

CHINA GOLD INTERNATIONAL RESOURCES  
CORP. LTD.

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(incorporated in British Columbia, Canada with  
limited liability)

Condensed Consolidated Financial Statements  
For the three months ended March 31, 2023

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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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, 2023

	<u>NOTES</u>	Three months ended March 31,	
		<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
Revenues	3	252,778	304,021
Cost of sales		<u>(150,068)</u>	<u>(198,493)</u>
Mine operating earnings		<u>102,710</u>	<u>105,528</u>
Expenses			
General and administrative expenses	4	(9,584)	(9,949)
Exploration and evaluation expenditure		(35)	(40)
Research and development expenses		<u>(4,642)</u>	<u>(5,885)</u>
		<u>(14,261)</u>	<u>(15,874)</u>
Income from operations		<u>88,449</u>	<u>89,654</u>
Other income (expenses)			
Foreign exchange gain, net		3,310	1,673
Interest and other income		2,099	817
Finance costs	5	<u>(6,706)</u>	<u>(8,188)</u>
		<u>(1,297)</u>	<u>(5,698)</u>
Profit before income tax		87,152	83,956
Income tax expenses	6	<u>(8,493)</u>	<u>(12,155)</u>
Profit for the period		78,659	71,801
Other comprehensive (expense) income for the period			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss) gain on equity instruments at fair value through other comprehensive income		(2,891)	7,466
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		<u>10,716</u>	<u>2,342</u>
Other comprehensive income for the period		<u>7,825</u>	<u>9,808</u>
Total comprehensive income for the period		<u><u>86,484</u></u>	<u><u>81,609</u></u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

		Three months ended	
		March 31,	
	<u>NOTE</u>	<u>2023</u>	<u>2022</u>
		US\$'000	US\$'000
		(unaudited)	(unaudited)
Profit for the period attributable to			
Non-controlling interests		880	573
Owners of the Company		<u>77,779</u>	<u>71,228</u>
		<u>78,659</u>	<u>71,801</u>
Total comprehensive income			
for the period attributable to			
Non-controlling interests		878	571
Owners of the Company		<u>85,606</u>	<u>81,038</u>
		<u>86,484</u>	<u>81,609</u>
Earnings per share - Basic (US cents)	8	<u>19.62</u>	<u>17.97</u>
Weighted average number of common shares			
- Basic	8	<u>396,413,753</u>	<u>396,413,753</u>

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT MARCH 31, 2023

	<u>NOTES</u>	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<b>Current assets</b>			
Cash and cash equivalents		553,041	428,453
Restricted bank balance		492	1,572
Trade and other receivables	9	10,987	8,718
Prepaid expenses and deposits		896	810
Inventories	10	<u>307,541</u>	<u>293,089</u>
		<u>872,957</u>	<u>732,642</u>
<b>Non-current assets</b>			
Prepaid expenses and deposits		1,505	735
Right-of-use assets		41,636	42,487
Equity instruments at fair value through other comprehensive income	16	34,468	37,348
Property, plant and equipment	11	1,555,508	1,579,245
Mining rights	11	775,726	784,470
Other non-current assets		<u>18,227</u>	<u>17,984</u>
		<u>2,427,070</u>	<u>2,462,269</u>
<b>Total assets</b>		<u><u>3,300,027</u></u>	<u><u>3,194,911</u></u>
<b>Current liabilities</b>			
Accounts and other payables and accrued expenses	12	210,196	218,058
Contract liabilities		19,877	6,255
Dividends payables	7	146,673	-
Borrowings	13	403,329	399,567
Tax liabilities		18,353	14,239
Lease liabilities		<u>529</u>	<u>516</u>
		<u>798,957</u>	<u>638,635</u>
Net current assets		<u>74,000</u>	<u>94,007</u>
Total assets less current liabilities		<u>2,501,070</u>	<u>2,556,276</u>
<b>Non-current liabilities</b>			
Borrowings	13	439,361	433,501
Lease liabilities		1,508	1,501
Deferred tax liabilities		122,716	125,373
Deferred income		304	186
Environmental rehabilitation		<u>94,368</u>	<u>92,285</u>
		<u>658,257</u>	<u>652,846</u>
<b>Total liabilities</b>		<u><u>1,457,214</u></u>	<u><u>1,291,481</u></u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<b>Owners' equity</b>			
Share capital	14	1,229,061	1,229,061
Reserves		92,591	83,692
Retained profits		<u>501,260</u>	<u>571,226</u>
		1,822,912	1,883,979
Non-controlling interests		<u>19,901</u>	<u>19,451</u>
<b>Total owners' equity</b>		<u>1,842,813</u>	<u>1,903,430</u>
<b>Total liabilities and owners' equity</b>		<u>3,300,027</u>	<u>3,194,911</u>

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The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on May 15, 2023 and are signed on its behalf by:

(Signed by) Junhu Tong

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Junhu Tong  
Director

(Signed by) Yingbin Ian He

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Yingbin Ian He  
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	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, 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 gain 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 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)	-	-	-
Dividends distribution (note 7)	-	-	-	-	-	-	(99,103)	(99,103)	-	(99,103)
Dividends 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>
At January 1, 2023	396,413,753	1,229,061	11,179	16,499	(47,108)	103,122	571,226	1,883,979	19,451	1,903,430
Profit for the period	-	-	-	-	-	-	77,779	77,779	880	78,659
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	(2,891)	-	-	-	(2,891)	-	(2,891)
Exchange difference arising on translation	-	-	-	-	10,718	-	-	10,718	(2)	10,716
Total comprehensive (expense) income for the period	-	-	-	(2,891)	10,718	-	77,779	85,606	878	86,484
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,072	(1,072)	-	-	-
Dividends distribution (note 7)	-	-	-	-	-	-	(146,673)	(146,673)	-	(146,673)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(428)	(428)
At March 31, 2023 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>13,608</u>	<u>(36,390)</u>	<u>104,194</u>	<u>501,260</u>	<u>1,822,912</u>	<u>19,901</u>	<u>1,842,813</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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	Three months ended March 31,	
	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
<b>Net cash from operating activities</b>	<u>127,712</u>	<u>160,766</u>
<b>Investing activities</b>		
Interest income received	1,620	980
Payment for acquisition of property, plant and equipment	(9,851)	(12,007)
Payment for land use right	-	(3,188)
Placement of restricted bank deposits	-	(1,296)
Release of restricted bank deposits	<u>1,105</u>	<u>3,175</u>
<b>Net cash used in investing activities</b>	<u>(7,126)</u>	<u>(12,336)</u>
<b>Financing activities</b>		
Dividend paid to a non-controlling shareholder of a subsidiary	(428)	(440)
Repayments of lease liabilities	<u>(28)</u>	<u>(30)</u>
<b>Cash used in financing activities</b>	<u>(456)</u>	<u>(470)</u>
<b>Net increase in cash and cash equivalents</b>	120,130	147,960
Cash and cash equivalents, beginning of period	428,453	208,128
Effect of foreign exchange rate changes on cash and cash equivalents	<u>4,458</u>	<u>(1,994)</u>
<b>Cash and cash equivalents, end of period</b>	<u>553,041</u>	<u>354,094</u>
Cash and cash equivalents are comprised of		
Cash and bank deposits	<u>553,041</u>	<u>354,094</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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1. GENERAL AND BASIS OF PREPARATION AND SIGNIFICANT EVENT DURING THE CURRENT PERIOD

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 *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, 2022.

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

On March 27, 2023, a tailings overflow occurred due to minor tailing dam damages from the Guolanggou tailings pond at the Company's Jiama Copper-Gold Polymetallic Mine ("Jiama Mine") (the "overflow"). In response to 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 and 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.

Up to the date these condensed consolidated financial statements are authorised for issue, the Company does not have an exact timeline for the re-start of production. However, 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. The repair and reinforcement construction is expected to be completed by the end of July 2023. Following the completion of the construction, the Company will conduct a safety assessment of the entire tailings pond and submit an assessment report to the regulatory authority by the end of August 2023. The government regulators will decide when to grant permission to resume production based on the assessment report.

1. GENERAL AND BASIS OF PREPARATION AND SIGNIFICANT EVENT DURING THE CURRENT PERIOD– continued

At March 31, 2023, the Group's current assets exceeded its current liabilities by approximately US\$74 million. In view of overflow and aforementioned circumstances, the suspension of the Jiama Mine's operation would have a negative impact on the financial performance of the Group and generate less operating cash flow than normal operation, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group's cash flow projection with impact of the Jiama Mine's suspension and the expected resumption of operations, including the Group's ability to obtain the new financing and the Group's future capital expenditure in respect of its non-cancellable capital commitments and the renewal of mining rights of the Jiama Mine, the directors of the Company consider that it has sufficient working capital to meet in full its financial obligations as they fall due for at least next twelve months from the end of the reporting period and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

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, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

In the current interim period, the Group has applied the following new and amendments to International Financial Reporting Standards ("IFRSs") issued by IASB, for the first time, which are mandatorily effective for the annual period beginning on January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures 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>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
<u>At a point in time</u>		
Gold doré bars	66,415	69,735
Copper	136,585	178,669
Other by-products	<u>49,778</u>	<u>55,617</u>
Total revenue	<u>252,778</u>	<u>304,021</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.

3. REVENUE AND SEGMENT INFORMATION - continued

**Segment information**

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

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

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

Information regarding the above segments is reported below:

- (a) Segment revenue and results

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

For the three months ended March 31, 2023

	Mine - produced gold US\$'000 (unaudited)	Mine - produced copper concentrate US\$'000 (unaudited)	Segment total US\$'000 (unaudited)	<u>Unallocated</u> US\$'000 (unaudited)	<u>Consolidated</u> US\$'000 (unaudited)
Revenue - external and segment revenue	66,415	186,363	252,778	-	252,778
Cost of sales	<u>(46,992)</u>	<u>(103,076)</u>	<u>(150,068)</u>	<u>-</u>	<u>(150,068)</u>
Mining operating earnings	<u>19,423</u>	<u>83,287</u>	<u>102,710</u>	<u>-</u>	<u>102,710</u>
Income (loss) from operations	19,388	69,963	89,351	(902)	88,449
Foreign exchange gain (loss), net	954	2,495	3,449	(139)	3,310
Interest and other income	503	1,589	2,092	7	2,099
Finance costs	<u>(339)</u>	<u>(3,956)</u>	<u>(4,295)</u>	<u>(2,411)</u>	<u>(6,706)</u>
Profit (loss) before income tax	<u>20,506</u>	<u>70,091</u>	<u>90,597</u>	<u>(3,445)</u>	<u>87,152</u>

3. REVENUE AND SEGMENT INFORMATION – continued

**Segment information** – continued

(a) Segment revenue and results – continued

For the three months ended March 31, 2022

	Mine - produced gold US\$'000 (unaudited)	Mine – produced copper concentrate US\$'000 (unaudited)	Segment total US\$'000 (unaudited)	Unallocated US\$'000 (unaudited)	Consolidated US\$'000 (unaudited)
Revenue – external and segment revenue	69,735	234,286	304,021	-	304,021
Cost of sales	(57,264)	(141,229)	(198,493)	-	(198,493)
Mining operating earnings	<u>12,471</u>	<u>93,057</u>	<u>105,528</u>	<u>-</u>	<u>105,528</u>
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	<u>13,024</u>	<u>74,358</u>	<u>87,382</u>	<u>(3,426)</u>	<u>83,956</u>

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, 2023 and 2022.

(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
<b>As of March 31, 2023 (unaudited)</b>					
Total assets	667,080	2,589,972	3,257,052	42,975	3,300,027
Total liabilities	64,259	943,125	1,007,384	449,830	1,457,214
<b>As of December 31, 2022 (unaudited)</b>					
Total assets	649,547	2,498,742	3,148,289	46,622	3,194,911
Total liabilities	<u>66,669</u>	<u>924,126</u>	<u>990,795</u>	<u>300,686</u>	<u>1,291,481</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

3. REVENUE AND SEGMENT INFORMATION – continued

**Segment information** – continued

(b) Segment assets and liabilities – continued

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

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

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Administration and office	1,367	1,936
Depreciation of property, plant and equipment	1,929	1,675
Depreciation of right-of-use assets	25	27
Professional fees	350	735
Salaries and benefits	3,459	3,310
Others	2,454	2,266
Total general and administrative expenses	<u>9,584</u>	<u>9,949</u>

5. FINANCE COSTS

	Three months ended March 31,	
	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Interests on borrowings	5,742	6,798
Interests on lease liabilities	24	32
Accretion on environmental rehabilitation	972	1,416
	<u>6,738</u>	<u>8,246</u>
Less: Amounts capitalised to property, plant and equipment	<u>(32)</u>	<u>(58)</u>
Total finance costs	<u>6,706</u>	<u>8,188</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

6. INCOME TAX EXPENSES

	Three months ended March 31,	
	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	10,407	13,263
PRC withholding income tax on profit earned from PRC subsidiaries	<u>693</u>	<u>-</u>
	<u>11,100</u>	<u>13,263</u>
Deferred tax:		
PRC EIT	(1,914)	(1,108)
PRC withholding income tax on profit earned from PRC subsidiaries	<u>(693)</u>	<u>-</u>
	<u>(2,607)</u>	<u>(1,108)</u>
Total income tax expenses	<u>8,493</u>	<u>12,155</u>

7. DIVIDEND

During the three months ended March 31, 2023, a special dividend in respect of the year ended December 31, 2022 of US\$0.37 (for the three months ended March 31, 2022: US\$0.25) per share amounting to US\$146,673,000 (2022: US\$99,103,000) was declared to the shareholders of the Company.

8. EARNINGS PER SHARE

Profit used in determining earnings per share are presented below:

	Three months ended March 31,	
	<u>2023</u> (unaudited)	<u>2022</u> (unaudited)
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share (US\$'000)	<u>77,779</u>	<u>71,228</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>19.62</u>	<u>17.97</u>

The Group has no outstanding potential dilutive instruments issued as at March 31, 2023 and 2022 and during the periods ended March 31, 2023 and 2022. Therefore, no diluted earnings per share is presented.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

9. TRADE AND OTHER RECEIVABLES

	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Trade receivables	2,287	1,112
Less: allowance for credit losses	<u>(108)</u>	<u>(106)</u>
	2,179	1,006
Amounts due from related companies (note 15(a)) <sup>(1)</sup>	1,387	965
Other receivables <sup>(2)</sup>	<u>7,421</u>	<u>6,747</u>
Total trade and other receivables	<u><u>10,987</u></u>	<u><u>8,718</u></u>

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

(2) Included in the balance as at March 31, 2023 are tax and other surcharges of approximately US\$4,977,000, (December 31, 2022: US\$4,911,000), net of allowance for credit losses to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang"). Details of the impairment assessment of the receivable amount from Zhongxinfang are set out in note 17.

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

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

	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Less than 30 days	679	24
31 to 90 days	757	347
91 to 180 days	720	595
Over 180 days	<u>23</u>	<u>40</u>
Total trade receivables	<u><u>2,179</u></u>	<u><u>1,006</u></u>

10. INVENTORIES

	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Gold in process	231,098	221,807
Gold doré bars	20,861	22,110
Consumables	16,190	17,409
Copper concentrates	11,797	5,613
Spare parts	<u>27,595</u>	<u>26,150</u>
Total inventories	<u>307,541</u>	<u>293,089</u>

Inventories totalling US\$150 million for the three months ended March 31, 2023 (three months ended March 31, 2022: US\$198 million) was recognised in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT/MINING RIGHTS

During the three months ended March 31, 2023, the Group incurred US\$1.5 million on construction in progress (for the three months ended March 31, 2022: US\$0.6 million) and US\$1.5 million on mineral assets (for the three months ended March 31, 2022: US\$5.7 million), respectively.

Depreciation of property, plant and equipment was US\$44.5 million for the three months ended March 31, 2023 (for the three months ended March 31, 2022: US\$43.0 million). The depreciation amount was partly recognized in cost of sales and general and administrative expenses and partly capitalized in inventory.

No addition of mining rights was incurred during the three months ended March 31, 2023 and 2022. Amortisation of mining rights was US\$9.5 million for the three months ended March 31, 2023 (for the three months ended March 31, 2022: US\$10.5 million). The amortisation amounts were recognised in cost of sales.

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12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Accounts payable	38,683	38,808
Bills payable	30,542	31,523
Construction cost payables	111,513	118,123
Mining cost accrual	8,374	1,512
Payroll and benefit payables	418	324
Other accruals	1,421	1,323
Other tax payable	8,315	15,329
Other payables	6,016	6,268
Payable for acquisition of a mining right	<u>4,914</u>	<u>4,848</u>
Total accounts and other payables and accrued expenses	<u>210,196</u>	<u>218,058</u>

13. BORROWINGS

	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Bank loans	540,937	533,722
Bonds	<u>301,753</u>	<u>299,346</u>
	<u>842,690</u>	<u>833,068</u>

The borrowings are repayable as follows:

	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Carrying amount repayable within one year	403,329	399,567
Carrying amount repayable within one to two years	58,210	57,433
Carrying amount repayable within two to five years	203,734	201,017
Carrying amount repayable over five years	<u>177,417</u>	<u>175,051</u>
	842,690	833,068
Less: Amounts due within one year (shown under current liabilities)	<u>(403,329)</u>	<u>(399,567)</u>
Amounts shown under non-current liabilities	<u>439,361</u>	<u>433,501</u>

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13. BORROWINGS - continued

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

	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Mining rights	<u>772,677</u>	<u>780,978</u>

Borrowings carry interest at effective interest rates ranging from 1.05% to 3.80% (December 31, 2022: 1.05% to 3.80%) 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, 2022 (audited), December 31, 2022(audited) and March 31, 2023(unaudited)	<u>396,413,753</u>	<u>1,229,061</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

In addition to the related party transactions and balances shown elsewhere in these condensed consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties for the three months ended March 31, 2023 and 2022, and related party balances as at March 31, 2023 and December 31, 2022.

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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>2023</u> % (unaudited)	December 31, <u>2022</u> % (audited)
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>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
Gold doré bars sales by the Group	<u>66,415</u>	<u>69,735</u>
Copper and other by-product sales by the Group	<u>173,633</u>	<u>223,628</u>
Provision of transportation services by the Group	<u>685</u>	<u>441</u>
Construction, stripping and mining services provided to the Group	<u>595</u>	<u>544</u>
Commitment fee	<u>167</u>	<u>215</u>
Interest income	<u>1,486</u>	<u>915</u>
Interest expense on lease liabilities	<u>21</u>	<u>28</u>

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

	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<u>Assets</u>		
Amounts due from related companies (Note 9)	1,387	965
Cash and cash equivalents held in a CNG's subsidiary	<u>516,261</u>	<u>386,715</u>
Total amounts due from CNG and its subsidiaries	<u>517,648</u>	<u>387,680</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

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 2023 and December 31, 2022, which are included in trade and other receivables are unsecured, interest free and repayable on demand.

	March 31, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<u>Liabilities</u>		
Construction costs payable to CNG's subsidiaries	117	198
Accounts payable to CNG subsidiaries	3,233	3,168
Amounts due to CNG	763	727
Contract liabilities with a CNG's subsidiary	19,065	6,172
Leased liabilities to CNG's subsidiaries	<u>1,813</u>	<u>1,769</u>
Total amounts due to CNG and its subsidiaries	<u><u>24,991</u></u>	<u><u>12,034</u></u>

With the exception of lease liabilities and contract liabilities to CNG's subsidiaries, the amounts due to CNG and its subsidiaries which are included in other payables and construction costs payable, are non-interest bearing, unsecured and have no fixed terms of repayments

(b) Compensation of key management personnel

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

	Three months ended March 31,	
	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (audited)
Salaries and other benefits	108	89
Post-employment benefits	<u>7</u>	<u>5</u>
	<u><u>115</u></u>	<u><u>94</u></u>

16. FINANCIAL INSTRUMENTS

As at March 31, 2023 and December 31, 2022, 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\$33,618,000 (December 31, 2022: US\$36,509,000) 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\$850,000 (December 31, 2022: US\$839,000) are measured at fair value based on Level 3 inputs.

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

17. CONTINGENCIES

During the year ended December 31, 2020, there was a construction contract dispute between independent third parties including the constructor, Huaxin Construction Group Co., Ltd. (formerly named as "Nantong Huaxin Construction Group Co., Ltd.") ("Huaxin"), Zhongxinfang, and the Group's subsidiary, Tibet Huatailong Mining Development Co. Ltd. ("Huatailong"). The land use right of a composite project under the construction contract was transferred from Huatailong to Zhongxinfang in 2019 pursuant to the cooperation agreement (the "Cooperation Agreement") 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 within two years from the date of the Cooperation Agreement (the "Land Exchange").

Huaxin proceeded a lawsuit against the parties to the construction contract, Zhongxinfang and Huatailong, for the recovery of the construction costs of RMB149 million (equivalent to US\$21,319,000) and applied for pre-litigation preservation of assets from Huatailong. The Intermediate People's Court of Lhasa City, Tibet ("Tibet Intermediate Court"), adjudicated that the bank deposit of RMB140 million (equivalent to US\$19,775,000) of Huatailong to be frozen for one year from April 10, 2020 (the "First Adjudication"). Based on the adjudication of Tibet Intermediate Court after the First Adjudication on December 1, 2020 and related notice of execution effective from December 3, 2020, the related frozen bank deposit of US\$19,775,000 of Huatailong was released.

Based on the first instance adjudication dated July 23, 2020 (the "First Instance Adjudication"), the litigation ruling adjudicated that Zhongxinfang and Huatailong shall have the joint obligation for the construction costs of RMB140 million (equivalent to US\$20,070,000) to Huaxin. Pursuant to the Cooperation Agreement, Huatailong is not responsible for in the construction and the related construction work costs are the sole responsibilities of Zhongxinfang. Huatailong proceeded an appeal against the First Instance Adjudication on August 17, 2020. Subsequently, it was confirmed that Huatailong has no obligation for the aforesaid construction costs as the High People's Court of Lhasa City, Tibet ("Tibet High Court") entered the final instance adjudication dated November 20, 2020 (the "2020 Final Instance Adjudication") and rescinded the First Instance Adjudication.

17. CONTINGENCIES - continued

As at March 31, 2023 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 Tibet Intermediate Court adjudicated that the value of New Premises limited to RMB137 million (equivalent to US\$21 million), and the New Premises comprising a block of 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 the payment of penalty amounting to RMB5 million (equivalent to US\$773,000), and on April 20, 2022, Huatailong submitted alternation of claims application to the court and requested the delivery of New Premises and changing the penalty, charge to be RMB9 million (equivalent to US\$1,397,000). On November 5, 2022, Tibet Intermediate Court adjudicated that Zhongxinfang should pay penalty of RMB9 million (equivalent to US\$1,397,000) to Huatailong (the "November 2022 Adjudication") within 15 days from the effective date of the November 2022 Adjudication due to the overdue in delivery of the New Premises. In March, 2023, Huatailong applied for an enforcement of the November 2022 Adjudication in March 2023 (the "2023 Enforcement"). Based on legal advice, the 2023 Enforcement currently under proceeding and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

During the year ended December 31, 2022, Huaxin filed a petition with the Supreme People's Court of the PRC for a retrial and request re-adjudicating 2020 Final Instance Adjudication, the Supreme People's Court of the PRC has formed a collegial panel pursuant to law to review this case and order Tibet High Court to retry the case. On January 1, 2023, Tibet High Court has held the retrial and based on the legal advice, the lawsuit is currently under proceeding and the result of retrial is not ascertain as at March 31, 2023 and the date these condensed consolidated financial statements are authorised for issue. In the opinion of the directors of the Company, after consultation of the external legal counsel, there is no reasonable ground to support the arguments of the plaintiff, and accordingly, no provision is made in these condensed consolidated financial statements.

During the year ended December 31, 2020, Huatailong has paid the tax and other surcharges of RMB46 million (equivalent to US\$6,997,000) related to the Land Exchange (the "Tax and Other Surcharge") and expects to recover such payments from Zhongxinfang in accordance with the Cooperation Agreement. On July 8, 2020, Huatailong applied for pre-litigation preservation of assets from Zhongxinfang, the Tibet Intermediate Court 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 adjudication issued in November 20, 2020 in relation to the lawsuit against Zhongxinfang for the recoverability of the Tax and Other Surcharge, the litigation ruling adjudicated that Zhongxinfang shall repay the Tax and Other Surcharge to Huatailong (the "November 2020 Adjudication"). As Zhongxinfang has not settled such amount within the due date, Huatailong applied for an enforcement of the November 2020 Adjudication in January 2021 (the "2021 Enforcement"). On June 24, 2021, the Tibet Intermediate Court adjudicated the 2021 Enforcement be suspended as all of the assets owned by Zhongxinfang have been sealed up or frozen and there are no executable properties from Zhongxinfang. Based on legal advice, the 2021 Enforcement is currently suspended and the Group's first priority of claim over one of the assets under Pre-litigation Preservation has been extended for three years till May 24, 2024. The result of aforementioned 2021 Enforcement is not ascertain as at March 31, 2023 and the date these condensed consolidated financial statements are authorised for issue. Based on the best available information to the Group and the credit assessment as of March 31, 2023, no additional expected credit loss (31, 2022: nil) for other receivables is recognised during the three months ended March 31, 2023, and the accumulated allowance for credit losses is US\$1,667,000 as of March 31, 2023, (December 31, 2022: US\$1,644,000).