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China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations Three and nine months ended September 30, 2023 (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 and nine months ended September 30, 2023. (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 November 14, 2023. 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 and nine months ended September 30, 2023 and the three and nine months ended September 30, 2022, 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, 2023 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 September 30, 2023

- Revenue decreased by 76% to US\$62.3 million from US\$255.0 million for the same period in 2022.
- Mine operating loss of US\$14.3 million, decreased by US\$90.0 million from mine operating earnings of US\$75.7 million for the same period in 2022.
- Net loss of US\$30.8 million decreased by US\$54.2 million from net income of US\$23.4 million for the same period in 2022.
- Cash flow used in operation of US\$31.7 million, decreased by US\$121.5 million from cash flow from operation of US\$89.8 million for the same period in 2022.
- Total gold production decreased by 40% to 33,110 ounces from 54,734 ounces for the same period in 2022.
- Total copper production was nil as all production was halted at the Jiama mine during Q3 2023. Copper production was 46.9 million pounds (approximately 21,254 tonnes) for the same period in 2022.

Nine months ended September 30, 2023

- Revenue decreased by 54% to US\$388.1 million from US\$851.0 million for the same period in 2022.
- Mine operating earnings decreased by 72% to US\$82.3 million from US\$298.9 million for the same period in 2022.
- Net loss of US\$5.5 million decreased by US\$182.4 million from net income of US\$176.9 million for the same period in 2022.
- Cash flow from operation decreased by 94% to US\$22.5 million from US\$358.2 million for the same period in 2022.
- Total gold production decreased by 32% to 122,463 ounces from 178,844 ounces for the same period in 2022.
- Total copper production decreased by 69% to 44.0 million pounds (approximately 19,967 tonnes) from 142.3 million pounds (approximately 64,532 tonnes) for the same period in 2022.

The decrease in production and profit was mainly attributed to the suspension of operations of the Jiama Mine since March 27, 2023 due to the overflow at the Guolanggou tailings pond. As a result of the suspension, the Company did not record any product sales from the Jiama Mine during Q2 & Q3 2023, with the exception of a minor amount of molybdenum.

OUTLOOK

On March 27, 2023, an overflow occurred at the Guolanggou Tailings Dam at Jiama Mine (the "overflow"). The Company quickly contained and repaired the breach to ensure no damage to the environment or neighbouring communities. Subsequent to the overflow, Jiama Mine has suspended its operations while the Company takes the opportunity to conduct a comprehensive safety assessment of and repair work on its tailings dam with the assistance and supervision of government safety authorities. The Company does not have an exact timeline for the re-start of production.

The overflow occurred at the top 19th subsequent dyke of the Guolangou Tailings Dam. However, other levels of subsequent dykes and the starter dyke were also damaged to varying degrees. The Company is conducting a comprehensive inspection and assessment of all 19 levels of subsequent dykes and the starter dyke of the tailings dam and is making permanent repairs and reinforcements of the dam. As at the date of this MD&A the repair and reinforcement work at the Guolangou tailing dam have been fully completed, and the mine is ready to resume production upon receipt of the government's review and acceptance. The Company has prepared several plans for the resumption of production, including using the tailings as underground mine backfilling and discharging the tailings into the tailings pond in line with the original design production capacity. At present, the plan for underground backfilling has been submitted to the Lhasa Municipal Emergency Management Bureau and is currently in the process of review and approval. Alternative tailings disposal plans are under the government's review for compliance with relevant standards before implementation. The construction of the Phase III tailing dam at the Jiama Mine is on schedule. Due to the uncertainty of the date of resumption of production at Jiama Mine, the Company has withdrawn its annual production guidance for 2023 as set out in the announcement of the Company dated January 20, 2023.

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With increased pit's depth, the stability of the open pit slopes is becoming more and more prominent in determining the operations plan. Ensuring slope stability and avoiding systematic risks at this stage are the Company's top priority to ensure safe and sustainable production. The CSH Gold Mine plans to reduce the mining rate at the end of the third quarter and in the fourth quarter in order to enhance the management and maintenance of slopes. Ore stripping, as well as heap leach and processing plant processes, will continue to operate as usual during the mining volume adjustment period.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

(US\$ in thousands except per share)	Quarter ended							
	2023			2022				2021
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sept	30-Jun	31-Mar	31-Dec
Revenue	62,325	73,016	252,778	253,904	255,030	291,994	304,021	312,016
Cost of sales	76,616	79,166	150,068	157,271	179,322	174,304	198,493	200,210
Mine operating (loss) earnings	(14,291)	(6,150)	102,710	96,633	75,708	117,690	105,528	111,806
General and administrative expenses	11,399	7,896	9,584	18,390	16,215	8,296	9,949	16,165
Exploration and evaluation expenses	271	45	35	102	81	256	40	358
Research and development expenses	1,756	1,442	4,642	6,659	7,357	5,470	5,885	10,347
(Loss) Income from operations	(27,717)	(15,533)	88,449	71,482	52,055	103,668	89,654	84,936
Foreign exchange (loss) gain	1,092	(11,679)	3,310	6,007	(16,085)	(11,542)	1,673	2,071
Finance costs	5,737	6,880	6,706	7,103	7,504	7,943	8,188	8,296
(Loss) profit before income tax	(32,440)	(52,907)	87,152	70,603	30,607	90,098	83,956	81,198
Income tax (credit) expense	(1,662)	432	8,493	22,083	7,251	8,374	12,155	22,422
(Loss) net profit	(30,778)	(53,339)	78,659	48,520	23,356	81,724	71,801	58,776
Basic (loss) earnings per share (cents)	(7.99)	(13.55)	19.62	11.90	5.84	20.48	17.97	14.76
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 September 30,		Nine months ended September 30	
	2023	2022	2023	2022
Gold sales (US\$ million)	65.00	61.04	202.75	202.94
Realized average price (US\$) of gold per ounce	1,974	1,729	1,948	1,825
Gold produced (ounces)	33,110	34,146	104,470	110,030
Gold sold (ounces)	32,923	35,303	104,102	111,205
Total production cost (US\$ per ounce)	1,436	1,402	1,375	1,461
Cash production cost ⁽¹⁾ (US\$ per ounce)	988	809	869	856

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

Gold production at the CSH Mine decreased by 3% to 33,110 ounces for the three months ended September 30, 2023 compared to 34,146 ounces for the same period in 2022 due to lower grades of ore. The total production cost of gold for the three months ended September 30, 2023 increased by 2% to US\$1,436 per ounce compared to US\$1,402 for the same period in 2022. The increase in total production cost was due to the increase of waste ore mined as compared to Q3 2022. The cash production cost of gold for the three months ended September 30, 2023 increased by 22% to US\$988 per ounce from US\$809 for the same period in 2022. The increase in cash production cost is mainly due to higher stripping ratio and waste ore mined in order to ensure the stability of the open pit slope in Q3 2023.

Jiama Mine	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Copper sales (US\$ in millions)	-	148.28	134.40	486.06
Realized average price ¹ (US\$) of copper per pound after smelting fee discount	-	3.03	3.28	3.40
Copper produced (tonnes)	-	21,254	19,967	64,532
Copper produced (pounds)	-	46,856,740	44,019,703	142,269,604
Copper sold (tonnes)	-	23,124	18,605	64,762
Copper sold (pounds)	-	50,979,084	41,015,970	142,774,796
Gold produced (ounces)	-	20,588	17,993	68,814
Gold sold (ounces)	-	23,085	17,764	68,559
Silver produced (ounces)	-	716,226	754,424	2,412,857
Silver sold (ounces)	-	763,457	722,867	2,398,615
Lead produced (tonnes)	-	-	-	-
Lead produced (pounds)	-	-	-	-
Lead sold (tonnes)	-	-	-	-
Lead sold (pounds)	-	-	-	-
Zinc produced (tonnes)	-	-	-	-
Zinc produced (pounds)	-	-	-	-
Zinc sold (tonnes)	-	-	-	-
Zinc sold (pounds)	-	-	-	-
Moly produced (tonnes)	-	210	231	675
Moly produced (pounds)	-	461,956	509,327	1,488,359
Moly sold (tonnes)	-	124	247	598
Moly sold (pounds)	-	272,654	543,509	1,319,207
Total production cost ² (US\$) of copper per pound	-	2.99	4.79	3.08
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	-	2.12	3.57	1.98
Cash production cost ⁴ (US\$) per pound of copper	-	2.37	3.43	2.41
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	-	1.50	2.21	1.31

¹ A discount factor of 13.5% to 24.4% is applied to the copper benchmark price to compensate the refinery costs incurred by the buyers. 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 and silver during the corresponding period.

Due to the overflow of the tailings dam on March 27, 2023, production at the Jiama Mine was suspended during Q3 2023.

Review of Quarterly Data

Three months ended September 30, 2023 compared to three months ended September 30, 2022

Revenue of US\$62.3 million for the third quarter of 2023, decreased by US\$192.7 million from US\$255.0 million for the same period in 2022.

Revenue from the CSH Mine was US\$65.0 million, an increase of US\$4.0 million from US\$61.0 million for the same period in 2022. Realized average gold price increased by 14% from US\$1,729/oz in Q3 2022 to US\$1,974/oz in Q3 2023. Gold sold by the CSH Mine was 32,923 ounces (gold produced: 33,110 ounces), compared to 35,303 ounces (gold produced: 34,146 ounces) for the same period in 2022.

Revenue from the Jiama Mine was negative US\$2.7 million, a decrease of US\$196.7 million, compared to US\$194.0 million for the same period in 2022. No production occurred during Q3 2023 due to the operational suspension from the tailings dam overflow. The negative revenue figure in the current quarter was primarily the result of sales reconciliation with customers in previous months.

Cost of sales of US\$76.6 million for the quarter ended September 30, 2023, a decrease of US\$102.7 million from US\$179.3 million for the same period in 2022, mainly due to the suspension of operations at the Jiama Mine.

Mine operating loss of US\$14.3 million for the three months ended September 30, 2023, a decrease of US\$90.0 million from mine operating earnings of US\$75.7 million for the same period in 2022, mainly due to the suspension of operations at the Jiama Mine.

General and administrative expenses decreased by US\$4.8 million, from US\$16.2 million for the quarter ended September 30, 2022 to US\$11.4 million for the quarter ended September 30, 2023. The decrease was primarily due to the suspension of operations at the Jiama Mine.

Research and development expenses of US\$1.8 million for the three months ended September 30, 2023, decreased from US\$7.4 million for the comparative 2022 period. The decrease in the third quarter of 2023 was mainly due to the suspension of operations at the Jiama Mine.

Loss from operations of US\$27.7 million for the third quarter of 2023, decreased by US\$79.8 million, compared to an income of US\$52.1 million for the same period in 2022.

Finance costs of US\$5.7 million for the three months ended September 30, 2023, decreased by US\$1.8 million compared to US\$7.5 million for the same period in 2022. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange gain of US\$1.1 million for the three months ended September 30, 2023, increased from a loss of US\$16.1 million for the same period in 2022. 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 was roughly zero for the three months ended September 30, 2023, decreased from US\$2.1 million for the same period in 2022, primarily due to the lower interest income earned in the current quarter compared to the same period last year.

Other expense of US\$0.1 million was recognized in Q3 2023. During the quarter, the Company accrued interest on the estimated litigation compensation arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. Refer to Note 17 Contingencies of the condensed consolidated financial statements for details.

Income tax credit of US\$1.7 million for the quarter ended September 30, 2023, increased by US\$9.0 million from an expense of US\$7.3 million for the comparative period in 2022. During the current quarter, the Company had US\$1.8 million of deferred tax credit compared to a deferred tax expense of US\$2.7 million for the same period in 2022.

Net loss of US\$30.8 million for the three months ended September 30, 2023, decreased by US\$54.2 million from an income of US\$23.4 million for the three months ended September 30, 2022.

Nine months ended September 30, 2023 compared to nine months ended September 30, 2022

Revenue of US\$388.1 million for the nine months ended September 30, 2023, decreased by US\$462.9 million from US\$851.0 million for the same period in 2022.

Revenue from the CSH Mine was US\$202.8 million, a slightly decrease of US\$0.1 million from US\$202.9 million for the same period in 2022. Realized average gold price increased by 7% from US\$1,825/oz in the first nine months of 2022 to US\$1,948/oz for the same period in 2023. Gold sold by the CSH Mine was 104,102 ounces (gold produced: 104,470 ounces), compared to 111,205 ounces (gold produced: 110,030 ounces) for the same period in 2022.

Revenue from the Jiama Mine was US\$185.4 million, a decrease of US\$462.7 million, compared to US\$648.1 million for the same period in 2022. Realized average price of copper decreased by 4% from US\$3.40/pound in the first nine months of 2022 to US\$3.28/pound for the same period in 2023. Total copper sold was 18,605 tonnes (41.0 million pounds) for the nine months ended September 30, 2023, a decrease of 71% from 64,762 tonnes (142.8 million pounds) for the same period in 2022. The Jiama mine did not have product sales during the second and third quarters of 2023 as production halted due to the tailing dam overflow, with a minor amount of molybdenum sales.

Cost of sales of US\$305.9 million for the nine months ended September 30, 2023, a decrease of US\$246.2 million from US\$552.1 million for the same period in 2022. Cost of sales as a percentage of revenue for the Company increased from 65% to 79% for the nine months ended September 30, 2022 and 2023, respectively, primarily due to the suspension of operations at the Jiama Mine.

Mine operating earnings of US\$82.3 million for the nine months ended September 30, 2023, a decrease of 72%, or US\$216.6 million, from US\$298.9 million for the same period in 2022. Mine operating earnings as a percentage of revenue decreased from 35% to 21% for the nine months ended September 30, 2022 and 2023, respectively, primarily due to the suspension of operations at the Jiama Mine.

General and administrative expenses decreased by US\$5.6 million, from US\$34.5 million for the nine months ended September 30, 2022 to US\$28.9 million for the nine months ended September 30, 2023. The decrease was primarily due to the suspension of operations at the Jiama Mine.

Research and development expenses of US\$7.8 million for the nine months ended September 30, 2023, decreased from US\$18.7 million for the comparative 2022 period, mainly due to the suspension of operations at the Jiama Mine.

Income from operations of US\$45.2 million for the nine months ended September 30, 2023, decreased by US\$200.2 million, compared to US\$245.4 million for the same period in 2022.

Finance costs of US\$19.3 million for the nine months ended September 30, 2023, decreased by US\$4.3 million compared to US\$23.6 million for the same period in 2022. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange loss of US\$7.3 million for the nine months ended September 30, 2023, decreased from US\$26.0 million for the same period in 2022. The loss 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\$5.9 million for the nine months ended September 30, 2023, decreased from US\$8.9 million for the same period in 2022, mainly due to the fewer dividends received from China Nonferrous Mining Corporation Limited in the second quarter of 2023 compared to last year.

Other expense of US\$22.7 million was recognized in 2023. In the current year, the Company recognized estimated litigation compensation of US\$22.7 million arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. Refer to Note 17 Contingencies of the condensed consolidated financial statements for details.

Income tax expense of US\$7.3 million for the nine months ended September 30, 2023, decreased by US\$20.5 million from US\$27.8 million for the comparative period in 2022. During the period, the Company had US\$19.5 million of deferred tax credit compared to US\$5.8 million for the same period in 2022.

Net loss of US\$5.5 million for the nine months ended September 30, 2023, decreased by US\$182.4 million from an income of US\$176.9 million for the nine months ended September 30, 2022.

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 September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce
Total Cost of sales ¹	47,287,766	1,436	49,489,020	1,402	143,129,789	1,375	162,482,811	1,461
Adjustment – Depreciation & depletion	(14,541,819)	(442)	(20,570,757)	(583)	(51,793,771)	(498)	(66,044,972)	(594)
Adjustment – Amortization of intangible assets	(210,224)	(6)	(361,154)	(10)	(846,451)	(8)	(1,247,397)	(11)
Total cash production costs	32,535,723	988	28,557,109	809	90,489,566	869	95,190,442	856
Total Gold sold ounces		32,923		35,303		104,102		111,205

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 per pound is calculated as total cash production cost divided by total copper sold (pounds). Note that production and cash costs were not calculated for Q3 2023 as production was halted at the Jiama mine during this period.

Jiama Mine (Copper with by-products credits)

	Three months ended September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound
Total Cost of sales	29,329,008	-	129,832,814	2.55	162,720,593	3.97	389,636,264	2.73
General and administrative expenses	10,338,423	-	15,275,557	0.30	25,799,753	0.63	31,492,550	0.22
Research and development expenses	1,756,276	-	7,357,055	0.14	7,840,360	0.19	18,712,068	0.13
Total production cost	41,423,707	-	152,465,426	2.99	196,360,706	4.79	439,840,882	3.08
Adjustment – Depreciation & depletion	(12,201,438)	-	(21,531,323)	(0.42)	(46,251,917)	(1.13)	(65,261,628)	(0.46)
Adjustment – Amortization of intangible assets	-	-	(10,055,078)	(0.20)	(9,494,068)	(0.23)	(30,228,207)	(0.21)
Total cash production costs	29,222,269	-	120,879,025	2.37	140,614,721	3.43	344,351,047	2.41
By-products credits	-	-	(44,193,320)	(0.87)	(50,030,731)	(1.22)	(156,608,846)	(1.10)
Total cash production costs after by-products credits	29,222,269	-	76,685,705	1.50	90,583,990	2.21	187,742,201	1.31
Total Copper sold pounds				50,979,084		41,015,970		142,774,796

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-winned to produce a gold dore which is sold to refiners. In June 2020, the operation of southwest pit ended.

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With the increase in the pit's depth, the height and exposed area of the pit wall have increased, and the stability of the open pit slopes is becoming more and more prominent in determining the operations plan. Ensuring slope stability and avoiding systematic risks at this stage is the Company's top priority to ensure safe and sustainable production. To ensure production safety, the Company plans to reduce the mining volume at the end of the third quarter and in the fourth quarter in order to enhance the management and maintenance of slopes. Ore stripping, as well as heap leach and processing plant processes, will continue to operate as usual during the mining volume adjustment period.

The Company continues to evaluate the potential for underground operations.

Production Update

CSH Mine	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Ore mined and placed on pad (tonnes)	1,695,999	3,077,874	9,969,641	11,008,656
Average ore grade (g/t)	0.42	0.63	0.53	0.63
Recoverable gold (ounces)	13,252	37,500	102,702	133,862
Ending gold in process (ounces)	169,506	180,281	169,506	180,281
Waste rock mined (tonnes)	6,282,938	2,981,726	18,304,384	12,040,633

For the three months ended September 30, 2023, the total amount of ore placed on the leach pad was 1.7 million tonnes, with total contained gold of 13,252 ounces (412.2 kilograms). The overall accumulative project-to-date gold recovery rate has remained at approximately 55.66% at the end of September 30, 2023 from 55.09% at the end of June 30, 2023. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 52.98% at September 30, 2023, respectively.

Exploration

As of September 30, 2023, a diamond drilling exploration program in the mining permit area has been completed with the total meterage of 1,290.78 and 3 holes. The preparation of the mineral reserve update report is ongoing. Additionally, a diamond drilling exploration program in the exploration permit area has been completed with the total meterage of 4,172.14 and 4 holes. The sample assay reports have been received. The exploration updated report preparation is ongoing.

Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 2022 under NI 43-101 are listed below:

Location	Mineral Resource Category	Tonnage (x1000 t)	Au (g/t)	Metal	
				Au (t)	Au (Moz)
Remaining within the open pit limit at a cut-off grade of 0.28 g/t Au	Measured	17,088	0.64	10.96	0.35
	Indicated	19,990	0.68	13.56	0.44
	M+I	37,078	0.67	24.52	0.79
	Inferred	5,395	0.42	2.28	0.07
Underground at a cut-off grade of 0.30 g/t Au	Measured	88,200	0.67	58.66	1.89
	Indicated	89,850	0.58	52.07	1.67
	M+I	178,050	0.62	110.73	3.56
	Inferred	62,090	0.49	30.68	0.99

Note:

Mineral Resources are reported in relation to a conceptual open-pit mining and underground block caving mining. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Raw assays have been capped. Mineral Resources include Mineral Reserves.

Mineral Resources are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters; the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD 1,980 per ounce. Additional Mineral Resources are reported at a cut-off grade of 0.30 g/t Au for underground block caving mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD 1,980 per ounce. USD 1.0000=RMB 6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams.

Resource Estimate by CGME Consulting Limited on August 19, 2022 and updated by Gerald Guo, P.Eng., a qualified person as defined by NI 43-101.

Mineral Reserves Update

CSH Mine Mineral Reserves by category at December 31, 2022 under NI 43-101 are summarized below:

Type	T (x 1,000)	Diluted Au g/t	Metal	
			Au t	Au Moz
Proven	17,088	0.62	10.52	0.34
Probable	19,990	0.65	13.02	0.42
Total	37,078	0.63	23.54	0.76

Note:

Mineral Reserves are reported based on the optimized ultimate open pit limit. All figures are rounded to reflect the relative accuracy of the estimate. Mineral Reserves are included in Mineral Resources.

Mineral Reserves are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD 1,568 per ounce. USD 1.0000=RMB 6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams

Reserve Estimate by CGME Consulting Limited on August 19, 2022 and updated by Gerald Guo, P.Eng., a qualified person as defined by NI 43-101.

The Jiama Mine

Jiama is a large copper-gold poly metallic 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Ore processed (tonnes)	-	4,501,614	4,236,835	13,241,336
Average copper ore grade (%)	-	0.55	0.56	0.57
Copper recovery rate (%)	-	85	85	85
Average gold grade (g/t)	-	0.23	0.20	0.24
Gold recovery rate (%)	-	63	63	69
Average silver grade (g/t)	-	8.11	9.42	8.82
Silver recovery rate (%)	-	61	56	64
Average Moly grade (%)	-	0.026	0.029	0.025
Moly recovery rate (%)	-	18.16	15.03	20.39

Production was halted during the Q3 2023 period at the Jiama Mine.

Exploration

In 2023, Tibet Huatailong Mining Development Co., Ltd. plans to implement two geological exploration projects, namely detailed exploration of copper and lead project outside the current mining area of the Jiama Mine and prospecting of copper project in Bayi Farm, with a designed workload of 15,370 m of 20 holes for surface drilling, 37.31 km² for geological prospecting, 26 km² for soil sampling and 26 km² for rock sampling with an estimated total budget of RMB 34.47 million. The temporary land usage permit for geology prospecting has been issued, however, the geological prospecting program has been temporarily suspended due to the impact of the tailings dam overflow.

Mineral Resources Estimate

Jiama Mine resources by category at December 31, 2022 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, 2022

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	91.94	0.38	0.04	0.04	0.02	0.07	5.05	350.6	33.7	33.5	16.8	0.216	14.921
Indicated	1315.48	0.40	0.03	0.05	0.03	0.10	5.48	5216.8	451.9	613.1	380.0	4.197	232.005
M+I	1407.42	0.40	0.03	0.05	0.03	0.10	5.46	5567.4	485.6	646.6	396.8	4.412	246.926
Inferred	406.10	0.31	0.03	0.08	0.04	0.10	5.13	1247.0	123.0	311.0	175.0	1.317	66.926

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

The prices of Cu, Mo, Pb, Zn, Au and Ag are US\$2.9/lbs; US\$15.5/lbs; US\$2.9/lbs; US\$0.95/lbs; US\$1,300/oz and \$20/oz respectively. 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

The Mineral Resources include the Mineral Reserves

Resource Estimate by Runge Pincock Minarco on 12th November of 2012 and updated by Gerald Guo, P.Eng. a Qualified Person as defined by NI 43-101.

Mineral Reserves Estimate

Jiama Mine reserves by category at December 31, 2022 under NI 43-101:

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2022

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	17.70	0.60	0.05	0.02	0.02	0.19	7.60	105.9	8.9	4.0	2.7	0.108	4.324
Probable	341.46	0.60	0.03	0.13	0.07	0.16	10.29	2037.3	117.1	427.7	236.2	1.726	113.005
P+P	359.16	0.60	0.04	0.12	0.07	0.16	10.16	2143.2	126.0	431.7	238.9	1.834	117.329

Notes:

- 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.
- 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;
 - The prices of Cu, Mo, Pb, Zn, Au and Ag are US\$2.9/lbs; US\$15.5/lbs; US\$2.9/lbs; US\$0.95/lbs; US\$1,300/oz and \$20/oz respectively
 - 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.
- 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.
- The Mineral Reserves are inclusive of the Mineral Resources
- Reserve Estimate by Mining One Consultants on 20th November 2013, and updated by Gerald Guo, P.Eng, a qualified person as defined by NI 43-101.

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, 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 September 30, 2023, the Company had an accumulated surplus of US\$419.7 million, working capital of US\$182.0 million and borrowings of US\$724.7 million. The Company's cash balance at September 30, 2023 was US\$99.8 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\$132.6 million of short term debt facilities with interest rates ranging from 1.05% to 6.36% per annum arranged through various banks overseas. 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 principal 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 2.2% shall be applied for the current year. 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 September 30, 2023 the Company has drawn down RMB3.79 billion, approximately US\$527.9 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 2.3% 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 1.05% per annum.

The Company obtained a loan in the aggregate principal amount of RMB300 million, approximately US\$41.5 million, with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd bearing interest at 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with China National Gold Group Finance Corporation bearing interest at the 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of US\$44.0 million with China Construction Bank (Asia) Corporation Limited bearing floating interest with term SOFR on June 8, 2023. The Company obtained a loan in the aggregate principal amount of US\$35.0 million with DBS Bank Ltd bearing floating interest with term SOFR on June 13, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with Tibet Autonomous Region Branch of China Construction Bank bearing interest at the 2.05% on June 13, 2023. The Company obtained a loan in the aggregate principal amount of RMB192 million, approximately US\$26.6 million, with Industrial Bank Corporation Lhasa Branch bearing interest at the 1.95% on June 25, 2023. The Company obtained a loan in the aggregate principal amount of RMB100 million, approximately US\$13.8 million, with Mozhuogonka County Sub-branch of Agricultural Bank of China bearing interest at the 1.95% on June 26, 2023. The Company repaid its 2.8% unsecured bonds which matured on June 22, 2023.

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 and nine months ended September 30, 2023 and September 30, 2022.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Net cash (used in) from operating activities	(31,671)	89,836	22,504	358,220
Net cash used in investing activities	(9,880)	(8,095)	(101,422)	(36,752)
Net cash used in financing activities	(900)	(29)	(235,650)	(125,223)
Net (decrease) increase in cash and cash equivalents	(42,451)	81,712	(314,568)	196,245
Effect of foreign exchange rate changes on cash and cash equivalents	2,827	157	(14,059)	(4,585)
Cash and cash equivalents, beginning of period	139,450	317,919	428,453	208,128
Cash and cash equivalents, end of period	99,826	399,788	99,826	399,788

Operating cash flow

For the three months ended September 30, 2023, net cash outflow from operating activities was US\$31.7 million which is primarily attributable to (i) depreciation of property, plant and equipment of US\$21.9 million and (ii) finance cost of US\$5.7 million, partially offset by (i) loss before income tax of US\$32.4 million (ii) interest paid of US\$4.3 million and (iii) decrease in accounts payable and accrued liabilities of US\$27.1 million.

For the nine months ended September 30, 2023, net cash inflow from operating activities was US\$22.5 million which is primarily attributable to (i) profit before income tax of US\$1.8 million (ii) depreciation of property, plant and equipment of US\$96.9 million (iii) finance cost of US\$19.3 million and (iv) amortization of mining rights of US\$10.4 million, partially offset by (i) decrease in accounts payable and accrued liabilities of US\$32.5 million (ii) income taxes paid of US\$34.0 million and (iii) interest paid of US\$15.6 million.

Investing cash flow

For the three months ended September 30, 2023, the net cash outflow from investing activities was US\$9.9 million which is primarily attributable to (i) placement of restricted deposits of US\$2.0 million (ii) payment for acquisition of property, plant and equipment of US\$8.6 million and (iii) addition of a mining right of US\$1.3 million, partially offset by (i) dividend received of US\$2.0 million and (ii) interest received of US\$0.8 million.

For the nine months ended September 30, 2023, the net cash outflow from investing activities was US\$101.4 million which is primarily attributable to (i) placement of restricted deposits of US\$68.3 million and (ii) payment for acquisition of property, plant and equipment of US\$38.6 million, partially offset by (i) interest received of US\$4.1 million, (ii) dividend received of US\$2.0 million and (iii) release of restricted bank deposits of US\$1.6 million.

Financing cash flow

For the three months ended September 30, 2023, the net cash outflow mainly from financing activities was US\$0.9 million which is primarily attributable to the repayment of borrowings of US\$0.9 million.

For the nine months ended September 30, 2023, the net cash outflow mainly from financing activities was US\$235.7 million which is primarily attributable to proceeds from borrowings of US\$279.9 million partially offset by (i) repayment of borrowings of US\$367.7 million (ii) dividend paid to shareholders of US\$146.7 million and (iii) dividend paid to a minority shareholder of US\$1.1 million.

Expenditures Incurred

For the nine months ended September 30, 2023, the Company incurred mining costs of US\$40.6 million, mineral processing costs of US\$61.1 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 September 30, 2023, the Company's total debt was US\$724.7 million and the total equity was US\$1,735.3 million. The Company's gearing ratio was therefore 0.42 as at September 30, 2023 compared to 0.41 as at June 30, 2023.

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 the nine months ended September 30, 2023, 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 nine months ended September 30, 2023. 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 consolidated financial statements, none of the Company's assets were pledged as at September 30, 2023.

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 33, Financial Instruments, in the annual consolidated financial statements for the year ended December 31, 2022.

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 34, Commitments, in the annual consolidated financial statements for the year ended December 31, 2022.

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 were listed on HKSE and Chongwa (Macao) Financial Asset Exchange (“MOX”). The Bonds were fully repaid on June 23, 2023.

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

	Total US\$'000	Within One year US\$'000	Within Two to five years US\$'000	Over five years US\$'000
Principal repayment of bank loans	724,723	132,623	452,241	139,859

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, 2022 and September 30, 2023.

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. On June 29, 2023, the fourth supplemental Contract for Purchase and Sale of Dore was approved by the Company’s Shareholders, commencing on January 1, 2024 and expiring on December 31, 2026.

Revenue from sales of gold doré bars to CNG was US\$202.8 million for the nine months ended September 30, 2023 which remained consistent with US\$202.9 million for the nine months ended September 30, 2022.

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. On June 29, 2023, the fourth Supplemental Product and Service Framework Agreement was approved by the Company’s Shareholders, commencing on January 1, 2024 and expiring on December 31, 2026. For the nine months ended September 30, 2023, revenue from sales of copper concentrate and other products to CNG was US\$169.5 million compared to US\$621.6 million for the same period in 2022.

For the nine months ended September 30, 2023, construction services of US\$44.0 million were provided to the Company by subsidiaries of CNG (US\$4.6 million for the nine months ended September 30, 2022).

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 Financial Service Agreement, approved by the Company’s Shareholders at the Company’s 2021 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 details of significant related party transactions during the nine months ended September 30, 2023.

2023 Annual Cap for 2021 Financial Services Agreement Exceeded;

Reference is made to the announcement of the Company dated May 6, 2021 (the “CCT Announcement”) in relation to, among other things, the provision of deposit services to the Company and its PRC subsidiaries under the financial services agreement between the Company and China Gold Finance from the date of approval by the Independent Shareholders (i.e. June 30, 2021) to December 31, 2023. Unless otherwise defined, capitalised terms in this sub-section shall have the same meanings as defined in the CCT Announcement.

In the course of preparing the condensed consolidated financial statements for the six months ended June 30, 2023, it came to the Company’s attention that the daily deposit balance under the Deposit Services exceeded the Deposit cap of RMB3,000 million from February 23, 2023 to April 26, 2023, with the highest daily deposit balance during such period being approximately RMB562 million over the Deposit Cap (the “Exceeding of the Cap”). The Exceeding of the Cap was due to an increase in operating cash flow.

As soon as the Company became aware of the Exceeding of the Cap, the Company took steps to reduce deposits placed with China Gold Finance to a level within the Deposit Cap. Since April 27, 2023, the daily deposit balance has been kept within the Deposit Cap and the Company will ensure that the daily deposit balance remains within the Deposit Cap for the rest of the term of the 2021 Financial Services Agreement. The Company has discussed the Exceeding of the Cap with China Gold Finance and will continue to maintain regular communication with China Gold Finance going forward. The Company does not intend to revise the Deposit Cap for the year ending December 31, 2023.

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 nine months ended September 30, 2023. 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, 2022.

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, 2022.

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 September 30, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2023, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company is committed to providing sustainable returns to its shareholders. The Board of Directors determine dividends on an annual basis based on, 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 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 December 31, 2022, the Company declared a special dividend of US\$0.37 per common share which was paid on June 15, 2023 to shareholders of record as of April 20, 2023. This special 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.

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 September 30, 2023 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 September 30, 2023 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 September 30, 2023, 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 September 30, 2023 and have concluded that these controls and procedures were effective as of September 30, 2023 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 nine months ended September 30, 2023, 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. Tony Guo, P.Geo., the Company's Qualified Person ("QP") as defined by National Instrument 43-101.

November 14, 2023