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## **China Gold International Resources Corp. Ltd.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations Three and six months ended June 30, 2024 (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 six months ended June 30, 2024.  
(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 August 14, 2024. It should be read in conjunction with the condensed 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 six months ended June 30, 2024 and the three and six months ended June 30, 2023, 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 27, 2024 on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), [www.chinagoldintl.com](http://www.chinagoldintl.com) and [www.hkex.com.hk](http://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 [sedarplus.ca](http://sedarplus.ca) as well as Hong Kong Exchange News at [hkexnews.hk](http://hkexnews.hk).

### *Performance Highlights*

#### *Three months ended June 30, 2024*

- Revenue increased by 103% to US\$148.0 million from US\$73.0 million for the same period in 2023.
- Mine operating earnings of US\$29.4 million, increased by US\$35.6 million from mine operating loss of US\$6.2 million for the same period in 2023.
- Net loss of US\$4.8 million decreased by US\$48.5 million from net loss of US\$53.3 million for the same period in 2023.
- Cash flow from operation of US\$80.9 million, increased from cash used in operation of US\$73.5 million for the same period in 2023.
- Total gold production decreased by 13% to 31,373 ounces from 36,069 ounces for the same period in 2023.
- Total copper production was 18.6 million pounds (approximately 8,454 tonnes). There was no copper production for the same period in 2023.

#### *Six months ended June 30, 2024*

- Revenue decreased by 36% to US\$208.5 million from US\$325.8 million for the same period in 2023.
- Mine operating earnings of US\$17.9 million, decreased by US\$78.7 million from mine operating earnings of US\$96.6 million for the same period in 2023.
- Net loss of US\$30.9 million decreased by US\$56.2 million from net income of US\$25.3 million for the same period in 2023.
- Cash flow from operation of US\$88.1 million, increased by US\$33.9 million from US\$54.2 million for the same period in 2023.
- Total gold production decreased by 42% to 52,087 ounces from 89,317 ounces for the same period in 2023.
- Total copper production was 23.3 million pounds (approximately 10,547 tonnes) decreased by 47% to 44.1 million pounds (approximately 20,019 tonnes) for the same period in 2023.

The decrease in production and profit was mainly attributed to the suspension of operations of the Jiama Mine following the overflow at the Guolanggou tailings pond on March 27, 2023. Operations began to gradually recommence as of December 15, 2023. Phse II processing plant with a daily processing capacity of 34,000 tonnes resumed operations on May 30, 2024. The Phase I processing plant which had been in operation during the production ramp up phase ceased operations.

## **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 suspended its operations while the Company conducted a comprehensive safety assessment of and repair work on its tailings dam with the assistance and supervision of government safety authorities.

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 has conducted a comprehensive inspection and assessment of all 19 levels of subsequent dykes and the starter dyke of the tailings dam and has made permanent repairs and reinforcements of the dam. Due to the uncertainty of the date of full resumption of production at Jiama Mine, the Company withdrew its annual production guidance for 2023 as set out in the announcement of the Company dated January 20, 2023. On December 15, 2023, certain operations began gradual resumption following the receipt of approval from the Lhasa Municipal Government. As of May 30, 2024, with the approvals of the Government of Tibet Autonomous Region and relevant departments of the central government, the Phase II processing plant resumed operations with a daily processing capacity of 34,000 tonnes. The Phase I processing plant which had been in operation during the production ramp up phase ceased operations. The Company is actively advancing the construction of the Phase III tailings dam, which is expected to be completed and put into operation in the first half of 2026.

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With the CSH pit's increased 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 Mine reduced the mining rate at the end of the third quarter and in the fourth quarter of 2023 in order to enhance the management and maintenance of open pit slopes. As of January 4, 2024, the works on slope maintenance have been completed and the mining activities, including mining, hauling, crushing and heaping, have returned to their normal operating level. The resumption of full mining activities at the CSH Mine has laid a solid foundation for enhancing the Company's financial and production performance in 2024.

Inconsideration of the events, the Company reports separate production guidance for the two mines in 2024.

#### CSH Mine:

- It is expected that the gold production range will be 106,097 ounces to 112,528 ounces (approximately 3.3 tonnes to 3.5 tonnes) in 2024.

#### Jiama Mine:

- It is expected that the copper production range will be 95.0 million pounds to 98.0 million pounds (approximately 43,200 tonnes to 44,500 tonnes) in 2024;
- It is expected that the gold production range will be 42,439 ounces to 45,333 ounces (approximately 1.32 tonnes to 1.41 tonnes) in 2024.

## RESULTS OF OPERATIONS

### *Selected Quarterly Financial Data*

	Quarter ended							
	2024		2023				2022	
<i>(US\$ in thousands except per share)</i>	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sept
Revenue	147,955	60,543	71,315	62,325	73,016	252,778	253,904	255,030
Cost of sales	118,512	72,039	73,219	76,616	79,166	150,068	157,271	179,322
Mine operating earnings (loss)	29,443	(11,496)	(1,904)	(14,291)	(6,150)	102,710	96,633	75,708
General and administrative expenses	10,649	9,096	10,071	11,399	7,896	9,584	18,390	16,215
Exploration and evaluation expenses	50	92	393	271	45	35	102	81
Research and development expenses	2,113	787	867	1,756	1,442	4,642	6,659	7,357
Income (loss) from operations	16,631	(21,471)	(13,235)	(27,717)	(15,533)	88,449	71,482	52,055
Foreign exchange (loss) gain	(443)	(157)	(579)	1,092	(11,679)	3,310	6,007	(16,085)
Finance costs	5,722	5,663	5,651	5,737	6,880	6,706	7,103	7,504
Profit (loss) before income tax	3,924	(26,410)	(20,476)	(32,440)	(52,907)	87,152	70,603	30,607
Income tax expense (credit)	8,768	(362)	(2,965)	(1,662)	432	8,493	22,083	7,251
Net (loss) profit	(4,484)	(26,048)	(17,511)	(30,778)	(53,339)	78,659	48,520	23,356
Basic (loss) earnings per share (cents)	(1.36)	(6.63)	(4.51)	(7.99)	(13.55)	19.62	11.90	5.84
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 June 30,		Six months ended June 30	
	2024	2023	2024	2023
Gold sales (US\$ million)	55.11	71.33	91.28	137.75
Realized average price (US\$) of gold per ounce	2,405	1,977	2,285	1,935
Gold produced (ounces)	22,981	36,069	40,257	71,360
Gold sold (ounces)	22,916	36,079	39,951	71,179
Total production cost (US\$ per ounce)	1,608	1,354	1,627	1,346
Cash production cost <sup>(1)</sup> (US\$ per ounce)	924	913	954	814

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

The CSH Mine reduced the mining rate at the end of the third and fourth quarters of 2023 in order to enhance the management and maintenance of open pit slopes, which was the primary cause of lower gold production in the first half of 2024 compared to the respective 2023 period. Gold production at the CSH Mine decreased by 36% to 22,981 ounces for the three months ended June 30, 2024 compared to 36,069 ounces for the same period in 2023. The total production cost of gold for the three months ended June 30, 2024 increased by 19% to US\$1,608 per ounce compared to US\$1,354 for the same period in 2023. The cash production cost of gold for the three months ended June 30, 2024 increased by 1% to US\$924 per ounce from US\$913 for the same period in 2023.

Jiama Mine	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Copper sales (US\$ in millions)	69.64	-	85.23	134.40
Realized average price <sup>1</sup> (US\$) of copper per pound after smelting fee discount	3.74	-	3.67	3.27
Copper produced (tonnes)	8,454	-	10,547	20,019
Copper produced (pounds)	18,638,240	-	23,252,987	44,133,380
Copper sold (tonnes)	8,347	-	10,427	18,656
Copper sold (pounds)	18,400,870	-	22,987,086	41,129,646
Gold produced (ounces)	8,392	-	11,830	17,957
Gold sold (ounces)	8,363	-	11,778	17,729
Silver produced (ounces)	297,118	-	432,621	740,652
Silver sold (ounces)	295,327	-	430,201	709,096
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)	106	-	106	232
Moly produced (pounds)	234,733	-	234,733	510,760
Moly sold (tonnes)	-	69	-	247
Moly sold (pounds)	-	152,004	-	544,942
Total production cost <sup>2</sup> (US\$) of copper per pound	5.06	-	6.36	3.77
Total production cost <sup>2</sup> (US\$) of copper per pound after by-products credits <sup>4</sup>	3.81	-	5.00	2.54
Cash production cost <sup>4</sup> (US\$) per pound of copper	4.05	-	5.05	2.71
Cash production cost <sup>3</sup> (US\$) of copper per pound after by-products credits <sup>4</sup>	2.80	-	3.69	1.48

<sup>1</sup> A discount factor of 11.9% to 25.3% 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%.

<sup>2</sup> 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.

<sup>3</sup> Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

<sup>4</sup> By-products credit refers to the sales of gold, silver and mining during the corresponding period.

Due to the overflow of the tailings dam on March 27, 2023, production at the Jiama Mine was suspended during most of 2023. On December 15, 2023, certain operations began gradual resumption following the receipt of approval from the Lhasa Municipal Government. The resumption of operations includes the underground void management and the restart of the Phase I processing plant with a daily processing capacity of 6,000 tonnes. As of May 30, 2024, with the approvals of the Government of Tibet Autonomous Region and relevant departments of the central government, the Phase II processing plant resumed operations with a daily processing capacity of 34,000 tonnes. The Phase I processing plant which has been in operation during the production ramp up phase ceased operations.

During the three months ended June 30, 2024, The Jiama Mine produced 8,454 tonnes (approximately 18.6 million pounds) of copper. As operations were halted for the second quarter of 2023, there was no production of copper for the comparative three month period in 2023.

### ***Review of Quarterly Data***

#### ***Three months ended June 30, 2024 compared to three months ended June 30, 2023***

**Revenue** of US\$148.0 million for the second quarter of 2024, increased by US\$75.0 million from US\$73.0 million for the same period in 2023.

Revenue from the CSH Mine was US\$55.1 million, a decrease of US\$16.2 million from US\$71.3 million for the same period in 2023. The CSH Mine, which utilizes the heap leaching method, reduced the mining rate towards the end of the third quarter and continued through the fourth quarter of 2023 to enhance the management and maintenance of the open pit slopes. This reduction impacted the gold output for the current period. As of January 3, 2024, the CSH Mine has returned to full production operations. Realized average gold price increased by 22% from US\$1,977/oz in Q2 2023 to US\$2,405/oz in Q2 2024. Gold sold by the CSH Mine was 22,916 ounces (gold produced: 22,981 ounces), compared to 36,079 ounces (gold produced: 36,069 ounces) for the same period in 2023.

Revenue from the Jiama Mine was 92.8 million, an increase of US\$91.1 million, compared to US\$1.7 million for the same period in 2023. The Jiama Mine experienced an operational suspension at the end of Q1 2023 due to a tailings dam overflow. Production began to gradually resume with the reactivation of the Phase I processing plant on December 15, 2023. Operational capacity at 34,000 tonnes per day was restored with the Phase II processing plant resuming operations effective May 30, 2024. Realized average price of copper was US\$3.74/pound in Q2 2024. Total copper sold was 8,347 tonnes (18.4 million pounds) for the three months ended June 30, 2024.

**Cost of sales** of US\$118.5 million for the quarter ended June 30, 2024, an increase of US\$39.3 million from US\$79.2 million for the same period in 2023.

**Mine operating earnings** of US\$29.4 million for the three months ended June 30, 2024, an increase of US\$35.6 million from a loss of US\$6.2 million for the same period in 2023.

**General and administrative expenses** increased by US\$2.7 million, from US\$7.9 million for the quarter ended June 30, 2023 to US\$10.6 million for the quarter ended June 30, 2024.

**Research and development expenses** of US\$2.1 million for the three months ended June 30, 2024, increased from US\$1.4 million for the comparative 2023 period. The increase was primarily driven by the Company's research and development efforts focused on improving recovery rates and optimizing processing and mining processes.

**Income from operations** of US\$16.6 million for the second quarter of 2024, increased by US\$32.1 million, compared to a loss of US\$15.5 million for the same period in 2023.

**Foreign exchange loss** of US\$0.4 million for the three months ended June 30, 2024, decreased from a loss of US\$11.7 million for the same period in 2023. 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\$2.6 million for the three months ended June 30, 2024, decreased from US\$3.8 million for the same period in 2023, primarily due to lower interest income earned during the current quarter compared to the corresponding period last year.

**Other expense** of US\$9.1 million for the three months ended June 30, 2024, decreased from US\$22.6 million for the same period in 2023. During the current quarter, a one-time penalty of US\$8.8 million related to land use at the Jiama mine was recognized. In Q2 2023, the Company recognized estimated litigation compensation of US\$22.6 million arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. During the current quarter, the Company accrued interest of US\$0.3 million on the estimated litigation compensation. Refer to Note 20 Contingencies of the condensed consolidated financial statements for the period of June 30, 2024 for details.

**Finance costs** of US\$5.7 million for the three months ended June 30, 2024, decreased by US\$1.2 million compared to US\$6.9 million for the same period in 2023. The decline was mainly driven by strategic management of the Company's loan portfolio, optimizing exposure to lower interest rates and thereby reducing overall financing expenses.

**Income tax expense** of US\$8.8 million for the quarter ended June 30, 2024, increased by US\$8.4 million from an expense of US\$0.4 million for the comparative period in 2023. During the current quarter, the Company had US\$5.7 million of deferred tax expenses compared to a deferred tax credit of US\$15.1 million for the same period in 2023.

**Net loss** of US\$4.8 million for the three months ended June 30, 2024, decreased by US\$48.5 million from a loss of US\$53.3 million for the three months ended June 30, 2023.

#### *Six months ended June 30, 2024 compared to six months ended June 30, 2023*

**Revenue** of US\$208.5 million for the first half of 2024, decreased by US\$117.3 million from US\$325.8 million for the same period in 2023.

Revenue from the CSH Mine was US\$91.3 million, a decrease of US\$46.4 million from US\$137.8 million for the same period in 2023. The CSH Mine, which utilizes the heap leaching method, reduced the mining rate towards the end of the third quarter and continued through the fourth quarter of 2023 to enhance the management and maintenance of the open pit slopes. This reduction impacted the gold output for the current period. As of January 3, 2024, the CSH Mine has returned to full production operations. Realized average gold price increased by 18% from US\$1,935/oz in the first six months of 2023 to US\$2,285/oz in 2024. Gold sold by the CSH Mine was 39,951 ounces (gold produced: 40,257 ounces), compared to 71,179 ounces (gold produced: 71,360 ounces) for the same period in 2023.

Revenue from the Jiama Mine was 117.2 million, a decrease of US\$70.8 million, compared to US\$188.0 million for the same period in 2023. The Jiama Mine experienced an operational suspension at the end of Q1 2023 due to a tailings dam overflow. Production began to gradually resume with the reactivation of the Phase I processing plant on December 15, 2023. Operational capacity at 34,000 tonnes per day was restored with the Phase II processing plant resuming operations effective May 30, 2024. Realized average price of copper increased by 13% from US\$3.27/pound in the first six months of 2023 to US\$3.67/pound in 2024. Total copper sold was 10,427 tonnes (23.0 million pounds) for the six months ended June 30, 2024, a decrease of 44% from 18,656 tonnes (41.1 million pounds) for the same period in 2023.

**Cost of sales** of US\$190.6 million for the six months ended June 30, 2024, a decrease of US\$38.7 million from US\$229.2 million for the same period in 2023.

**Mine operating earnings** of US\$17.9 million for the six months ended June 30, 2024, a decrease of US\$78.7 million from mining operating earnings of US\$96.6 million for the same period in 2023.

**General and administrative expenses** increased by US\$2.2 million, from US\$17.5 million for the six months ended June 30, 2023 to US\$19.7 million for the six months ended June 30, 2024.

**Research and development expenses** of US\$2.9 million for the six months ended June 30, 2024, decreased from US\$6.1 million for the comparative 2023 period. This reduction was primarily attributed to the completion of several research projects in 2023. With the gradual resumption of operations in the current year, the Company plans to reinvest in research and development, with a focus on enhancing recovery rates and optimizing processing and mining processes.

**Loss from operations** of US\$4.8 million for the six months ended June 30, 2024, decreased by US\$77.7 million, compared to an income of US\$72.9 million for the same period in 2023.

**Foreign exchange loss** of US\$0.6 million for the six months ended June 30, 2024, decreased from a loss of US\$8.4 million for the same period in 2023. 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\$3.8 million for the six months ended June 30, 2024, decreased from US\$5.9 million for the same period in 2023, primarily due to lower interest income earned during the current period compared to the corresponding period last year.

**Other expense** of US\$9.5 million for the six months ended June 30, 2024, decreased from US\$22.6 million for the same period in 2023. During the current quarter, a one-time penalty of US\$8.8 million related to land use at the Jiama mine was recognized. In Q2 2023, the Company recognized estimated litigation compensation of US\$22.6 million arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. During the current period, the Company accrued interest of US\$0.7 million on the estimated litigation compensation. Refer to Note 20 Contingencies of the condensed consolidated financial statements for the period of June 30, 2024 for details.

**Finance costs** of US\$11.4 million for the six months ended June 30, 2024, decreased by US\$2.2 million compared to US\$13.6 million for the same period in 2023. The decline was mainly driven by strategic management of the Company's loan portfolio, optimizing exposure to lower interest rates and thereby reducing overall financing expenses.

**Income tax expense** of US\$8.4 million for the six months ended June 30, 2024, decreased by US\$0.5 million from US\$8.9 million for the comparative period in 2023. During the current period, the Company had US\$3.8 million of deferred tax expenses compared to a deferred tax credit of US\$17.8 million for the same period in 2023.

**Net loss** of US\$30.9 million for the six months ended June 30, 2024, decreased by US\$56.2 million from a net income of US\$25.3 million for the six months ended June 30, 2023.

## 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 June 30,				Six months ended June 30,			
	2024		2023		2024		2023	
	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce
Total Cost of sales <sup>1</sup>	36,847,479	1,608	48,850,423	1,354	65,004,568	1,627	95,842,023	1,346
Adjustment – Depreciation & depletion	(15,304,996)	(668)	(15,646,311)	(434)	(26,365,649)	(660)	(37,251,952)	(523)
Adjustment – Amortization of intangible assets	(374,236)	(16)	(264,987)	(7)	(517,045)	(13)	(636,227)	(9)
Total cash production costs	21,168,247	924	32,939,125	913	38,121,874	954	57,953,844	814
Total Gold sold ounces		22,916		36,079		39,951		71,179
Cash production cost of gold US\$ per ounce calculated as total cash production cost divided by total gold sold ounces								

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

### Jiama Mine (Copper with by-products credits)

	Three months ended June 30,				Six months ended June 30,			
	2024		2023		2024		2023	
	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound
Total Cost of sales	81,664,900	4.44	30,315,573	-	125,546,328	5.46	133,391,585	3.24
General and administrative expenses	9,457,005	0.51	6,779,160	-	17,734,615	0.77	15,461,330	0.38
Research and development expenses	2,113,409	0.11	1,442,235	-	2,900,350	0.13	6,084,084	0.15
Total production cost	93,235,314	5.06	38,536,968	-	146,181,293	6.36	154,936,999	3.77
Adjustment – Depreciation & depletion	(14,557,747)	(0.79)	(13,922,110)	-	(25,119,399)	(1.09)	(34,050,478)	(0.83)
Adjustment – Amortization of intangible assets	(3,967,193)	(0.22)	(432,947)	-	(4,999,755)	(0.22)	(9,503,436)	(0.23)
Total cash production costs	74,710,374	4.05	24,181,911	-	116,062,139	5.05	111,383,085	2.71
By-products credits	(22,926,200)	(1.25)	(717,537)	-	(31,362,146)	(1.36)	(50,446,098)	(1.23)
<b>Total cash production costs after by-products credits</b>	<b>51,784,174</b>	<b>2.80</b>	<b>23,464,374</b>	<b>-</b>	<b>84,699,993</b>	<b>3.69</b>	<b>60,936,987</b>	<b>1.48</b>
Total Copper sold pounds	18,400,870		-		22,987,086		41,129,646	

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 tpd 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.

The Company continues to evaluate the potential for underground operations.

The major new contracts entered into during the six months ended June 30, 2024:

Item No.	Contract Name	Counterpart	Subject amount (US \$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Contract of 2024 Open-pit slope treatment project	China National Gold Group Third Engineering Co., Ltd	4.1	2024.5.10 – 2024.11.30	2024.5.10

## Production Update

CSH Mine	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Ore mined and placed on pad (tonnes)	3,413,723	3,459,258	5,618,990	8,273,642
Average ore grade (g/t)	0.66	0.49	0.63	0.56
Recoverable gold (ounces)	43,184	33,072	68,354	89,450
Ending gold in process (ounces)	169,753	190,674	169,753	190,674
Waste rock mined (tonnes)	3,531,654	8,726,411	6,330,310	12,021,446

For the three months ended June 30, 2024, the total amount of ore placed on the leach pad was 3.4 million tonnes, with total contained gold of 43,184 ounces (1,343 kilograms). The overall accumulative project-to-date gold recovery rate decreased to approximately 55.77% at the end of June 30, 2024 from 56.12% at the end of March 31, 2024. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 53.14% at June 30, 2024, respectively.

## Exploration

In 2023, a diamond drilling exploration program in the mining permit area was completed with the total meterage of 1,290.78 and 3 holes. The preparation of the mineral reserve update report is ongoing in 2024. 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.

An exploration program focused on the deep section in the exploration permit area with the drilling meterage of 3,580 meters of 3 holes is planned for 2024. On the May 16, 2024, a diamond drilling exploration program in the mining permit area has been started. The current drilling holes are the hole DDH9200-3 and DDH9400-5 with the total accumulated drilling meter of 95.47 m, which takes up 27.81% of the 2024 total drilling meter of 3580 m. The preparation of the mineral reserve update report is ongoing in 2024. The exploration updated report preparation is ongoing in 2024.

## Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 2023 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	16,131	0.63	10.08	0.32
	Indicated	17,239	0.68	11.76	0.38
	M+I	33,370	0.65583	21.89	0.70
	Inferred	4,301	0.41	1.74	0.06
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, 2023 under NI 43-101 are summarized below:

Type	T (x 1,000)	Diluted Au g/t	Metal	
			Au t	Au Moz
Proven	16,131	0.63	10.08	0.32
Probable	17,239	0.68	11.76	0.38
<b>Total</b>	33,370	0.65	21.84	0.70

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

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

The major new contracts entered into during the six months ended June 30, 2024:

Item No.	Contract Name	Counterpart	Subject amount (US \$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Contract of Ecological Restoration Project of Niumatang dumping site"	China National Gold Group Third Engineering Co., Ltd	3.0	2024.5.20 – 2027.5.20	2024.5.20
2	Contract of Ecological Restoration Project of seabuckthorn planting in slope mining area	China National Gold Group Third Engineering Co., Ltd	3.0	2024.5.20 – 2026.12.5	2024.5.20
3	Contract of Southern open-pit mining & stripping project(2024-2029)	China National Gold Group Corporation Construction Co., Ltd"	181.9	2024.4.1 – 2029.3.31	2024.4.1
4	Contract of hornfel open-pit dumping road construction	Zhejiang Huaye Mining and Construction Group Co., Ltd	2.9	2024.5.20 – 2025.3.16	2024.5.20
5	Loan contract for working capital	Agricultural Bank of China, Ltd. Chengguan District Branch, Lhasa	28.1	2024.5.13 – 2027.5.13	2024.5.13
6	Loan contract for working capital	Agricultural Bank of China, Ltd. . Chengguan District Branch, Lhasa	42.1	2024.1.17 – 2027.1.17	2024.1.17

## Production Update

Jiama Mine	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Ore processed (tonnes)	1,754,786	-	2,085,298	4,236,835
Average copper ore grade (%)	0.56	-	0.61	0.56
Copper recovery rate (%)	86	-	83	85
Average gold grade (g/t)	0.22	-	0.26	0.20
Gold recovery rate (%)	69	-	68	63
Average silver grade (g/t)	9.13	-	11.14	9.42
Silver recovery rate (%)	58	-	58	56
Average Moly grade (%)	0.027	-	0.026	0.029
Moly recovery rate (%)	21	-	20	15.03

The Jiama Mine has gradually resumed production starting from the Phase I processing plant on December 15, 2023. As of May 30, 2024, with the approvals of the Government of Tibet Autonomous Region and relevant departments of the central government, the Phase II processing plant resumed operations with a daily processing capacity of 34,000 tonnes. The Phase I processing plant which has been in operation during the production ramp up phase ceased operations.

## Exploration

In 2024, Tibet Huatailong Mining Development Co., Ltd. has planned two geological exploration projects, namely detailed exploration of copper and lead project surrounding 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 km<sup>2</sup> for geological prospecting, 26 km<sup>2</sup> for soil sampling and 26 km<sup>2</sup> for rock sampling with an estimated total budget of RMB 34.47 million. As of May 31, 2024, the construction of accessing roads and drilling sites in the project surrounding the current mining area of the Jiama Mine have been completed; the 9.68 km<sup>2</sup> geology mapping, 9.2 km soil sampling, 10.6 km<sup>2</sup> rock sampling have been conducted.

## Mineral Resources Estimate

Jiama Mine resources by category as of December 31, 2023 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, 2023

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	91.66	0.38	0.04	0.04	0.02	0.07	5.04	348.91	33.62	33.5	16.8	0.21	14.84
Indicated	1311.73	0.40	0.03	0.05	0.03	0.10	5.48	5194.71	451.15	613.1	380.0	4.17	231.00
M+I	1403.39	0.40	0.03	0.05	0.03	0.10	5.45	5543.61	484.77	646.6	396.8	4.39	245.85
Inferred	406.10	0.31	0.03	0.08	0.04	0.10	5.13	1247.0	123.0	311.0	175.0	1.32	66.93

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:

$$\text{CuEq Grade} = (\text{Ag Grade} * \text{Ag Price} + \text{Au Grade} * \text{Au Price} + \text{Cu Grade} * \text{Cu Price} + \text{Pb Grade} * \text{Pb Price} + \text{Zn Grade} * \text{Zn Price} + \text{Mo Grade} * \text{Mo Price}) / \text{Copper Price}$$

The Mineral Resources include the Mineral Reserves

Original Resource Estimate by Runge Pincock Minarco on 12<sup>th</sup> 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 as of December 31, 2023 under NI 43-101:

### Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2023

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	17.54	0.60	0.05	0.02	0.02	0.19	7.66	104.93	8.83	4.0	2.7	0.11	4.32
Probable	338.43	0.60	0.03	0.13	0.07	0.16	10.38	2018.63	116.37	427.7	236.2	1.73	112.98
P+P	355.98	0.60	0.04	0.12	0.07	0.16	10.25	2123.57	125.21	431.7	238.9	1.83	117.30

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
- Original Reserve Estimate by Mining One Consultants on 20<sup>th</sup> 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 June 30, 2024, the Company had an accumulated surplus of US\$348.0 million, working capital of US\$207.1 million and borrowings of US\$795.8 million. The Company's cash balance at June 30, 2024 was US\$157.6 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\$147.6 million of short term debt facilities with interest rates ranging from 1.85% to 6.29% per annum arranged through various banks. 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 June 30, 2024 the Company has drawn down RMB3.79 billion, approximately US\$534.2 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 Gold Finance bearing interest at the 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 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 Mozhugonka 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 23, 2023. The Company obtained a loan in the aggregate principal amount of RMB100 million, approximately US\$14.1 million, with China Construction Bank bearing interest at the 1.85% on November 9, 2023. The Company obtained a loan in the aggregate principal amount of RMB380 million, approximately US\$53.7 million, with China Gold Finance bearing interest at the 2.45% on November 30, 2023. The Company obtained a loan in the aggregate principal amount of RMB300 million, approximately US\$42.1 million with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd bearing interest at 1.85% on January 17, 2024. The Company obtained loan in the aggregate principal amount of RMB200 million, approximately US\$28.1 million with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd. bearing interest at 1.85% on May 13, 2024, with a three year term. The Company obtained loan in the aggregate principal amount of US\$44 million with China Construction Bank bearing floating interest with term SOFR on May 13, 2024. The Company obtained a loan in the aggregate principal amount of US\$20 million with China Construction Bank bearing floating interest with term SOFR on June 7, 2024. The Company obtained a loan in the aggregate principal amount of US\$15 million with DBS Bank Ltd. bearing floating interest with term SOFR on June 12, 2024.

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 condensed consolidated cash flow statements for the three and six months ended June 30, 2024 and June 30, 2023.

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000
Net cash from (used in) operating activities	80,890	(73,537)	88,091	54,175
Net cash used in investing activities	(19,356)	(84,416)	(60,716)	(91,542)
Net cash (used in) from financing activities	(6,352)	(234,294)	33,374	(234,750)
Net increase (decrease) in cash and cash equivalents	55,182	(392,247)	60,749	(272,117)
Effect of foreign exchange rate changes on cash and cash equivalents	(255)	(21,344)	(389)	(16,886)
Cash and cash equivalents, beginning of period	102,670	553,041	97,237	428,453
<b>Cash and cash equivalents, end of period</b>	<b>157,597</b>	<b>139,450</b>	<b>157,597</b>	<b>139,450</b>

## Operating cash flow

For the three months ended June 30, 2024, net cash inflow from operating activities was US\$80.9 million which is primarily attributable (i) Increase in accounts payables and accrued liabilities of US\$38.2 million (ii) depreciation of property, plant and equipment of US\$33.5 million (iii) decrease in accounts receivable of US\$7.7 million and (iv) increase in contract liability of US\$6.4 million, partially offset by (i) decrease in inventory of US\$11.6 million (ii) interest paid of US\$5.1 million and (iii) income taxes paid of US\$1.7 million.

For the six months ended June 30, 2024, net cash inflow from operating activities was US\$88.1 million which is primarily attributable (i) Increase in accounts payables and accrued liabilities of US\$54.8 million (ii) depreciation of property, plant and equipment of US\$57.9 million (and (ii) finance cost of US\$11.4 million, partially offset by (i) loss before income tax of US\$22.5 million (ii) decrease in inventory of US\$21.6 million (iii) interest paid of US\$10.1 million and (iv) income taxes paid of US\$3.2 million.

### ***Investing cash flow***

For the three months ended June 30, 2024, the net cash outflow from investing activities was US\$19.4 million which is primarily attributable to (i) placement of term deposits of US\$14.0 million, and (ii) payment for acquisition of property, plant and equipment of US\$5.1 million and offset by interest received of US\$0.5 million.

For the six months ended June 30, 2024, the net cash outflow from investing activities was US\$60.7 million which is primarily attributable to (i) payment for acquisition of property, plant and equipment of US\$22.0 million (ii) payment for acquisition of land use rights of US\$19.5 million, and (iii) placement of term deposits of US\$14.0 million offset by interest received of US\$0.9 million.

### ***Financing cash flow***

For the three months ended June 30, 2024, the net cash outflow mainly from financing activities was US\$6.4 million which is primarily attributable to repayments of borrowings of US\$83.8 million offset by proceeds from borrowings of US\$77.5 million.

For the six months ended June 30, 2024, the net cash inflow mainly from financing activities was US\$33.4 million which is primarily attributable to proceeds from borrowings of US\$117.5 million partially offset by (i) repayments of borrowings of US\$83.8 million and (ii) dividend paid to a minority shareholder of US\$0.3 million.

### **Expenditures Incurred**

For the six months ended June 30, 2024, the Company incurred mining costs of US\$25.2 million, mineral processing costs of US\$32.3 million and transportation costs of US\$2.1 million.

### **Gearing ratio**

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at June 30, 2024, the Company's total debt was US\$795.8 million and the total equity was US\$1,708.0 million. The Company's gearing ratio was therefore 0.47 as at June 30, 2024 compared to 0.47 as at March 31, 2024.

### **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 six months ended June 30, 2024, 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 six months ended June 30, 2024. Other than as disclosed in this MD&A, there was no plan authorized by the Board for other material investments or additions of capital assets at the date of this MD&A.

### **CHARGE ON ASSETS**

Other than as disclosed elsewhere in this MD&A and condensed consolidated financial statements, none of the Company's assets were pledged as at June 30, 2024.

### **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, 2023.

### **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, 2023.

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

	<b>Total</b>	<b>Within One year</b>	<b>Within Two to five years</b>	<b>Over five years</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Principal repayment of bank loans	<b>767,760</b>	147,614	519,308	100,838
Entrusted loan payable	<b>28,063</b>	-	28,063	-

In addition to the table set forth above, the Company has entered into service agreements with third-party contractors 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, 2023 and June 30, 2024.

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\$91.3 million for the six months ended June 30, 2024 which decreased from US\$137.7 million for the six months ended June 30, 2023.

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 six months ended June 30, 2024, revenue from sales of copper concentrate and other products to CNG was US\$116.6 million compared to US\$172.0 million for the same period in 2023.

For the six months ended June 30, 2024, construction services of US\$28.6 million were provided to the Company by subsidiaries of CNG (US\$29.1 million for the six months ended June 30, 2023).

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. The Company and China Gold Finance entered into a 2024 Financial Service Agreement on June 6, 2024. As part of the 2024 Financial Service Agreement, 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. On June 27, 2024, the 2024 Financial Services Agreement was approved by the Company's Shareholders, commencing on the date of the approval by the Independent Shareholders and up to and including December 31, 2026.

Refer to Note 18 of the condensed consolidated financial statements for details of significant related party transactions during the six months ended June 30, 2024.

## 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 six months ended June 30, 2024. 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, 2023.

## **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, 2023.

## **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 June 30, 2024.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As at June 30, 2024, 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.

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 June 30, 2024 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 June 30, 2024 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 June 30, 2024, 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 December 31, 2023 and have concluded that these controls and procedures were effective as of June 30, 2024 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 six months ended June 30, 2024, 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.sedarplus.ca](http://www.sedarplus.ca) and [www.hkex.com.hk](http://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.

## ADDITIONAL INFORMATION

Additional information as required by the Hong Kong Stock Exchange in the half-year interim report and not shown elsewhere in this report is as follows:

### A1. PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended June 30, 2024.

### A2. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as of June 30, 2024, the Company’s directors were not aware of any other person (other than a director or chief executive of the Company who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (“SFO”):

Name	Nature of interest	Number of Shares held	Approximate percentage of outstanding shares
China National Gold Group Co., Ltd. <sup>(1)</sup>	Indirect	158,588,330 <sup>(2)</sup>	40.01%
China National Gold Group Hong Kong Limited	Registered Owner	158,588,330	40.01%

Note:

1. China National Gold Group Co., Ltd. directly and wholly owns the entire issued share capital of China National Gold Group Hong Kong Limited. Therefore, the interest attributable to China National Gold Group Co., Ltd. represents its indirect interest in the Company’s shares through its equity interest in China National Gold Group Hong Kong Limited
2. Information relating to registered and indirect ownership of the Company’s shares is provided by China National Gold Group Co., Ltd.

### **A3. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND STOCK OPTIONS**

As of June 30, 2024, the interests of the directors and chief executive of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer, were as follows:

#### SHARES

Name	Position	Company	Number of shares held	Nature of interest	Approximate percentage of interest in the Company
Yingbin Ian He	Director	China Gold International Resources Corp. Ltd.	100,000	Personal	0.0252%

Other than as disclosed above, none of the directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as of June 30, 2024.

### **A4. STOCK OPTION PLAN**

The Company adopted an incentive stock option plan with approval from its shareholders and pursuant to the policies of the Toronto Stock Exchange dated May 9, 2007. All options expired on June 1, 2015 and the 2007 Stock Option Plan has ceased to be in effect.

### **A5. EMOLUMENT POLICY**

The Company's executive emolument policy and compensation program is administered by the Compensation and Benefits Committee. The Compensation and Benefits Committee reviews levels of cash compensation as needed and at least annually, and makes recommendations to the Board to adjust cash compensation in light of merit, qualifications and competence. The Compensation and Benefits Committee also reviews the corporate goals and objectives relevant to the compensation of the senior executive officers as needed and at least annually and based on recommendations from the Chief Executive Officer and other members of the management team. The Compensation and Benefits Committee makes its determinations as to overall compensation levels on the basis of both available third party data regarding comparable compensation at similar size companies as well as their own industry experience and the Company's hiring and retention needs. Decisions relating to executive compensation are reported by the Compensation and Benefits Committee to the Board for approval.

The Company's director emolument policy is administered by the Compensation and Benefits Committee with regard to comparable market statistics. Decisions relating to the compensation of directors are reported by the Compensation and Benefits Committee to the Board for approval.

As of June 30, 2024, the Company had 2,121 employees working at various locations. The emolument policy for the Company's employees is determined on a department by department basis with the Chief Executive Officer determining the emoluments for employees and managers based on merit, qualifications and the Company's hiring and retention needs.

### **A6. COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has, throughout the six months ended June 30, 2024, applied the principles and complied with the requirements of its corporate governance practices as defined by the Board and all applicable statutory, regulatory and stock exchange listings standards, in particular, the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing Securities of The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

### **A7. COMPLIANCE WITH MODEL CODE ON DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted policies regarding directors' securities transactions in its Corporate Disclosure, Confidentiality and Securities Trading Policy that has terms which are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules.

After specific enquiry with all members of the Board, the Board confirms that all of the directors of the Company have complied with the required policies in the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy throughout the six months ended June 30, 2024.

### **A8. INTERIM DIVIDEND**

The Board did not recommend the payment of interim dividends in respect of the six months ended June 30, 2024.

## **A9. AUDIT COMMITTEE**

Pursuant to the requirements under the Hong Kong Listing Rules, the Company has established an audit committee (the “Audit Committee”) comprising all the existing Independent Non-executive Directors, namely Ian He (chairman of the Audit Committee), Wei Shao, Bielin Shi and Ruixia Han. The Audit Committee has reviewed and discussed with the Company’s auditors the unaudited interim results of the Group for the three and six months ended June 30, 2024.

August 14, 2024