963)	89,654
Foreign exchange gain (loss), net	758	936	1,694	(21)	1,673
Interest and other income	280	567	847	(30)	817
Finance costs	(445)	(5,331)	(5,776)	(2,412)	(8,188)
Profit (loss) before income tax	13,024	74,358	87,382	(3,426)	83,956

For the three months ended March 31, 2021

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue - external and segment revenue	56,656	215,414	272,070	-	272,070
Cost of sales	(48,048)	(140,271)	(188,319)	-	(188,319)
Mining operating earnings	8,608	75,143	83,751	-	83,751
Income (loss) from operations	8,567	63,592	72,159	(972)	71,187
Foreign exchange (loss) gain, net	(1,231)	2,905	1,674	54	1,728
Interest and other income	84	820	904	3	907
Finance costs	(992)	(6,338)	(7,330)	(2,413)	(9,743)
Profit (loss) before income tax	6,428	60,979	67,407	(3,328)	64,079

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit (loss) before income tax without allocation of certain general and administrative expenses, foreign exchange gain (loss), interest and other income and finance costs, attributable to the respective segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There are no inter-segment sales for the three months ended March 31, 2022 and 2021.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(b) Segment assets and liabilities

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

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
As of March 31, 2022					
Total assets	637,211	2,685,128	3,322,339	36,911	3,359,250
Total liabilities	71,416	1,070,984	1,142,400	401,392	1,543,792
As of December 31, 2021					
Total assets	639,013	2,584,877	3,223,890	33,153	3,257,043
Total liabilities	84,130	1,036,957	1,121,087	302,564	1,423,651

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

- all assets are allocated to operating segments other than certain cash and cash equivalents, other receivables, prepaid expenses and deposits, right-of-use assets, property, plant and equipment and equity instruments at FVTOCI; and
- all liabilities are allocated to operating segments other than other payables and accrued expenses, lease liabilities, deferred income and certain borrowings.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Administration and office	1,936	1,132
Depreciation of property, plant and equipment	1,675	1,150
Depreciation of right-of-use assets	27	27
Professional fees	735	315
Salaries and benefits	3,310	2,808
Others	2,266	2,667
Total general and administrative expenses	<u>9,949</u>	<u>8,099</u>

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5. FINANCE COSTS

	Three months ended March 31,	
	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000
Interests on borrowings	6,798	8,508
Interests on lease liabilities	32	6
Accretion on environmental rehabilitation	1,416	1,415
	<u>8,246</u>	<u>9,929</u>
Less: Amounts capitalized to property, plant and equipment	(58)	(186)
Total finance costs	<u>8,188</u>	<u>9,743</u>

6. INCOME TAX EXPENSES

	Three months ended March 31,	
	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000
PRC Enterprise Income Tax ("EIT")	13,263	6,693
Deferred tax (credit) expenses	(1,108)	419
Total income tax expenses	<u>12,155</u>	<u>7,112</u>

7. DIVIDEND

During the three months ended March 31, 2022, a special dividend in respect of the year ended December 31, 2021 of US\$0.25 (for the three months ended March 31, 2021: US\$0.12) per share amounting to US\$99,103,000 (2021: US\$47,570,000) was declared to the shareholders of the Company.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

8. EARNINGS PER SHARE

Profit used in determining earnings per share are presented below:

	Three months ended March 31,	
	<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>71,228</u>	<u>56,695</u>
Weighted average number of common shares, basic	<u>396,413,753</u>	<u>396,413,753</u>
Basic earnings per share (US cents)	<u>17.97</u>	<u>14.30</u>

The Group has no outstanding potential dilutive instruments issued as at March 31, 2022 and 2021 and during the periods ended March 31, 2022 and 2021. Therefore, no diluted earnings per share is presented.

9. TRADE AND OTHER RECEIVABLES

	March 31, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Trade receivables	1,601	1,311
Less: allowance for credit losses	<u>(164)</u>	<u>(163)</u>
	1,437	1,148
Amounts due from related companies (note 15(a)) ⁽¹⁾	1,195	1,883
Other receivables ⁽²⁾	<u>9,196</u>	<u>22,881</u>
Total trade and other receivables	<u>11,828</u>	<u>25,912</u>

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

⁽²⁾ Included in the balance as at March 31, 2022 are value-added tax recoverable of approximately US\$154,000 (December 31, 2021: US\$12,980,000) and tax and other surcharges of approximately US\$7,192,000 (December 31, 2021: US\$7,161,000) to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang") as set out in notes 17, the lawsuit related to settlement of the tax reimbursement from Zhongxinfang is still in process but the Group assessed that there is no impairment of the receivable amount.

The Group allows an average credit period of 30 days and 180 days to its trade customers including CNG for gold doře bar sales and copper concentrate trade business, respectively.

9. TRADE AND OTHER RECEIVABLES - continued

Below is an aged analysis of trade receivables (net of allowance for credit losses) presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period.

	March 31, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Less than 30 days	313	372
31 to 90 days	933	605
91 to 180 days	51	2
Over 180 days	140	169
Total trade receivables	<u>1,437</u>	<u>1,148</u>

10. INVENTORIES

	March 31, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Gold in process	229,216	229,049
Gold doré bars	23,648	24,263
Consumables	17,416	18,086
Copper concentrates	4,330	3,599
Spare parts	25,518	24,648
Total inventories	<u>300,128</u>	<u>299,645</u>

Cost of inventories sold totalling US\$189 million for the three months ended March 31, 2022 (three months ended March 31, 2021: US\$181 million) was recognized in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT/MINING RIGHTS

During the three months ended March 31, 2022, the Group incurred US\$0.6 million on construction in progress (for the three months ended March 31, 2021: US\$8.8 million) and US\$5.7 million on mineral assets (for the three months ended March 31, 2021: US\$19.3 million), respectively.

Depreciation of property, plant and equipment was US\$43.0 million for the three months ended March 31, 2022 (for the three months ended March 31, 2021: US\$41.3 million). The depreciation amount were partly recognized in cost of sales and general and administrative expenses and partly capitalized in inventory.

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11. PROPERTY, PLANT AND EQUIPMENT/MINING RIGHTS - continued

No addition of mining rights was incurred during the three months ended March 31, 2022 and 2021. Amortisation of mining rights was US\$10.5 million for the three months ended March 31, 2022 (for the three months ended March 31, 2021: US\$8.3 million). The amortisation amounts were recognised in cost of sales.

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	March 31, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Accounts payable	58,456	43,266
Bills payable	42,650	48,144
Construction cost payables	102,839	106,100
Mining cost accrual	7,143	2,213
Payroll and benefit payables	262	337
Other accruals	1,802	4,437
Other tax payable	4,667	5,388
Other payables	5,836	5,449
Payable for acquisition of a mining right	6,648	6,620
Total accounts and other payables and accrued expenses	<u>230,303</u>	<u>221,954</u>

13. BORROWINGS

	March 31, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Bank loans	675,491	672,579
Bonds	300,389	297,980
	<u>975,880</u>	<u>970,559</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

13. BORROWINGS - continued

The borrowings are repayable as follows:

	March 31, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Carrying amount repayable within one year	98,059	97,606
Carrying amount repayable within one to two years	402,228	399,412
Carrying amount repayable within two to five years	201,632	200,762
Carrying amount repayable over five years	273,961	272,779
	<u>975,880</u>	<u>970,559</u>
Less: Amounts due within one year (shown under current liabilities)	<u>(98,059)</u>	<u>(97,606)</u>
Amounts shown under non-current liabilities	<u>877,821</u>	<u>872,953</u>

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

	March 31, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
Mining rights	<u>464,566</u>	<u>825,995</u>

Borrowings carry interest at effective interest rates ranging from 1.2% to 4.51% (December 31, 2021: 1.2% to 3.4%) per annum.

14. SHARE CAPITAL

Common shares

(i) Authorized - Unlimited common shares without par value

(ii) Issued and outstanding

	<u>Number of shares</u>	<u>Amount US\$'000</u>
Issued and fully paid: At January 1, 2021, December 31, 2021 and March 31, 2022	<u>396,413,753</u>	<u>1,229,061</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. CNG, a state owned company registered in Beijing, PRC, which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

The management believes that information relating to related party transactions have been adequately disclosed in accordance with the requirements of IAS 24 "Related party disclosures".

In addition to the related party transactions and balances shown elsewhere in these condensed consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties for the three months ended March 31, 2022 and 2021, and related party balances as at March 31, 2022 and December 31, 2021.

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

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

	March 31, <u>2022</u> %	December 31, <u>2021</u> %
CNG	<u>40.01</u>	<u>40.01</u>

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended March 31,	
	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Gold doré bars sales by the Group	<u>69,735</u>	<u>56,656</u>
Copper and other by-product sales by the Group	<u>223,628</u>	<u>120,339</u>
Provision of transportation services by the Group	<u>441</u>	<u>298</u>
Construction, stripping and mining services provided to the Group	<u>544</u>	<u>1,321</u>
Commitment fee	<u>29</u>	<u>264</u>
Interest income	<u>915</u>	<u>70</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

	Three months ended March 31,	
	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Interest expense on borrowings and entrusted loan payable	-	467
Interest expense on lease liabilities	28	-

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

	March 31, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
<u>Assets</u>		
Amounts due from related companies (Note 9)	1,195	1,883
Cash and cash equivalents held in a CNG's subsidiary	324,501	180,049
Total amounts due from CNG and its subsidiaries	<u>325,696</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 March 31 2022 and December 31, 2021, which are included in trade and other receivables is non-interest bearing, unsecured and recoverable on demand.

	March 31, <u>2022</u> US\$'000	December 31, <u>2021</u> US\$'000
<u>Liabilities</u>		
Construction costs payable to CNG's subsidiaries	759	335
Trade payable to CNG subsidiaries	643	1,138
Amounts due to CNG	229	755
Contract liabilities with a CNG's subsidiary	9,282	9,538
Leased liabilities to CNG's subsidiaries	2,399	2,361
	<u>13,312</u>	<u>14,127</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

(b) Compensation of key management personnel

The Group has the following compensation to key management personnel during the period:

	Three months ended	
	March 31,	
	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000
Salaries and other benefits	89	142
Post-employment benefits	5	8
	<u>94</u>	<u>150</u>

16. FINANCIAL INSTRUMENTS

As at March 31, 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\$35,488,000 (December 31, 2021: US\$28,042,000) is measured based on the unadjusted quoted price available on the Stock Exchange (Level 1 fair value measurement). The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals registered in Hong Kong, PRC.

In addition, investment in an unlisted company incorporated in the PRC of US\$920,000 (December 31, 2021: US\$916,000) are measured at fair value based on Level 3 inputs.

17. CONTINGENCIES

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"), 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").

17. CONTINGENCIES - continued

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. 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, the lawsuit 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\$19,730,000 (equivalent to RMB125,252,000) as at March 31, 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. Furthermore, in order to recover Tax and Other Surcharge from Zhongxinfang, Huatailong has applied for participation of enforcement procedures over certain asset sealed up together with the other plaintiffs, which the Higher People's Court of Lhasa City has completed the auctions of the asset. The Group will also reapply for enforcement when there are executable properties of Zhongxinfang being made available, as such that the result 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 as of March 31, 2022 and up to the date these condensed consolidated financial statements are authorised for issue, the Group estimated that the fair value of total assets owned by Zhongxinfang exceeded the outstanding liabilities that the courts adjudicated to Zhongxinfang's plaintiffs.

In the opinion of the directors of the Company, ECL on other receivables is insignificant based on the credit risk assessment for the three months end March 31, 2022, taking into account the Group has first priority of claim over one of the assets under Pre-Litigation Preservation, which has estimated fair value exceeding the carry amount of the other receivable related to the Tax and Other Surcharge.

18. EVENTS AFTER THE REPORTING PERIOD

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