

CHINA GOLD INTERNATIONAL RESOURCES
CORP. LTD.

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three months ended March 31, 2024

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

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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, 2024

	NOTES	Three months ended March 31,	
		<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Revenue	3	60,543	252,778
Cost of sales		<u>(72,039)</u>	<u>(150,068)</u>
Mine operating (loss) earnings		<u>(11,496)</u>	<u>102,710</u>
Expenses			
General and administrative expenses	4	(9,096)	(9,584)
Exploration and evaluation expenditure		(92)	(35)
Research and development expenses		<u>(787)</u>	<u>(4,642)</u>
		<u>(9,975)</u>	<u>(14,261)</u>
(Loss) income from operations		<u>(21,471)</u>	<u>88,449</u>
Other (expenses) income			
Foreign exchange (loss) gain, net		(157)	3,310
Interest and other income		1,228	2,099
Other expenses	17	(347)	-
Finance costs	5	<u>(5,663)</u>	<u>(6,706)</u>
		<u>(4,939)</u>	<u>(1,297)</u>
(Loss) profit before income tax		(26,410)	87,152
Income tax credit (expenses)	6	<u>362</u>	<u>(8,493)</u>
(Loss) profit for the period		<u>(26,048)</u>	<u>78,659</u>
Other comprehensive income (expenses) for the period			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain (loss) on equity instruments at fair value through other comprehensive income ("FVTOCI")		12,626	(2,891)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		<u>(1,106)</u>	<u>10,716</u>
Other comprehensive income for the period		<u>11,520</u>	<u>7,825</u>
Total comprehensive (expenses) income for the period		<u><u>(14,528)</u></u>	<u><u>86,484</u></u>

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		Three months ended March 31,	
	<u>NOTE</u>	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Profit (loss) for the period attributable to Non-controlling interests Owners of the Company		251 (26,299) <u>(26,048)</u>	880 77,779 <u>78,659</u>
Total comprehensive income (expenses) for the period attributable to Non-controlling interests Owners of the Company		251 (14,779) <u>(14,528)</u>	878 85,606 <u>86,484</u>
(Loss) earnings per share - Basic (US cents)	8	<u>(6.63)</u>	<u>19.62</u>
Weighted average number of common shares - Basic	8	<u>396,413,753</u>	<u>396,413,753</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2024

	<u>NOTES</u>	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		102,670	97,237
Restricted balance		67,576	67,693
Trade and other receivables	9	16,344	17,076
Tax recoverable		2,336	2,286
Prepaid expenses and deposits		494	339
Inventories	10	301,462	291,553
		<u>490,882</u>	<u>476,184</u>
Non-current assets			
Prepaid expenses and deposits		16,276	768
Right-of-use assets	11	47,559	39,791
Equity instruments at FVTOCI	16	59,778	47,153
Property, plant and equipment	11	1,459,050	1,481,901
Mining rights	11	771,785	773,117
Other non-current assets		15,775	15,802
		<u>2,370,223</u>	<u>2,358,532</u>
Total assets		<u><u>2,861,105</u></u>	<u><u>2,834,716</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	12	160,928	158,250
Contract liabilities		944	71
Borrowings	13	146,230	143,523
Lease liabilities		3,138	3,041
Tax liabilities		545	540
		<u>311,785</u>	<u>305,425</u>
Net current assets		<u>179,097</u>	<u>170,759</u>
Total assets less current liabilities		<u>2,549,320</u>	<u>2,529,291</u>
Non-current liabilities			
Borrowings	13	630,936	594,711
Entrusted loan payable		28,189	28,238
Lease liabilities		919	937
Deferred tax liabilities		99,807	101,721
Deferred income		19	19
Environmental rehabilitation		76,513	75,924
		<u>836,383</u>	<u>801,550</u>
Total liabilities		<u><u>1,148,168</u></u>	<u><u>1,106,975</u></u>

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	<u>NOTE</u>	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Owners' equity			
Share capital	14	1,229,061	1,229,061
Reserves		109,976	97,422
Retained profits		353,042	380,375
		<u>1,692,079</u>	<u>1,706,858</u>
Non-controlling interests		20,858	20,883
Total owners' equity		<u>1,712,937</u>	<u>1,727,741</u>
Total liabilities and owners' equity		<u>2,861,105</u>	<u>2,834,716</u>

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on May 15, 2024 and are signed on its behalf by:

(Signed by) Junhu Tong

Junhu Tong
Director

(Signed by) Yingbin Ian He

Yingbin Ian He
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024**

	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, 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 FVTOCI	-	-	-	(2,891)	-	-	-	(2,891)	-	(2,891)
Exchange difference arising on translation	-	-	-	-	10,718	-	-	10,718	(2)	10,716
Total comprehensive (expenses) 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>
At January 1, 2024	396,413,753	1,229,061	11,179	26,318	(61,875)	121,800	380,375	1,706,858	20,883	1,727,741
(Loss) profit for the period	-	-	-	-	-	-	(26,299)	(26,299)	251	(26,048)
Fair value gain on equity instruments at FVTOCI	-	-	-	12,626	-	-	-	12,626	-	12,626
Exchange difference arising on translation	-	-	-	-	(1,106)	-	-	(1,106)	-	(1,106)
Total comprehensive income (expenses) for the period	-	-	-	12,626	(1,106)	-	(26,299)	(14,779)	251	(14,528)
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,034	(1,034)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(276)	(276)
At March 31, 2024 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>	<u>11,179</u>	<u>38,944</u>	<u>(62,981)</u>	<u>122,834</u>	<u>353,042</u>	<u>1,692,079</u>	<u>20,858</u>	<u>1,712,937</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Three months ended March 31,	
	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Net cash from operating activities	<u>7,201</u>	<u>127,712</u>
Investing activities		
Interest income received	449	1,620
Payment for acquisition of property, plant and equipment	(16,855)	(9,851)
Deposits paid for water treatment project	(6,096)	-
Payment for land use right	(18,858)	-
Release of restricted balances	-	1,105
Net cash used in investing activities	<u>(41,360)</u>	<u>(7,126)</u>
Financing activities		
Proceeds from borrowings	40,031	-
Dividend paid to a non-controlling shareholder of a subsidiary	(276)	(428)
Repayments of lease liabilities	(29)	(28)
Net cash from (used in) financing activities	<u>39,726</u>	<u>(456)</u>
Net increase in cash and cash equivalents	<u>5,567</u>	<u>120,130</u>
Cash and cash equivalents, beginning of period	97,237	428,453
Effect of foreign exchange rate changes on cash and cash equivalents	(134)	4,458
Cash and cash equivalents, end of period	<u><u>102,670</u></u>	<u><u>553,041</u></u>
Cash and cash equivalents are comprised of cash and bank deposits	<u>102,670</u>	<u>553,041</u>

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

1.1 *Basis of preparation*

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

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *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, 2023.

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

1.2 *Significant event during the current period*

Suspension of Phase II processing plant of Jiama Copper-Gold Polymetallic Mine ("Jiama Mine")

Subsequent to the tailings overflow occurred due to minor tailing dam damages from the Guolanggou tailings pond at the Group's Jiama Mine on March 27, 2023 (the "Overflow") and the resumption of Phase I processing plant of the Jiama Mine on December 15, 2023, as at March 31, 2024 and up to the date these condensed consolidated financial statements are authorised for issue, the resumption of Phase II processing plant of the Jiama Mine is subject to the government regulators' decision on when to grant permission to resume production, the Group is continuing to proceed towards the resumption of full production on its design capacity at the Jiama Mine.

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

1.2 *Significant event during the current period - continued*

Going concern assessment

The Group recorded a net loss of US\$26 million for the three months ended March 31, 2024, notwithstanding that the net operating cash inflows amounted to US\$7 million for the three months ended March 31, 2024 and as at March 31, 2024, the Group's current assets exceeded current liabilities by approximately US\$179 million. The suspension of Jiama Mine's operation in response to the Overflow and the litigations with a series of frozen assets as detailed in note 17 have negative impacts on the financial performance and operating cash flows of the Group.

Taking into account the Group's cash flow projection with impact of Jiama Mine's suspension, the expected resumption of operations and effects of litigations as detailed in note 17, the Group's existing borrowings and entrusted loan payable, its future capital expenditure and the sensitivity analysis of possible installment payments arising from the mining right of Jiama Mine, the directors of the Company consider that the Group 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. ACCOUNTING POLICIES AND APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended March 31, 2024 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2023.

In the current interim period, the Group has applied the following amendments to IFRSs issued by IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement

The application of the 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 set out 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>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
<u>At a point in time</u>		
Gold doré bars	36,166	66,415
Copper	15,585	136,585
Other by-products	8,792	49,778
Total revenue	<u>60,543</u>	<u>252,778</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.

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.

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3. REVENUE AND SEGMENT INFORMATION - continued
Segment information - continued

Information regarding the above segments is reported below:

(a) Segment revenue and results

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

For the three months ended March 31, 2024

	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	36,166	24,377	60,543	-	60,543
Cost of sales	<u>(28,158)</u>	<u>(43,881)</u>	<u>(72,039)</u>	-	<u>(72,039)</u>
Mining operating earnings (loss)	<u>8,008</u>	<u>(19,504)</u>	<u>(11,496)</u>	-	<u>(11,496)</u>
Income (loss) from operations	7,917	(28,568)	(20,651)	(820)	(21,471)
Foreign exchange loss	(120)	(32)	(152)	(5)	(157)
Interest and other income	885	367	1,252	(24)	1,228
Other expenses	-	(347)	(347)	-	(347)
Finance costs	<u>(101)</u>	<u>(4,310)</u>	<u>(4,411)</u>	<u>(1,252)</u>	<u>(5,663)</u>
Profit (loss) before income tax	<u>8,581</u>	<u>(32,890)</u>	<u>(24,309)</u>	<u>(2,101)</u>	<u>(26,410)</u>

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)	Unallocated US\$'000 (unaudited)	Consolidated 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>(150,068)</u>
Mining operating earnings	<u>19,423</u>	<u>83,287</u>	<u>102,710</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>

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), other expenses, 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, 2024 and 2023.

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3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(b) Segment assets and liabilities

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

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
As of March 31, 2024 (unaudited)					
Total assets	561,871	2,231,079	2,792,950	68,155	2,861,105
Total liabilities	39,315	1,028,194	1,067,509	80,659	1,148,168
As of December 31, 2023 (audited)					
Total assets	551,635	2,226,003	2,777,638	57,078	2,834,716
Total liabilities	34,891	991,898	1,026,789	80,186	1,106,975

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

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

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	2024 US\$'000 (unaudited)	2023 US\$'000 (unaudited)
Administration and office	1,247	1,367
Depreciation of property, plant and equipment	1,900	1,929
Depreciation of right-of-use assets	25	25
Professional fees	1,461	350
Salaries and benefits	3,554	3,459
Others	909	2,454
Total general and administrative expenses	9,096	9,584

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5. FINANCE COSTS

	Three months ended March 31,	
	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Interests on borrowings	5,123	5,742
Interests on lease liabilities	17	24
Accretion on environmental rehabilitation	705	972
	<u>5,845</u>	<u>6,738</u>
Less: Amounts capitalised to property, plant and equipment	(182)	(32)
Total finance costs	<u><u>5,663</u></u>	<u><u>6,706</u></u>

6. INCOME TAX (CREDIT) EXPENSES

	Three months ended March 31,	
	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	1,577	10,407
Overprovision in prior year - PRC EIT	(24)	-
PRC withholding income tax on profit earned from PRC subsidiaries	-	693
	<u>1,553</u>	<u>11,100</u>
Deferred tax:		
PRC Enterprise Income Tax ("EIT")	(1,915)	(1,914)
PRC withholding income tax on profit earned from PRC subsidiaries	-	(693)
	<u>(1,915)</u>	<u>(2,607)</u>
Total income tax (credit) expenses	<u><u>(362)</u></u>	<u><u>8,493</u></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 per share amounting to US\$146,673,000 was declared to the shareholders of the Company.

During the three months ended March 31, 2024, no dividend was declared to the shareholders of the Company.

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8. (LOSS) EARNINGS PER SHARE

(Loss) profit used in determining (loss) earnings per share are presented below:

	Three months ended March 31,	
	<u>2024</u> (unaudited)	<u>2023</u> (unaudited)
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share (US\$'000)	<u>(26,299)</u>	<u>77,779</u>
Weighted average number of common shares, basic	<u>396,413,753</u>	<u>396,413,753</u>
Basic (loss) earnings per share (US cents)	<u>(6.63)</u>	<u>19.62</u>

The Group has no outstanding potential dilutive instruments issued as at March 31, 2024 and 2023 and during the periods ended March 31, 2024 and 2023. Therefore, no diluted earnings per share is presented.

9. TRADE AND OTHER RECEIVABLES

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Trade receivables	1,617	1,466
Less: allowance for credit losses	<u>(104)</u>	<u>(105)</u>
	1,513	1,361
Amounts due from related companies (note 15(a)) ⁽¹⁾	599	654
Other receivables ⁽²⁾	<u>14,232</u>	<u>15,061</u>
Total trade and other receivables	<u>16,344</u>	<u>17,076</u>

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

⁽²⁾ Included in the balance as at March 31, 2024 are US\$7,748,000 value-added tax (“VAT”) recoverable (December 31, 2023: US\$8,837,000) and Tax and Other Surcharge (as defined in note 17) of US\$3,217,000 (December 31, 2023: US\$3,223,000), net of allowance for credit losses, to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. (“Zhongxinfang”), an independent third party property developer. 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.

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9. TRADE AND OTHER RECEIVABLES - continued

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

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Less than 30 days	78	60
31 to 90 days	124	17
91 to 180 days	63	49
Over 180 days	<u>1,248</u>	<u>1,235</u>
Total trade receivables	<u><u>1,513</u></u>	<u><u>1,361</u></u>

10. INVENTORIES

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Gold in process	230,310	221,656
Gold doré bars	25,888	24,842
Consumables	15,920	15,356
Copper concentrates	230	606
Spare parts	<u>29,114</u>	<u>29,093</u>
Total inventories	<u><u>301,462</u></u>	<u><u>291,553</u></u>

Inventories totalling US\$44 million for the three months ended March 31, 2024 (three months ended March 31, 2023: US\$150 million) was recognised in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT/MINING RIGHTS/RIGHT-OF-USE ASSETS

During the three months ended March 31, 2024, the Group incurred US\$1.4 million on construction in progress (for the three months ended March 31, 2023: US\$1.5 million) and US\$1 million on mineral assets (for the three months ended March 31, 2023: US\$1.5 million), respectively.

Depreciation of property, plant and equipment was US\$24.4 million for the three months ended March 31, 2024 (for the three months ended March 31, 2023: US\$44.5 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, 2024 and 2023. Amortisation of mining rights was US\$1.2 million for the three months ended March 31, 2024 (for the three months ended March 31, 2023: US\$9.5 million). The amortisation amounts were recognised in cost of sales.

During the three months ended March 31, 2024, the Group paid farmland use tax in relation to leasehold lands and recognised right-of-use assets of US\$8.9 million (three months ended March 31, 2023: nil) and lease liabilities of nil (three months ended March 31, 2023: nil)

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	March 31, 2024 US\$'000 (unaudited)	December 31, 2023 US\$'000 (audited)
Accounts payable	22,403	18,866
Bills payable	5,093	-
Construction cost payables	87,052	100,769
Mining cost accrual	6,751	-
Payroll and benefit payables	304	257
Other accruals	2,042	1,606
Other tax payable	2,094	1,543
Payable for litigation compensation (note 17)	23,136	22,828
Other payables	8,484	8,806
Payable for acquisition of a mining right	3,569	3,575
	<hr/>	<hr/>
Total accounts and other payables and accrued expenses	<u>160,928</u>	<u>158,250</u>

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13. BORROWINGS

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Bank loans	695,418	656,344
Loans payable to a CNG's subsidiary (note 15)	<u>81,748</u>	<u>81,890</u>
	<u>777,166</u>	<u>738,234</u>

The borrowings are repayable as follows:

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Carrying amount repayable within one year	146,230	143,523
Carrying amount repayable within one to two years	69,203	66,500
Carrying amount repayable within two to five years	458,329	424,627
Carrying amount repayable over five years	<u>103,404</u>	<u>103,584</u>
	777,166	738,234
Less: Amounts due within one year (shown under current liabilities)	<u>(146,230)</u>	<u>(143,523)</u>
Amounts shown under non-current liabilities	<u>630,936</u>	<u>594,711</u>

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

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Mining rights	<u>769,414</u>	<u>770,542</u>

Borrowings carry interest at effective interest rates ranging from 1.85% to 6.27% (December 31, 2023: 1.85% to 6.32%) per annum.

13. BORROWINGS - continued

In respect of a bank loan with a carrying amount of US\$124,545,000 as at March 31, 2024 (December 31, 2023: US\$124,762,000), the Group has breached the term of the syndicated loan that the carrying amount of frozen assets of Huatailong (as details in note 17(i)) has exceeded RMB200,000,000. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. As at March 31, 2024 and December 31, 2023, the lender has agreed to waive its right to demand immediate payment for the next twelve month from the end of the reporting period, therefore the syndicated loan has been classified as non-current liabilities as at March 31, 2024 and December 31, 2023 based on the instalments repayment schedule set out in the loan agreement. Except for this, the Group has complied with all other covenants throughout the reporting period.

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, 2023 (audited),		
December 31, 2023(audited) and		
March 31, 2024(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, 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 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, 2024 and 2023, and related party balances as at March 31, 2024 and December 31, 2023.

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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>2024</u> %	December 31, <u>2023</u> %
	(unaudited)	(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>2024</u> US\$'000	<u>2023</u> US\$'000
	(unaudited)	(unaudited)
Gold doré bars sales by the Group	<u>36,166</u>	<u>66,415</u>
Copper and other by-product sales by the Group	<u>24,021</u>	<u>173,633</u>
Other income	<u>712</u>	<u>-</u>
Provision of transportation services by the Group	<u>34</u>	<u>685</u>
Construction, stripping and mining services provided to the Group	<u>6,166</u>	<u>5,734</u>
Accrued property management fee	<u>114</u>	<u>118</u>
Commitment fee	<u>157</u>	<u>167</u>
Interest income	<u>233</u>	<u>1,486</u>
Interest expense on loans payable to a CNG's subsidiary and entrusted loan payable	<u>623</u>	<u>-</u>
Interest expense on lease liabilities	<u>16</u>	<u>21</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

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

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
<u>Assets</u>		
Amounts due from related companies (Note 9)	599	654
Cash and cash equivalents held in a CNG's subsidiary	-	78,264
Restricted balance held in a CNG's subsidiary	<u>67,576</u>	<u>67,693</u>
Total amounts due from CNG and its subsidiaries	<u><u>68,175</u></u>	<u><u>146,611</u></u>

Other than the cash and cash equivalents and restricted balance held in a CNG's subsidiary, the remaining amounts due from CNG and its subsidiaries as at March 31 2024 and December 31, 2023, which are included in trade and other receivables are non-interest bearing, unsecured and repayable on demand.

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
<u>Liabilities</u>		
Entrusted loan payable	28,189	28,238
Loans payable to a CNG's subsidiary	81,748	81,890
Construction costs payable to CNG's subsidiaries	1,652	6,893
Trade payable to CNG's subsidiaries	4,239	4,742
Amounts due to CNG	2,833	2,574
Contract liabilities with a CNG's subsidiary	941	68
Leased liabilities to a CNG's subsidiary	<u>1,347</u>	<u>1,334</u>
Total amounts due to CNG and its subsidiaries	<u><u>120,949</u></u>	<u><u>125,739</u></u>

With the exception of the entrusted loan payable to CNG, loans payable to a CNG's subsidiary, lease liabilities to a CNG's subsidiary and contract liabilities to a CNG's subsidiary, 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.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

(b) Compensation of key management personnel

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

	Three months ended March 31,	
	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Salaries and other benefits	82	108
Post-employment benefits	<u>7</u>	<u>7</u>
	<u>89</u>	<u>115</u>

16. FINANCIAL INSTRUMENTS

As at March 31, 2024 and December 31, 2023, 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\$58,955,000 (December 31, 2023: US\$46,328,000) 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 two unlisted companies incorporated in the PRC of US\$823,000 (December 31, 2023: US\$825,000) 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

Except as described below, there has been no significant update of the contingencies as detailed in the Group's annual financial statements for the year ended December 31, 2023.

(i) **Litigation with Huaxin and Zhongxinfang**

(a) *Litigations with Huaxin Construction Group Co., Ltd. ("Huaxin") and Zhongxinfang for the construction costs*

Pursuant to the final instance adjudication dated June 5, 2023 (the "June 2023 Huaxin Final Instance Adjudication") on construction contract dispute entered by the High People's Court of Lhasa City, Tibet ("Tibet High Court"), the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. ("Huatailong") recognised additional interest charge on the unsettled litigation compensation to Huaxin of US\$347,000 during the three months ended March 31, 2024 (three months ended March 31, 2023: nil). Accordingly, Huatailong recognised RMB164 million (equivalent to US\$23,136,000) as payable for litigation compensation which is presented under "accounts and other payables and accrued expenses" as at March 31, 2024 (December 31, 2023: RMB159 million (equivalent to US\$22,828,000)).

As at March 31, 2024 and up to the date these condensed consolidated financial statements are authorised for issue, the payable to Huaxin amounting to US\$23,136,000 is not settled by Huatailong and Huatailong is actively seeking other measures to protest against the June 2023 Huaxin Final Instance Adjudication and is not yet come up with a result.

(b) *Litigations with Zhongxinfang for the delivery of a block of the buildings and twenty car parks (the "New Premises") and recovery of all related tax exposures including but not limited to land appreciation tax, EIT and other surcharge (the "Tax and Other Surcharge") related to the land exchange whereby the Group agreed to transfer the land use right for the development of a composite project and Zhongxinfang agreed to compensate the Group by the New Premises*

As at March 31, 2024 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 still not delivered to Huatailong. Based on legal advice, the enforcement of the adjudication that Zhongxinfang should pay penalty of RMB9 million to Huatailong that was applied by Huatailong in March 2023 is currently under proceeding and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

Based on Group's assessment on the status of the New Premises and taking into account the valuation of the New Premises, no impairment loss (for the three months ended March 31, 2023: nil) has been made during the three months ended March 31, 2024 and the carrying amount of the other non-current assets are RMB111,924,000 (equivalent to US\$15,775,000) as at March 31, 2024 (December 31, 2023: RMB111,924,000 (equivalent to US\$15,802,000)).

17. CONTINGENCIES - continued

(i) **Litigation with Huaxin and Zhongxinfang** - continued

- (b) *Litigations with Zhongxinfang for the delivery of the New Premises and recovery of the Tax and Other Surcharge related to the land exchange whereby the Group agreed to transfer the land use right for the development of a composite project and Zhongxinfang agreed to compensate the Group by the New Premises* - continued

Based on the best available information to the Group and the credit risk assessment of Zhongxinfang as of March 31, 2024, no additional expected credit loss (for the three months ended March 31, 2023: nil) for the Tax and Other Surcharge from Zhongxinfang are recognised during the three months ended March 31, 2024, and the accumulated allowance for credit losses is RMB22,827,000 (equivalent to US\$3,217,000) as of March 31, 2024 (December 31, 2023: RMB22,827,000 (equivalent to US\$3,223,000)).

(ii) **Litigation with an independent supplier of Huatailong**

During the period from February 28 to March 2, 2024, the Tibet High Court has held a trial on the dispute between Huatailong and an independent supplier of Huatailong for the loss of work stoppage and slowdown resulting from the suspension of Jiama Mine's south pit and on April 10, 2024, the Tibet High Court rescinded the first instance adjudication dated November 27, 2023 by the Intermediate People's Court of Lhasa City, Tibet ("Tibet Intermediate Court") and remand the case to the Tibet Intermediate Court for retrial.

Up to the date these condensed consolidated financial statements are authorised for issue, the retrial is not yet been held, the Group concludes that it is not probable that an outflow of economic benefits will be required by taking into account the legal advice. Accordingly, no provision is made in the condensed consolidated financial statements in regard to this litigation as of March 31, 2024 (December 31, 2023: nil).
