



2023 Annual Report



中國黃金國際資源有限公司

China Gold International Resources Corp. Ltd.

(Incorporated in British Columbia, Canada with limited liability)

HK Stock Exchange Stock Code: 2099

Toronto Stock Exchange Stock Code: CGG

THE COMPANY

Overview

China Gold International Resources Corp. Ltd. (“China Gold International” or “The Company”) and its subsidiaries (collectively referred to as the “Group”) is a gold and base metal mining company incorporated in British Columbia, Canada. The Company’s main business involves the operation, acquisition, development and exploration of gold and base metal mineral properties. The Company’s principal mining operations are the Chang Shan Hao Gold Mine (“CSH Gold Mine” or “CSH Mine” or “CSH”), located in Inner Mongolia Autonomous Region, China and the Jiama Copper-Gold Polymetallic Mine (“Jiama Mine” or “Jiama”), located in Tibet Autonomous Region, China. China Gold International holds a 96.5% interest in the CSH Gold Mine, while its Chinese joint venture (“CJV”) partner holds the remaining 3.5% interest. China Gold International began its trial gold production at the CSH Gold Mine in July 2007 and commercial production commenced on July 1, 2008. The Company acquired 100% interest in the Jiama Mine on December 1, 2010. Jiama hosts a large scale copper-gold polymetallic deposit consisting of copper, gold, molybdenum, silver, lead and zinc. The Jiama Mine commenced the commercial production of phase I and phase II in September 2010 and July 2018 respectively.

The Company is working to expand resources and reserves at its existing properties through exploration programs. The Company also has adopted a growth strategy focused on strategic acquisitions sourced from the international project pipeline of its principal shareholder China National Gold Group Co., Ltd. (formerly known as China National Gold Group Corporation) (“China National Gold”) and developing potential partnerships with other senior and junior mining companies.

MESSAGE FROM THE CHAIRMAN AND CEO



Dear shareholders and friends,

Thank you for your continued support to and interest in CGG. We hereby present to you our 2023 Annual Report.

In 2023, due to the suspension of production caused by the tailings overflow at the Guolanggou tailings pond of the Jiama Copper-Gold Polymetallic Mine, the Company's performance declined significantly year-on-year, with a total of 4.6 tonnes of gold production and 20,000 tonnes of copper production, representing the first loss since 2020. The Company is in a deep regret, and shall assume the responsibility and pressure in this regard. In 2023, the management of China Gold International turned the responsibility to shareholders and the society into a driving force. On the premise of making every effort to ensure that there is no casualties and environmental pollution caused by the overflow of the Guolanggou tailings pond, the management completed the repair and reinforcement work at the Guolanggou Tailings Dam as planned. The Phase I processing plant of the Jiama Mine has resumed production in 2023. Currently, the management team is making every effort to promote the resumption of production of the Phase II processing plant, and accelerating the construction of the Phase III tailings pond to achieve the long-term stability of high-standard operation at the Jiama Mine. In 2023, we also successfully completed the slope management of the open pit at the CSH Gold Mine to ensure its safe and stable operation. At the same time, on the basis of the breakthrough results achieved in respect of underground resource exploration and reserve increase, the CSH Gold Mine is making every effort to promote the development of underground resources, striving for a possible mine life extension of the CSH Gold Mine with new value added.

Despite the impact of the decline in performance, in 2023, the Company ensured a safe funding in the year and the subsequent period in the future by optimising operations, cost control and expanding financing channels, in order to achieve an adequate ability of risk resilience.

In 2024, we will make every effort to promote the stabilization and turnaround of China Gold International with unprecedented courage, perseverance and determination, so as to repay the expectations and trust of shareholders!

Thank you again for your understanding and support!

Junhu Tong

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Junhu Tong

Mr. Tong, age 61, appointed as Chairman & CEO of the Company and re-designated from Non-executive Director of the Company to Executive Director of the Company, effected October 27, 2022. He served as a Non-Executive Director of the Company from June 2020 to October 2022. From October 2018 to December 2021, he served as a Vice President of CNGHK. He currently serves as the General Manager of CNGHK since December 2021. From July 2009 through October 2018, Mr. Tong served in numerous senior executive roles with China National Gold.

Mr. Tong has had a long career in the mining industry spanning over 33 years, with extensive senior executive and board experience. Mr. Tong currently serves as the Chairman of the Closed Joint-Stock Company Rudnik (“Zapadnava-Kluchi”) since October 2018.

Mr. Tong has been a Fellow authorized by the Australasian Institute of Mining & Metallurgy since December 2013 up to present. Mr. Tong holds a master’s degree in Mining Engineering from Beijing Science and Technology University and a bachelor’s degree in Mining Engineering from Chongqing University.

Yuanhui Fu

Mr. Fu, aged 44, is a senior geologist and has over 19 years of experience in the mining industry. Since December 2021, he has served as Chairman of Tibet Huatailong Mining Development Co., Ltd. (“Tibet Huatailong”). From 2018 to 2021, Mr. Fu served as Deputy Manager of the Mineral Resources & International Cooperation Department of CNG. From 2014 to 2018, Mr. Fu was Deputy Manager of CNG’s Resource Company Ltd. and Chairman of Aoyoute Mining Ltd., Wulantaolegai Mining Ltd., Xingyuan Non-Ferrous Metal Ltd. and Daolundaba Copper Ltd.. Mr. Fu was the deputy manager of Tibet Huatailong between 2012 and 2014. Before 2012, Mr. Fu also held a key role in Strategic Development Department in CNG.

Mr. Fu holds a master’s degree in geochemistry and a bachelor’s degree in Resource Exploration & Engineering from the China University of Geosciences (Beijing).

Weibin Zhang

Mr. Zhang, age 60, joined Inner Mongolia Pacific Mining Co., Limited (“Inner Mongolia Pacific”) in March 2018 as Chairman and General Manager. From October 2017 to March 2018, he served as Executive Director and General Manager of Changchun Gold Design Institute Co., Ltd.. From March 2014 to October 2017, Mr. Zhang served as the Principle of Changchun Gold Design Institute Co., Ltd.. From March 2011 to March 2014, he served as Vice President of China National Gold Engineering Corporation.

Starting in 1985 through March 2014, Mr. Zhang held numerous senior executive roles at the Changchun Gold Design Institute Co., Ltd. and Yunnan Gold LLC.

Mr. Zhang is a senior professional mining engineer and has over 39 years of experience in the mining industry. Mr. Zhang holds a college diploma in Mining Engineering from Shenyang Gold College.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Na Tian

Ms. Tian, age 43, acted as Deputy General Manager of the Audit and Legal Compliance Department of CNG since February 2021. She joined CNGHK as Legal Deputy Manager of the General Administration Office in September 2018. Since February 2012, Ms. Tian has worked in the Division of Corporate Secretary Affairs of the Company and was promoted to Deputy Director in September 2017. In July 2017, she was appointed as a director of Skyland Mining (BVI) Limited, a wholly owned subsidiary of the Company. From July 2008 to May 2011, Ms. Tian was an auditor at Ernst & Young Hua Ming LLP. In 2008, Ms. Tian passed PRC national judicial examination and obtained the Legal Professional Qualification.

Ms. Tian holds a master's degree in Law from Peking University Law School. She also holds double bachelor's degrees and majored in law and business English from Guangdong University of Foreign Studies.

Non-Executive Director

Wanming Wang

Mr. Wang, aged 57, has 36 years of experience in finance and financial administration. Currently, he is the CFO of CNGHK, before that he served as the General Manager of the financial department in CNGHK since October 2018. In the past three decades, Mr. Wang has also served as head of finance departments both at the CNG's head office and its subsidiaries with responsibilities including asset management, capital management, budgeting, accounting as well as asset securitization. Mr. Wang served as a member of the Board of Supervisors in the following companies: Tibet Huatailong since 2020, and Tibet Jia Ertong Mining Development Co. Ltd. since 2020. Mr. Wang also served as a director of the Board of Soremi Investments Ltd. since 2017, CNG Buqiuke Ltd. since 2019 and Zhongxin International Financial Leasing Co. Ltd. since 2016.

Mr. Wang is a senior accountant and holds an MBA degree from Asia International Open University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Yingbin Ian He

Mr. He, age 62, joined the Company as an Independent Non-Executive Director in May 2000. He is appointed as Chairman of the Audit Committee since October 2009 and as Lead Independent Non-Executive Director since November 2018. Mr. He's career in the mining industry has spanned nearly 40 years, with extensive senior executive and board experience. Mr. He is Director and Chairman of Vatukoula Gold Mines since 2013. From 1995 to 2006, Mr. He served as President and Director of Spur Ventures Inc. (listed on TSX Venture Exchange, now Atlantic Gold Corp. part of St Barbara Ltd). From 2003 to 2006 and from 2011 to 2016, Mr. He served as Director and General Manager of Yichang Mapleleaf Chemicals Inc., former subsidiary of Spur Ventures Inc. Mr. He has served as director of several public companies including SouthGobi Resources Ltd., dually listed on the Hong Kong Stock Exchange and the TSX Venture Exchange; Director of PT Bumi Resources Tbk, listed on the Indonesia Stock Exchange, and Director of Tri-River Ventures Inc., listed on the TSX Venture Exchange. In his early career, Mr. He worked as Senior Metallurgical Engineer with Process Research Associates (now part of Bureau Veritas) (1992 to 1995), Mineral Process Engineer (1990 and 1992) with Teck Resources, and Lecturer (1982 to 1985) with Heilongjiang Institute of Mining and Technology (now Heilongjiang University of Science and Technology).

Mr. He obtained his PhD (1994) and Master of Applied Science (1990) degrees in Mineral Process Engineering from the University of British Columbia, Canada, and Bachelor of Engineering degree (1982) from Heilongjiang Institute of Mining and Technology, China. Mr. He is a member of the Canadian Institute of Mining, Metallurgy and Petroleum and the Canadian Institute of Corporate Directors.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Wei Shao

Mr. Shao, age 69, is elected as an Independent Non-Executive Director as well as Chairman of the Nominating & Corporate Governance Committee since June 2019. He is a partner and the National China Service Co-Leader at Dentons Canada LLP and specializes in international business transactions focusing on China. Mr. Shao has over 30 years of extensive experience in mergers and acquisitions, corporate and project financing, cross-border counseling and general corporate and commercial transactions. Mr. Shao is actively involved in community and non-profit organizations. Prior to his legal career, Mr. Shao worked for the United Nations in New York. Mr. Shao is an interpreter accredited by the United Nations and by the federal government of Canada.

Mr. Shao holds an LLB from the University of Toronto, BA from Xi'an Foreign Languages Institute and U.N Accreditation of Simultaneous Interpretation from the Beijing University of Foreign Studies.

Bielin Shi

Mr. Shi, age 68, is elected as an Independent Non-Executive Director as well as Chairman of the Health, Safety and Environmental Committee since June 2019. He is a leading mining executive and geologist who specializes in investment management, mining geology, geostatistics, resource estimation and optimisation, exploration and project development. Mr. Shi has over 38 years of experience as a geologist with high level experience in investment management, applied geostatistics, resource estimation and mining geology, and worldwide operational expertise in exploration and mining projects. He also has expertise with independent technical reviews, due diligence audits and expert technical reporting in compliance with the JORC Code, NI43-101 and Hong Kong Stock Exchange standards.

Mr. Shi is a Competent Person under the JORC Code and holds equivalent credentials in respect of Canadian and Hong Kong's Mineral Resources/Reserves reporting standards. Mr. Shi has published numerous papers on the application of geostatistics in resource estimation.

Mr. Shi's recent work has included investment management, audit and reviews of resources for multiple commodity mining projects.

Mr. Shi has been a Post-Doctoral Research Fellow in Geostatistics from Edith Cowan University, Western Australia from 1998 to 2000. Mr. Shi holds a PhD from the University of Melbourne since 1995 and is an AusIMM Chartered Professional since 2018.

Ruixia Han

Ms. Han, age 40, is elected as an Independent Non-Executive Director as well as Chairwoman of the Compensation and Benefit Committee since June 2019. She is the Deputy CEO and Executive Director of Mason Group Holdings Limited since 16 April 2020, and an independent Non-Executive Director of Jinchuan Group International Resource Co. Ltd (HKEX Stock Code: 2362) since 20 July 2022. Prior to joining Mason Group Holdings Limited in late 2019, Ms. Han was Head of Operations and Risk of MEC Advisory Limited, which was the sole Investment Advisor to Can-China Global Resource Fund. Ms. Han's role in MEC Advisory Limited covers investment, accounting, finance treasury and investor relationships related matters. Prior to joining MEC Advisory Limited in early 2014, Ms. Han was an Investment Manager at The Export-Import Bank of China responsible for sourcing, evaluating and negotiating investment opportunities in the banking and direct investment industry.

Ms. Han has obtained her PhD's degree of Economics (Finance), Master's degree in Applied Economics (Venture Capital) and Bachelor's degree of Economics (Finance) from Renmin University of China.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Jerry Xie

EXECUTIVE VICE PRESIDENT AND CORPORATE SECRETARY

Mr. Xie, age 63, joined the Company in March 2009 and serves as Executive Vice President and Corporate Secretary. Mr. Xie is responsible for overseeing corporate secretarial matters and managing compliance and plays an important role in business development, project evaluation, investor relations as well as public relations. Mr. Xie served as Vice President and Secretary to the Board of the Company from March 2009 to October 2009 at which time he was promoted to Executive Vice President and Corporate Secretary. After joining the Company, Mr. Xie was involved in the Company's HK IPO process, evaluation of the Company's Jiama Mine, merger and acquisitions and bond issuance, as further described below. Mr. Xie has over 33 years in experience of Engineering and Project Management in the petro-chemical and oil-sand industry and mining industry. Prior to joining the Company, Mr. Xie worked as Project Manager, Project Engineer and Senior Piping Stress Analyst for LPEC/SINOPEC, Fluor, Bantrel, Tri-Ocean and WorleyParsons Canada Ltd., resource and energy engineering companies in China and Canada, from February 1982 to March 2009.

Mr. Xie holds a Master's Degree in Mechanical Engineering from the University of Calgary in Canada, a Master's Degree in Mining Engineering from the Beijing University of Science & Technology and a diploma from the Mechanical Department of Shanghai Institute of Chemical Industry.

Zheng Wang

CHIEF FINANCIAL OFFICER

Ms. Wang, aged 52, was appointed as Chief Finance Officer on May 15, 2023. Ms. Wang joined the Company in August 2012 and has served consecutively as staff accountant and accounting manager responsible for corporate financial management. Ms. Wang has extensive experience in financial reporting, internal control and corporate financing. Prior to joining the Company, Ms. Wang worked as business analyst and accounting manager for China Minmetals Corporation and IL CPA Society.

Ms. Wang holds the title of Accredited Senior Accountant in China and is a Certified Public Accountant in the United States. Ms. Wang obtained a Master's Degree in Business Administration from the University of Wisconsin-Madison, USA and a Bachelor's degree in English from North China University of Technology.

The Directors are pleased to present this report and the audited consolidated financial statements of the Company for the year ended December 31, 2023 (the "Reporting Period").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is a gold and base metal mining company incorporated under the laws of British Columbia, Canada. The Company's main business involves the operation, acquisition, development and exploration of gold and base metal properties. The principal activities of the subsidiaries are set out in Note 37 of the Financial Statements. There were no significant changes in the nature of the Company's principal activities during the year.

Further discussion and analysis of the business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair view of the business and a discussion of the principal risks and uncertainties facing the Company, particulars of important events affecting the Company that have occurred since the end of the financial year 2023, an indication of likely future development in the Company's business, the Company and all its subsidiaries (the "Group") environmental policies and performance, compliance with relevant laws and regulations which have a significant impact on the Company, outlook of the Company's business, and an account of the Company's relationships with its key stakeholders can be found in the "Five-Year Financial Summary", "Message From the Chairman and CEO", "Management Discussion and Analysis" and "Corporate Government Report" sections of this annual report and in the Annual Information Form (AIF).

SHARE CAPITAL

Details of the movement in the share capital of the Group during the Reporting Period are set out in Note 29 of the Financial Statements.

RESERVES

Details of the reserves available for distribution to the shareholders as at December 31, 2023 are set out in Note 39 of the Financial Statements.

RESULTS

The results of the Group as at December 31, 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 73.

DIVIDEND

The directors do not recommend distributing a dividend to shareholders on account of its 2023 annual results.

DIRECTORS' REPORT

DIRECTORS

The directors during the Reporting Period and up to the date of this report are as follows:

Executive Directors

Junhu Tong

Yuanhui Fu

Weibin Zhang

Na Tian

Non-Executive Director

Wanming Wang

Independent Non-Executive Directors

Yingbin Ian He

Wei Shao

Bielin Shi

Ruixia Han

In accordance with article 14.1 of the Company's articles (the "Articles"), each of the Directors shall retire at the 2024 annual and special meeting of the Company (the "2024 AGM") and, being eligible, shall offer themselves to be re-elected at the 2024 AGM.

THE BIOGRAPHY OF THE DIRECTORS AND THE SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out in the Directors and senior management's profile from page 3 to 6 of this annual report.

DISCLOSURE OF INFORMATION OF DIRECTOR PURSUANT TO RULE 13.51B(1) OF THE HONG KONG LISTING RULES

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange (the "Listing Rules").

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to the factors set out in Rule 3.13 of the Listing Rules, and considers that all of the Independent Non-Executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors elected at the 2023 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY AND INSURANCE

Pursuant to the Articles of the Company and subject to the provisions of the Business Corporations Act (British Columbia) (the "Business Corporations Act"), every Director or alternate director of the Company or its affiliates (and his or her heirs and legal personal representatives) shall be indemnified by the Company against any judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, a legal proceeding or investigative action where such person is liable by reason of him/her having been a director or alternate director of the Company and the Company must, after the final disposition of such proceeding, pay the expenses actually and reasonably incurred by such person. The Company has taken out insurance policies against the liabilities of the Directors that may arise out of corporate activities and the costs associated with defending any proceeding. The insurance coverage is reviewed on an annual basis. During the Reporting Period, no claims were made against the Directors.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Mr. Junhu Tong, Mr. Yuanhui Fu, Mr. Weibin Zhang, Ms. Na Tian and Mr. Wanming Wang are considered to have conflicts of interest in the transactions as set out in the section headed "Connected Transactions and Continuing Connected Transactions" in this report due to their senior management positions or affiliate roles with China National Gold, the ultimate controlling shareholder of the Company. Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" in this report, no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, any of its subsidiaries or the controlling shareholder of the Company was a party and in which a Director or any of his connected entity had a material interest, whether directly or indirectly, subsisted as at December 31, 2023 or at any time during the Reporting Period.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions" in this report, no other material contract (not being contracts entered into in the ordinary course of business) was entered into by a member of the Group, the controlling shareholder or its subsidiaries during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

To the best knowledge of the Directors, during the Reporting Period and up to the date of this report, save for the directorships and management roles of our Directors in other mining companies, none of our Directors had any interests in businesses that compete or are likely to compete, either directly or indirectly, with the Company. Please refer to the biographies of our Directors set out under the section headed "Board of Directors and Senior Management" of this report for details of such circumstances.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at December 31, 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained 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 Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

DIRECTORS' REPORT

SHARES

Long position in shares

| Name | Position | Company | Nature of interest | Nature of interest | Approximate percentage of interest in the Company |
|----------------|------------------------------------|---|--------------------|--------------------|---|
| Yingbin Ian He | Independent Non-Executive Director | China Gold International Resources Corp. Ltd. | 150,000 | Personal | 0.0378% |

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

China National Gold is the ultimate controlling shareholder of the Company currently holding approximately 40.01% of the issued shares of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the transactions entered into between China National Gold and the Controlled Entities as described in this section below, constitute non-exempt continuing connected transactions or partially exempt connected transactions of the Company as defined under Chapter 14A of the Listing Rules.

In addition, Tibet Huatailong, Inner Mongolia Pacific, China National Gold Group Finance Company Limited (“China Gold Finance”), and China Gold Hong Kong (together the “Controlled Entities”) are ultimately controlled by China National Gold and are therefore connected persons of the Company by virtue of Rule 14A.07 of the Listing Rules.

Non-Exempt Continuing Connected Transactions

Product and Service Framework Agreement

On April 26, 2013, the Company entered into a Product and Service Framework Agreement (as subsequently amended, the “Product and Service Framework Agreement”) with China National Gold for the provision of mining related services and products to the Company in order to facilitate the Group’s operations in the People’s Republic of China (the “PRC”) for three years until June 18, 2016.

The Company entered into a First Supplemental Product and Service Framework Agreement (the “First Supplemental Product and Service Framework Agreement”) on May 29, 2015 to extend the expiry date of the Product and Service Framework Agreement to December 31, 2017 and included the sale and purchase of copper concentrates produced at the Jiama Mine between the Group and China National Gold into the product and service scope of the Product and Service Framework Agreement, which were approved by the independent shareholders of the Company on June 30, 2015. Details of the First Supplemental Product and Services Framework Agreement are as stated in the Company’s announcement dated June 3, 2015, circular dated May 29, 2015 and poll results announcement dated July 1, 2015.

The Company entered into a Second Supplemental Product and Services Framework Agreement (the “Second Supplemental Product and Services Framework Agreement”) on May 26, 2017 to extend the term to December 31, 2020 and to extend the scope of the First Supplemental Product and Service Framework Agreement to include leasing services to be provided by Zhongxin International Financial Leasing (Shenzhen) Co. Ltd., the shares of which are 80% owned by China National Gold. Details of the Second Supplemental Product and Services Framework Agreement are as stated in the Company’s announcement dated May 26, 2017, circular dated June 1, 2017 and poll results announcement dated June 30, 2017.

On May 6, 2020, the Company and China National Gold entered into the Third Supplemental Products and Services Framework Agreement (the “Third Supplemental Product and Services Framework Agreement”), pursuant to which both

parties agreed to revise the expiry date of the Products and Services Framework Agreement to December 31, 2023. Please refer to the Company's announcement dated May 7, 2020, information circular of the Company dated May 26, 2020 and poll results announcement dated June 17, 2020.

On May 11, 2023, the Company and China National Gold entered into the Fourth Supplemental Products and Services Framework Agreement (the "Fourth Supplemental Product and Services Framework Agreement"), pursuant to which both parties agreed to extend the expiry date of the Products and Services Framework Agreement to December 31, 2026. Save as the expiry date, other terms and conditions under the Products and Services Framework Agreement remain unchanged. Please refer to the Company's announcement dated May 12, 2023, the information circular of the Company dated June 8, 2023 and poll results announcement dated July 3, 2023.

For the Reporting Period, the transaction amounts under the Product and Service Framework Agreement, as amended, were approximately RMB1,792 million where the relevant annual monetary cap was RMB6,300 million.

Supplemental Contract for Purchase and Sale of Doré

On May 7, 2014, Inner Mongolia Pacific entered into a Contract for Purchase and Sale of Doré (as subsequently amended, the "Contract for Purchase and Sale of Doré") with China National Gold for the sale and purchase of gold doré bars and silver by-products produced at the CSH Gold Mine from time to time for three years ending December 31, 2015, December 31, 2016 and December 31, 2017. Details of the Contract for Purchase and Sale of Doré are as stated in the Company's announcement dated May 7, 2014, circular dated May 15, 2014 and poll results announcement dated June 20, 2014.

On May 26, 2017 Inner Mongolia Pacific and China National Gold entered into the Supplemental Contract for Purchase and Sale of Doré (the "Supplemental Contract for Purchase and Sale of Doré") for a term commencing on January 1, 2018 and expiring on December 31, 2020. Details of the Supplemental Contract for Purchase and Sale of Doré are as stated in the Company's announcement dated May 26, 2017, circular dated May 31, 2017 and poll results announcement dated June 30, 2017.

On March 28, 2018, Inner Mongolia Pacific entered into the Second Supplemental Contract for Purchase and Sale of Doré with China National Gold, to make certain immaterial and non-consequential amendments to the purchase terms of gold doré pursuant to which both parties agreed to amend the reference price for gold doré from "the real-time price of Au9995 gold ingot at Shanghai Gold Exchange on the notification date less RMB0.95 per gram" to the monthly average price of the AU(T+D) contract on the Shanghai Gold Exchange less RMB1.50 per gram".

On May 6, 2020, Inner Mongolia Pacific and China National Gold entered into the Third Supplemental Contract for Purchase and Sale of Doré for a three-year term commencing January 1, 2021 and expiring on December 31, 2023. Details of the Third Supplemental Contract for Purchase and Sale of Doré are as stated in the Company's announcement dated May 7, 2020, circular dated May 26, 2020 and poll results announcement dated June 17, 2020.

On May 11, 2023, Inner Mongolia Pacific and China National Gold entered into the Fourth Supplemental Contract for Purchase and Sale of Doré, pursuant to which both parties agreed to extend the expiry date of the Contract for Purchase and Sale of Doré to December 31, 2026. Save as the expiry date, other terms and conditions under the Contract for Purchase and Sale of Doré remain unchanged. Details of the Fourth Supplemental Contract for Purchase and Sale of Doré are as stated in the Company's announcement dated May 12, 2023, circular dated June 8, 2023 and poll results announcement dated July 3, 2023.

For the Reporting Period, the transaction amounts under the Contract for Purchase and Sale of Doré, as amended, were approximately RMB1,780 million where the relevant annual monetary cap was RMB2,800 million.

Partially Exempt Connected Transactions

Deposit Services Agreement

On December 18, 2017, the Company and China Gold Finance entered into a deposit services agreement pursuant to which the Company and its subsidiaries may, from time to time, make withdrawals and deposits with China Gold Finance up to a daily maximum deposit balance (including interest) not exceeding RMB100 million, for a term of one year commencing on January 1, 2018 (the "Deposit Services Agreement"). Deposit interest rates payable by China Gold Finance to the Group for any deposits shall be, at a minimum, 20% higher than the benchmark interest rate published by The People's Bank of China for the same period and for the same type of deposit. Details of the Deposit Services Agreement are as stated in the Company's announcement dated December 19, 2017.

On December 18, 2018, the Company and China Gold Finance entered into a Supplemental Deposit Services Agreement (the "Supplemental Deposit Services Agreement") to extend the term for a further year to December 31, 2019. Details of the Supplemental Deposit Services Agreement are as stated in the Company's announcement dated December 20, 2018.

On December 31, 2019, the Company and China Gold Finance entered into a Supplemental Deposit Services Agreement (the "Supplemental Deposit Services Agreement") to extend the term for a further year to December 31, 2020. Details of the Supplemental Deposit Services Agreement are as stated in the Company's announcement dated December 31, 2019.

On December 22, 2020, the Company and China Gold Finance entered into a 2021 Supplemental Deposit Services Agreement (the "2021 Supplemental Deposit Services Agreement") to extend the term for a further year to December 31, 2021. Details of the Supplemental Deposit Services Agreement are as stated in the Company's announcement dated December 23, 2020.

Daily maximum deposit monetary caps for the transactions stipulated under the Deposit Services Agreement (as amended) pursuant to Chapter 14A of the Listing Rules (including accumulative settlement interest) shall not exceed RMB100 million for 2020, increasing to RMB180 million in the 2021 Supplemental Deposit Services Agreement. There have not been any deposits exceeding the daily maximum monetary cap for the Reporting Period.

On May 5, 2021, the Company and China Gold Finance entered into the 2021 Financial Services Agreement pursuant to which China Gold Finance agreed to provide the Company with a range of financial services including (a) the Deposit Service, and the daily maximum deposit monetary caps for the transactions shall not exceed RMB3,000 million, (b) the Lending Services, (c) the Settlement Services and (d) the Other Financial Services.

On June 29, 2021, the 2021 Financial Services Agreement was approved by shareholders at AGM and expired on December 31, 2023. Details of the 2021 Financial Service Agreement are stated in the Company's announcement dated May 6, 2021, circular dated May 31, 2021 and poll results announcement dated June 30, 2021.

During the year ended December 31, 2023, it came to the Company's attention that the daily deposit balance under the Deposit Services exceeded the Deposit cap of RMB3,000 million (the "Deposit Cap") from February 23, 2023 to April 26, 2023, with the highest daily deposit balance during such period being approximately RMB562 million over the Deposit Cap (the "Exceeding of the Cap"). The Exceeding of the Cap was due to an increase in operating cash flow during that period, miscommunication on the nature of the Deposit Cap (i.e. cap being the maximum annual average deposit balance instead of the maximum daily deposit balance) and failure on the part of the continuing connected transaction working group of the Company to closely monitor the deposit.

As soon as the Company became aware of the Exceeding of the Cap, the Company took steps to reduce deposits placed with China Gold Finance to a level within the Deposit Cap. Since April 27, 2023, the daily deposit balance has been kept within the Deposit Cap and the Company ensured that the daily deposit balance remains within the Deposit Cap for the rest of the term of the 2021 Financial Services Agreement. The Company has discussed the Exceeding of the Cap with China Gold Finance and continued to maintain regular communication with China Gold Finance within the term of the 2021 Financial Services Agreement.

In May 2023, a supplier of Tibet Huatailong (the "Supplier") commenced legal proceedings against Tibet Huatailong for alleged losses as a result of slowdown and suspension of works due to the suspension of operations of the Jiama Mine (the "Legal Proceedings"). On May 24, 2023, the Tibet Intermediate Court ruled in favour of the Supplier's application for pre-litigation preservation of assets against Tibet Huatailong and as a result of the court order (the "Court Order"), Tibet Huatailong's deposits amounting to approximately RMB479 million placed with China Gold Finance was frozen (the "Frozen Deposits").

On the 2021 Financial Services Agreement, the Company withdrew all deposits (other than the Frozen Deposits) which are placed with the China Gold Finance. As at the date of this report, the Legal Proceedings are still ongoing, the Company will continue to derive interest income from the Frozen Deposits placed with China Gold Finance to the extent permitted under PRC law. Upon expiry or cessation of the Court Order (including any extension thereof), the Company will withdraw the remaining deposits (being the Frozen Deposits) in full. The Company will not place any further deposits with the China Gold Finance unless and until (a) the remaining deposits (being the Frozen Deposits) have been withdrawn in full, and (b) the Company enters into a new financial services agreement with China Gold Finance and complies with all applicable requirements under Chapters 14 and 14A of Listing Rules (including any shareholders' approval as may be applicable). For the avoidance of doubt, the Frozen Deposits (including the interest derived therefrom) would not constitute a "transaction" for the purposes of Chapters 14 and 14A of the Listing Rules following expiry of the 2021 Financial Services Agreement.

Annual Review

The Company's auditor, Deloitte Touche Tohmatsu, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules has been provided to the Directors, and was confirmed in respect of the above matter. The Auditor has confirmed to the Board that nothing has come to their attention that causes them to believe that the above continuing connected transactions for the year ended December 31, 2023: (a) have not been approved by the Board; (b) the transactions were not, in all material respects, in accordance with the pricing policies of the Company; (c) the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (d) have exceeded the respective maximum aggregate annual caps as disclosed in the previous announcements of the Company, except for the Exceeding of the Deposit Cap.

DIRECTORS' REPORT

In accordance with Rule 14A.55 of the Listing Rules, the Independent Non-Executive Directors have reviewed and confirmed that the continuing connected transactions carried out under (i) the third supplemental Product and Services Framework Agreement, (ii) the third supplemental Contract for Purchase and Sale of Doré (as amended), and (iii) the Financial Services Agreement have each been entered into: (a) in the ordinary and usual course of the Company's business; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Independent Non-Executive Directors also confirmed in their review of the continuing connected transactions that all such transactions were carried out in accordance with the pricing policies of the Company and processes set out in the respective agreements for such transactions.

Related Party Transactions

Details of the related party transactions undertaken during the Reporting Period are set out in Note 30 of the Financial Statements. All the related party transactions constituted connected transactions and/or continuing connected transactions of the Company as defined in the Listing Rules. The Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Reporting Period, except for the Exceeding of the Deposit Cap.

SKYLAND BONDS

On June 16, 2020, the Company, Skyland Mining (BVI) Ltd., Bank of China (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, China Construction Bank (Asia) Corporation Limited, Citigroup Global Markets Limited, Guotai Junan Securities (Hong Kong) Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Silk Road International Capital Limited and Standard Chartered Bank (the "Joint Bookrunners" and "Joint Lead Managers") entered into a subscription agreement (the "Subscription Agreement") pursuant to which Skyland Mining (BVI) Ltd. agreed to issue to the Joint Bookrunners and Joint Lead Managers, and the Joint Bookrunners and Joint Lead Managers agreed severally and not jointly, to subscribe for bonds in an aggregate principal amount of US\$300 million at an issue price of 99.886% (the "Bonds") bearing interest at the rate of 2.80% with a maturity date of June 23, 2023, rated BBB- by Standard & Poor's. The Bonds were unconditionally and irrevocably guaranteed by the Company. The net proceeds were used for repaying existing indebtedness and general corporate purposes of the Company.

On June 23, 2020, all the conditions to the issue of the Bonds as set out in the Subscription Agreement were satisfied and the issue of the Bonds was closed. The Bonds were listed on the Stock Exchange of Hong Kong Limited and the Chongwa (Macao) Financial Asset Exchange Co., Limited on 24 June 2020.

Details of the Subscription Agreement are stated in the Company's announcements dated June 16, 2020 and June 23, 2020.

On June 23, 2023, the bonds denominated in U.S. dollar, with an aggregate principal amount of US\$300 million issued on June 24, 2020, were fully repaid.

EQUITY-LINKED AGREEMENTS

During the year ended December 31, 2023, the Company has not entered into any equity-linked agreement (as defined in section 6 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)).

NUMBER AND REMUNERATION OF EMPLOYEES

As at December 31, 2023, the Company had 2,080 employees working at various locations. During the Reporting Period, staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately US\$68,203,000 as compared to the staff costs of US\$88,496,000 in 2022.

EMOLUMENT POLICY

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.

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.

There is no share-based compensation plan in place for the Company for the time being.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DIRECTORS' RIGHT TO PURCHASE SHARES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests in Shares" above, at no time during the Reporting Period, were there any rights to acquire benefits by means of acquisition of shares in or debentures of Company or any of its subsidiaries or its holding companies or any of the subsidiaries of the Company's holding companies granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at December 31, 2023, based on the information available to the Board and the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO, the Company was notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive:

Long Position in Shares of the Company

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

Notes:

- (1) China National Gold Group Co., Ltd. directly and wholly owns China National Gold Group Hong Kong Limited and 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 were provided by China National Gold Group Co., Ltd.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company, nor any of its subsidiaries purchased, sold and redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or under the laws of British Columbia, Canada which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has complied with the sufficiency of public float requirement under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the Reporting Period attributable to the Company's major suppliers and customers are as follows:

| | Percentage of the total purchases/sales accounted for |
|----------------------------------|--|
| <hr/> | |
| Purchases | |
| – the largest supplier | 18% |
| – the largest suppliers combined | 44% |
| Sales | |
| – the largest customer | 42% |
| – the largest customers combined | 100% |
| <hr/> | |

Sales to the largest customer of the Company account for 42% of the Company's sales and relate to the sale of Copper concentrate from the Jiama Mine pursuant to the Copper concentrate powder purchase and sale Contract. In addition, the five largest customers account for 100% of the Company's sales. However, due to the fact that pricing for the Company's mineral products is based on prevailing market prices in accordance with the contracts with customers, the Company does not consider there to be any risks associated with reliance on major customers. The Company considers that its pricing structure based on prevailing metal prices mitigates against any adverse effects from concentration on five customers.

Save as disclosed above, at no time during the Reporting Period did a director, an associate of a director or any other shareholder (which owned more than 5% of the Company's issued share capital) hold any direct or indirect interest in the Company's five largest suppliers or customers during the Reporting Period.

CHARITABLE DONATIONS

The Company made charitable donations during the Reporting Period amounting to US\$1,339,400.

EVENTS AFTER THE REPORTING PERIOD

There are no other significant events occurring after December 31, 2023 as set out in the Financial Statements and Management's Discussion and Analysis.

INDEPENDENT AUDITORS

A resolution will be submitted at the 2024 AGM to re-appoint Deloitte Touche Tohmatsu of Hong Kong as the Company's auditors.

On behalf of the Board,

Junhu Tong

Chairman and Chief Executive Officer

March 27, 2024

CORPORATE GOVERNANCE REPORT

The Board will continue to review and, where appropriate, improve the current practices of the Company on the basis of the experience and regulatory changes to enhance the confidence of shareholders of the Company, and to safeguard shareholders' interest for continued and long term success of the Company over time.

To further this philosophy and to ensure that the Company follows good governance practices the Board has taken the following steps:

- approved and adopted a mandate for the Board;
- established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation and Benefits Committee;
- established a Health, Safety and Environmental Committee;
- approved charters for all of the Board committees to formalize the mandates of those committees;
- established a Disclosure Committee with a mandate to oversee the Company's disclosure practices including the establishment of a sub-committee charged with overseeing the Company's technical disclosure;
- adopted a formal Corporate Disclosure, Confidentiality and Securities Trading Policy and formalized the Company's disclosure controls and procedures;
- adopted a formal Code of Business Conduct and Ethics that governs the behavior of directors, officers and employees and which is also distributed to consultants;
- adopted formal written position descriptions for the Chief Executive Officer and Chief Financial Officer, clearly defining their roles and responsibilities;
- adopted a whistleblower policy administered by an independent third party;
- formalized a process for assessing the effectiveness of the Board as a whole, the Board committees and the contribution of individual directors on a regular basis;
- reviewing and approving the Company's incentive compensation plans; and
- providing continuing education opportunities for all directors.

COMPANY CULTURE

The Company has always maintained the social responsibility concept of "Never get engaged in gold production in any place at the expense of damaging the ecological and social environment." While pursuing economic interests, it manages the impact on stakeholders and the natural environment during business operations, pursuing the maximum integrated value of the Company, society, and the environment.

The Company firmly believes that fulfilling the social responsibility attached to any enterprise is an indispensable route for enterprises to complete sustainable development and keep the business thriving. As a mining enterprise with high production risks, we value safe production as a prerequisite for growth and take measures to improve safety production.

The Company is dedicated to a people-oriented approach, with a strong focus on the sustainable development of our staff. We are unwavering in our commitment to uphold the rights and interests of our employees. Our dedication to environmental protection, energy conservation, and emission reduction is a cornerstone of our operations as we strive for green development. We also actively contribute to the local community, investing substantial financial resources, materials, and manpower to support local education, health, transportation, and infrastructure construction.

The Company will continue to hold the concept of social responsibilities, apply its expectations for society, the environment, and benefits to the production and operation practice, improve its core competitiveness through technology innovation and management improvement, implement social responsibility consciously, build a responsible and utterly trustworthy company and become an active practitioner of social responsibility in the global mining industry.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has, throughout the Reporting Period, 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 (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Company’s current practices are reviewed and updated regularly to ensure that the latest developments in corporate governance are followed and observed.

Save as disclosed below, during the Reporting Period and up to the date of this report, the Company has complied with all code provisions in the CG Code:

The roles of the chairman and chief executive officer of the Company have not been separated as required by code provision C.2.1 of the CG Code.

Mr. Junhu Tong (“Mr. Tong”) has been appointed as the roles of both the Chairman and CEO of the Company. However, the Board believes that Mr. Tong is familiar with the Company’s business operation and has superior knowledge and experience of the Company’s business as CEO, and vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership with the Company and improving the efficiency of overall strategic planning for the Company. Under the supervision of the Board which comprises of four executive Directors, one non-executive Director and four independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders. Further, the Company established the role of ‘Lead Independent Director’(the “Lead INED”) and Mr. Yingbin Ian He was appointed as Lead INED as of 13 November 2018 concurrently with Mr. Jiang being appointed as Chair. The role of Lead INED was created to liaise with Chairman and CEO on behalf of the independent non-executive Directors and advise the Board on matters where there may be an actual or perceived conflict of interest to ensure the best possible operation of the Board in accordance with the best corporate governance practices.

Changes in Directors and Senior Management

The change in Directors and/or senior management of the Company during the Reporting Period and up to the date of this report are set out below:

1. Ms. Zheng Wang was appointed as Chief Finance Officer on May 15, 2023.
2. Ms. Yuehe Lu resigned as Interim Chief Financial Officer on May 15, 2023.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

Corporate governance guidelines adopted by the Canadian Securities Administrators (“CSA”) recommend that a majority of the directors of a corporation be independent directors and Rule 3.10 and 3.10A of the Listing Rules requires every Board of Directors to include at least three Independent Non-Executive Directors and at least one-third of the Board of Directors to comprise of Independent Non-Executive Directors. Under the CSA corporate governance guidelines, an “independent director” is a director who has no direct or indirect material relationship with the Company, including as a partner, shareholder or officer of an organization that has a relationship with the Company. A “material relationship” is one that would, or in the view of the Board could be reasonably expected to, interfere with the exercise of a director’s independent judgment. The CG Code includes a number of factors to take into consideration when assessing the independence of a Non-Executive director, including the percentage of shares held by him or her in the Company and any material interest in any principal business activity of the Group. As at December 31, 2023 and as at the date of this report, the Board has determined that it consisted of four “independent directors” and five non-independent directors under the CSA corporate governance guidelines. The Board believes that its current size and composition and the composition of the Board committees, result in balanced representation.

The Company recognizes that the Board’s independence is a crucial aspect of corporate governance that ensures the Board of Directors is acting in the best interest of the Company and its shareholders. The Company has established effective mechanisms on when and how directors may seek independent professional advice, at the expense of the Company, to ensure independent views and input are available to the Board.

As at the date of this report, the Company believes it has a well-balanced Board. The Board is comprised of four (4) Executive Directors, one (1) Non-Executive Director and four (4) Independent Non-Executive Directors. The Directors for the year ended 31 December 2023 and up to the date of this report are as follows:

Executive Directors

Junhu Tong (*Chairman and Chief Executive Officer*)⁽¹⁾

Yuanhui Fu (*Vice President*)⁽²⁾

Weibin Zhang⁽³⁾

Na Tian⁽⁴⁾

Non-Executive Director

Wanming Wang⁽⁵⁾

Independent Non-Executive Directors

Yingbin Ian He

Wei Shao

Bielin Shi

Ruixia Han

Notes:

- (1) Mr. Tong is an Executive Director in his capacity as Chief Executive Officer of the Company.
- (2) Mr. Fu is an Executive Director in his capacity as Vice President of the Company and Chairman of Tibet Huatailong.
- (3) Mr. Zhang is an Executive Director in his capacity as Chairman and General Manager of Inner Mongolia Pacific.
- (4) Ms. Tian is an Executive Director in his capacity as an affiliate of China National Gold which has a material relationship with the Company.
- (5) Mr. Wang is a Non-Executive Director in his capacity as an affiliate of China National Gold which has a material relationship with the Company.

As at the date of this report, China National Gold holds approximately 40.01% of the Company's outstanding common shares.

Biographical details of the Directors of the Company are set out in the section headed "Board of Directors and Senior Management" on pages 3 to 6 of this annual report. The Board has assessed the independence of all the Independent Non-Executive Directors and considers each of them to be independent having regard to (i) their annual confirmation on independence as required under the Listing Rules, (ii) the absence of involvement in the daily management of the Company and (iii) the absence of any relationships or circumstances which would interfere with the exercise of their independent judgement.

The Directors are satisfied that the size and composition of the Board results in a balanced representation on the Board among executive and non-executive directors and the Company's controlling shareholder.

Since October 2022, Mr. Junhu Tong serves as the Company's Chief Executive Officer in addition to being an Executive Director. The Chief Executive Officer is responsible for running the Company's businesses and implementing the Group's strategic plans and business goals.

For the reporting period, Mr. Yingbin Ian He was appointed lead Independent Non-Executive Director as of November 2018. The role of lead Independent Non-Executive Director was created to enhance the Company's corporate governance practices and provides leadership to the Independent Non-Executive Directors, liaise with Chief Executive Officer on behalf of the Independent Non-Executive Directors and advise the Board on matters where there may be an actual or perceived conflict of interest such as Chief Executive Officer's performance evaluation to ensure the best possible operation of the Board.

For the Reporting Period, the Nominating & Corporate Governance Committee is comprised of four Independent Non-Executive Directors, namely, Mr. Wei Shao, Mr. Yingbin Ian He, Mr. Bielin Shi and Ms. Ruixia Han and one Non-Executive Director, namely, Mr. Wanming Wang. Mr. Wei Shao was appointed as the Chairman of the Nominating & Corporate Governance Committee on June 25, 2019.

For the Reporting Period, the Audit Committee is comprised of four Independent Non-Executive Directors, namely, Mr. Yingbin Ian He, Mr. Wei Shao, Mr. Bielin Shi and Ms. Ruixia Han. Mr. Yingbin Ian He was appointed as the Chairman of the Audit Committee on June 25, 2019.

For the Reporting Period, the Compensation & Benefits Committee is comprised of four Independent Non-Executive Directors, namely, Mr. Yingbin Ian He, Mr. Wei Shao, Mr. Bielin Shi and Ms. Ruixia Han and one Executive Director Mr. Weibin Zhang. Ms. Ruixia Han was appointed as the Chairwoman of the Compensation & Benefits Committee on June 25, 2019.

For the Reporting Period, the Health, Safety and Environmental Committee is comprised of four Independent Non-Executive Directors, namely, Mr. Yingbin Ian He, Mr. Wei Shao, Mr. Bielin Shi and Ms. Ruixia Han and one Executive Director Mr. Yuanhui Fu. Mr. Bielin Shi was appointed as the Chairman of the Health, Safety and Environmental Committee on June 25, 2019.

To the best knowledge of the Company, none of the Directors is related. Relationships include financial, business or family relationships. The Directors are free to exercise their independent judgment. Directors, including the current non-executive Directors and the independent non-executive Directors, are elected at each annual general meeting and hold office until the next annual general meeting, unless a Director's office is earlier vacated in accordance with the provisions of the Business Corporations Act (British Columbia) and the Company's Articles.

CORPORATE GOVERNANCE REPORT

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors bring a range of business, professional and financial expertise, experience and independent judgment to the Board.

Through active participation at Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all Non-Executive Directors (including Independent Non-Executive Directors) make various contributions to the effective direction of the Company.

In accordance with the Company's Articles, the Non-Executive Directors (including the Independent Non-Executive Directors) are subject to re-election each year at the Company's annual general meeting.

DIRECTORS' PROFESSIONAL DEVELOPMENT

The Board, through the Chairman of the Nominating and Corporate Governance Committee, ensures that all new Directors receive a comprehensive orientation so that each new Director fully understands the role of the Board and its Committees, as well as the contribution individual directors are expected to make and to understand the nature and operation of the Company's business.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Board provides continuing education opportunities for all Directors, so that each individual Director may maintain or enhance his or her skills and abilities as a Director, as well as to ensure his or her knowledge and understanding of the Company's business remains current.

The orientation and continuing education process will be reviewed on an annual basis and will be revised accordingly. There are technical presentations at Board meetings, focusing on either a particular property or a summary of various properties. The question and answer portions of these presentations are valuable learning resources for the non-technical Directors. The Board has also incorporated training into their Board meetings with presentations by legal, accounting and other professional groups and individuals.

All Directors participated in appropriate continuous professional development and provided the Company with their records of training they received for Reporting Period. Directors participated in the training which included reading regulatory updates, attending seminars or conducting training sessions and exchanging views. According to the training records maintained by the Company, the trainings received by each of the Directors during the Reporting Period are summarized as follows:

| | Reading/ Attending seminars/ conferences and exchange views |
|--|--|
| Executive Directors | |
| Junhu Tong | Yes |
| Yuanhui Fu | Yes |
| Weibin Zhang | Yes |
| Na Tian | Yes |
| Non-Executive Director | |
| Wanming Wang | Yes |
| Independent Non-Executive Directors | |
| Yingbin Ian He | Yes |
| Wei Shao | Yes |
| Bielin Shi | Yes |
| Ruixia Han | Yes |

MANDATE OF THE BOARD

Under the Business Corporations Act, the Directors are required to manage the Company's business and affairs, and in doing so, to act honestly and in good faith with a view to furthering the best interests of the Company. In addition, each Director must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board is responsible for supervising the conduct of the Company's affairs and the management of its business. The Board's mandate includes setting long term goals and objectives for the Company, formulating the plans and strategies necessary to achieve those objectives and supervising senior management in their implementation. Although the Board delegates the responsibility for managing the day-to-day affairs of the Company to senior management, the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business.

The Board's mandate requires that the Board be satisfied that the Company's senior management will manage the affairs of the Company in the best interest of the shareholders, in accordance with the Company's principles, and that the arrangements made for the management of the Company's business and affairs are consistent with their duties described above. The Board is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned. The obligation of the Board must be performed continuously, and not merely from time to time, and in times of crisis or emergency the Board may have to assume a more direct role in managing the affairs of the Company.

In discharging this responsibility, the Board's mandate provides that the Board oversees and monitors significant corporate plans and strategic initiatives. The Board's strategic planning process includes annual budget reviews and approvals and discussions with management relating to strategic and budgetary issues.

As part of its ongoing review of business operations, the Board periodically reviews the principal risks inherent in the Company's business, including financial risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve annual operating and capital budgets, any material dispositions, acquisitions and investments outside of the ordinary course of business or not provided for in the approved budgets, long-term strategy, organizational development plans and the appointment of senior executive officers. Management is authorized to act, without Board approval on all ordinary course matters relating to the Company's business.

The Board's mandate provides that the Board expects management to provide the directors, on a timely basis, with information concerning the business and affairs of the Company, including financial and operating information and information concerning industry developments as they occur, all with a view to enabling the Board to discharge its stewardship obligations effectively. The Board expects management to efficiently implement its strategic plans for the Company, to keep the Board fully apprised of its progress in doing so and to be fully accountable to the Board in respect to all matters for which it has been assigned responsibility.

The Board has instructed the management to maintain procedures to monitor and promptly address shareholders' concerns and has directed and will continue to direct the management to apprise the Board of any major concerns expressed by shareholders.

Each Board Committee is empowered to engage external advisors as it sees fit. Any individual Director is entitled to engage an outside advisor at the expense of the Company provided such Director has obtained the approval of the Nominating and Corporate Governance Committee to do so. In conjunction with its review of operations, the Board considers risk issues when appropriate and approves corporate policies addressing the management of the risk of the Company's business.

CORPORATE GOVERNANCE REPORT

The Board takes ultimate responsibility for the appointment and monitoring of the Company's senior management. The Board approves the appointment of senior management and reviews their performance on an ongoing basis.

The Company has a corporate disclosure policy addressing, among other things, how the Company interacts with analysts and the public, and contains measures for the Company to avoid selective disclosure. The Company has a Disclosure Committee responsible for overseeing the Company's disclosure practices. The Disclosure Committee consists of the Company's Executive Vice President and Corporate Secretary, Chief Executive Officer, Chief Financial Officer and the Company's senior communications and investor relations officers, or those individuals who act in equivalent positions for the Company, and receives advice from the Company's external legal counsel. The Disclosure Committee assesses materiality and determines when developments require public disclosure. The Disclosure Committee reviews the corporate disclosure policy annually and as otherwise needed to ensure compliance with regulatory requirements and reviews all documents which are reviewed by the Board and Audit Committee. The Board reviews and approves the Company's material disclosure documents, including its annual report, annual information form and management proxy circular. The Company's annual and quarterly financial statements, management's discussion and analysis and other financial disclosure is reviewed by the Audit Committee and recommended to the Board for approval, prior to its release.

Board Diversity Policy

In order to ensure diversity of the Board and improve the Company's corporate governance, the Board approved the Board diversity policy (the "Policy") in accordance with the requirements set out in code provision B.1.3 of the CG Code. The Policy sets out the approach to achieve diversity on the board by considering a number of factors, including without limitation, gender, age, cultural and educational background, professional skills, knowledge, experience and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and background of the Board. Appointments of Board members shall be based on merit, and candidates will be assessed based on objective criteria. The Company will also take into account factors based on its own business model and specific needs from time to time. The Nominating and Corporate Governance Committee will monitor the implementation of the Policy; review the Policy from time to time, as appropriate; report to the Board on their decisions or propose recommendations on any amendments for the Board's review and approval, to ensure the effectiveness of the Policy. No measurable objectives for achieving diversity were specifically set by the Board during the year, other than the recruitment of the most suitable candidate for a position.

The Board currently consists of seven (7) men and two (2) women, with female directors representing 22% of the total number of directors. The Board is satisfied with the current gender composition of the Board and at all levels in the Company.

Gender Diversity in the Workforce

By the end of 2023, a total of the Company employees has been 2,080, including 419 female workers and 439 ethnic minority workers. Any there are 541 primary, intermediate and senior managements, including 120 female managements. We have no part-time employee. Our employees are from 27 provinces, municipalities and autonomous regions such as Tibet Autonomous Region, Jilin, Henan, Sichuan and Liaoning Province.

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|--------|--------|--------|--------|------|
| percentage of female employees | 20.14% | 20.48% | 21.15% | 21.54% | 21% |
| Percentage of male employees | 79.86% | 79.52% | 78.85% | 78.46% | 79% |
| Percentage of ethnic minority employees | 21.11% | 22.59% | 22.44% | 21.3% | 21% |

The Company will continue to make ways in achieving gender diversity in the workforce (including senior management) with a target of maintaining a balanced gender mix. During the year under review, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

COMMITTEES OF THE BOARD

To oversee particular aspects of the Company's affairs and to assist in the execution of its responsibilities, the Board has established four Board committees, namely Audit Committee, Nominating and Corporate Governance Committee, Compensation and Benefits Committee, and Health, Safety and Environment Committee. Independent Non-Executive Directors play an important role in these committees to ensure that independent and objective views are expressed and to promote critical review and control.

Audit Committee

The Board has established an Audit Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that the Company has an effective risk management and internal control system. This includes internal controls to manage both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Company's Audit Committee is comprised of four Independent Non-Executive Directors, including Mr. Yingbin Ian He, Mr. Wei Shao, Mr. Bielin Shi and Ms. Ruixia Han. Mr. Yingbin Ian He serves as Chairman of the Audit Committee.

The primary objective of the Audit Committee is to act as a liaison between the Board and the Company's independent auditors and to assist the Board in fulfilling its oversight responsibilities with respect to (a) the financial statements and other financial information provided by the Company to its shareholders, the public and others; (b) the Company's compliance with legal and regulatory requirements; (c) the qualification, independence and performance of the auditors; and (d) the Company's risk management and internal financial and accounting controls, and management information systems.

Although the Audit Committee has the powers and responsibilities set forth in its charter, the role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with International Financial Reporting Standards ("IFRS"). These are the responsibilities of the management and the auditors.

All services to be performed by the auditors of the Company must be approved in advance by the Audit Committee.

The Audit Committee held four meetings during the Reporting Period. In performing its duties in accordance with its charter, the Audit Committee has:

- overseen the Company's relationship, audit fees and terms of engagement of the external auditors;
- reviewed the independence of the external auditors and made recommendations to the Board on the re-appointment of the external auditors;
- reviewed the financial budget and planning including the annual and interim financial statements and results announcements during the Financial Year;
- reviewed and assessed the effectiveness of the Company's financial controls, corporate governance, internal controls and risk management systems;
- reviewed the effectiveness of the Company's internal audit function; and
- reported to the Board on the decisions and recommendations of the Audit Committee.

The individual attendance of Audit Committee members at meetings is set out on page 28 of this annual report.

CORPORATE GOVERNANCE REPORT

Nominating and Corporate Governance Committee

The Board established a Nominating and Corporate Governance Committee, operating under a charter approved by the Board. The Nominating and Corporate Governance Committee is comprised of four Independent Non-Executive Directors, including Mr. Yingbin Ian He, Mr. Wei Shao, Mr. Bielin Shi and Ms. Ruixia Han, and one Non-Executive Director, namely Mr. Wanming Wang. Mr. Wei Shao serves as Chairman of the Nominating and Corporate Governance Committee.

The primary objective of the Nominating and Corporate Governance Committee is to assist the Board in fulfilling its oversight responsibilities by (a) determining a policy and process for identifying individuals qualified to become Board and Board Committee members and recommending that the Board select director nominees for appointment or election to the Board; and (b) developing and recommending to the Board corporate governance guidelines for the Company and making recommendations to the Board with respect to corporate governance practices. The Nominating and Corporate Governance Committee monitors the disclosure of conflicts of interest to the Board and ensures that no director will vote in respect of a matter in which such director has a material interest. The Nominating and Corporate Governance Committee met during the Financial Year to review its charter, to review the Articles, to assess the competencies and characteristics represented on the Board, to review the results of a Board effectiveness survey and self-assessments and to monitor, review and confirm compliance with legal, regulatory, corporate governance and disclosure requirements. The Nominating and Corporate Governance Committee is also responsible for reviewing and monitoring the training and continuous professional development of directors and senior management as required under code provision A.2.1 (b) of the CG Code.

The individual attendance of Nominating and Corporate Governance Committee members at meetings is set out on page 28 of this annual report.

Compensation and Benefits Committee

The Board has established the Compensation and Benefits Committee, which operates under a charter approved by the Board. The Compensation and Benefits Committee is comprised of four Independent Non-Executive Directors including Mr. Yingbin Ian He, Mr. Wei Shao, Mr. Bielin Shi and Ms. Ruixia Han, and one Executive Director, namely, Mr. Weibin Zhang. Ms. Ruixia Han serves as Chairwoman of the Compensation and Benefits Committee.

The primary objective of the Compensation and Benefits Committee is to discharge the Board's responsibilities relating to the compensation and benefits for senior executives and Directors of the Company. This role includes reviewing the adequacy and form of compensation for senior executives and the Directors, determining the recipients of, the nature and size of share compensation awards granted from time to time and determining any bonuses to be awarded. The Compensation and Benefits Committee met during the Financial Year to review its charter, to assess the performance and compensation of the Chief Executive Officer and the Executive Directors, to review the compensation and benefits for senior executives and Directors of the Company and to complete self-assessments. The Compensation and Benefits Committee made recommendations to the Board for adjustments to compensation for the Company's senior executives on various occasions throughout the Reporting Period.

The individual attendance of Compensation and Benefits Committee members at meetings is set out on page 28 of this annual report.

Health, Safety and Environmental Committee

The Board has established the Health, Safety and Environmental Committee, which operates under a charter approved by the Board. The Company's Health, Safety and Environmental Committee is comprised of four Independent Non-Executive Directors, including Mr. Yingbin Ian He, Mr. Wei Shao, Mr. Bielin Shi and Ms. Ruixia Han, and one Executive Director, namely, Mr. Yuanhui Fu. Mr. Bielin Shi serves as the Chairman of the Health, Safety and Environmental Committee.

The primary objective of the Health, Safety and Environmental Committee is to discharge the Board's responsibilities relating to compliance with applicable health, safety and environmental rules and regulations. This role includes assisting the Board in its oversight of the development, implementation and evaluation by management of the Company's health, safety and environmental objectives and for monitoring the Company's compliance with applicable health, safety and environmental laws and regulations. The Health, Safety and Environmental Committee met during the Reporting Period to receive reports from the Chief Safety Officers from the CSH Gold Mine and the Jiama Mine, to review the findings of an independent safety audit, and to complete self-assessments. The Health, Safety and Environmental Committee made recommendations to the mine sites for continuous improvements.

The individual attendance of Health, Safety and Environmental Committee members at meetings is set out on page 28 of this annual report.

Ad Hoc and Special Committees

In appropriate circumstances, the Board will establish a special committee to review a matter in which several Directors or management may have a conflict of interest. No special committee was established during the Reporting Period.

MEETINGS OF THE BOARD AND BOARD COMMITTEES

Details of attendance of the Directors (either in person or through telephone conferences) at Board regular meetings, meetings of Board Committees and general meetings during the Reporting Period are set out below. The management also communicates informally with the Board on a regular basis, and solicits the advice of the Directors on matters falling within their special knowledge or experience. In addition, the Independent Non-Executive Directors meet regularly on formal and informal basis to facilitate the exercise of their independent judgment.

Attendances/Number of Meetings

| | Board | Audit Committee | Nominating and Corporate Governance Committee | Compensation and Benefits Committee | Health, Safety and Environmental Committee | 2023 Annual and Special Meeting | Committees (Total) | Overall Attendance |
|----------------|------------|-----------------|---|-------------------------------------|--|---------------------------------|--------------------|--------------------|
| Junhu Tong | 4/4 (100%) | N/A | N/A | N/A | N/A | 0/1 | N/A | 4/5 (80%) |
| Yuanhui Fu | 1/4 (25%) | N/A | N/A | N/A | 1/4 (25%) | 0/1 | 1/4 (25%) | 2/9 (22%) |
| Weibin Zhang | 4/4 (100%) | N/A | N/A | 1/1 (100%) | N/A | 1/1 | 1/1 (100%) | 6/6 (100%) |
| Na Tian | 3/4 (75%) | N/A | N/A | N/A | N/A | 1/1 | N/A | 4/5 (80%) |
| Wanming Wang | 3/4 (75%) | N/A | 2/2 (100%) | N/A | N/A | 1/1 | 2/2 (100%) | 6/7 (86%) |
| Yingbin Ian He | 4/4 (100%) | 4/4 (100%) | 2/2 (100%) | 1/1 (100%) | 4/4 (100%) | 1/1 | 11/11 (100%) | 16/16 (100%) |
| Wei Shao | 4/4 (100%) | 4/4 (100%) | 2/2 (100%) | 1/1 (100%) | 4/4 (100%) | 1/1 | 11/11 (100%) | 16/16 (100%) |
| Bielin Shi | 4/4 (100%) | 4/4 (100%) | 2/2 (100%) | 1/1 (100%) | 4/4 (100%) | 1/1 | 11/11 (100%) | 16/16 (100%) |
| Ruixia Han | 4/4 (100%) | 4/4 (100%) | 2/2 (100%) | 1/1 (100%) | 4/4 (100%) | 1/1 | 11/11 (100%) | 16/16 (100%) |

* Except for the 2023 Annual and Special Meeting held on June 30, 2023, no other general meeting was held during the Reporting Period. According to code provision C.1.6 of the CG Code, Independent Non-Executive Directors and other Non-Executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Two Executive Directors were unable to attend the Annual and Special Meeting of the Company held on June 30, 2023 due to other business commitments.

CORPORATE GOVERNANCE REPORT

The 2024 AGM will be held on June 28, 2024 (Hong Kong time). The notice of the 2024 AGM will be sent to shareholders at least 20 clear business days before the 2024 AGM.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted a Code of Business Conduct and Ethics applicable to all employees, consultants, executive officers and Directors regardless of their position in the Company, at all times and everywhere the Company does business. The Code of Business Conduct and Ethics provides that the Company's employees, consultants, executive officers and directors will uphold its commitment to a culture of honesty, integrity and accountability and the Company requiring the highest standards of professional and ethical conduct from its employees, consultants, executive officers and Directors.

The Company's employees, executive officers and Directors are required to confirm, on an annual basis, that they have reviewed the Company's Code of Business Conduct and Ethics and if they are aware of any actual or potential conflicts of interest.

The Company's Nominating and Corporate Governance Committee monitors compliance with the Code of Business Conduct and Ethics and the disclosure of conflicts of interest by Directors with a view to ensuring that no Director votes on a matter in respect of which he has a material interest.

ESG GOVERNANCE

The Board promises that the Company and the Board will follow the requirements of the "Environmental, Social and Governance Reporting Guidelines" issued by the Hong Kong Stock Exchange, continuously optimize its environmental, social and corporate governance system. We will further strengthen the Board's role in supervision and participation on ESG related affairs, and actively integrate ESG considerations into the Company's major decision-making processes and business practices.

The Board of Directors bears the ultimate responsibility for the Company's ESG governance, and is responsible for overseeing the Company's ESG development direction, strategies and related matters. The Board of Directors, its Nominating and Corporate Governance Committee, the Audit Committee, the Compensation and Benefits Committee, and the Health, Safety and Environmental Committee are responsible for overseeing the Company's commitments and performances on key issues, coordinating with other committees and functional departments to incorporate ESG factors into internal control, risk management, strategic planning, remuneration and incentives, etc., and reporting ESG performances and major plans to the Board of Directors.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board determines, in light of the opportunities and risks facing the Company, what competencies, skills and personal qualities it should seek in new Directors in order to add value to the Company. Based on this framework, the Nominating and Corporate Governance Committee developed a skills matrix outlining the Company's desired complement of competencies, skills and characteristics. The specific make-up of the matrix includes technical, geological and engineering knowledge, financial literacy, mining industry experience, public company experience and legal knowledge. The Nominating and Corporate Governance Committee assesses the competencies and characteristics represented on the Board annually and utilizes the matrix to determine the Board's strengths and to identify areas for improvement. This analysis assists the Nominating and Governance Committee in discharging its responsibility for approaching and proposing new nominees to the Board and for assessing Directors on an ongoing basis.

Unless a Director dies, resigns or is removed from office in accordance with the Business Corporations Act, the term of office of each of the Director's ends at the conclusion of the next annual general meeting following his or her most recent election or appointment.

At every annual general meeting the shareholders entitled to vote at the annual general meeting for the election of directors are entitled to elect a Board consisting of the number of Directors for the time being set under the Articles and all the Directors cease to hold office immediately before such election but are eligible for re-election. If the Company fails to hold an annual general meeting on or before the date by which the annual general meeting is required to be held under the Business Corporations Act or the shareholders fail, at the annual general meeting, to elect or appoint any Directors then each Director then in office continues to hold office until the earlier of the date on which his or her successor is elected or appointed, or the date on which he or she otherwise ceases to hold office under the Business Corporations Act or the Articles.

According to code provision B.2.3 of the CG Code, if an independent non-executive Director serves more than 9 years, his further election should be subject to a separate resolution to be approved by shareholders.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted policies in its Corporate Disclosure, Confidentiality and Securities Trading Policy on terms no less exacting than those set out in Appendix C3 to the Listing Rules.

Furthermore, if a Director (a) enters into a transaction involving a security of the Company or, for any other reason, the direct or indirect beneficial ownership of, or control or direction over, securities of the Company changes from that shown or required to be shown in the latest insider report filed by the Director, or (b) the director enters into a transaction involving a related financial instrument, the Director must, within the prescribed period, file an insider report in the required form on the System for Electronic Disclosure by Insiders website at www.sedi.ca.

A “related financial instrument” is defined as: (a) an instrument, agreement, security or exchange contract the value, market price or payment obligations of which are derived from, referenced to or based on the value, market price or payment obligations of a security, or (b) any other instrument, agreement or understanding that affects, directly or indirectly, a person’s economic interest in respect of a security or an exchange contract.

Having made a specific enquiry with each Director, all Directors have confirmed their full compliance with the required standards set out in the Corporate Disclosure, Confidentiality and Securities Trading Policy throughout the Reporting Period. Details of the shareholding interests held by the directors as at December 31, 2023 are set out on page 9 of this annual report.

REMUNERATION OF DIRECTORS

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.

The Company pays its Independent Non-Executive Directors a cash retainer of US\$3,825 per month for acting as Independent Non-Executive Directors and for their roles on various Board Committees. The Company pays the lead Independent Non-Executive Director a cash retainer of US\$4,500 per month.

Details regarding the remuneration of Directors are set out in Note 10 of the Financial Statements.

COMPANY SECRETARY

The Corporate Secretary is responsible for advising the Board through the Chairman of the Board on governance matters and also facilitates induction and professional development of Directors. The Corporate Secretary reports to the Chairman of the Board. All Directors have access to the advice and services of the Corporate Secretary to ensure that Board procedures, all applicable laws, rules and regulations are followed.

CORPORATE GOVERNANCE REPORT

Dr. Ngai Wai Fung, the director and chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, an external professional corporate services provider, is the company secretary of the Company. Dr. Ngai's primary contact person in the Company in relation to any corporate secretarial matters is Mr. Jerry Xie, the Executive Vice President and Corporate Secretary.

According to Rule 3.29 of the Listing Rules, Dr. Ngai has received no less than 15 hours of relevant professional training during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for overseeing the risk management and internal controls of the Company and reviewing their effectiveness. Risk management and internal controls are used by the Board to facilitate the effectiveness and efficiency of operations, to safeguard the investment of shareholders and assets of the Company and to ensure compliance with relevant statutory and regulatory requirements. The Company's risk management and internal control policies are designed to provide reasonable, but not absolute, assurance against material misstatements and to help the Board identify and mitigate, but not eliminate, risk exposure.

The Company maintains internal audit functions for both itself and its operating subsidiaries. The Company leverages the internal audit function of China National Gold, its controlling shareholder, for its internal audit function. Risk management and internal control systems are reviewed on a quarterly basis in conjunction with the quarterly certification requirements for disclosure controls and procedures and internal control over financial reporting as mandated by applicable Canadian securities laws.

The Audit Committee and the Board have reviewed the effectiveness of the risk management and internal control systems of the Company and its subsidiaries, including financial, operational and compliance controls, for the Reporting Period and are of the view that the Company's current risk management and internal control systems are adequate and operating effectively in safeguarding the investment of shareholders and assets of the Company.

The Company has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the Company's internal control over financial reporting, and has concluded that its internal controls and procedures were effective as of December 31, 2023 and provide reasonable assurance that material information, including financial information, relating to the Company is made known to senior management, the Audit Committee and the Board, as applicable, and is recorded, processed, summarized and reported in a timely manner.

The Board has established a framework for identifying, evaluating and managing key risks faced by the Company. The Board, through the Audit Committee, reviews annually the effectiveness of the internal control system of the Company and its subsidiaries, considering factors such as:

- changes, since the last annual review, in nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;
- the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and the work of the internal audit function;
- the extent and frequency of communication of monitoring results to the Board which enables it to assess control of the Company and the effectiveness of risk management;
- adequacy of resources;

- staff qualifications and experience;
- training programs;
- budget of the Company's accounting, internal audit and financial reporting functions; communication of the monitoring results to the Board that enables it to assess control of the Company and the effectiveness of the risk management;
- significant control failings or weaknesses that have been identified during the period, and the extent to which they have caused unforeseeable outcomes or contingencies that had or might have, a material impact on the Company's financial performance or condition; and
- the effectiveness of the Company's processes for financial reporting and compliance with applicable listing rules and securities laws.

Pursuant to National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators ("NI – 52-109"), the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are required to evaluate the effectiveness of the design and operation of the Company's disclosure controls and procedures ("DC&P"), as defined in NI 52-109, and certify that the DC&P are effective to achieve the purpose for which they have been designed. Internal controls over financial reporting ("ICFR"), as defined in NI 52-109, are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The CEO and CFO provide confirmation of the foregoing matters to the Audit Committee as part of its review and approval of periodic financial disclosure.

The Company has established a Code of Business Conduct and Ethics and Corporate Disclosure, Confidentiality and Securities Trading Policy (the "Code"), which includes a policy on the handling of confidential information, information disclosure and securities dealing for all employees of the Company to comply with when they are in possession of confidential or inside information in relation to the Company. The Code provides that the Company's employees, officers, Directors and contract employees will uphold our commitment to a culture of honesty, integrity and accountability and that the Company requires the highest standards of professional and ethical conduct from its employees, officers, Directors and contract employees. The various policies forming the Code are available on the Company's website (www.chinagoldintl.com) and have been disseminated to all employees of the Company.

Suggestion Ox is the Company's whistleblowing program, which is administered by an independent third party, and is available for use when someone suspects or is aware of illegal, unsafe or inappropriate activity at work. Suggestion Ox provides an avenue for individuals to raise concerns confidentially and anonymously. The Audit Committee monitors compliance with the Code. The Nominating and Corporate Governance Committee monitors the Code and assists the Board in dealing with conflict of interest issues.

AUDITORS

The Company's auditor is Deloitte Touche Tohmatsu of Hong Kong. Deloitte Touche Tohmatsu was first appointed as auditor of the Company on April 1, 2010. The appointment of Deloitte Touche Tohmatsu was approved by an ordinary resolution of the shareholders at the Company's annual and special meeting held on June 30, 2023. Deloitte Touche Tohmatsu will be nominated for re-appointment as auditors of the Company for the fiscal year at the 2024 AGM, at a remuneration to be fixed by the Board.

CORPORATE GOVERNANCE REPORT

Deloitte Touche Tohmatsu is independent of the Company in accordance with Section 290 “Independence – Assurance Engagements” of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. The financial reporting responsibilities and audit report of Deloitte Touche Tohmatsu are set out on pages 67 to 71 of the Financial Statements.

Deloitte LLP served as auditor of the Company until April 1, 2010. The Company continues to use the services of Deloitte LLP from time to time for tax compliance advice relating to transactions and proposed transactions of the Company and its subsidiaries.

The fees paid/payable to Deloitte Touche Tohmatsu in respect of audit and non-audit services provided during the Reporting Period were as follows:

| Nature of services rendered | Fees paid/payable (US\$) |
|------------------------------------|-------------------------------------|
| Audit fees ⁽¹⁾ | 683,000 |
| Non-audit fees ⁽²⁾ | 53,500 |
| Total | 736,500 |

Notes:

- (1) Fees for audit services consisted of fees incurred to Deloitte Touche Tohmatsu (US\$683,000) in connection with the audit of the Company's annual financial statements, review of the Company's interim financial statements.
- (2) Fees for non-audit services consisted of fees incurred to Deloitte Touche Tohmatsu (US\$53,500) in connection with the service on issuing letter on working capital sufficiency statement of the Company.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility in preparing the financial statements that provide a true and fair view of the financial affairs of the Company. With the assistance of the Company's management, the directors ensure that the financial statements are being prepared and published in a timely manner in accordance with the applicable accounting standards and statutory requirements.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Articles was amended once, and the relevant proposal was considered and approved at the 2023 annual general meeting by way of a special resolution on June 30, 2023. In order to modernize the Company's Articles and better align with latest legal and regulatory developments and market practices by the Toronto Stock Exchange (the “TSX”) and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Board has put forward the proposals. The revised Articles became effective from June 30, 2023 after the consideration and approval at the general meeting, and has been published on the websites of the Hong Kong Stock Exchange, SEDAR+ and the Company. For details, please refer to the Company' announcements dated May 16, 2023 and July 3, 2023.

SHAREHOLDERS' RIGHTS

Right to convene a meeting of shareholders

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. Every company having securities listed on the Toronto Stock Exchange must hold its annual meeting of shareholders within six months from the end of its fiscal year, or at such earlier time as is required by applicable legislation.

Pursuant to Section 167 of the Business Corporations Act, shareholders who hold in the aggregate at least one-twentieth of the issued shares of the Company that carry a right to vote at general meetings may requisition a general meeting by delivering a signed written requisition to the Board or the Company Secretary at the Company's principal place of business at Suite 660, 505 Burrard Street, Vancouver, British Columbia, Canada, V7X 1M4 for the purpose of transacting any business that may be transacted at a general meeting.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company at Suite 660, 505 Burrard Street, Vancouver, British Columbia, Canada, V7X 1M4, or by email to info@chinagoldintl.com for the attention of the Company Secretary.

Right to put forward proposals at general meetings

There are no provisions allowing shareholders to propose new resolutions at general meetings under the Business Corporations Act. However, qualified shareholders (as defined in section 187 of the Business Corporations Act) may put forward a proposal for the next general meeting pursuant to Part 5, Division 7 of the Business Corporations Act.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company follows the Shareholders' Communication Policy of disclosing relevant information to shareholders in a timely, factual and accurate manner to ensure the information is broadly disseminated in accordance with all applicable legal and regulatory requirements and shareholders' views and concerns are addressed. Members of the Board and senior management meet and communicate with shareholders at the annual general meeting of the Company to address shareholders' queries. Published meeting materials together with the latest corporate information and news are available for inspection on the HKEX website, SEDAR+ and Company's website and hard copy will also be available when requested by shareholders. Investors can also communicate with the Company through email at ir@chinagoldintl.com. Voting results are posted on the Company's website on the day of the annual general meeting.

The Board has reviewed the effectiveness and implementation of the Shareholders' Communication Policy and was of the view the Communication Policy remained effective and was implemented effectively to ensure that the Company maintains long-term effective and good communication with its shareholders.

The Company also published its ESG Report on its website, www.chinagoldintl.com.

The ESG Report communicates to the Company's stakeholders in a broad manner the relevant environmental, social and governance initiatives that the Company has made in reference to Appendix C2 of the Listing Rules. The 2023 ESG Report will be published on the same day as the publication of the Company's Annual Report.

Our corporate website which contains corporate information, corporate governance practice, interim and annual reports, news releases, announcements and circulars issued by the Company enables the Company's shareholders to have timely and updated information about the Company.

(Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS



The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) is prepared as of March 27, 2024. It should be read in conjunction with the consolidated financial statements and notes thereto of China Gold International Resources Corp. Ltd. (referred to herein as “China Gold International”, the “Company”, “we” or “our” as the context may require) for the three months and year ended December 31, 2023 and the three months and year ended December 31, 2022, respectively. Unless the context otherwise provides, references in this MD&A to China Gold International or the Company refer to China Gold International and each of its subsidiaries collectively on a consolidated basis.

The following discussion contains certain forward-looking statements relating to the Company’s plans, objectives, expectations and intentions, which are based on the Company’s current expectations and are subject to risks, uncertainties and changes in circumstances. Readers should carefully consider all of the information set out in this MD&A, including the risks and uncertainties outlined further in the Company’s Annual Information Form (“Annual Information Form” or “AIF”) dated March 27, 2024 on SEDAR+ at www.sedarplus.ca, www.chinagoldintl.com and www.hkex.com.hk. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the result of operations of the Company, please refer to the sections titled “Forward-Looking Statements” and “Risk Factors” and to discussions elsewhere within this MD&A. China Gold International’s business, financial condition or results of operations could be materially and adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

Certain statements made herein, other than statements of historical fact relating to the Company, represent forward-looking information. In some cases, this forward-looking information can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “contemplates”, “aim”, “estimate”, “intend”, “plan”, “believe”, “potential”, “continue”, “is/are likely to”, “should” or the negative of these terms, or other similar expressions intended to identify forward-looking information. This forward-looking information includes, among other things; China Gold International’s production estimates, business strategies and capital expenditure plans; the development and expansion plans and schedules for the CSH Mine and the Jiama Mine; China Gold International’s financial condition; the regulatory environment as well as the general industry outlook; general economic trends in China; and statements respecting anticipated business activities, planned expenditures, corporate strategies, participation in projects and financing, and other statements that are not historical facts.

By their nature, forward-looking information involves numerous assumptions, both general and specific, which may cause the actual results, performance or achievements of China Gold International and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Some of the key assumptions include, among others, the absence of any material change in China Gold International’s operations or in foreign exchange rates, the prevailing price of gold, copper and other non-ferrous metal products; the absence of lower-than-anticipated mineral recovery or other production problems; effective income and other tax rates and other assumptions underlying China Gold International’s financial performance as stated in the Company’s technical reports for its CSH Mine and Jiama Mine; China Gold International’s ability to obtain regulatory confirmations and approvals on a timely basis; continuing positive labor relations; the absence of any material adverse effects as a result of political instability, terrorism, natural disasters, pandemics such as COVID-19, litigation or arbitration and adverse changes in government regulation; the availability and accessibility of financing to China Gold International; and the performance by counterparties of the terms and conditions of all contracts to which China Gold International and its subsidiaries are a party. The forward-looking information is also based on the assumption that none of the risk factors identified in this MD&A or in the AIF that could cause actual results to differ materially from the forward-looking information actually occurs.

Forward-looking information contained herein as of the date of this MD&A is based on the opinions, estimates and assumptions of management. There are a number of important risks, uncertainties and other factors that could cause actual actions, events or results to differ materially from those described as forward-looking information. China Gold International disclaims any obligation to update any forward-looking information, whether as a result of new information, estimates, opinions or assumptions, future events or results, or otherwise except to the extent required by law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking information in this MD&A is expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on forward-looking information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

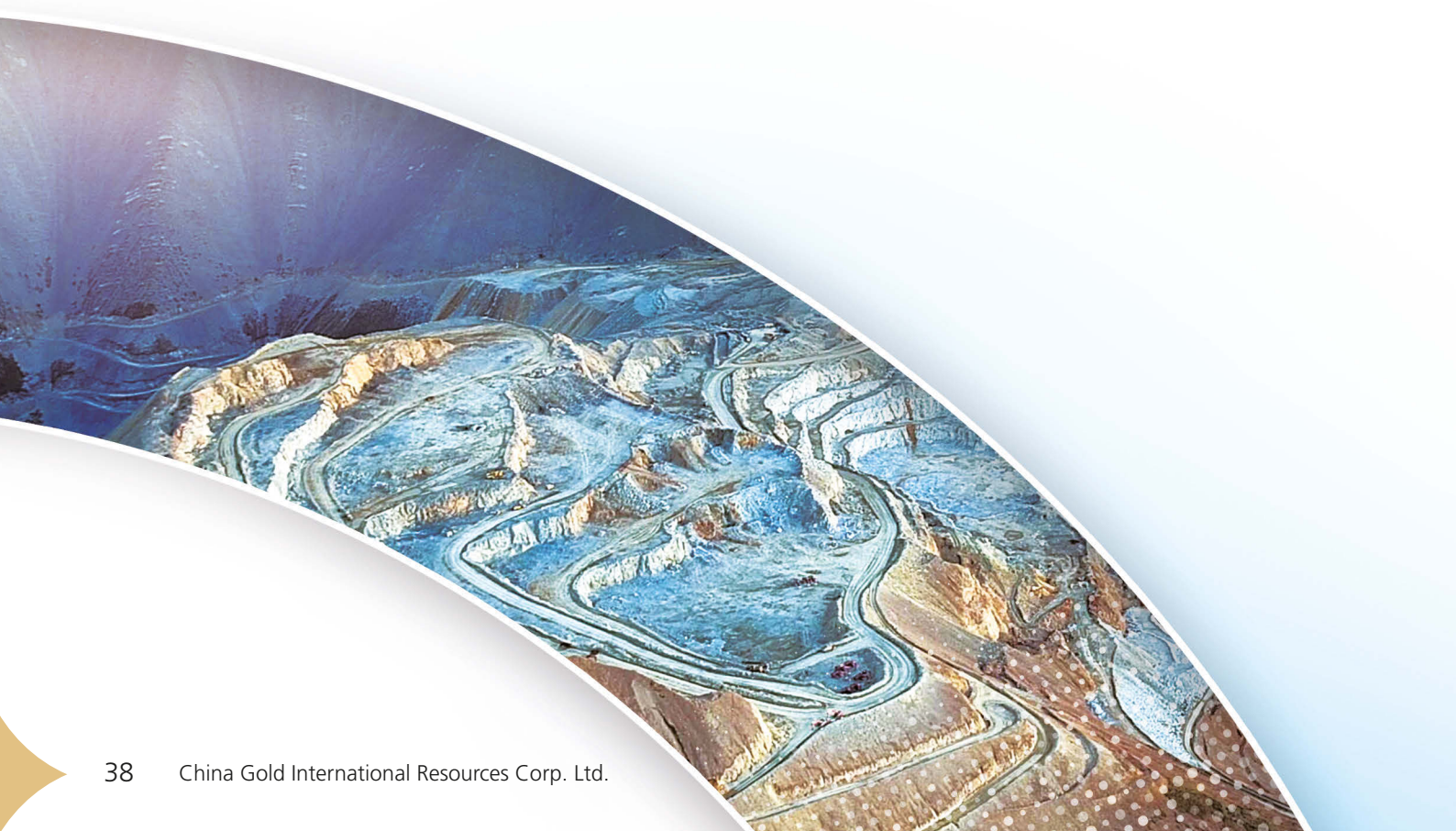
THE COMPANY

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 as well as Hong Kong Exchange News at hkexnews.hk.





Performance Highlights

Three months ended December 31, 2023

- Revenue decreased by 72% to US\$71.3 million from US\$253.9 million for the same period in 2022.
- Mine operating loss of US\$1.9 million, decreased by US\$98.5 million from mine operating earnings of US\$96.6 million for the same period in 2022.
- Net loss of US\$17.5 million decreased by US\$66.0 million from net income of US\$48.5 million for the same period in 2022.
- Cash flow used in operation of US\$20.9 million, decreased from cash flow from operation of US\$89.1 million for the same period in 2022.
- Total gold production decreased by 57% to 25,500 ounces from 59,992 ounces for the same period in 2022.
- Total copper production was 184,077 pounds (approximately 83 tonnes) as limited production at the Jiama mine resumed on December 15, 2023. Copper production was 45.1 million pounds (approximately 20,472 tonnes) for the same period in 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2023

- Revenue decreased by 58% to US\$459.4 million from US\$1,104.9 million for the same period in 2022.
- Mine operating earnings decreased by 80% to US\$80.4 million from US\$395.6 million for the same period in 2022.
- Net loss of US\$23.0 million decreased from net income of US\$225.4 million for the same period in 2022.
- Cash flow from operation decreased to US\$1.6 million from US\$447.3 million for the same period in 2022.
- Total gold production decreased by 38% to 147,963 ounces from 238,836 ounces for the same period in 2022.
- Total copper production decreased by 76% to 44.2 million pounds (approximately 20,051 tonnes) from 187.4 million pounds (approximately 85,004 tonnes) for the same period in 2022.

The decrease in production and profit was mainly attributed to the suspension of operations of the Jiama Mine since March 27, 2023 due to the overflow at the Guolanggou tailings pond. As a result of the suspension, the Company did not record any product sales from the Jiama Mine during the second and third quarter of 2023, with the exception of a minor amount of molybdenum. Operations began to gradually recommence as of December 15, 2023.

Selected Annual Information*

| | Year ended December 31 | | | | |
|---|------------------------|-------|-------|-------|--------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| <i>US\$ Millions except for per share</i> | | | | | |
| Total revenue | 459 | 1,105 | 1,137 | 864 | 657 |
| (Loss) income from operations | 32 | 317 | 333 | 154 | (3) |
| Net (loss) profit | (23) | 225 | 269 | 114 | (32) |
| Basic (loss) earnings per share (cents) | (6.43) | 56.19 | 67.44 | 28.24 | (8.28) |
| Diluted earnings (loss) per share (cents) | N/A | N/A | N/A | N/A | N/A |
| Total assets | 2,835 | 3,195 | 3,257 | 3,323 | 3,197 |
| Total non-current liabilities | 802 | 653 | 1,080 | 1,284 | 818 |

* Prepared under IFRS

OUTLOOK

On March 27, 2023, an overflow occurred at the Guolanggou Tailings Dam at Jiama Mine (the “overflow”). The Company quickly contained and repaired the breach to ensure no damage to the environment or neighbouring communities. Subsequent to the overflow, Jiama Mine has suspended its operations while the Company 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 Guolanggou 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. The resumption of operations includes the underground void management and the restart of the Phase I processing plant of the Jiama Mine with a daily processing capacity of 6,000 tonnes. The tailings produced from processing operations were backfilled to the underground voids through the backfilling system. The Company has carried out a plan for the full resumption of operations, and the restart of the Phase I processing plant is the first step in the overall plan. The repair and reinforcement work at the Guolanggou Tailings Dam has been fully completed, and the safety assessment report has been completed, awaiting acceptance and approval by the government. The review process of the subsequent tailings discharge plan is occurring simultaneously. The Company will continue to proceed towards the resumption of full production on its design capacity at the Jiama Mine.

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.

The Jiama Mine has gradually resumed production starting from the Phase I processing plant on December 15, 2023, with a daily processing capacity of 6,000 tonnes of ore. As the resumption of the Phase II processing plant is subject to the results of the government's review of the tailings discharge scheme, the timing of resumption is uncertain. Against this backdrop, 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:

- The Company expects to receive government's approval for the resumption of operations at the beginning of May 2024. Upon receipt of the approval, Jiama Mine will resume production at the Phase II plant's designed processing capacity of approximately 34,000 tonnes per day (tpd). Given that the actual timing of the production resumption depends on the final date of government's approval, the annual production guidance is subject to uncertainty.
- 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

| (US\$ in thousands except per share) | 31-Dec | Quarter ended | | | | | | |
|---|-----------------|---------------|----------|---------|---------|----------|----------|---------|
| | | 2023 | | | 2022 | | | |
| | | 30-Sep | 30-Jun | 31-Mar | 31-Dec | 30-Sept | 30-Jun | 31-Mar |
| Revenue | 71,315 | 62,325 | 73,016 | 252,778 | 253,904 | 255,030 | 291,994 | 304,021 |
| Cost of sales | 73,219 | 76,616 | 79,166 | 150,068 | 157,271 | 179,322 | 174,304 | 198,493 |
| Mine operating (loss) earnings | (1,904) | (14,291) | (6,150) | 102,710 | 96,633 | 75,708 | 117,690 | 105,528 |
| General and administrative expenses | 10,071 | 11,399 | 7,896 | 9,584 | 18,390 | 16,215 | 8,296 | 9,949 |
| Exploration and evaluation expenses | 393 | 271 | 45 | 35 | 102 | 81 | 256 | 40 |
| Research and development expenses | 867 | 1,756 | 1,442 | 4,642 | 6,659 | 7,357 | 5,470 | 5,885 |
| (Loss) Income from operations | (13,235) | (27,717) | (15,533) | 88,449 | 71,482 | 52,055 | 103,668 | 89,654 |
| Foreign exchange (loss) gain | (579) | 1,092 | (11,679) | 3,310 | 6,007 | (16,085) | (11,542) | 1,673 |
| Finance costs | 5,651 | 5,737 | 6,880 | 6,706 | 7,103 | 7,504 | 7,943 | 8,188 |
| (Loss) profit before income tax | (20,476) | (32,440) | (52,907) | 87,152 | 70,603 | 30,607 | 90,098 | 83,956 |
| Income tax (credit) expense | (2,965) | (1,662) | 432 | 8,493 | 22,083 | 7,251 | 8,374 | 12,155 |
| (Loss) net profit | (17,511) | (30,778) | (53,339) | 78,659 | 48,520 | 23,356 | 81,724 | 71,801 |
| Basic (loss) earnings per share (cents) | (4.51) | (7.99) | (13.55) | 19.62 | 11.90 | 5.84 | 20.48 | 17.97 |
| 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 December 31, | | Year ended December 31, | |
|--|---------------------------------|--------|-------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Gold sales (US\$ million) | 49.85 | 64.60 | 252.60 | 267.55 |
| Realized average price (US\$) of gold per ounce | 2,024 | 1,748 | 1,962 | 1,806 |
| Gold produced (ounces) | 24,290 | 38,134 | 128,760 | 148,164 |
| Gold sold (ounces) | 24,626 | 36,948 | 128,728 | 148,153 |
| Total production cost (US\$ per ounce) | 1,611 | 975 | 1,420 | 1,340 |
| Cash production cost ⁽¹⁾ (US\$ per ounce) | 1,303 | 642 | 952 | 803 |

(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 changes in the fourth quarter of 2023 compared to the respective 2022 period. Gold production at the CSH Mine decreased by 36% to 24,290 ounces for the three months ended December 31, 2023 compared to 38,134 ounces for the same period in 2022. The total production cost of gold for the three months ended December 31, 2023 increased by 65% to US\$1,611 per ounce compared to US\$975 for the same period in 2022. The cash production cost of gold for the three months ended December 31, 2023 increased by 103% to US\$1,303 per ounce from US\$642 for the same period in 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

| Jiama Mine | Three months ended December 31, | | Year ended December 31, | |
|---|---------------------------------|------------|-------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Copper sales (US\$ in millions) | 12.88 | 131.17 | 147.28 | 617.23 |
| Realized average price ¹ (US\$) of copper per pound after smelting fee discount | 2.39 | 3.20 | 3.17 | 3.31 |
| Copper produced (tonnes) | 83 | 20,472 | 20,051 | 85,004 |
| Copper produced (pounds) | 184,077 | 45,132,705 | 44,203,779 | 187,402,309 |
| Copper sold (tonnes) | 2,449 | 19,809 | 21,054 | 84,570 |
| Copper sold (pounds) | 5,399,496 | 43,670,559 | 46,415,465 | 186,445,355 |
| Gold produced (ounces) | 1,210 | 21,858 | 19,203 | 90,672 |
| Gold sold (ounces) | 2,444 | 21,503 | 20,208 | 90,062 |
| Silver produced (ounces) | 75,549 | 756,545 | 829,973 | 3,169,403 |
| Silver sold (ounces) | 135,324 | 769,424 | 858,191 | 3,168,040 |
| 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) | – | 194 | 231 | 869 |
| Moly produced (pounds) | – | 427,868 | 509,327 | 1,916,227 |
| Moly sold (tonnes) | – | 343 | 209 | 941 |
| Moly sold (pounds) | – | 755,254 | 461,601 | 2,704,461 |
| Total production cost ² (US\$) of copper per pound | 8.04 | 3.33 | 5.17 | 3.14 |
| Total production cost ² (US\$) of copper per pound after by-products credits ⁴ | 6.91 | 2.03 | 3.96 | 1.99 |
| Cash production cost ³ (US\$) per pound of copper | 7.29 | 2.64 | 3.89 | 2.47 |
| Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴ | 6.16 | 1.35 | 2.68 | 1.33 |

1 A discount factor of 13.5% to 28.4% is applied to the copper benchmark price to compensate the refinery costs incurred by the buyers. The discount factor is higher if the grade of copper in copper concentrate is below 18%. The industry standard of copper in copper concentrate is between 18-20%.

2 Production costs include expenditures incurred at the mine sites for the activities related to production including mining, processing, mine site G&A and royalties etc.

3 Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

4 By-products credit refers to the sales of gold and silver during the corresponding period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Review of Quarterly Data

Three months ended December 31, 2023 compared to three months ended December 31, 2022

Revenue of US\$71.3 million for the fourth quarter of 2023, decreased by US\$182.6 million from US\$253.9 million for the same period in 2022.

Revenue from the CSH Mine was US\$49.8 million, a decrease of US\$14.8 million from US\$64.6 million for the same period in 2022. Realized average gold price increased by 16% from US\$1,748/oz in Q4 2022 to US\$2,024/oz in Q4 2023. Gold sold by the CSH Mine was 24,626 ounces (gold produced: 24,290 ounces), compared to 36,948 ounces (gold produced: 38,134 ounces) for the same period in 2022.

Revenue from the Jiama Mine was 21.5 million, a decrease of US\$167.8 million, compared to US\$189.3 million for the same period in 2022. Jiama Mine had begun a gradual resumption of production in the fourth quarter of 2023. Realized average price of copper decreased by 25% from US\$3.20/pound in Q4 2022 to US\$2.39/pound in Q4 2023. Total copper sold was 2,449 tonnes (5.4 million pounds) for the three months ended December 31, 2023, a decrease of 88% from 19,809 tonnes (43.7 million pounds) for the same period in 2022.

Cost of sales of US\$73.2 million for the quarter ended December 31, 2023, a decrease of US\$84.1 million from US\$157.3 million for the same period in 2022, mainly due to the suspension of operations at the Jiama Mine.

Mine operating loss of US\$1.9 million for the three months ended December 31, 2023, a decrease of US\$98.5 million from mine operating earnings of US\$96.6 million for the same period in 2022, mainly due to the suspension of operations at the Jiama Mine.

General and administrative expenses decreased by US\$8.3 million, from US\$18.4 million for the quarter ended December 31, 2022 to US\$10.1 million for the quarter ended December 31, 2023. The decrease was primarily due to the suspension of operations at the Jiama Mine.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Research and development expenses of US\$0.9 million for the three months ended December 31, 2023, decreased from US\$6.7 million for the comparative 2022 period. The decrease in the fourth quarter of 2023 was mainly due to the suspension of operations at the Jiama Mine.

Loss from operations of US\$13.2 million for the fourth quarter of 2023, decreased by US\$84.7 million, compared to an income of US\$71.5 million for the same period in 2022.

Finance costs of US\$5.7 million for the three months ended December 31, 2023, decreased by US\$1.4 million compared to US\$7.1 million for the same period in 2022. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange loss of US\$0.6 million for the three months ended December 31, 2023, decreased from a gain of US\$6.0 million for the same period in 2022. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of US\$1.1 million for the three months ended December 31, 2023, increased from US\$0.2 million for the same period in 2022, primarily due to the higher government subsidies received during the fourth quarter compared to the corresponding period last year.

Other expense of US\$2.1 million was recognized in Q4 2023. During the quarter, the Company accrued interest on the estimated litigation compensation arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. Refer to Note 31 Contingencies of the consolidated financial statements for details.

Income tax credit of US\$3.0 million for the quarter ended December 31, 2023, increased by US\$25.1 million from an expense of US\$22.1 million for the comparative period in 2022. During the fourth quarter, the Company had US\$4.1 million of deferred tax expense compared to US\$17.5 million for the same period in 2022.

Net loss of US\$17.5 million for the three months ended December 31, 2023, decreased by US\$66.0 million from an income of US\$48.5 million for the three months ended December 31, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2023 compared to year ended December 31, 2022

Revenue of US\$459.4 million for the year ended December 31, 2023, decreased by US\$645.5 million from US\$1,104.9 million for the same period in 2022.

Revenue from the CSH Mine was US\$252.6 million, a decrease of US\$14.9 million from US\$267.5 million for the same period in 2022. Realized average gold price increased by 9% from US\$1,806/oz in 2022 to US\$1,962/oz for the same period in 2023. Gold sold by the CSH Mine was 128,728 ounces (gold produced: 128,760 ounces), compared to 148,153 ounces (gold produced: 148,164 ounces) for the same period in 2022.

Revenue from the Jiama Mine was US\$206.8 million, a decrease of US\$630.6 million, compared to US\$837.4 million for the same period in 2022. Realized average price of copper decreased by 4% from US\$3.31/pound in 2022 to US\$3.17/pound for the same period in 2023. Total copper sold was 21,054 tonnes (46.4 million pounds) for the year ended December 31, 2023, a decrease of 75% from 84,570 tonnes (186.4 million pounds) for the same period in 2022. During the second and third quarters of 2023, the Jiama mine experienced a halt in production due to the overflow of the tailing dam, resulting in no product sales except for a minor amount of molybdenum sales. However, the mine commenced a gradual resumption of production in the fourth quarter of 2023.

Cost of sales of US\$379.1 million for the year ended December 31, 2023, a decrease of US\$330.3 million from US\$709.4 million for the same period in 2022. Cost of sales as a percentage of revenue for the Company increased from 64% to 83% for the year ended December 31, 2022 and 2023, respectively, primarily due to the suspension of operations at the Jiama Mine.

Mine operating earnings of US\$80.4 million for the year ended December 31, 2023, a decrease of 80%, or US\$315.2 million, from US\$395.6 million for the same period in 2022. Mine operating earnings as a percentage of revenue decreased from 36% to 18% for the year ended December 31, 2022 and 2023, respectively, primarily due to the suspension of operations at the Jiama Mine.

General and administrative expenses decreased by US\$13.9 million, from US\$52.9 million for the year ended December 31, 2022 to US\$39.0 million for the year ended December 31, 2023. The decrease was primarily due to the suspension of operations at the Jiama Mine.

Research and development expenses of US\$8.7 million for the year ended December 31, 2023, decreased from US\$25.4 million for the comparative 2022 period, mainly due to the suspension of operations at the Jiama Mine.

Income from operations of US\$32.0 million for the year ended December 31, 2023, decreased by US\$248.9 million, compared to US\$316.9 million for the same period in 2022.

Finance costs of US\$25.0 million for the year ended December 31, 2023, decreased by US\$5.7 million compared to US\$30.7 million for the same period in 2022. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange loss of US\$7.9 million for the year ended December 31, 2023, decreased from US\$19.9 million for the same period in 2022. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of US\$7.0 million for the year ended December 31, 2023, decreased from US\$9.1 million for the same period in 2022. This decrease primarily resulted from a reduction in dividends received from China Nonferrous Mining Corporation Limited in the second quarter of 2023 compared to the previous year.

Other expense of US\$24.8 million was incurred in 2023. During the current year, the Company recognized an estimated litigation compensation of US\$24.8 million arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. Refer to Note 31 Contingencies of the consolidated financial statements for details.

Income tax expense of US\$4.3 million for the year ended December 31, 2023, decreased by US\$45.6 million from US\$49.9 million for the comparative period in 2022. During the period, the Company had US\$23.7 million of deferred tax credit compared to a deferred tax expense of US\$11.5 million for the same period in 2022.

Net loss of US\$23.0 million for the year ended December 31, 2023, decreased by US\$248.4 million from an income of US\$225.4 million for the year ended December 31, 2022.

NON-IFRS MEASURES

The cash cost of production, cash cost after by-product credits and cash cost per ounce and per pound are measures that are not in accordance with IFRS.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 December 31, | | | | Year ended December 31, | | | |
| | 2023 | | 2022 | | 2023 | | 2022 | |
| US\$ | US\$ Per ounce | US\$ | US\$ Per ounce | US\$ | US\$ Per ounce | US\$ | US\$ Per ounce | |
| Total Cost of sales | 39,668,246 | 1,611 | 36,019,554 | 975 | 182,798,035 | 1,420 | 198,502,365 | 1,340 |
| Adjustment – Depreciation & depletion | (7,549,248) | (307) | (11,816,584) | (320) | (59,343,019) | (461) | (77,861,557) | (525) |
| Adjustment – Amortization of intangible assets | (16,265) | (1) | (470,254) | (13) | (862,716) | (7) | (1,717,651) | (12) |
| Total cash production costs | 32,102,733 | 1,303 | 23,732,716 | 642 | 122,592,300 | 952 | 118,923,157 | 803 |
| Total Gold sold ounces | | 24,626 | | 36,948 | | 128,728 | | 148,153 |

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).

MANAGEMENT'S DISCUSSION AND ANALYSIS

| | Jiama Mine (Copper with by-products credits) | | | | | | | |
|---|--|------------------|--------------|----------------|-------------------------|-------------------|---------------|----------------|
| | Three months ended December 31, | | | | Year ended December 31, | | | |
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | US\$ | US\$ Per Pound | US\$ | US\$ Per Pound | US\$ | US\$ Per Pound | US\$ | US\$ Per Pound |
| Total Cost of sales | 33,550,439 | 6.21 | 121,251,481 | 2.78 | 196,271,032 | 4.23 | 510,887,746 | 2.74 |
| General and administrative expenses | 9,012,112 | 1.67 | 17,336,904 | 0.40 | 34,811,865 | 0.75 | 48,829,454 | 0.26 |
| Research and development expenses | 867,058 | 0.16 | 6,658,998 | 0.15 | 8,707,418 | 0.19 | 25,371,066 | 0.14 |
| Total production cost | 43,429,609 | 8.04 | 145,247,383 | 3.33 | 239,790,315 | 5.17 | 585,088,266 | 3.14 |
| Adjustment – Depreciation & depletion | (4,029,491) | (0.75) | (20,459,606) | (0.47) | (50,281,408) | (1.08) | (85,721,234) | (0.46) |
| Adjustment – Amortization of intangible assets | – | – | (9,401,809) | (0.22) | (9,493,836) | (0.20) | (39,630,017) | (0.21) |
| Total cash production costs | 39,400,118 | 7.29 | 115,385,968 | 2.64 | 180,015,071 | 3.89 | 459,737,015 | 2.47 |
| By-products credits | (6,127,061) | (1.13) | (56,534,460) | (1.29) | (56,157,793) | (1.21) | (213,143,306) | (1.14) |
| Total cash production costs after by-products credits | 33,273,057 | 6.16 | 58,851,508 | 1.35 | 123,857,278 | 2.68 | 246,593,709 | 1.33 |
| Total Copper sold pounds | | 5,399,496 | | 43,670,559 | | 46,415,465 | | 186,445,355 |

Cash production cost of copper US\$ per pound calculated as total cash production cost divided by total copper sold pounds

MINERAL PROPERTIES

The CSH Mine

The CSH Mine is located in Inner Mongolia Autonomous Region of China (Inner Mongolia). The property hosts two low-grade, near surface gold deposits, along with other mineralized prospects. The main deposit is called the Northeast Zone (the “Northeast Zone”), while the second, smaller deposit is called the Southwest Zone (the “Southwest Zone”).

The CSH Mine is owned and operated by Inner Mongolia Pacific Mining Co. Limited, a Chinese Joint Venture in which the Company holds a 96.5% interest and Ningxia Nuclear Industry Geological Exploration Institution holds the remaining 3.5%.

The CSH Mine is an open-pit mining operations with a designed mining and processing capacity of 60,000 tpd. In July 2019, CSH updated its mine plan based on a result of latest ultimate limit optimization, in which the production rate was reduced to 40,000 t/d with a life of mine (“LoM”) of seven years as of 2019. The run-of-mine ore is heap leached with cyanide solution to extract gold and electro-wonned to produce a gold dore which is sold to refiners. In June 2020, the operation of southwest pit ended.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With the increase in the pit's depth, the height and exposed area of the pit wall have increased, and the stability of the open pit slopes is becoming more and more prominent in determining the operations plan. Ensuring slope stability and avoiding systematic risks at this stage is the Company's top priority to ensure safe and sustainable production. To ensure production safety, the Company reduced the mining volume at the end of the third and fourth quarters of 2023 in order to enhance the management and maintenance of slopes. Ore stripping, as well as heap leach and processing plant processes, will continue to operate as usual during the mining volume adjustment period.

The Company continues to evaluate the potential for underground operations.

The major new contracts entered into during the year ended December 31, 2023:

| Item No. | Contract Name | Counterpart | Subject amount (US \$ millions) | Contract period (effective day and expiration date) | Date of Contract |
|----------|--|--|---------------------------------|---|------------------|
| 1 | 2023-2025 Open-pit Mining and Striping Engineering Contract of Inner Mongolia Pacific Mining Co., Ltd. | China National Gold Engineering Corporation | Estimated: 128.3 | 2023.1.1-2025.12.31 | 2023.4.26 |
| 2 | Supply Agreement of 10,800 tons of liquid Sodium Cyanide in 2023 | Inner Mongolia Chengxin Yong'an Chemicals Co., Ltd. | Estimated: 6.3 | 2023.2.19-2023.5.19 | 2023.2.19 |
| 3 | Supplementary Contract for Open-pit Mining and Stripping Engineering of CSH Gold Mine Expansion Project of Inner Mongolia Pacific Mining Co., Ltd. | China Railway 19TH Bureau Group Mining Investment Co.,Ltd. | Estimated: 6.8 | 2023.1.1-1.31 | 2023.3.3 |
| 4 | Supply Agreement of 10,800 tons of liquid Sodium Cyanide in 2023 | Inner Mongolia Chengxin Yong'an Chemicals Co., Ltd. | Estimated: 5.1 | 2023.6.19-2023.9.19 | 2023.6.18 |
| 5 | Supply Agreement of 36,000 tons of liquid Sodium Cyanide in 2023 to 2024 | Inner Mongolia Chengxin Yong'an Chemicals Co., Ltd. " | Estimated: 16.3 | 2023.11-2024.12 | 2023.11.4 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

Production Update

| CSH Mine | Three months ended December 31, | | Year ended December 31, | |
|--------------------------------------|---------------------------------|-----------|-------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Ore mined and placed on pad (tonnes) | – | 2,006,536 | 9,969,641 | 13,015,192 |
| Average ore grade (g/t) | – | 0.64 | 0.53 | 0.63 |
| Recoverable gold (ounces) | – | 24,808 | 102,702 | 158,670 |
| Ending gold in process (ounces) | 143,995 | 168,405 | 143,995 | 168,405 |
| Waste rock mined (tonnes) | – | 4,749,223 | 18,304,384 | 16,789,856 |

For the year ended December 31, 2023, the total amount of ore placed on the leach pad was 10.0 million tonnes, with total contained gold of 102,702 ounces (3,194.4 kilograms). The overall accumulative project-to-date gold recovery rate has remained at approximately 56.26% at the end of December 31, 2023 from 55.66% at the end of September 30, 2023. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 53.96% at December 31, 2023, respectively.

Exploration

As of December 31, 2023, a diamond drilling exploration program in the mining permit area has been completed with the total meterage of 1,290.78 and 3 holes. The preparation of the mineral reserve update report is ongoing. Additionally, a diamond drilling exploration program in the exploration permit area has been completed with the total meterage of 4,172.14 and 4 holes. The sample assay reports have been received. The exploration updated report preparation is ongoing.

Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 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 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 USD1,980 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 USD1,980 per ounce. USD1.0000=RMB6.3457 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 |
| Total | 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 USD1,568 per ounce. USD1.0000=RMB6.3457 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 design capacity of 6,000 tpd in early 2011. Phase II of the Jiama Mine commenced mining operations in 2018 with 44,000 tpd design capacity. The combined mining and processing capacity at the Jiama Mine is 50,000 tpd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The major new contracts entered into during the year ended December 31, 2023:

| Item No. | Contract Name | Counterpart | Subject amount (US \$ millions) | Contract period (effective day and expiration date) | Date of Contract |
|----------|--|--|---------------------------------|---|------------------|
| 1 | Sodium hydrosulfide Purchase Contract | Shandong Xingtai Chemical Co., Ltd | Estimated: 3.0 | 2023.5-2024.5 | 2023.5 |
| 2 | Contract for loans of working capital | Industrial Bank Corporation Lhasa Branch | Estimated: 26.6 | 2023.6-2026.6 | 2023.6 |
| 3 | Contract for Ecological Restoration Project (Section 3) in 2022 | The Second Geological Brigade of Tibet Autonomous Region Geological and Mineral Development Bureau | Estimated: 4.2 | 2023.4-2024.4 | 2023.4 |
| 4 | Contract for Underground Drilling Engineering Project in Jiama Mining Area from 2023 to 2025 | Qinhuangdao Huakan Geological engineering Co., Ltd | Estimated: 4.3 | 2023.4-2026.2 | 2023.4 |
| 5 | Mechanical Equipment Rental Project Contract | Sichuan Haotianyu Construction Machinery Leasing Co., Ltd | Estimated: 11.9 | 2023.2-2025.1 | 2023.2 |
| 6 | Contract for loans of working capital | Tibet Autonomous Region Branch of China Construction Bank Corporation | Estimated: 55.4 | 2023.6-2026.6 | 2023.6 |
| 7 | Contract for loans of working capital | Lhasa Chengguan District Sub branch of Agricultural Bank of China Co., Ltd | Estimated: 41.5 | 2023.6-2026.6 | 2023.6 |
| 8 | Ecological Restoration Project (Section 1) in 2022 | China National Gold Group Corporation Construction Co., Ltd | Estimated: 4.7 | 2023.3-2024.3 | 2023.3 |
| 9 | Tripartite Cooperation Agreement for "Factoring e-Finance" Business | Tibet Autonomous Region Branch of Agricultural Bank of China Co., Ltd | Estimated: 6.9 | 2023.1-2025.1 | 2023.1 |
| 10 | Contract for loans of working capital | China Gold Finance | Estimated: 55.4 | 2023.6-2026.6 | 2023.6 |
| 11 | Contract for Niumatang Heavy Metal Ion Acid Water Treatment Project | Henan Tianfang Construction Engineering Co., Ltd | Estimated: 3.5 | 2023.4-2023.6 | 2023.4 |
| 12 | Contract for loans of working capital | Mozhugonka County Sub branch of Agricultural Bank of China Co., Ltd | Estimated: 13.8 | 2023.6-2026.6 | 2023.6 |
| 13 | Contract for Ecological Restoration Project (Section 2) in 2022 | North China Nonferrous Engineering Survey Institute Co., Ltd | Estimated: 4.4 | 2023.4-2024.4 | 2023.4 |
| 14 | Contract for Emergency Drainage and Reinforcement Engineering of Guolanggou Tailings Pond | Jilin Huaye Environmental Management Co., Ltd | Estimated: 3.7 | 2023.9-2023.12 | 2023.9 |
| 15 | contract for loans of working capital | Tibet Autonomous Region Branch of China Construction Bank Corporation | Estimated: 14.1 | 2023.10-2026.10 | 2023.10 |
| 16 | Contract for Initial Dam Reinforcement Project of Guolanggou Tailings Pond | Zhejiang Huaye Mining and Construction Group Co., Ltd | Estimated: 18.2 | 2023.10-2024.7 | 2023.10 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

| Item No. | Contract Name | Counterpart | Subject amount (US \$ millions) | Contract period (effective day and expiration date) | Date of Contract |
|----------|---|--|---------------------------------|---|------------------|
| 17 | Contract for the Construction of the "Pressure Air Self rescue and Water Supply Rescue" System for the 4300m Mining Project of Jiama Copper Polymetallic Mine | Yunnan Jiantou Mining Engineering Co., Ltd | Estimated: 3.4 | 2023.11-2024.2 | 2023.11 |
| 18 | Entrusted Loan | China Gold Group Finance Co., Ltd | Estimated: 28.3 | 2023.12-2024.1 | 2023.12 |
| 19 | Cement procurement contract | Lhasa Tengda Trading Co., Ltd | Estimated: 4.8 | 2024.1-2025.1 | 2023.12 |

Production Update

| Jiama Mine | Three months ended December 31, | | Year ended December 31, | |
|------------------------------|---------------------------------|-----------|-------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Ore processed (tonnes) | 43,392 | 4,205,307 | 4,280,227 | 17,446,643 |
| Average copper ore grade (%) | 0.89 | 0.57 | 0.56 | 0.57 |
| Copper recovery rate (%) | 69 | 85 | 85 | 85 |
| Average gold grade (g/t) | 0.39 | 0.23 | 0.21 | 0.23 |
| Gold recovery rate (%) | 68 | 69 | 68 | 69 |
| Average silver grade (g/t) | 23.99 | 9.34 | 9.57 | 8.95 |
| Silver recovery rate (%) | 56 | 60 | 63 | 63 |
| Average Moly grade (%) | – | 0.023 | 0.029 | 0.027 |
| Moly recovery rate (%) | – | 14.64 | 18.64 | 18.75 |

Production was halted during 2023 at the Jiama Mine, with limited resumption of the Phase I area as of December 15, 2023.

Exploration

In 2023, Tibet Huatailong Mining Development Co., Ltd. planned to implement two geological exploration projects, namely detailed exploration of copper and lead project outside the current mining area of the Jiama Mine and prospecting of copper project in Bayi Farm, with a designed workload of 15,370 m of 20 holes for surface drilling, 37.31 km² for geological prospecting, 26 km² for soil sampling and 26 km² for rock sampling with an estimated total budget of RMB34.47 million. The temporary land usage permit for geology prospecting has been issued, however, the geological prospecting program has been temporarily suspended due to the impact of the tailings dam overflow.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 | | Cu % | Mo % | Pb % | Zn % | Au g/t | Ag g/t | Cu Metal | Mo Metal | Pb Metal | Zn Metal | Au Moz | Ag Moz |
| | Mt | | | | | | | | (kt) | (kt) | (kt) | (kt) | | |
| 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 12th November of 2012 and updated by Gerald Guo, P.Eng, a Qualified Person as defined by NI 43-101.

Mineral Reserves Estimate

Jiama Mine reserves by category 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 | | Cu % | Mo % | Pb % | Zn % | Au g/t | Ag g/t | Cu Metal | Mo Metal | Pb Metal | Zn Metal | Au Moz | Ag Moz |
| | Mt | | | | | | | | (kt) | (kt) | (kt) | (kt) | | |
| 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Underground:

- a) 10% dilution added to all Sub-Level Open Stopping;
 - b) Stope recovery is 87% for Sub-Level Open Stopping;
 - c) An overall processing recovery of 88 – 90% for copper.
3. 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.
 4. The Mineral Reserves are inclusive of the Mineral Resources.
 5. Original Reserve Estimate by Mining One Consultants on 20th November 2013, and updated by Gerald Guo, P.Eng, a qualified person as defined by NI 43-101.

LIQUIDITY AND CAPITAL RESOURCES

The Company operates in a capital intensive industry. The Company's liquidity requirements arise principally from the need for financing its mining and mineral processing operations, exploration activities and acquisition of exploration and mining rights. The Company's principal sources of funds have been proceeds from borrowings from commercial banks, corporate bonds financing, equity financings, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

At December 31, 2023, the Company had an accumulated surplus of US\$380.4 million, working capital of US\$170.8 million and borrowings of US\$766.5 million. The Company's cash balance at December 31, 2023 was US\$97.2 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\$143.5 million of short term debt facilities with interest rates ranging from 1.95% to 6.36% per annum arranged through various banks overseas. In addition, on November 3, 2015, the Company entered into a Loan Facility agreement with a syndicate of banks, led by Bank of China. The lenders agreed to lend an aggregate principal amount of RMB3.98 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 December 31, 2023 the Company has drawn down RMB3.79 billion, approximately US\$537.8 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company obtained a loan in the aggregate principal amount of RMB300 million, approximately US\$41.5 million, with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd bearing interest at 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with China National Gold Group Finance Corporation bearing interest at the 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of US\$44.0 million with China Construction Bank (Asia) Corporation Limited bearing floating interest with term SOFR on June 8, 2023. The Company obtained a loan in the aggregate principal amount of US\$35.0 million with DBS Bank Ltd bearing floating interest with term SOFR on June 13, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with Tibet Autonomous Region Branch of China Construction Bank bearing interest at the 2.05% on June 13, 2023. The Company obtained a loan in the aggregate principal amount of RMB192 million, approximately US\$26.6 million, with Industrial Bank Corporation Lhasa Branch bearing interest at the 1.95% on June 25, 2023. The Company obtained a loan in the aggregate principal amount of RMB100 million, approximately US\$13.8 million, with 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 CNG Finance bearing interest at the 2.45% on November 30, 2023.

The Company believes that the availability of debt financing in China at favorable rates will continue for the foreseeable future. The Company continues to review and assess its assets for impairment as part of its financial reporting processes. To date, the assessment carried out by the Company support the carrying values of the Company's assets and no impairment has been required. However, the management of the Company continues to evaluate key assumptions on estimates and management judgements in order to determine the recoverable amount of the CSH Mine and the Jiama Mine.

CASH FLOWS

The following table sets out selected cash flow data from the Company's consolidated cash flow statements for the years ended December 31, 2023 and December 31, 2022.

| | Year ended December 31, | |
|--|-------------------------|----------------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Net cash from operating activities | 1,574 | 447,279 |
| Net cash used in investing activities | (121,302) | (33,338) |
| Net cash used in financing activities | (205,233) | (185,312) |
| Net (decrease) increase in cash and cash equivalents | (324,961) | 228,629 |
| Effect of foreign exchange rate changes on cash and cash equivalents | (6,255) | (8,304) |
| Cash and cash equivalents, beginning of period | 428,453 | 208,128 |
| Cash and cash equivalents, end of period | 97,237 | 428,453 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating cash flow

For the year ended December 31, 2023, net cash inflow from operating activities was US\$1.6 million which is primarily attributable (i) depreciation of property, plant and equipment of US\$107.0 million (ii) finance cost of US\$25.0 million and (iii) amortization of mining rights of US\$10.4 million, partially offset by (i) income taxes paid of US\$41.5 million (ii) decrease in accounts payable and accrued liabilities of US\$39.2 million (iii) interest paid of US\$21.0 million and (iv) environmental rehabilitation expenses paid of US\$10.4 million..

Investing cash flow

For the year ended December 31, 2023, the net cash outflow from investing activities was US\$121.3 million which is primarily attributable to (i) placement of restricted deposits of US\$68.0 million and (ii) payment for acquisition of property, plant and equipment of US\$59.4 million, partially offset by (i) interest received of US\$4.5 million, (ii) dividend received of US\$2.0 million and (iii) release of restricted bank deposits of US\$1.5 million.

Financing cash flow

For the year ended December 31, 2023, the net cash outflow mainly from financing activities was US\$205.2 million which is primarily attributable to proceeds from borrowings of US\$316.3 million and (ii) proceeds from entrusted loan of US\$28.4 million partially offset by (i) repayment of borrowings of US\$401.5 million (ii) dividend paid to shareholders of US\$146.7 million and (iii) dividend paid to a minority shareholder of US\$1.1 million.

Expenditures Incurred

For the year ended December 31, 2023, the Company incurred mining costs of US\$43.3 million, mineral processing costs of US\$75.2 million and transportation costs of US\$1.7 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at December 31, 2023, the Company's total debt was US\$766.5 million and the total equity was US\$1,727.7 million. The Company's gearing ratio was therefore 0.44 as at December 31, 2023 compared to 0.42 as at September 30, 2023.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLAN FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS

Other than as disclosed elsewhere in this MD&A or in the annual consolidated financial statements for the year ended December 31, 2023, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2023. Other than as disclosed in this MD&A, there was no plan authorized by the Board for other material investments or additions of capital assets at the date of this MD&A.

CHARGE ON ASSETS

Other than as disclosed elsewhere in this MD&A and consolidated financial statements, none of the Company's assets were pledged as at December 31, 2023.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation. However, the Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Refer to Note 33, Financial Instruments, in the annual consolidated financial statements for the year ended December 31, 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.

On June 24, 2020, the Company, through its wholly owned subsidiary Skyland Mining (BVI) Limited, issued bonds denominated in U.S. dollar, with an aggregate principal amount of US\$300 million. The Bonds were issued at a price of 99.886%, bearing a coupon of 2.8% per annum with a maturity date of June 23, 2023. Interest is payable in semi-annual installments on December 23 and June 23 of each year. The bonds were listed on HKSE and Chongwa (Macao) Financial Asset Exchange ("MOX"). The Bonds were fully repaid on June 23, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

| | Total | Within | Within Two | Over |
|-----------------------------------|-----------------|-----------------|----------------------|-------------------|
| | US\$'000 | One year | to five years | five years |
| | | US\$'000 | US\$'000 | US\$'000 |
| Principal repayment of bank loans | 738,234 | 143,523 | 491,127 | 103,584 |
| Entrusted loan payable | 28,238 | – | 28,238 | – |

In addition to the table set forth above, the Company has entered into service agreements with third-party contractors such as China Railway for the provision of mining and exploration engineering work and mine construction work for the CSH Mine. The fees for such work performed and to be performed each year varies depending on the amount of work performed. The Company has similar agreements with third party contractors for the Jiama Mine.

RELATED PARTY TRANSACTIONS

China National Gold Group Co., Ltd. (formerly known as China National Gold Group Corporation) (“CNG”) owned 40.01 percent of the outstanding common shares of the Company as at December 31, 2022 and December 31, 2023.

The Company had major related party transactions with the following companies related by way of shareholders or shareholder in common:

The Company's subsidiary, Inner Mongolia Pacific is a party to a non-exclusive contract for the purchase and sale of doré with CNG (the “Dore Sales Contract”) pursuant to which Inner Mongolia Pacific sells gold doré bars to CNG. The pricing is based on the monthly average price of gold ingot as quoted on the Shanghai Gold Exchange and the daily average price of silver as quoted on the Shanghai Huatong Platinum & Silver Exchange prevailing at the time of each relevant purchase order during the contract period. The Dore Sales Contract has been in effect since October 24, 2008 and was renewed for a new term that commenced on January 1, 2018 and expired on December 31, 2020, which renewal was approved by the Company's shareholders on June 28, 2017. On June 16, 2020, the third Supplemental Contract for Purchase and Sale of Dore was approved by the Company's Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023. On June 29, 2023, the fourth supplemental Contract for Purchase and Sale of Dore was approved by the Company's Shareholders, commencing on January 1, 2024 and expiring on December 31, 2026.

Revenue from sales of gold doré bars to CNG was US\$252.6 million for the year ended December 31, 2023 which decreased from US\$267.6 million for the year ended December 31, 2022.

The Company is also a party to a Product and Service Framework Agreement with CNG, pursuant to which CNG provides construction, procurement and equipment financing services to the Company and also purchases the copper concentrates produced at the Jiama Mine. The quantity of copper concentrates, pricing terms and payment terms may be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the Product and Service Framework Agreement. On June 28, 2017, the Supplemental Product and Service Framework Agreement was approved and extended to expire on December 31, 2020. On June 16, 2020, the third Supplemental Product and Service Framework Agreement was approved by the Company's Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023. On June 29, 2023, the fourth Supplemental Product and Service Framework Agreement was approved by the Company's Shareholders, commencing on January 1, 2024 and expiring on December 31, 2026. For the year ended December 31, 2023, revenue from sales of copper concentrate and other products to CNG was US\$190.9 million compared to US\$794.5 million for the same period in 2022.

For the year ended December 31, 2023, construction services of US\$62.9 million were provided to the Company by subsidiaries of CNG (US\$12.3 million for the year ended December 31, 2022).

In addition to the aforementioned major related party transactions, the Company also obtains additional services from related parties in its normal course of business, including a Loan Agreement and a Deposit Services Agreement entered into on March 25, 2019, December 31, 2019, December 22, 2020 and a Financial Service Agreement on May 5, 2021 among the Company and China Gold Finance. As part of the 2021 Financial Service Agreement, approved by the Company's Shareholders at the Company's 2021 Annual General Meeting, China Gold Finance agreed to provide the Company with a range of financial services including (a) Deposit Services, (b) Lending Services, (c) Settlement Services and (d) Other Financial Services effective until December 31, 2023.

Refer to Note 30 of the audited annual consolidated financial statements for details of significant related party transactions during the year ended December 31, 2023.

2023 Annual Cap for 2021 Financial Services Agreement Exceeded;

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

PROPOSED TRANSACTIONS

The Board of Directors has given the Company approval to conduct reviews of a number of projects that may qualify as acquisition targets through joint venture, merger and/or outright acquisitions. The Company did not have any material acquisition and disposal of subsidiaries and associated companies for the year ended December 31, 2023. The Company continues to review possible acquisition targets.

CRITICAL ACCOUNTING ESTIMATES

In the process of applying the Company's accounting policies, the Directors of the Company have identified accounting judgments and key sources of estimation uncertainty that have a significant effect on the amounts recognized in the audited annual consolidated financial statements.

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are described in Note 4 of the audited annual consolidated financial statements for the year ended December 31, 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 December 31, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2023, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company is committed to providing sustainable returns to its shareholders. The Board of Directors determine dividends on an annual basis based on, among other things, the results of operations, cash flows and financial conditions, operating and capital requirements, the rules promulgated by the regulators affecting dividends in both Canada and China and at both the TSX and HKSE, and the amount of distributable profits and other relevant factors.

Subject to the British Columbia Business Corporations Act, the Directors may from time to time declare and authorize payment of such dividends as they may deem advisable, including the amount thereof and the time and method of payment provided that the record date for the purpose of determining shareholders entitled to receive payment of the dividend must not precede the date on which the dividend is to be paid by more than two months.

A dividend may be paid wholly or partly by the distribution of cash, specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways. No dividend may be declared or paid in money or assets if there are reasonable grounds for believing that the Company is insolvent or the payment of the dividend would render the Company insolvent.

In connection with the Company's financial results for the year ended December 31, 2022, the Company declared a special dividend of US\$0.37 per common share which was paid on June 15, 2023 to shareholders of record as of April 20, 2023. This special dividend qualifies as an "eligible dividend" for Canadian income tax purposes while dividends paid to shareholders outside Canada (non-resident investors) will be subject to Canadian non-resident withholding taxes.

The Board of Directors does not recommend distributing a dividend to shareholders on account of the Company's 2023 annual results.

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 December 31, 2023 the Company had 396,413,753 common shares issued and outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 December 31, 2023 and, in accordance with the requirements established under Canadian National Instrument 52-109 – Certification of Disclosure in Issuer’s Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of December 31, 2023, and provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company’s Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the Company’s ICFR as of December 31, 2023 and have concluded that these controls and procedures were effective as of December 31, 2023 and provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means design of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected. During the year ended December 31, 2023, there were no changes in the Company’s DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

RISK FACTORS

There are certain risks involved in the Company’s operations, some of which are beyond the Company’s control. Aside from risks relating to business and industry, the Company’s principal operations are located within the People’s Republic of China and are governed by a legal and regulatory environment that in some respects differs from that which prevails in other countries. Readers of this MD&A should give careful consideration to the information included in this document and the Company’s audited annual consolidated financial statements and related notes. Significant risk factors for the Company are metal prices, government regulations, foreign operations, environmental compliance, the ability to obtain additional financing, risk relating to recent acquisitions, dependence on management, title to the Company’s mineral properties, natural disasters, pandemics such as COVID-19 and litigation. China Gold International’s business, financial condition or results of operations could be materially and adversely affected by any of these risks. For details of risk factors, please refer to the Company’s annual audited consolidated financial statements, and Annual Information Form filed from time to time on SEDAR+ at www.sedarplus.ca and www.hkex.com.hk.

QUALIFIED PERSON

Disclosure of scientific or technical information in this MD&A was reviewed and approved by Mr. Tony Guo, P.Geo., the Company’s Qualified Person (“QP”) as defined by National Instrument 43-101.

March 27, 2024

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

(incorporated in British Columbia, Canada with limited liability)

OPINION

We have audited the consolidated financial statements of China Gold International Resources Corp. Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 72 to 153, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD. (continued)

(incorporated in British Columbia, Canada with limited liability)

KEY AUDIT MATTER (Cont'd)

Key audit matter

Impairment assessment of property, plant and equipment, right-of-use assets and mining rights

We identified the impairment assessment of property, plant and equipment, right-of-use assets and mining rights as a key audit matter due to significant management judgement and estimation involved in the impairment assessment.

As at December 31, 2023, the market capitalisation of the Company was below the carrying value of its net assets of approximately US\$1,728 million, and during the year ended December 31, 2023, the Group recorded a net loss of US\$23 million. These are indicators that the carrying amounts of the Group's property, plant and equipment, right-of-use assets and mining rights may be impaired.

As disclosed in notes 19, 17 and 20 to the consolidated financial statements, the carrying values of the Group's property, plant and equipment, right-of-use assets and mining rights as at December 31, 2023 were approximately US\$1,482 million, US\$40 million and US\$773 million, respectively.

The Group's two cash-generating units ("CGUs") for impairment assessment purposes include the related property, plant and equipment, right-of-use assets and mining rights associated with the Group's gold mine, located in Inner Mongolia, China and copper mine, located in Tibet, China. Value in use ("VIU") is based on the discounted cash flows expected to be derived from the Group's CGUs, taking into account the appropriate discount rates.

As disclosed in note 4 to the consolidated financial statements, the management exercises significant judgement and estimation in respect of the key assumptions applied in the VIU calculation, such as future metal selling prices, recoverable reserves, resources, production cost estimates, future operating costs and discount rates.

During the year ended December 31, 2023, no impairment loss was recognised for the Group's property, plant and equipment, right-of-use assets and mining rights.

How our audit addressed the key audit matter

Our procedures in relation to the impairment assessment of property, plant and equipment, right-of-use assets and mining rights included:

- Obtaining an understanding of the key controls over the impairment assessment of the Group's property, plant and equipment, right-of-use assets and mining rights;
- Assessing the appropriateness of the Group's identification of individual CGU;
- Evaluating the independent external valuer's competence, capabilities and objectivity;
- Evaluating the sensitivity analysis for the key assumptions in the valuation models for risk assessment;
- Engaging our internal valuation experts to evaluate the appropriateness of the valuation methodology, technical information provided by the external valuation expert and the key assumptions used in the valuation models against external benchmarks, our knowledge of the Group and its industry;
- Assessing the reasonableness of the key assumptions used in the valuation models with reference to the historical accuracy of such forecasts and the current operational results; and
- Comparing the key input data in the cash flow forecast to the source documents.

TO THE SHAREHOLDERS OF

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD. (continued)

(incorporated in British Columbia, Canada with limited liability)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD. (continued)

(incorporated in British Columbia, Canada with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

TO THE SHAREHOLDERS OF

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD. (continued)

(incorporated in British Columbia, Canada with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with those charged with governance, we determine matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wong Ka I.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

March 27, 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

| | NOTES | 2023 US\$'000 | 2022 US\$'000 |
|---|-------|------------------|------------------|
| Revenue | 5 | 459,434 | 1,104,949 |
| Cost of sales | | <u>(379,069)</u> | <u>(709,390)</u> |
| Mine operating earnings | | <u>80,365</u> | <u>395,559</u> |
| Expenses | | | |
| General and administrative expenses | 6 | (38,950) | (52,850) |
| Exploration and evaluation expenditure | | (744) | (479) |
| Research and development expenses | | <u>(8,707)</u> | <u>(25,371)</u> |
| | | <u>(48,401)</u> | <u>(78,700)</u> |
| Income from operations | | <u>31,964</u> | <u>316,859</u> |
| Other (expenses) income | | | |
| Foreign exchange loss, net | | (7,856) | (19,947) |
| Interest and other income | | 7,031 | 9,090 |
| Other expenses | 31 | (24,836) | – |
| Finance costs | 7 | <u>(24,974)</u> | <u>(30,738)</u> |
| | | <u>(50,635)</u> | <u>(41,595)</u> |
| (Loss) profit before income tax | | <u>(18,671)</u> | 275,264 |
| Income tax expense | 8 | <u>(4,298)</u> | <u>(49,863)</u> |
| (Loss) profit for the year | 9 | <u>(22,969)</u> | 225,401 |
| Other comprehensive income (expense) for the year | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| Fair value gain on equity instruments at fair value through other comprehensive income (“FVTOCI”) | 18 | 9,819 | 8,468 |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange difference arising on translation of foreign operations | | <u>(14,757)</u> | <u>(64,028)</u> |
| | | <u>(4,938)</u> | <u>(55,560)</u> |
| Total comprehensive (expense) income for the year | | <u>(27,907)</u> | <u>169,841</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

| | NOTES | 2023 US\$'000 | 2022 US\$'000 |
|--|-------|--------------------------------|------------------|
| Profit (loss) for the year attributable to: | | | |
| Non-controlling interests | | 2,531 | 2,658 |
| Owners of the Company | | (25,500) | 222,743 |
| | | (22,969) | 225,401 |
| Total comprehensive income (expense) for the year attributable to: | | | |
| Non-controlling interests | | 2,541 | 2,681 |
| Owners of the Company | | (30,448) | 167,160 |
| | | (27,907) | 169,841 |
| (Loss) earnings per share – Basic (US cents) | 12 | (6.43) | 56.19 |
| Weighted average number of common shares | | | |
| – Basic | 12 | 396,413,753 | 396,413,753 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2023

| | NOTES | 2023 US\$'000 | 2022 US\$'000 |
|--|-------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 13 | 97,237 | 428,453 |
| Restricted balances | 13 | 67,693 | 1,572 |
| Trade and other receivables | 14 | 17,076 | 8,718 |
| Tax recoverable | | 2,286 | – |
| Prepaid expenses and deposits | 15 | 339 | 810 |
| Inventories | 16 | 291,553 | 293,089 |
| | | <u>476,184</u> | <u>732,642</u> |
| Non-current assets | | | |
| Prepaid expenses and deposits | 15 | 768 | 735 |
| Right-of-use assets | 17 | 39,791 | 42,487 |
| Equity instruments at FVTOCI | 18 | 47,153 | 37,348 |
| Property, plant and equipment | 19 | 1,481,901 | 1,579,245 |
| Mining rights | 20 | 773,117 | 784,470 |
| Other non-current assets | 21 | 15,802 | 17,984 |
| | | <u>2,358,532</u> | <u>2,462,269</u> |
| Total assets | | <u>2,834,716</u> | <u>3,194,911</u> |
| Current liabilities | | | |
| Accounts and other payables and accrued expenses | 22 | 158,250 | 218,058 |
| Contract liabilities | 23 | 71 | 6,255 |
| Borrowings | 24 | 143,523 | 399,567 |
| Lease liabilities | 26 | 540 | 516 |
| Tax liabilities | | 3,041 | 14,239 |
| | | <u>305,425</u> | <u>638,635</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2023

| | NOTES | 2023 US\$'000 | 2022 US\$'000 |
|---|-------|------------------|------------------|
| Net current assets | | <u>170,759</u> | <u>94,007</u> |
| Total assets less current liabilities | | <u>2,529,291</u> | <u>2,556,276</u> |
| Non-current liabilities | | | |
| Borrowings | 24 | 594,711 | 433,501 |
| Entrusted loan payable | 25 | 28,238 | – |
| Lease liabilities | 26 | 937 | 1,501 |
| Deferred tax liabilities | 8 | 101,721 | 125,373 |
| Deferred income | 27 | 19 | 186 |
| Environmental rehabilitation | 28 | <u>75,924</u> | <u>92,285</u> |
| | | <u>801,550</u> | <u>652,846</u> |
| Total liabilities | | <u>1,106,975</u> | <u>1,291,481</u> |
| Owners' equity | | | |
| Share capital | 29 | 1,229,061 | 1,229,061 |
| Reserves | | 97,422 | 83,692 |
| Retained profits | | <u>380,375</u> | <u>571,226</u> |
| | | <u>1,706,858</u> | <u>1,883,979</u> |
| Non-controlling interests | | <u>20,883</u> | <u>19,451</u> |
| Total owners' equity | | <u>1,727,741</u> | <u>1,903,430</u> |
| Total liabilities and owners' equity | | <u>2,834,716</u> | <u>3,194,911</u> |

The consolidated financial statements on pages 72 to 153 were approved and authorized for issue by the Board of Directors on March 27, 2024 and are signed on its behalf by:

Junhu Tong
Director

Yingbin Ian He
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

| | Attributable to the owners of the Company | | | | | | | Non-controlling interests US\$'000 | Total owners' equity US\$'000 | |
|--|---|---------------------------|----------------------------|---|------------------------------|--|------------------------------|---------------------------------------|----------------------------------|----------------------|
| | Number of shares | Share capital US\$'000 | Equity reserve US\$'000 | Investments revaluation reserve US\$'000 | Exchange reserve US\$'000 | Statutory reserves US\$'000 (Note) | Retained profits US\$'000 | | | Subtotal US\$'000 |
| At January 1, 2022 | 396,413,753 | 1,229,061 | 11,179 | 8,031 | 16,943 | 68,538 | 482,170 | 1,815,922 | 17,470 | 1,833,392 |
| Profit for the year | - | - | - | - | - | - | 222,743 | 222,743 | 2,658 | 225,401 |
| Fair value gain on equity instruments at FVTOCI | - | - | - | 8,468 | - | - | - | 8,468 | - | 8,468 |
| Exchange difference arising on translation | - | - | - | - | (64,051) | - | - | (64,051) | 23 | (64,028) |
| Total comprehensive income (expenses) for the year | - | - | - | 8,468 | (64,051) | - | 222,743 | 167,160 | 2,681 | 169,841 |
| Transfer to statutory reserves | - | - | - | - | - | - | - | - | - | - |
| - appropriation from retained profits | - | - | - | - | - | 24,615 | (24,615) | - | - | - |
| Transfer to reserve fund | - | - | - | - | - | - | - | - | - | - |
| - appropriation from retained profits | - | - | - | - | - | 11,720 | (11,720) | - | - | - |
| Transfer to | - | - | - | - | - | - | - | - | - | - |
| - safety production fund, net of utilisation | - | - | - | - | - | (1,751) | 1,751 | - | - | - |
| Dividends distribution (note 11) | - | - | - | - | - | - | (99,103) | (99,103) | - | (99,103) |
| Dividend paid to a non-controlling shareholder | - | - | - | - | - | - | - | - | (700) | (700) |
| At December 31, 2022 | 396,413,753 | 1,229,061 | 11,179 | 16,499 | (47,108) | 103,122 | 571,226 | 1,883,979 | 19,451 | 1,903,430 |
| (Loss) profit for the year | - | - | - | - | - | - | (25,500) | (25,500) | 2,531 | (22,969) |
| Fair value gain on equity instruments at FVTOCI | - | - | - | 9,819 | - | - | - | 9,819 | - | 9,819 |
| Exchange difference arising on translation | - | - | - | - | (14,767) | - | - | (14,767) | 10 | (14,757) |
| Total comprehensive income (expenses) for the year | - | - | - | 9,819 | (14,767) | - | (25,500) | (30,448) | 2,541 | (27,907) |
| Transfer to statutory reserves | - | - | - | - | - | - | - | - | - | - |
| - appropriation from retained profits | - | - | - | - | - | 5,517 | (5,517) | - | - | - |
| Transfer to reserve fund | - | - | - | - | - | - | - | - | - | - |
| - appropriation from retained profits | - | - | - | - | - | 15,937 | (15,937) | - | - | - |
| Transfer to | - | - | - | - | - | - | - | - | - | - |
| - safety production fund, net of utilisation | - | - | - | - | - | (2,776) | 2,776 | - | - | - |
| Dividends distribution (note 11) | - | - | - | - | - | - | (146,673) | (146,673) | - | (146,673) |
| Dividends paid to a non-controlling shareholder | - | - | - | - | - | - | - | - | (1,109) | (1,109) |
| At December 31, 2023 | 396,413,753 | 1,229,061 | 11,179 | 26,318 | (61,875) | 121,800 | 380,375 | 1,706,858 | 20,883 | 1,727,741 |

Note: Statutory reserves which consist of (1) appropriations from the profit after taxation of the subsidiaries established in the People's Republic of China ("PRC") and (2) provision of safety production fund of the subsidiaries engaged in the exploration and development in the mining industry, form part of the equity of PRC subsidiaries. In accordance with the PRC Company Law and the Articles of Association of the PRC subsidiaries, the PRC subsidiaries are required to appropriate an amount equal to a minimum of 10% of their profits after taxation each year to a statutory reserve or reserve fund until the reserve reaches 50% of the registered capital of the respective subsidiaries. Pursuant to the Caiqi (2012) No.16 on implementation of entities' safety production funds management, effective on February 14, 2012 and expired on November 21, 2022, and Caiqi (2022) No.136 on implementation of entities' safety production funds management, effective on November 21, 2022, and in accordance with the Articles of Association of the PRC subsidiaries, the PRC subsidiaries are required to appropriate an amount, equal to RMB5 per ton multiplied by the volume of ore mined less actual payment, each year to a statutory reserve and utilise an amount when the actual payment is more than RMB5 per ton multiplied by the volume of ore mined.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2023 US\$'000 | 2022 US\$'000 |
|---|------------------|------------------|
| Operating activities | | |
| (Loss) profit before income tax | (18,671) | 275,264 |
| Items not requiring use of cash and cash equivalents: | | |
| Amortisation of mining rights | 10,411 | 41,416 |
| Depreciation of property, plant and equipment | 106,947 | 163,407 |
| Depreciation of right-of-use assets | 4,312 | 3,217 |
| Interest income | (4,503) | (4,685) |
| Dividend income | (1,992) | (2,695) |
| Finance costs | 24,974 | 30,738 |
| Allowance for credit losses of trade and other receivables, net | 1,668 | 1,718 |
| Impairment loss of other non-current assets | 1,872 | – |
| (Reversal) Write-down of inventories | (41) | 453 |
| Gain on disposal of property, plant and equipment | (23) | – |
| Release of deferred income | (220) | (1,215) |
| Effect on decrease to site reclamation in prior year | – | (17,062) |
| Unrealised foreign exchange loss, net | 3,790 | 19,703 |
| | 128,524 | 510,259 |
| Change in operating working capital items: | | |
| Trade and other receivables | (10,110) | 12,948 |
| Prepaid expenses and deposits | 383 | 318 |
| Inventories | 820 | 2,830 |
| Contract liabilities | (6,049) | (3,031) |
| Accounts and other payables and accrued expenses | (39,165) | (10,698) |
| | 74,403 | 512,626 |
| Cash generated from operations | 74,403 | 512,626 |
| Environmental rehabilitation expense paid | (10,359) | (4,616) |
| Interest paid | (20,975) | (24,119) |
| Income taxes paid | (41,495) | (36,612) |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2023 US\$'000 | 2022 US\$'000 |
|--|------------------|------------------|
| Net cash from operating activities | 1,574 | 447,279 |
| Investing activities | | |
| Interest received | 4,503 | 4,685 |
| Dividends received from equity investment at FVTOCI | 1,992 | 2,695 |
| Payment for acquisition of mining rights | (1,273) | (1,772) |
| Payment for acquisition of property, plant and equipment | (59,352) | (22,601) |
| Payment for right-of-use assets | (846) | (21,203) |
| Proceeds from disposal of property, plant and equipment | 66 | – |
| Placement of restricted balances | (68,039) | (3,605) |
| Release of restricted balances | 1,546 | 7,894 |
| Receipt of government grant | 101 | 569 |
| Net cash used in investing activities | (121,302) | (33,338) |
| Financing activities | | |
| Repayments of borrowings | (401,521) | (84,893) |
| Proceeds from borrowings | 316,274 | – |
| Proceeds from entrusted loan advanced by a substantial shareholder | 28,382 | – |
| Dividends paid to a non-controlling shareholder | (1,109) | (700) |
| Dividends paid to shareholders | (146,655) | (99,091) |
| Repayments of lease liabilities | (604) | (628) |
| Net cash used in financing activities | (205,233) | (185,312) |
| Net (decrease) increase in cash and cash equivalents | (324,961) | 228,629 |
| Cash and cash equivalents, beginning of year | 428,453 | 208,128 |
| Effect of foreign exchange rate changes on cash and cash equivalents | (6,255) | (8,304) |
| Cash and cash equivalents, end of year | 97,237 | 428,453 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION AND SIGNIFICANT EVENT DURING THE CURRENT YEAR

1.1 General information

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 PRC. Particulars of the subsidiaries of the Company are set out in note 37. 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 consolidated financial statements are presented in United States Dollars (“US\$”) which is also the functional currency of the Company.

1.2 Significant event during the current year

Suspension and subsequent partial resumption of Jiama Copper-Gold Polymetallic Mine (“Jiama Mine”)

On March 27, 2023, a tailings overflow occurred due to minor tailing dam damages from the Guolanggou tailings pond at the Group’s Jiama Mine (the “Overflow”). In response to the Overflow, the Group quickly contained and repaired the breach to ensure no damage to the environment or neighboring communities. Subsequent to the Overflow, Jiama Mine has suspended its operations and the Group takes the opportunity to conduct a comprehensive safety assessment of and repair work on its tailings dam with the assistance and supervision of government safety authorities.

The Group has completed the repair and reinforcement construction and works, conducted the safety assessment of the entire tailings pond and submitted an assessment report to the Lhasa Municipal Emergency Management Bureau (the “LMEMB”) in September 2023. The Group has also prepared several plans for the resumption of production, including using the tailings as underground mine backfilling and discharging the tailings into the tailings pond in line with the original design production capacity, these plans have been submitted to the LMEMB.

On December 15, 2023, following the receipt of approval from the LMEMB, the underground void management and the Phase I processing plant of the Jiama Mine have resumed operations, by backfilling the tailings produced from processing operations to the underground voids through the backfilling system. As at December 31, 2023, and up to the date these 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION AND SIGNIFICANT EVENT DURING THE CURRENT YEAR (Cont'd)

1.2 Significant event during the current year (Cont'd)

Litigation and contingency

During the year ended December 31, 2023, as described in note 31 to the consolidated financial statements, the Group was involved in several lawsuits and disputes with third parties related to a construction contract dispute and breach of contract, which are incidental to its normal course of business. As at December 31, 2023, US\$23 million were recognised as “accounts and other payables and accrued expenses” as set out in note 22 in relation to the construction contract dispute, which the court has ruled that the Group has joint obligation for the construction costs. In addition, the Group is currently involved in pending legal proceedings of US\$68 million in relation to the breach of contract with no provision recognised in the consolidated financial statements as the Group concludes that it is not probable that an outflow of economic benefits will be required for the pending litigation based on the new evidences and materials collected and the legal advice. Details of litigations are set out in note 31.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2023 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Cont’d)

New and amendments to IFRSs that are mandatorily effective for the current year (Cont’d)

Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two Model Rules

The Group has applied the amendments for the first time in the current year. IAS 12 Income Tax (“IAS 12”) is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “Pillar Two legislation”). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group’s entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group’s exposure to Pillar Two income taxes in the Group’s annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 3 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Cont’d)

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

| | |
|----------------------------------|--|
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹ |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback ² |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current ² |
| Amendments to IAS 1 | Non-current Liabilities with Covenants ² |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangement ² |
| Amendments to IAS 21 | Lack of Exchangeability ³ |

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2024

³ Effective for annual periods beginning on or after January 1, 2025

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to IAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Cont’d)

Amendments to IFRSs in issue but not yet effective (Cont’d)

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to IAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after January 1, 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at December 31, 2023, the application of the 2020 Amendments and 2022 Amendments will not result in reclassification of the Group’s liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* (“IFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* (“IAS 2”) or value in use (“VIU”) in IAS 36 *Impairment of Assets* (“IAS 36”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Basis of preparation of consolidated financial statements (Cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern assessment

During the year ended December 31, 2023, the Group recorded a net loss of US\$23 million, notwithstanding that the net operating cash inflows amounted to US\$2 million for the year and as at December 31, 2023, the Group's current assets exceeded current liabilities by approximately US\$171 million. The aforementioned suspension of Jiama Mine's operation in response to the Overflow as detailed in note 1 and the litigations with a series of frozen assets as detailed in note 31 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 31, the new financing obtained by the Group subsequent to the year end, its future capital expenditure and the sensitivity analysis of possible installment payments arising from the mining right of Jiama Mine as detailed in note 20, 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 consolidated financial statements have been prepared on a going concern basis.

Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Basis of consolidation (Cont'd)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Revenue from contracts with customers (Cont'd)

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient for not adjusting the transaction price for any significant financing component.

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.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 *Leases* ("IFRS 16") or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. US\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale, which includes completion of all necessary activities to bring the assets to readiness of fulfilling relevant regulatory requirements and obtaining relevant regulatory consent.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss)/profit before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Taxation (Cont'd)

For ultimate costs incurred for provisions for environmental rehabilitation, the Group applies IAS 12 requirements to the provisions for environmental rehabilitation and the related assets separately. The Group recognises a deferred tax asset related to provisions for environmental rehabilitation to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position comprises of cash on hand and demand deposits.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Gold in process inventory

Gold in process inventory consists of gold contained in the ore on leach pads and in-circuit material within processing operations.

Production costs are capitalised and included in gold in process inventory based on the current mining and processing cost incurred up to the point prior to the refining process including the cost of raw materials and direct labour; mine-site overhead expenses; stripping costs; and allocated indirect costs, including depreciation and depletion of mining interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Inventories (Cont'd)

Gold doré bars inventory

Gold doré bar is gold awaiting refinement and gold refined and ready for sales. The recovery of gold from ore is achieved through a heap leaching process. Under this method, ore is placed on leach pads where it is treated with a chemical solution which dissolves the gold contained in the ore. The resulting “pregnant” solution is further processed in a plant where the gold is recovered. Costs are subsequently recycled from ore on leach pads as ounces of gold are recovered based on the average cost per recoverable ounce on the leach pad. Estimates of recoverable gold on the leach pads are calculated from the quantities of ore placed on the leach pads (measured in tonnes added to the leach pads), the grade of the ore placed on the leach pads (based on assay data), and a recovery percentage (based on ore type).

Others

Copper inventory is copper and other by-products after metallurgical processing and ready for sales. Consumables used in operations, such as fuel, chemicals, and reagents and spare parts inventory are valued at the lower of cost or net realizable value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised as part of the related property, plant and equipment at the start of each project, as soon as the obligation to incur such costs arises. These costs are recognised in profit or loss over the life of the operation, through depreciation of the asset. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are recognised in profit or loss.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work that result from changes in the estimated timing or amount of the cash flow, including the effects of inflation and movements in foreign exchange rates, revisions to estimated reserves, resources and lives of operations, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred. The periodic unwinding of discount is recognised in profit or loss as a finance cost as it occurs. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the Group's accounting policy.

Property, plant and equipment

General

Property, plant and equipment (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation, depletion and impairment losses, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalised and the carrying amount of the component being replaced is derecognised. Directly attributable costs incurred for major capital projects and site preparation are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognised as a provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Property, plant and equipment (Cont'd)

General (Cont'd)

The management of the Group (the "Management") reviews the estimated useful lives, residual values and depreciation methods of the Group's property, plant and equipment at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

All direct costs related to the acquisition of mineral assets are capitalised, at their cost at the date of acquisition.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which include both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

Construction in progress

Assets under construction are capitalised as construction in progress until the asset is available for use. The cost of construction in progress is comprised of the construction cost of buildings, purchase price of crushers, and machinery and equipment, any costs directly attributable to the construction to bring it into working condition for its intended use, including costs of testing whether the related assets is functioning property and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

The Company uses the following factors to assess whether the criteria of construction completion and ready for intended use have been met such that construction in progress is classified to the appropriate category of property, plant and equipment: (1) the completion of the construction as planned; and (2) the completion of testing of mine plant and equipment which demonstrates their ability to sustain ongoing production of minerals, and ability to produce minerals in saleable form (within specifications).

Exploration and evaluation expenditure

Drilling and related costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are exploration and evaluation expenditure and are expensed as incurred up to the date on which costs incurred are economically recoverable. Further exploration and evaluation expenditures, subsequent to the establishment of economic recoverability, are capitalised and included in the carrying amount of the mineral assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Property, plant and equipment (Cont'd)

Exploration and evaluation expenditure (Cont'd)

The Management evaluates the following criteria in its assessment of economic recoverability and probability of future economic benefit:

- Geology – whether or not there is sufficient geologic and economic certainty of being able to convert a residual mineral deposit into a proven and probable reserve at a development stage or production stage mine, based on the known geology and metallurgy. A history of conversion of resources to reserves at operating mines is used to support the likelihood of conversion.
- Scoping – there is a scoping study or preliminary feasibility study that demonstrates the additional resources will generate a positive commercial outcome. Known metallurgy provides a basis for concluding there is a significant likelihood of being able to recoup the incremental costs of extraction and production.
- Accessible facilities – mining property can be processed economically at accessible mining and processing facilities where applicable.
- Life of mine plans – an overall life of mine plan and economic model to support the mine and the economic extraction of resources/reserves exists. A long-term life of mine plan, and supporting geological model identifies the drilling and related development work required to expand or further define the existing orebody.
- Authorizations – operating permits and feasible environmental programs exist or are obtainable.

Therefore prior to capitalising exploration drilling and related costs, the Management determines that the following conditions have been met that will contribute to future cash flows:

- There is a probable future benefit that will contribute to future cash inflows;
- The Group can obtain the benefit and controls access to it;
- The transaction or event giving rise to the future benefit has already occurred; and
- Costs incurred can be measured reliably.

Development expenditure

Drilling and related costs incurred to define and delineate a mineral deposit are capitalised as part of mineral assets in the period incurred, when the Management determines that there is sufficient evidence that the expenditure will result in a probable future economic benefit to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Property, plant and equipment (Cont'd)

Production expenditure

A mine that is under construction is determined to enter the production stage when the project is in the position and condition necessary for it to be capable of operating in the manner intended by the Management. Therefore, such costs incurred are capitalised as part of the mineral assets.

Mine development costs incurred to maintain current production are included in cost of inventories. For those areas being developed which will be mined in future periods, the costs incurred are capitalised and depleted when the related mining area is mined.

Depreciation

Mineral assets are depreciated using the unit-of-production method based on the actual production volume over the estimated total recoverable ounces contained in proven and probable reserves at the related mine when the mine is capable of operating as intended by the Management.

The Management reviews the estimated total recoverable ounces contained in proven and probable reserves at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable ounces contained in proven and probable reserves are accounted for prospectively.

Assets under construction are not depreciated until they are substantially complete and available for their intended use.

Leasehold improvements are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

Mining rights

Mining rights are amortised using the unit-of-production method based on the actual production volume over the estimated total recoverable ounces contained in proven and probable reserves at the related mine.

Mining rights acquired in a business combination

Mining rights acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, mining rights with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation is provided using the unit-of-production method based on the actual production volume over the estimated total proven and probable reserves of the ore mines.

Other non-current assets

The right to receive a block of buildings and twenty car parks included under "other non-current assets" is carried at cost less accumulated impairment if any.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Impairment of property, plant and equipment, right-of-use assets, mining rights and other non-current assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, mining rights and other non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amounts of property, plant and equipment, right-of-use assets, mining rights and other non-current assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its VIU (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Research and development expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "interest and other income" line item in profit or loss.

Impairment of financial assets subject to impairment assessment under IFRS 9 Financial Instruments ("IFRS 9")

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, amounts due from related companies, cash and cash equivalents and restricted balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the “foreign exchange loss, net” line item in profit or loss;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including borrowings, entrusted loan payable, accounts and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the “foreign exchange loss, net” line item in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment apart from those involving estimations, that the directors of the Company have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Critical judgment in applying accounting policies

(a) *Determination of the payment arising from the mining right*

Pursuant to the Notice on Issuing the Measures for the Collection of the Income from the Transfer of Mineral Rights (Caizong (2023) No. 10) issued by the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration, effective on May 1, 2023 and the relevant administrative measures Tibet Autonomous Region (Zangcaishui (2023) No.26), effective on December 27, 2023 (together referred as the "Notice"), Tibet Huatailong Mining Development Co., Ltd. ("Huatailong") may be subject to pay additional payments arising from its mining right in Jiama Mine to the PRC government as compensation fees for using the stated-owned natural resources in the PRC based on the appraised revenue for the period starting from July 1, 2017 multiply appropriate yield on the ore mined.

The Group has made an assessment of the impact of the Notice, based on the factors affecting the measurement of the amount to be paid, if any. The key factors include but are not limited to: (i) the multiple resource integrations of Jiama Mine between Huatailong and local government in prior years which has created uncertainties in the assessment of whether the exploration rights and mining rights held by Huatailong have been disposed of for consideration; (ii) the assessment of the resource reserves; (iii) the determination of methodology in calculating the amount to be paid and related parameters such as grade of ore, recovery rate, ore loss rate, ore dilution rate and discount rate. These determinations are complex and involve significant management judgement and estimates, and are also subject to a valuation to be performed by specialists and further verified by the government. Accordingly, the Group concluded that there is insufficient information available to make a reasonable estimate of the payment amount and accordingly, the Group has not recorded any related provision as of December 31, 2023.

Significant judgement is required in interpreting the relevant rules and regulation so as to determine the amount that is subject to the payment arising from its mining right under the Notice. This assessment relies on estimates and assumptions and involves judgements about past and future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the provision arising from the mining right payment. Such changes will impact profit or loss in the period that such determination is made.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Impairment of property, plant and equipment, right-of-use assets and mining rights

While assessing whether any indications of impairment exist for property, plant and equipment, right-of-use assets and mining rights, consideration is given to both external and internal sources of information. The Management consideration includes changes in the market, economic and legal environment in which the Group operates that are not within its control and affect the recoverable amounts of the property, plant and equipment, right-of-use assets and mining rights. The carrying amounts of property, plant and equipment, right-of-use assets and mining rights are reviewed for impairment in accordance with IAS 36 whenever certain events or changes in circumstances indicate that the carrying amount may not be recoverable. As at December 31, 2023, the market capitalisation of the Company was below the carrying value of its net assets of approximately US\$1,728 million (2022: US\$1,903 million) and during the year ended December 31, 2023, the Group recorded a net loss of US\$23 million. These are indicators that the carrying amounts of the Group's property, plant and equipment, right-of-use assets and mining rights may be impaired. The Group's two CGUs for impairment assessment of the related property, plant and equipment, right-of-use assets and mining rights are the Group's gold mine, located in Innere Mongolia, China and copper mine, located in Tibet, China.

When an impairment review is undertaken, recoverable amount is assessed by reference to the higher of 1) VIU and 2) fair value less costs of disposal. In determining the recoverable amounts of the Group's property, plant and equipment, right-of-use assets and mining rights, the Group estimates the recoverable amount based on VIU and makes estimates of the discounted future pre-tax cash flows expected to be derived from the Group's CGUs and the appropriate discount rates. The key assumptions used in estimating the projected cash flows are future metal selling prices, recoverable reserves, resources, production costs estimates, future operating costs and discount rates.

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future operating costs, reductions in the amount of recoverable reserves, resources, and/or change in economic conditions can result in a write-down of the carrying amounts of the Group's property, plant and equipment, right-of-use assets and mining rights.

The Group uses its internal experts to perform the valuation for the purpose of the impairment assessment with assistance from third party qualified valuers. The Management works closely with internal experts and qualified external valuers to establish the appropriate valuation techniques and inputs to the model to estimate the VIU for the property, plant and equipment, right-of-use assets and mining rights.

The carrying amounts of property, plant and equipment, right-of-use assets and mining rights as at December 31, 2023 and 2022 are disclosed in notes 19, 17 and 20, respectively.

During the years ended December 31, 2023 and 2022, no impairment loss was recognised for the property, plant and equipment, right-of-use assets and mining rights in the Group's gold producing mine and copper producing mine as the recoverable amounts were higher than their respective carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(c) *Inventories*

The Group records the cost of gold mining ore placed on its leach pads and in process at its mine as gold in process inventory, and values gold in process inventory at the lower of cost and estimated net realizable value. The assumptions used in the valuation of gold in process inventories include estimates of gold contained in the ore placed on leach pads, assumptions of the amount of gold that is expected to be recovered from the ore placed on leach pads, the amount of gold in the processing plant and an assumption of the gold price expected to be realised when the gold is recovered. If these estimates or assumptions are proven inaccurate, the Group could be required to write down the recorded value of its gold in process inventories. During the year, there is no change in the relevant estimation.

Although the quantities of recoverable gold placed on the leach pad and the processing plant are reconciled by comparing the grades of ore placed on the leach pad to the quantities actually recovered, the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. The actual recovery of gold from the leach pad is not known until the leaching process has concluded at the end of the mine life.

The Management periodically reassesses the assumptions used in the valuation of gold in process and the costing of production of gold doré bars, particularly the assumptions of the amount of gold that is expected to be recovered from the ore placed on leach pads (the "Estimated Recovery Rate"). As a result of such reassessments, an increase/decrease in the Estimated Recovery Rate would lead to a decrease/increase in the average production cost of gold doré bars. During the year, there is no change in the relevant estimation.

The carrying amounts of gold in process and gold doré bars as at December 31, 2023 and 2022 are disclosed in note 16.

(d) *Contingency*

The Group is involved in a legal proceeding with an independent supplier of Huatailong and has applied judgement on whether it is probable that an outflow of economic benefits will be required by taking into account the new evidences and materials collected and the legal advice. Disclosures has been set out in note 31 and no related provision has been made as of December 31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

5. 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:

| | 2023 US\$'000 | 2022 US\$'000 |
|--------------------|------------------|------------------|
| At a point in time | | |
| Gold doré bars | 252,600 | 267,546 |
| Copper | 147,278 | 617,226 |
| Other by-products | 59,556 | 220,177 |
| | <u>459,434</u> | <u>1,104,949</u> |
| Total revenue | | |

(ii) Performance obligations for contracts with customers

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

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

Segment information

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

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 year ended December 31, 2023

| | Mine – produced gold US\$'000 | Mine – produced copper concentrate US\$'000 | Segment total US\$'000 | Unallocated US\$'000 | Consolidated US\$'000 |
|---|--|---|------------------------------|-------------------------|--------------------------|
| Revenue – external and segment revenue | 252,600 | 206,834 | 459,434 | – | 459,434 |
| Cost of sales | (182,798) | (196,271) | (379,069) | – | (379,069) |
| Mining operating earnings | 69,802 | 10,563 | 80,365 | – | 80,365 |
| Income (loss) from operations | 69,058 | (32,957) | 36,101 | (4,137) | 31,964 |
| Foreign exchange loss | (1,115) | (3,684) | (4,799) | (3,057) | (7,856) |
| Interest and other income | 1,475 | 3,364 | 4,839 | 2,192 | 7,031 |
| Other expenses | – | (24,836) | (24,836) | – | (24,836) |
| Finance costs | (779) | (16,539) | (17,318) | (7,656) | (24,974) |
| Profit (loss) before income tax | 68,639 | (74,652) | (6,013) | (12,658) | (18,671) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

(a) Segment revenue and results (Cont'd)

For the year ended December 31, 2022

| | Mine – produced gold US\$'000 | Mine – produced copper concentrate US\$'000 | Segment total US\$'000 | Unallocated US\$'000 | Consolidated US\$'000 |
|---|--|---|------------------------------|-------------------------|--------------------------|
| Revenue – external and segment revenue | 267,546 | 837,403 | 1,104,949 | – | 1,104,949 |
| Cost of sales | <u>(198,502)</u> | <u>(510,888)</u> | <u>(709,390)</u> | <u>–</u> | <u>(709,390)</u> |
| Mining operating earnings | <u>69,044</u> | <u>326,515</u> | <u>395,559</u> | <u>–</u> | <u>395,559</u> |
| Income (loss) from operations | 68,565 | 252,315 | 320,880 | (4,021) | 316,859 |
| Foreign exchange (loss) gain, net | (1,778) | (21,167) | (22,945) | 2,998 | (19,947) |
| Interest and other income | 1,285 | 5,048 | 6,333 | 2,757 | 9,090 |
| Finance costs | <u>(1,679)</u> | <u>(19,279)</u> | <u>(20,958)</u> | <u>(9,780)</u> | <u>(30,738)</u> |
| Profit (loss) before income tax | <u>66,393</u> | <u>216,917</u> | <u>283,310</u> | <u>(8,046)</u> | <u>275,264</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 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 years ended December 31, 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

(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 December 31, 2023 | | | | | |
| 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 |

As of December 31, 2022

| | | | | | |
|-------------------|---------|-----------|-----------|---------|-----------|
| Total assets | 649,547 | 2,498,742 | 3,148,289 | 46,622 | 3,194,911 |
| Total liabilities | 66,669 | 924,126 | 990,795 | 300,686 | 1,291,481 |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

(c) *Other segment information (included in the measure of segment profit or loss or segment assets regularly provided to the CODM)*

| | Mine – produced gold US\$'000 | Mine – produced copper concentrate US\$'000 | Segment total US\$'000 | Unallocated US\$'000 | Consolidated US\$'000 |
|--|--|---|------------------------------|-------------------------|--------------------------|
| For the year ended December 31, 2023 | | | | | |
| Additions of property, plant and equipment | 2,113 | 40,163 | 42,276 | – | 42,276 |
| Additions of right-of-use assets | 49 | 1,762 | 1,811 | – | 1,811 |
| Depreciation of property, plant and equipment | (56,665) | (50,281) | (106,946) | (1) | (106,947) |
| Amortisation of mining rights | (917) | (9,494) | (10,411) | – | (10,411) |
| Depreciation of right-of-use assets | (3,601) | (611) | (4,212) | (100) | (4,312) |
| Impairment loss of other non-current assets | – | (1,872) | (1,872) | – | (1,872) |
| For the year ended December 31, 2022 | | | | | |
| Additions of property, plant and equipment | 2,347 | 32,804 | 35,151 | – | 35,151 |
| Additions of right-of-use assets | 21,203 | – | 21,203 | – | 21,203 |
| Depreciation of property, plant and equipment | (77,683) | (85,721) | (163,404) | (3) | (163,407) |
| Amortisation of mining rights | (1,786) | (39,630) | (41,416) | – | (41,416) |
| Depreciation of right-of-use assets | (2,788) | (325) | (3,113) | (104) | (3,217) |

(d) Geographical information

The Group operated in two geographical areas, Canada and the PRC. The Group's corporate division located in Canada does not have any revenue and therefore is not presented as an operating segment. During the years ended December 31, 2023 and 2022, the Group's revenue was generated from gold sales and copper multi-products to customers in the PRC. Approximately 98% (2022: 99%) of non-current assets of the Group are located in the PRC.

(e) Information about major customers

Revenue from major customers which accounts for 10% or more of the Group's total revenue are sales of gold doré bars and copper concentrate including other by-products to CNG and its subsidiaries as disclosed in note 30(a). No third-party customers of the corresponding years contribute over 10% or more of the total sales of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

6. GENERAL AND ADMINISTRATIVE EXPENSES

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|---|--|--|
| Administration and office | 5,080 | 6,418 |
| Depreciation of property, plant and equipment | 7,555 | 8,441 |
| Depreciation of right-of-use assets | 100 | 103 |
| Professional fees | 3,588 | 4,732 |
| Salaries and benefits | 14,499 | 16,101 |
| Others | 8,128 | 17,055 |
| | <u>38,950</u> | <u>52,850</u> |
| Total general and administrative expenses | <u>38,950</u> | <u>52,850</u> |

7. FINANCE COSTS

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|--|--|--|
| Interests on borrowings | 21,343 | 25,358 |
| Interests on lease liabilities | 91 | 120 |
| Accretion on environmental rehabilitation (note 28) | 3,785 | 5,347 |
| | <u>25,219</u> | <u>30,825</u> |
| Less: Amounts capitalised to property, plant and equipment | <u>(245)</u> | <u>(87)</u> |
| Total finance costs | <u>24,974</u> | <u>30,738</u> |

Interest has been capitalised at a capitalisation rate representing the weighted average interest to general borrowings.

| | Year ended December 31, 2023 % | Year ended December 31, 2022 % |
|---------------------|---|---|
| Capitalisation rate | <u>2.27</u> | <u>2.62</u> |

8. INCOME TAX EXPENSE/DEFERRED TAXATION

The Company was incorporated in Canada and is subject to Canadian federal and provincial tax requirements which are calculated at 27% (2022: 27%) of the estimated assessable profit for the year ended December 31, 2023. Since its incorporation, the Company had no assessable profit subject to Canadian federal and provincial tax requirements. PRC Enterprise Income Tax (“EIT”) is calculated at the prevailing tax rate of 25% (2022: 25%) on the estimated taxable profit of the group entities located in the PRC for the year ended December 31, 2023 except as described below.

Pursuant to the Enterprise Income Tax Law (the “EIT” Law) effective on January 1, 2008, Inner Mongolia Pacific Mining Co., Ltd. (“IMP”) is a certified “High and New Technology Enterprise” which is entitled to a preferential tax rate of 15% for three years from the year ended December 31, 2021 and eligible for renewal every three years. Such certificate will expire in September 2024.

Pursuant to the Tibet Administration (2021) Notice on Investment Promotion (“No. 9”), effective on April 7, 2021 and Tibet Administration (2022) No. 11 Notice on Provisional Implementation Measures on Enterprise Income Tax (“No.11”), effective on April 29, 2022, Huatailong, which is certified as a “High and New Technology Enterprise” and established in the westward development area of the PRC, is entitled to preferential tax rate of 15% (2022: 15%) of taxable profit and enjoys the exemption on local income tax. As such that Huatailong is entitled to a reduced preferential tax rate of 9% for three years from the year ended December 31, 2021, set to expire in September 2024.

Pursuant to No.9 and No.11, Metrorkongka County Jiama Industry and Trade Co., Ltd. (“Jiama Industry and Trade”), established in the westward development area of the PRC, employs 70% or above of its employees who are Tibet Permanent Residents and enjoy the exemption on local income tax, thus Jiama Industry and Trade is entitled to a reduced preferential tax rate of 15% for the years ended December 31, 2023 and 2022.

Under the EIT Law and Implementation Regulation of the EIT Law, except for the preferential treatments available to certain subsidiaries as mentioned above, other subsidiaries within the Group operating in the PRC are subject to EIT at the statutory rate of 25% during the years ended December 31, 2023 and 2022.

Under relevant PRC Tax Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from January 1, 2008 onwards. Except the Group has recognised deferred taxation US\$17,359,000 on retained profits of the PRC subsidiary of US\$173,840,000 for the year ended December 31, 2022, no deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated distributable profits of the other PRC subsidiaries amounting to approximately US\$758,079,000 at December 31, 2023 (2022: US\$783,389,000) as the Group is able to control the timing of the reversal of temporary differences and it is probable the temporary differences will not reverse in the foreseeable future.

Taxation for other relevant jurisdictions is calculated at the rates prevailing in each of those jurisdictions respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8. INCOME TAX EXPENSE/DEFERRED TAXATION (Cont'd)

Tax expense comprises:

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|---|--|--|
| Current tax expense – PRC EIT | 12,459 | 27,293 |
| Current tax expense – PRC withholding income tax on profit earned from PRC subsidiaries | 16,969 | 10,939 |
| (Overprovision) underprovision in prior year – PRC EIT | (1,478) | 96 |
| Deferred tax (credit) expense – PRC EIT | (6,293) | 4,594 |
| Deferred tax (credit) expense – PRC withholding income tax on profit earned from PRC subsidiaries | (17,359) | 6,941 |
| Total income tax expense | <u>4,298</u> | <u>49,863</u> |

The income tax expense for the Group can be reconciled to the (loss) profit before income tax for the year as follows:

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|--|--|--|
| (Loss) profit before income tax | <u>(18,671)</u> | <u>275,264</u> |
| PRC EIT tax rates | <u>25%</u> | <u>25%</u> |
| Tax at the PRC EIT tax rates | (4,668) | 68,816 |
| Tax effect of different tax rates of subsidiaries operating in other jurisdictions | 736 | 211 |
| Tax effect of concessionary tax rate | 3,694 | (43,083) |
| Tax effect of tax losses and other deductible temporary differences not recognised | 1,454 | 13 |
| Tax effect of non-deductible expenses | 1,847 | 2,572 |
| Tax effect of non-taxable income | (225) | (2,620) |
| Impacts on foreign exchange | 173 | 7,097 |
| Utilisation of deductible temporary differences previously not recognised | – | (806) |
| Withholding tax in respect of profit earned from PRC subsidiaries | – | 17,359 |
| Withholding tax in respect of interest income earned from PRC subsidiaries | 2,765 | 208 |
| (Overprovision) underprovision of PRC EIT in prior year | (1,478) | 96 |
| | <u>4,298</u> | <u>49,863</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8. INCOME TAX EXPENSE/DEFERRED TAXATION (Cont'd)

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the current and prior years:

| | Environmental rehabilitation | Mining rights⁽¹⁾ | Inventories | Others | Distributable profits of subsidiaries | Total |
|-----------------------------------|---|--|--------------------|----------------|--|-----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| At January 1, 2022 | (12,284) | 114,578 | 1,814 | (688) | 10,418 | 113,838 |
| (Credit) charge to profit or loss | <u>(1,067)</u> | <u>(5,548)</u> | <u>4,641</u> | <u>6,568</u> | <u>6,941</u> | <u>11,535</u> |
| At December 31, 2022 | (13,351) | 109,030 | 6,455 | 5,880 | 17,359 | 125,373 |
| Charge (credit) to profit or loss | <u>2,451</u> | <u>(1,330)</u> | <u>1,626</u> | <u>(9,040)</u> | <u>(17,359)</u> | <u>(23,652)</u> |
| At December 31, 2023 | <u>(10,900)</u> | <u>107,700</u> | <u>8,081</u> | <u>(3,160)</u> | <u>–</u> | <u>101,721</u> |

⁽¹⁾ Amount represents deferred tax liability arising from the fair value adjustment on mining rights during the business acquisition of Skyland Mining Limited and its subsidiaries ("Skyland") in December 2010.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

| | 2023 | 2022 |
|--------------------------|------------------|------------------|
| | US\$'000 | US\$'000 |
| Deferred tax assets | – | – |
| Deferred tax liabilities | <u>(101,721)</u> | <u>(125,373)</u> |
| | <u>(101,721)</u> | <u>(125,373)</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8. INCOME TAX EXPENSE/DEFERRED TAXATION (Cont'd)

The Group's unrecognised deferred income tax assets are as follows:

| | 2023 | 2022 |
|---|-----------------|----------|
| | US\$'000 | US\$'000 |
| Deferred income tax assets | | |
| Tax losses carry forwards | 23,837 | 22,855 |
| Other deductible temporary differences | 1,660 | 1,188 |
| | <hr/> | <hr/> |
| Total unrecognised deferred income tax assets | 25,497 | 24,043 |

Due to the unpredictability of future profit streams, deferred tax asset of US\$23,837,000 (2022: US\$22,855,000) has not been recognised in respect of unused tax losses of US\$100 million (2022: US\$95 million) which are mainly generated from the Company. Under Canadian tax laws, unused tax losses can be carried forward for 20 years if the loss arises in tax years ended after December 31, 2005. Included in unrecognised tax losses are losses of US\$77 million that will expire from 2027 to 2043 (2022: US\$74 million that will expire from 2027 to 2040). Other losses may be carried forward indefinitely.

Other deductible temporary differences of US\$1 million (2022: US\$1 million) are primarily comprised of share issue costs and cumulative eligible capital expenditures that were incurred by the Company which are tax deductible according to the relevant tax law in Canada. No deferred tax asset has been recognised because the amount of future taxable profit that will be available to realize such assets is unpredictable and not probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

9. PROFIT FOR THE YEAR

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|---|--|--|
| Profit for the year has been arrived at after charging (crediting): | | |
| Auditor's remuneration | 737 | 683 |
| Depreciation included in cost of sales and inventories | 99,390 | 154,736 |
| Depreciation included in research and development expenses | 2 | 230 |
| Depreciation included in general and administrative expenses (note 6) | 7,555 | 8,441 |
| Total depreciation of property, plant and equipment | 106,947 | 163,407 |
| Depreciation included in cost of sales and inventories | 4,212 | 3,114 |
| Depreciation included in general and administrative expenses (note 6) | 100 | 103 |
| Total depreciation of right-of-use assets | 4,312 | 3,217 |
| Amortisation of mining rights (included in cost of sales) | 10,411 | 41,416 |
| Gain on disposal of property, plant and equipment | (23) | – |
| Staff costs | | |
| Directors' and chief executive's emoluments (note 10) | 534 | 538 |
| Staff salaries and benefits | 12,723 | 14,767 |
| Retirement benefits contributions | 1,242 | 796 |
| Total salaries and benefits included in administrative expenses (note 6) | 14,499 | 16,101 |
| Total salaries and benefits included in cost of sales and inventories | 51,476 | 60,820 |
| Total salaries and benefits included in research and development expenses | 2,228 | 11,575 |
| Total staff costs | 68,203 | 88,496 |
| Bank interest income | (4,503) | (4,685) |
| Government grants | (829) | (1,548) |
| Allowance for credit losses of trade and other receivables, net | 1,668 | 1,718 |
| (Reversal) write-down of inventories | (41) | 453 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

9. PROFIT FOR THE YEAR (Cont'd)

During the year ended December 31, 2022, the Group had entered into barter transactions of RMB73 million (equivalent to US\$11 million) with independent third parties regarding exchange of gold bearing materials. The directors estimated the fair values of the inventories given up and received approximated the same and no gain or loss was recognised. There was no barter transactions had been entered into by the Group during the year ended December 31, 2023.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

For the year ended December 31, 2023

| | Fees US\$'000 | Salaries and other benefits US\$'000 | Retirement benefits contributions US\$'000 | Total US\$'000 |
|--|------------------|---|---|-------------------|
| Executive Director and Chief Executive (Note a) | | | | |
| Junhu Tong | – | – | – | – |
| Executive Directors (Note b) | | | | |
| Weibin Zhang | – | 220 | 8 | 228 |
| Na Tian | – | – | – | – |
| Yuanhui Fu | – | 106 | 3 | 109 |
| Non-executive Director (Note c) | | | | |
| Wanming Wang | – | – | – | – |
| Independent Non-executive Directors (Note d) | | | | |
| Yingbin Ian He | 54 | – | 3 | 57 |
| Wei Shao | 46 | – | 2 | 48 |
| Bielin Shi | 46 | – | – | 46 |
| Ruixia (Rane) Han | 46 | – | – | 46 |
| | <u>192</u> | <u>326</u> | <u>16</u> | <u>534</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Cont'd)

(a) Directors' and chief executive's emoluments (Cont'd)

For the year ended December 31, 2022

| | Fees US\$'000 | Salaries and other benefits US\$'000 | Retirement benefits contributions US\$'000 | Total US\$'000 |
|--|------------------|---|---|-------------------|
| Executive Director and Chief Executive (Note a) | | | | |
| Junhu Tong | – | – | – | – |
| Liangyou Jiang | – | – | – | – |
| Executive Directors (Note b) | | | | |
| Shiliang Guan | – | 165 | – | 165 |
| Weibin Zhang | – | 143 | 7 | 150 |
| Na Tian | – | 2 | – | 2 |
| Yuanhui Fu | – | 19 | – | 19 |
| Non-executive Director (Note c) | | | | |
| Wanming Wang | – | – | – | – |
| Independent Non-executive Directors (Note d) | | | | |
| Yingbin Ian He | 56 | – | 3 | 59 |
| Wei Shao | 48 | – | 3 | 51 |
| Bielin Shi | 46 | – | – | 46 |
| Ruixia (Rane) Han | 46 | – | – | 46 |
| | <u>196</u> | <u>329</u> | <u>13</u> | <u>538</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Cont'd)

(a) Directors' and chief executive's emoluments (Cont'd)

Notes:

- (a) Mr. Junhu Tong was appointed as Chief Executive Officer ("CEO") effective from October 27, 2022, and is re-designated from a non-executive director to an executive director of the Company. He is also employed by CNG and his emolument payments are centralised and made by CNG for the years ended December 31, 2023 and 2022. Mr. Liangyou Jiang resigned as executive director and CEO effective from October 27, 2022. Mr. Liangyou Jiang is also employed by CNG and his emolument payments are centralised and made by CNG for the year ended December 31, 2022.
- (b) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.
Effective from October 27, 2022, Mr. Yuanhui Fu was appointed as executive directors and vice president of the Company. Mr. Shiliang Guan resigned as executive director effective from October 27, 2022.
- (c) The non-executive directors' emoluments shown above were mainly for their services as directors of the Company. Effective from October 27, 2022, Mr. Wanming Wang was appointed as a non-executive director following the re-designation of Mr. Junhu Tong that being an executive director of the Company.
- (d) The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company. For the years ended December 31, 2023 and 2022, none of the directors of the Company waived or agreed to waive any emoluments.

(b) Five highest paid employees

The five highest paid employees included two (2022: two) directors for the year ended December 31, 2023. The emoluments of the three (2022: three) non-director employees for the year ended December 31, 2023, are as follows:

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|-----------------------------------|--|--|
| Employees | | |
| Salaries and other benefits | 378 | 434 |
| Retirement benefits contributions | 8 | 8 |
| | 386 | 442 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Cont'd)

(b) Five highest paid employees (Cont'd)

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

| | No. of individuals | |
|---|--------------------|------|
| | 2023 | 2022 |
| Nil to HK\$1,000,000 (equivalent to approximately US\$129,000) | 1 | 1 |
| HK\$1,000,001 to HK\$1,500,000 (equivalent to approximately US\$129,001 to US\$193,000) | 2 | 2 |

During the years ended December 31, 2023 and 2022, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. DIVIDEND

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

12. (LOSS) EARNINGS PER SHARE

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

| | Year ended December 31, 2023 | Year ended December 31, 2022 |
|---|------------------------------------|------------------------------------|
| (Loss) profit attributable to owners of the Company for the purposes of basic earnings per share (US\$'000) | (25,500) | 222,743 |
| Weighted average number of common shares, basic | 396,413,753 | 396,413,753 |
| Basic (loss) earnings per share (US cents) | (6.43) | 56.19 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

13. CASH AND CASH EQUIVALENTS/RESTRICTED BALANCES

Cash and cash equivalents of the Group are comprised of cash on hand and bank balances. The Group's cash and cash equivalents and restricted balances denominated in the foreign currencies other than the respective group entities' functional currencies are presented below:

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|-------------------|---|----------------------------------|
| Denominated in: | | |
| Canadian dollars | 238 | 191 |
| Renminbi ("RMB") | 72,870 | 114,878 |
| US\$ | 4 | 4 |
| Hong Kong dollars | 4,138 | 2,857 |
| | 77,250 | 117,930 |

The bank balances carry interest rates ranging from 0.001% to 5.25% (2022: 0.001% to 2.65%) per annum.

Restricted balances carry interest at market rates ranging from 0.46% to 1.35% (2022: 1.55%) per annum. The balance as at December 31, 2023 represents deposits that have been frozen by the Tibet Intermediate Court in relation to the litigations involved by Huatailong (2022: deposits pledged to banks to secure bills payable issued to suppliers for mining costs). Details of litigations are set out in note 31.

14. TRADE AND OTHER RECEIVABLES

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--|---|----------------------------------|
| Trade receivables | 1,466 | 1,112 |
| Less: allowance for credit losses | (105) | (106) |
| | 1,361 | 1,006 |
| Amounts due from related companies (note 30(a)) ⁽¹⁾ | 654 | 965 |
| Other receivables ⁽²⁾ | 15,061 | 6,747 |
| Total trade and other receivables | 17,076 | 8,718 |

At January 1, 2022, trade receivables from contracts with customers amounted to US\$1,148,000.

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

⁽²⁾ Included in the balance as at December 31, 2023 are US\$8,837,000 value-added tax ("VAT") recoverable (2022: nil) and Tax and Other Surcharges (as defined in note 21) of US\$3,223,000 (2022: US\$4,911,000) 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 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

14. TRADE AND OTHER RECEIVABLES (Cont'd)

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

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

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|-------------------------|---|----------------------------------|
| Less than 30 days | 60 | 24 |
| 31 to 90 days | 17 | 347 |
| 91 to 180 days | 49 | 595 |
| Over 180 days | <u>1,235</u> | <u>40</u> |
| Total trade receivables | <u>1,361</u> | <u>1,006</u> |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

15. PREPAID EXPENSES AND DEPOSITS

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--|---|----------------------------------|
| Deposits for mine supplies and services (Note a) | 53 | 92 |
| Deposits for spare parts (Note a) | 16 | 159 |
| Deposit for acquisition of property, plant and equipment (Note b) | 768 | 735 |
| Prepaid property and machinery insurance | 13 | 14 |
| Other prepayment and deposits | <u>257</u> | <u>545</u> |
| | 1,107 | 1,545 |
| Less: Amounts that will be settled or utilised within one year shown under current assets | <u>(339)</u> | <u>(810)</u> |
| Amounts that will be settled or utilised for more than one year shown under non-current assets | <u>768</u> | <u>735</u> |

Notes:

- As at December 31, 2023 and 2022, the amount represents deposits paid to third party vendors for purchasing of raw materials, consumable, spare parts and mine services.
- The amount represents deposits paid to third party contractors for the acquisition of property, plant and equipment to expand its mining capacity in Tibet, the PRC. The amount is shown as non-current asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

16. INVENTORIES

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--------------------|---|----------------------------------|
| Gold in process | 221,656 | 221,807 |
| Gold doré bars | 24,842 | 22,110 |
| Consumables | 15,356 | 17,409 |
| Copper concentrate | 606 | 5,613 |
| Spare parts | <u>29,093</u> | <u>26,150</u> |
| Total inventories | <u>291,553</u> | <u>293,089</u> |

Inventories totalling US\$317,657,000 (2022: US\$709,390,000) for the year ended December 31, 2023 was recognised in cost of sales.

17. RIGHT-OF-USE ASSETS

| | Leasehold lands US\$'000 | Leased equipment US\$'000 | Leased properties US\$'000 | Total US\$'000 |
|---|---|--|---|---------------------------|
| At December 31, 2023 | | | | |
| Carrying amount | 38,297 | 1,368 | 126 | 39,791 |
| At December 31, 2022 | | | | |
| Carrying amount | 40,424 | 1,837 | 226 | 42,487 |
| For the year ended December 31, 2023 | | | | |
| Depreciation charge | 3,743 | 469 | 100 | 4,312 |
| For the year ended December 31, 2022 | | | | |
| Depreciation charge | 2,644 | 469 | 104 | 3,217 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

17. RIGHT-OF-USE ASSETS (Cont'd)

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|----------------------------------|--|--|
| Total cash outflow for leases | <u>1,450</u> | <u>21,831</u> |
| Additions to right-of-use assets | <u>1,811</u> | <u>21,203</u> |

For both years, the Group leases leasehold lands, equipment and office premises for its operations. The lease terms of leasehold lands are 2 years to in perpetuity (2022: 50 years to in perpetuity). Lease contracts of office premises and equipment are entered into for a fixed term of 5 years (2022: 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group obtained several land use right certificates for leasehold lands where its mining facilities are primarily located. Lump sum payments were made upfront to acquire these leasehold lands. The leasehold lands are presented separately.

During the years ended December 31, 2023, the Group leased two pieces of cultivated land from herdsman and paid the related farmland usage tax, which the Group has recognised right-of-use assets of US\$1,762,000 and environmental rehabilitation of US\$965,000 respectively at initial recognition. During the year ended December 31, 2022, the Group paid the additions of right-of-use assets resulting from lease modification of leasehold land. On the date of lease modification, the Group recognised right-of-use assets of US\$21,203,000.

The Group depreciated the leasehold lands using the straight-line method over the estimated useful lives of the leasehold land.

Restrictions or covenants on leases

In addition, lease liabilities of US\$1,477,000 are recognised with related right-of-use assets of US\$1,494,000 as at December 31, 2023 (2022: lease liabilities of US\$2,017,000 are recognised with related right-of-use assets of US\$2,063,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

18. EQUITY INSTRUMENTS AT FVTOCI

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--|---|----------------------------------|
| Listed investments: | | |
| Equity securities listed in Hong Kong (Note a) | 46,328 | 36,509 |
| Unlisted investments: | | |
| Equity securities (Note b) | 825 | 839 |
| Total | 47,153 | 37,348 |

Notes:

- a. The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The investment of China Nonferrous Mining Corporation Limited ("CNMC"), a listed company in Hong Kong, represents 2.03% equity interest in CNMC. CNMC is engaged in mining, processing and trading of nonferrous metals in Zambia. During the year ended December 31, 2023, a fair value gain of US\$9,819,000 (2022: US\$8,468,000) was recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve in accordance with the Group's accounting policies.

- b. The above unlisted equity investments represent the Group's equity interests in two (2022: two) private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

As at December 31, 2023, the carrying amount of RMB5,838,000 approximately US\$825,000 (2022: RMB5,838,000, approximately US\$839,000), representing 7.425% share interest in Tibet Zhongjin Xinlian Demolition Engineering Co. Ltd. ("Tibet Zhongjin Xinlian") and 4% share interest in Tibet Electric Power Trading Center Co., Ltd. ("Tibet Electric"). Tibet Zhongjin Xinlian is established in the PRC and principally engaged in the development and manufacturing of explosives. Tibet Electric is established in the PRC and is principally engaged in the trading of electric power in the PRC. The directors of the Company are of the opinion that the fair value change of unlisted investments are insignificant and has not been recognised for the year ended December 31, 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

19. PROPERTY, PLANT AND EQUIPMENT

| | Buildings | Crushers | Furniture and office equipment | Machinery and equipment | Motor vehicles | Leasehold improvements | Mineral assets | Construction in progress ("CIP") | Total |
|---|-----------|-----------|--------------------------------------|-------------------------------|-------------------|---------------------------|-------------------|--|-------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| COST | | | | | | | | | |
| At January 1, 2022 | 708,028 | 227,332 | 12,770 | 326,763 | 12,172 | 98 | 1,471,126 | 1,996 | 2,760,285 |
| Additions | 378 | - | 379 | 8,729 | 545 | - | 20,237 | 4,883 | 35,151 |
| Transfer from CIP | 672 | - | - | - | - | - | - | (672) | - |
| Environmental rehabilitation adjustment (note 28) | - | - | - | - | - | - | 30,354 | - | 30,354 |
| Exchange realignment | (57,537) | - | (858) | (23,257) | (781) | - | (80,235) | (297) | (162,965) |
| At December 31, 2022 | 651,541 | 227,332 | 12,291 | 312,235 | 11,936 | 98 | 1,441,482 | 5,910 | 2,662,825 |
| Additions | 428 | - | 1,929 | 3,801 | 799 | - | 1,502 | 33,817 | 42,276 |
| Transfer from CIP | 1,292 | - | 1,528 | - | - | - | 1,340 | (4,160) | - |
| Transfer out to CIP arising from the Overflow (note 1) | (127,131) | - | - | - | - | - | - | 90,852 | (36,279) |
| Environmental rehabilitation adjustment (note 28) | - | - | - | - | - | - | (9,453) | - | (9,453) |
| Disposals | - | - | - | - | (863) | - | - | - | (863) |
| Exchange realignment | (9,760) | - | (166) | (4,298) | (144) | - | (15,553) | (708) | (30,629) |
| At December 31, 2023 | 516,370 | 227,332 | 15,582 | 311,738 | 11,728 | 98 | 1,419,318 | 125,711 | 2,627,877 |
| ACCUMULATED DEPRECIATION | | | | | | | | | |
| At January 1, 2022 | (169,337) | (150,439) | (7,616) | (156,367) | (7,253) | (98) | (465,193) | - | (956,303) |
| Provided for the year | (33,379) | (18,505) | (1,007) | (23,569) | (893) | - | (86,054) | - | (163,407) |
| Exchange realignment | 13,963 | - | 516 | 10,225 | 437 | - | 10,989 | - | 36,130 |
| At December 31, 2022 | (188,753) | (168,944) | (8,107) | (169,711) | (7,709) | (98) | (540,258) | - | (1,083,580) |
| Provided for the year | (23,500) | (18,505) | (1,561) | (18,944) | (885) | - | (43,552) | - | (106,947) |
| Transfer out to CIP arising from the Overflow (note 1) | 36,279 | - | - | - | - | - | - | - | 36,279 |
| Eliminated on disposals | - | - | - | - | 820 | - | - | - | 820 |
| Exchange realignment | 2,761 | - | 106 | 2,146 | 86 | - | 2,353 | - | 7,452 |
| At December 31, 2023 | (173,213) | (187,449) | (9,562) | (186,509) | (7,688) | (98) | (581,457) | - | (1,145,976) |
| CARRYING VALUE | | | | | | | | | |
| At December 31, 2023 | 343,157 | 39,883 | 6,020 | 125,229 | 4,040 | - | 837,861 | 125,711 | 1,481,901 |
| At December 31, 2022 | 462,788 | 58,388 | 4,184 | 142,524 | 4,227 | - | 901,224 | 5,910 | 1,579,245 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

19. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The above items of property, plant and equipment, except for mineral assets and construction in progress, taking into account the residual value, are depreciated using the straight-line method over the estimated useful lives of the related assets as follows:

| | |
|--------------------------------|---|
| Buildings | Over the shorter of the term of lease, or 24 years |
| Crushers | 10 to 14 years |
| Furniture and office equipment | 2 to 5 years |
| Machinery and equipment | 2 to 10 years |
| Motor vehicles | 5 to 10 years |
| Leasehold improvements | Over the shorter of the term of lease, or 5.5 years |

Mineral assets mainly represent drilling, stripping and related costs incurred on sites with an existing mine and on areas within the boundary of a known mineral deposit which contains proven and probable reserves and are capitalised when they are incurred to improve access to the future ores. Mineral assets are depreciated using the unit-of-production method based on the actual production volume over the estimated total proven and probable reserves of the mines.

Mineral Assets

(a) *CSH Gold Mine*

CSH Gold Mine, in which the Group holds a 96.5% equity interest, consists of a licensed area in the western part of Inner Mongolia, northern China. The site is centrally positioned within the east-west-trending Tian Shan Gold Belt. The carrying value of the CSH Gold Mine in relation to mineral assets is US\$141,266,000 as at December 31, 2023 (December 31, 2022: US\$174,879,000).

(b) *Jiama Mine*

The Jiama Mine, a large copper-gold polymetallic deposit consisting of skarn-type and hornfels-type mineralization located in Metrorkongka County in Tibet, in which the Group holds 100% equity interest through its wholly-owned subsidiary, Skyland. The Group acquired Skyland on December 1, 2010. The carrying value of the Jiama Mine in relation to mineral assets is US\$696,595,000 as at December 31, 2023 (December 31, 2022: US\$726,345,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

20. MINING RIGHTS

| | US\$'000 |
|--------------------------|------------------|
| COST | |
| At January 1, 2022 | 1,018,204 |
| Exchange realignment | <u>(7,104)</u> |
| At December 31, 2022 | 1,011,100 |
| Exchange realignment | <u>(1,175)</u> |
| At December 31, 2023 | <u>1,009,925</u> |
| ACCUMULATED AMORTISATION | |
| At January 1, 2022 | (186,648) |
| Provided for the year | (41,416) |
| Exchange realignment | <u>1,434</u> |
| At December 31, 2022 | (226,630) |
| Provided for the year | (10,411) |
| Exchange realignment | <u>233</u> |
| At December 31, 2023 | <u>(236,808)</u> |
| CARRYING VALUE | |
| At December 31, 2023 | <u>773,117</u> |
| At December 31, 2022 | <u>784,470</u> |

Note:

The amounts represent two mining rights in the Jiama Mine and CSH Gold Mine. Mining rights in the Jiama Mine are in relation to the copper and other by-products production, acquired through the acquisition of Skyland. During the year ended December 31, 2023, the mining permit of Jiama Mine was renewed in October 2023 at nil consideration and will expire in October 2043. The mining permit of CSH Gold Mine was renewed in March 2019 and will expire in June 2026. The Group considers that it will be able to renew the mining rights with the relevant government authority continuously until the end of mine life.

Pursuant to the Notice, there is uncertainty on the amount that Huatailong is required to make payment arising from the mining right to the PRC government as compensation fees for using the stated-owned natural resources in the PRC and the determination involved complex circumstances, judgements and verification by governments, as at December 31, 2023 and up to the date these consolidated financial statements are authorised for issue, no provision is made by Huatailong regarding the payment arising from the mining right. Details of the judgments and estimation uncertainty are set out in note 4.

Amortisation on mining rights acquired is provided to write off the cost of the mining rights using the unit-of-production method based on the actual production volume over the estimated total proven and probable reserves of the mines.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

21. OTHER NON-CURRENT ASSETS

During the year ended December 31, 2019, the Group entered into a cooperation agreement (the “Cooperation Agreement”) with Zhongxinfang in relation to the development of a composite project in Lhasa, Tibet, China. Pursuant to the Cooperation Agreement, the Group agreed to transfer the land use right for the development and Zhongxinfang agreed to compensate the Group by transferring a block of the buildings and twenty car parks (the “New Premises”) within two years from the date of the Cooperation Agreement (the “Land Exchange”) and all related tax exposures including but not limited to land appreciation tax, EIT and other surcharge related to the Land Exchange (the “Tax and Other Surcharge”). During the year ended December 31, 2019, the land use right was transferred to Zhongxinfang. Accordingly, the Group derecognised the right-of-use assets and recognised the right to receive the New Premises, which approximates the fair value of the New Premises at the date of transfer and the other receivables relating to the tax reimbursement from Zhongxinfang. The right to receive the New Premises was initially recognised at its fair value and subsequently carried at cost less impairment. Based on the Cooperation Agreement, Zhongxinfang is obligated to deliver the New Premises to the Group no later than May 31, 2021.

As at December 31, 2023 and up to the date these 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 Group’s assessment on the status of the New Premises and taking into account the valuation of the New Premises by using sales comparison method under market approach as its fair value less cost of disposal, impairment loss of RMB13,328,000 (equivalent to US\$1,872,000) (2022: nil) has been made during the year ended December 31, 2023 and the carrying amount of the other non-current assets are RMB111,924,000 (equivalent to US\$15,802,000) as at December 31, 2023 (2022: RMB125,252,000 (equivalent to US\$17,984,000)).

22. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables of the Group are principally comprised of amounts outstanding for trade purchases relating to minerals production activities and construction activities. The average credit period taken for trade purchases is between 120 to 150 days.

Accounts and other payables and accrued expenses comprise the following:

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--|---|----------------------------------|
| Accounts payable | 18,866 | 38,808 |
| Bills payable | – | 31,523 |
| Construction costs payable | 100,769 | 118,123 |
| Mining cost accrual | – | 1,512 |
| Payroll and benefit payable | 257 | 324 |
| Other accruals | 1,606 | 1,323 |
| Other tax payables | 1,543 | 15,329 |
| Payable for litigation compensation (note 31) | 22,828 | – |
| Other payables | 8,806 | 6,268 |
| Payable for acquisition of a mining right | 3,575 | 4,848 |
| | 158,250 | 218,058 |
| Total accounts and other payables and accrued expenses | 158,250 | 218,058 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

22. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES (Cont'd)

The following is an aging analysis of the accounts payable presented based on the invoice date at the end of the reporting period:

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|------------------------|---|----------------------------------|
| Less than 30 days | 1,830 | 18,452 |
| 31 to 90 days | 4,398 | 7,520 |
| 91 to 180 days | 3,934 | 2,864 |
| Over 180 days | 8,704 | 9,972 |
| | <hr/> | <hr/> |
| Total accounts payable | 18,866 | 38,808 |

The credit period for bills payable is 180 days from the bills issue date.

The following is an ageing analysis of bills payable, presented based on bills issue date at the end of the reporting period:

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|---------------------|---|----------------------------------|
| Less than 30 days | – | 7,604 |
| 31 to 60 days | – | 2,050 |
| 61 to 90 days | – | 5,599 |
| 91 to 180 days | – | 16,270 |
| | <hr/> | <hr/> |
| Total bills payable | – | 31,523 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

23. CONTRACT LIABILITIES

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|-----------------------------|---|----------------------------------|
| Sales of copper concentrate | <u>71</u> | <u>6,255</u> |

At January 1, 2022, contract liabilities amounted to US\$10,265,000.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

| | Copper concentrate | |
|---|---|----------------------------------|
| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | <u>6,255</u> | <u>10,265</u> |

Typical payment terms which have an impact on the amount of contract liabilities recognised are as follows:

When the Group receives a deposit before the goods are delivered, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives 100% deposit on acceptance of sales orders for copper concentrate including other by-products.

24. BORROWINGS

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|---|---|----------------------------------|
| Bank loans | 656,344 | 533,722 |
| Loans payable to a CNG's subsidiary (note 30) | 81,890 | – |
| Bonds ⁽¹⁾ | <u>–</u> | <u>299,346</u> |
| | <u>738,234</u> | <u>833,068</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

24. BORROWINGS (Cont'd)

The borrowings are repayable as follows:

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|---|---|----------------------------------|
| Carrying amount repayable within one year | 143,523 | 399,567 |
| Carrying amount repayable within one to two years | 66,500 | 57,433 |
| Carrying amount repayable within two to five years | 424,627 | 201,017 |
| Carrying amount repayable over five years | 103,584 | 175,051 |
| | 738,234 | 833,068 |
| Less: Amounts due within one year (shown under current liabilities) | (143,523) | (399,567) |
| Amounts shown under non-current liabilities | 594,711 | 433,501 |

Included in the carrying amounts of borrowings as above, all are bank loans except for loans payables to a CNG's subsidiary amounted to US\$81,890,000 are repayable within two to five years as at December 31, 2023 (2022: unsecured bonds of US\$299,346,000 is repayable within one year).

Analysed as:

| | Notes | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|---|-------|---|----------------------------------|
| Unsecured bonds | (1) | – | 299,346 |
| Secured syndicated loan | (2) | 301,511 | 352,570 |
| Unsecured syndicated loan | (3) | 124,762 | 131,185 |
| Unsecured bank loans | (4) | – | 49,967 |
| Unsecured bank loan | (5) | 42,357 | – |
| Unsecured bank loans | (6) | 94,597 | – |
| Unsecured bank loan | (7) | 14,117 | – |
| Unsecured bank loan | (8) | 79,000 | – |
| Unsecured loans payable to a CNG's subsidiary | (9) | 56,475 | – |
| Unsecured loans payable to a CNG's subsidiary | (10) | 25,415 | – |
| | | 738,234 | 833,068 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

24. BORROWINGS (Cont'd)

Notes:

- (1) On June 23, 2020, the Company (as “Guarantor”), through its wholly-owned subsidiary, Skyland Mining (BVI) Limited (“Skyland (BVI)”), completed the issuance of bonds to independent third parties in an aggregate principal amount of US\$300 million, listed on the Stock Exchange and ChongWa (Macao) Financial Asset Exchange CO., Limited. The bonds were issued at a price of 99.886%, bearing coupon rate of 2.80% with a maturity date of June 23, 2023. Interest is payable in equal semi-annual instalments on December 23 and June 23 in each year. The bonds were fully repaid on June 23, 2023.
- (2) Repayable by instalment and will reach full maturity in November 2028. The loan carries a floating interest rate, currently set at 2.20% (2022: 2.45%) per annum, based on the People’s Bank of China National Interbank Funding Center Loan Prime Rate (“LPR”) benchmark.
- (3) Repayable by instalment and will reach full maturity in April 2033. The loan carries a floating interest rate, currently set at 2.30% (2022: 2.60%) per annum, based on the LPR benchmark.
- (4) Repayable in full in April 2023, carried interest rate of 1.05% and 3.80% per annum.
- (5) Repayable by instalment and will reach full maturity in May 2026. The loan carries a floating interest rate, currently set at 2.05% per annum, based on the LPR benchmark.
- (6) Repayable by instalment and will reach full maturity in June 2026. These loans carry a floating interest rate, currently set at a range from 1.95% to 2.05% per annum, based on the LPR benchmark.
- (7) Repayable by instalment and will reach full maturity in November 2026. The loan carries a floating interest rate, currently set at 2.05% per annum, based on the LPR benchmark.
- (8) Repayable in full in March 2024, carried floating interest rate ranged from 6.23% to 6.32% per annum, based on the Secured Overnight Financing Rate benchmark.
- (9) Repayable in full in May 2026, carried fixed interest rate at 2.05% per annum.
- (10) Repayable in full in November 2026, carried fixed interest rate at 2.45% per annum.

In respect of bank loans with carrying amount of US\$283,726,000 as at December 31, 2023 (2022: US\$181,152,000), the Group is required to comply with certain significant financial covenants throughout the continuance of the relevant bank loans and/or as long as the bank loans are outstanding, such as the ratio of liabilities to assets of the borrower shall not be more than certain percentage; current asset to current liabilities shall be more than 0.5; and the net asset of the Group shall not be less than US\$1,000 million and so on.

During the year ended December 31, 2023, in respect of a bank loan with a carrying amount of US\$124,762,000 as at December 31, 2023, the Group has breached the term of the syndicated loan that the carrying amount of frozen assets of Huatailong (as details in note 31(i)(a)) 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 December 31, 2023, the lender has agreed to waive its right to demand immediate payment for the next fifteen month from the end of the reporting period, therefore the syndicated loan has been classified as non-current liabilities as at 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.

Fixed rate loans amounting to approximately US\$81,890,000 (December 31, 2022: US\$320,596,000), carry weighted average effective interest rate of 3.22% (2022: 3.36%) per annum.

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

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|---------------|---|----------------------------------|
| Mining rights | 770,542 | 780,978 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

25. ENTRUSTED LOAN PAYABLE

On December 25, 2023, the Group entered into a three-year entrusted loan agreement with CNG (note 30) and China National Gold Group Finance Company Limited (“China Gold Finance”), a subsidiary of CNG, in which CNG provided a loan of RMB200 million (equivalent to approximately US\$28,238,000 based on the spot rate at the withdrawal date) to the Group through China Gold Finance as the entrusted bank. The entrusted loan is unsecured and carries interest at a fixed rate of 2.45% per annum. The principal amount is to be repaid on December 26, 2026.

26. LEASE LIABILITIES

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|--|--|--|
| Lease liabilities payable: | | |
| Within one year | 540 | 516 |
| Within a period of more than one year but not more than two years | 472 | 545 |
| Within a period of more than two years but not more than five years | 465 | 956 |
| | <u>1,477</u> | <u>2,017</u> |
| Less: Amount due for settlement within 12 months shown under current liabilities | (540) | (516) |
| | <u>937</u> | <u>1,501</u> |

The weighted average incremental borrowing rate applied to lease liabilities range is 4.71% (2022: 4.72%).

27. DEFERRED INCOME

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|-------------------------------------|----------------------------------|----------------------------------|
| Deferred income – government grants | – | 167 |
| Deferred lease inducement | 19 | 19 |
| | <u>19</u> | <u>186</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

27. DEFERRED INCOME (Cont'd)

Movement in the deferred income – government grants:

| | 2023 | 2022 |
|--------------------------|-----------------|----------|
| | US\$'000 | US\$'000 |
| At January 1 | 167 | 1,123 |
| Addition | 101 | 569 |
| Credited to other income | (220) | (1,215) |
| Exchange realignment | (48) | (310) |
| | <hr/> | <hr/> |
| At December 31 | – | 167 |

28. ENVIRONMENTAL REHABILITATION

The environmental rehabilitation relates to reclamation and closure costs relating to the Group's mine operations at the CSH Gold Mine and Jiama Mine. The environmental rehabilitation is calculated as the net present value of estimated future net cash flows of the reclamation and closure costs of US\$114,511,000 (2022: US\$148,714,000), discounted at 5.7% (2022: 5.8%) per annum at December 31, 2023.

The following is an analysis of the environmental rehabilitation:

| | 2023 | 2022 |
|---|-----------------|----------|
| | US\$'000 | US\$'000 |
| At January 1 | 92,285 | 85,112 |
| Additions to site reclamation (note 17) | 965 | – |
| Effect on change in discount rate during the year (note 19) | (9,453) | 13,292 |
| Accretion incurred in the current year | 3,785 | 5,347 |
| Payment during the year | (10,359) | (4,616) |
| Exchange realignment | (1,299) | (6,850) |
| | <hr/> | <hr/> |
| At December 31 | 75,924 | 92,285 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

29. SHARE CAPITAL

Common shares

- (i) Authorized – Unlimited common shares without par value
- (ii) Issued and outstanding

| | Number of shares | Amount US\$'000 |
|--|-------------------------|---------------------------|
| Issued & fully paid: | | |
| At January 1, 2022, December 31, 2022 and 2023 | <u>396,413,753</u> | <u>1,229,061</u> |

30. RELATED PARTY TRANSACTIONS

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

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

In addition to the related party transactions and balances shown elsewhere in these 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 years ended December 31, 2023 and 2022 and related party balances as at December 31, 2023 and 2022.

Name and relationship with related parties during the years are as follows:

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

| | December 31, 2023 | December 31, 2022 |
|-----|------------------------------|----------------------|
| | % | % |
| CNG | <u>40.01</u> | <u>40.01</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

30. RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions/balances with CNG and its subsidiaries

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

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--|---|----------------------------------|
| Gold doré bars sales by the Group (Note a) | <u>252,600</u> | <u>267,546</u> |
| Copper and other by-product sales by the Group (Note b) | <u>190,852</u> | <u>794,499</u> |
| Provision of transportation services by the Group (Note b) | <u>853</u> | <u>1,000</u> |
| Construction, stripping and mining services provided to the Group (Note b) | <u>62,882</u> | <u>12,316</u> |
| Accrued expenses for short-term property management fee (Note b) | <u>459</u> | <u>466</u> |
| Commitment fee | <u>648</u> | <u>702</u> |
| Interest income | <u>3,924</u> | <u>4,403</u> |
| Interest expense on borrowings and entrusted loan payable | <u>731</u> | <u>–</u> |
| Interest expense on lease liabilities (Note b) | <u>81</u> | <u>104</u> |
| Loans (note 24) and entrusted loan (note 25) provided to the Group | <u>110,690</u> | <u>–</u> |

30. RELATED PARTY TRANSACTIONS (Cont'd)**(a) Transactions/balances with CNG and its subsidiaries (Cont'd)**

Notes:

- a. On May 7, 2014, the Company's subsidiary, IMP entered into an exclusive contract for the sale of doré with CNG pursuant to which IMP sells gold doré bars to CNG for the period up to December 31, 2017. On May 26, 2017, the Company and IMP entered into the Supplemental Contract for Purchase and Sale of Dore for an extended term commencing on January 1, 2018 and expiring on December 31, 2020. On May 6, 2020, the Company and IMP entered into the third Supplemental Contract for Purchase and Sale of Dore for an extended term commencing on January 1, 2022 and expiring on December 31, 2023. On May 11, 2023, the Company and IMP entered into the fourth Supplemental Contract for Purchase and Sale of Dore for an extended term commencing on January 1, 2024 and expiring on December 31, 2026.

The extent of the continuing connected transactions for the years ended December 31, 2023 and 2022 did not exceed the limit as set out in the announcements of the Company on May 7, 2020.

- b. On April 26, 2013, the Company entered into a product and service framework agreement with CNG for the provision of mining related services and products to the Company for three years until June 18, 2016. The agreement was amended to extend the term of the agreement to December 31, 2017 and to include copper concentrates sales contract and office lease contract with CNG since May 29, 2015. On May 26, 2017, the Company and CNG entered into the second supplemental product and service framework agreement to extend the term to December 31, 2020 and to extend the scope of the supplemental product and service framework agreement to include leasing services to be provided by Zhongxin International Financial Leasing (Shenzhen) Co. Ltd., the shares of which are 80% owned by CNG. On May 6, 2020, the Company and CNG entered into the third supplemental product and service framework agreement to extend the term to December 31, 2023. On May 11, 2023, the Company and IMP entered into the fourth supplemental product and service framework agreement for an extended term commencing on January 1, 2024 and expiring on December 31, 2026.

The extent of the continuing connected transactions for the years ended December 31, 2023 and 2022 did not exceed the limit as set out in the announcements of the Company on May 7, 2020.

- c. On December 18, 2017, the Company and China Gold Finance entered into a deposit services agreement ("Deposit Services Agreement") pursuant to which the Company and its subsidiaries may, from time to time, make withdrawals and deposits with China Gold Finance commencing from January 1, 2018 for one year.

On December 18, 2018, the Deposit Services Agreement has been extended for a one year term to December 31, 2019 pursuant to the supplemental deposit services agreement.

On December 31, 2019, the Deposit Services Agreement have been extended for a one year term to December 31, 2020 pursuant to the supplemental deposit services agreement, all other terms and conditions remain the same.

On December 22, 2020, the Company and China Gold Finance entered into a second Deposit Services Agreement to extend for one year term to December 31, 2022 with all other terms and conditions remaining the same. The second Deposit Services Agreement was expired with the effective of the third Deposit Services Agreement on June 30, 2022 as described below.

On May 5, 2021, the Company and China Gold Finance entered into a third Deposit Services Agreement pursuant to which the Company and its subsidiaries may, from time to time, make withdrawals and deposits with China Gold Finance up to a daily maximum deposit balance (including interest) not exceeding RMB3,000 million (approximately equivalent to US\$465 million) and extend for three years term to December 31, 2023 with all other terms and conditions remaining the same and the third Deposit Services Agreement was effective on June 30, 2021.

The extend of the connected transaction for deposit services during the years ended December 31, 2023 and 2022 do not exceed the limit as set out in the announcement of the Company on December 23, 2020 and May 6, 2021, except for the period from February 23, 2023 to April 6, 2023 that exceed the limit of RMB3,000 million. Details of the exceeding of the cap are set out in the announcement of the Company on May 19, 2023.

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FOR THE YEAR ENDED DECEMBER 31, 2023

30. RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions/balances with CNG and its subsidiaries (Cont'd)

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

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|---|---|----------------------------------|
| Assets | | |
| Amounts due from related companies (note 14) | 654 | 965 |
| Cash and cash equivalents held in a CNG's subsidiary (Note c) | 78,264 | 386,715 |
| Restricted balance held in a CNG's subsidiary (Note c) | 67,693 | – |
| | <u>146,611</u> | <u>387,680</u> |
| Total amounts due from CNG and its subsidiaries | 146,611 | 387,680 |

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

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--|---|----------------------------------|
| Liabilities | | |
| Entrusted loan payable (note 25) | 28,238 | – |
| Loans payable to a CNG's subsidiary (note 24) | 81,890 | – |
| Construction costs payable to CNG's subsidiaries | 6,893 | 198 |
| Trade payable to CNG's subsidiaries | 4,742 | 3,168 |
| Amount due to CNG | 2,574 | 727 |
| Contract liabilities with a CNG's subsidiary | 68 | 6,172 |
| Lease liabilities to a CNG's subsidiary | 1,334 | 1,769 |
| | <u>125,739</u> | <u>12,034</u> |
| Total amounts due to CNG and its subsidiaries | 125,739 | 12,034 |

As at December 31, 2023, with the exception of the entrusted loan payable to CNG, loans payable to a CNG's subsidiary and lease 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

30. RELATED PARTY TRANSACTIONS (Cont'd)

(b) Compensation of key management personnel

Other than the directors' emoluments disclosed in note 10(a), the Group has the following compensation to other key management personnel during the years:

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|-----------------------------|--|--|
| Salaries and other benefits | 250 | 514 |
| Post-employment benefits | 7 | 7 |
| | 257 | 521 |

31. CONTINGENCIES

(i) Litigation with Huaxin and Zhongxinfang

During the year ended December 31, 2020, there was a construction contract dispute between independent third parties including the constructor, Huaxin Construction Group Co., Ltd. (formerly named as "Nantong Huaxin Construction Group Co., Ltd.") ("Huaxin"), Zhongxinfang, and the Group's subsidiary, Huatailong. The land use right of a composite project under the construction contract was transferred from Huatailong to Zhongxinfang in 2019 pursuant to the Cooperation Agreement in relation to the Land Exchange (as defined in note 21).

(a) Litigations with Huaxin and Zhongxinfang for the construction costs

During the year ended December 31, 2020, Huaxin proceeded a lawsuit against the parties to the construction contract, Zhongxinfang and Huatailong, for the recovery of the construction costs of RMB149 million (equivalent to US\$21,319,000) and applied for pre-litigation preservation of assets from Huatailong. The Intermediate People's Court of Lhasa City, Tibet ("Tibet Intermediate Court"), adjudicated that the bank deposit of RMB140 million (equivalent to US\$19,775,000) of Huatailong to be frozen for one year from April 10, 2020 (the "First Adjudication"). Based on the adjudication of Tibet Intermediate Court after the First Adjudication on December 1, 2020 and related notice of execution effective from December 3, 2020, the related frozen bank deposit of US\$19,775,000 of Huatailong was released.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

31. CONTINGENCIES (Cont'd)

(i) Litigation with Huaxin and Zhongxinfang (Cont'd)

(a) Litigations with Huaxin and Zhongxinfang for the construction costs (Cont'd)

During the year ended December 31, 2022, Huaxin filed a petition with the Supreme People's Court of the PRC for a retrial and request re-adjudicating 2020 Final Instance Adjudication, the Supreme People's Court of the PRC has formed a collegial panel pursuant to law to review this case and ordered Tibet High Court to retry the case. Pursuant to retrial, Tibet High Court entered the final instance adjudication dated June 5, 2023 (the "June 2023 Huaxin Final Instance Adjudication") and affirmed the 2020 First Instance Adjudication that Zhongxinfang and Huatailong shall have the joint obligation for the construction costs and should pay to Huaxin within 15 days from the effective date of this judgment. Accordingly, Huatailong recognised RMB159 million (equivalent to US\$22,828,000) as payable for litigation compensation which is presented under "accounts and other payables and accrued expenses" as at December 31, 2023.

As at December 31, 2023 and up to the date these consolidated financial statements are authorised for issue, the payable to Huaxin amounting to US\$22,828,000 has not been settled by Huatailong and Huatailong is actively seeking other measures to appeal against the June 2023 Huaxin Final Instance Adjudication and is not yet come up with a result.

In addition, on July 24, 2023, Huaxin applied for an enforcement of the June 2023 Final Instance Adjudication (the "July 2023 Enforcement") and Huatailong has submitted the declaration of its assets to the Tibet Intermediate Court for assessment. As at December 31, 2023 and up to the date these consolidated financial statements are authorised for issue, the assets that have been frozen temporarily by the Tibet Intermediate Court are set out below. The Tibet Intermediate Court has selected valuation institutes to perform valuation assessment on the leasehold lands held by Huatailong and yet to be finalised. Enforcement is currently under proceeding and enforcement rulings is not finalised.

| | Carrying amount as at December 31, 2023 US\$'000 |
|---|--|
| Bank balances | 116 |
| Other non-current assets (note 21) | 15,802 |
| Right-of-use assets – leasehold lands | 10,982 |
| Equity instruments at FVTOCI – unlisted investments (note 18) | 825 |
| Property, plant and equipment – buildings | 22,259 |
| 51% equity interest in Jiama Industry and Trade, a subsidiary of the Company (note 37) | N/A |
| | 49,984 |

Other than the bank balances, the Group considers that the remaining frozen assets are merely restricted from transfer or sale, with no impact of the utilization of these assets by Huatailong, and do not affect the Huatailong's current operation.

31. CONTINGENCIES (Cont'd)

(i) Litigation with Huaxin and Zhongxinfang (Cont'd)

(b) *Litigations with Zhongxinfang for the recovery of construction costs*

During the year ended December 31, 2020, Huatailong filed a lawsuit against Zhongxinfang for the recovery of the construction costs of RMB149 million (equivalents to US\$21,319,000) that shall be jointly borne by Huatailong on the 2020 First Instance Adjudication. Based on the first instance adjudication dated on September 23, 2020, the litigation ruling adjudicated that Zhongxinfang shall have obligation for the construction costs of RMB149 million (equivalents to US\$21,319,000) to Huatailong (the "September 2020 Adjudication"). In October 2020, Zhongxinfang proceeded an appeal against the September 2020 Adjudication and revoked subsequently. On June 20, 2023, Tibet High Court adjudicated that the September 2020 Adjudication sustained (the "June 2023 Zhongxinfang Final Instance Adjudication") and Zhongxinfang should pay relevant compensation to Huatailong within 15 days from the effective date of the June 2023 Zhongxinfang Final Instance Adjudication. On 15 September 2023, Huatailong applied for an enforcement of the June 2023 Zhongxinfang Final Instance Adjudication (the "September 2023 Enforcement") and as at December 31, 2023 and up to the date these consolidated financial statements are authorised for issue, Zhongxinfang has not yet paid the compensation to Huatailong and the September 2023 Enforcement is not executed mainly because Zhongxinfang is involved in several litigations and there are no executable properties.

(c) *Litigations with Zhongxinfang for the delivery of New Premises and recovery of Tax and Other Surcharge*

On June 21, 2021, Huatailong applied for pre-litigation preservation of the New Premises from Zhongxinfang, the Tibet Intermediate Court adjudicated that the value of New Premises limited to RMB137 million (equivalent to US\$21,207,000), and the New Premises comprising a block of buildings and twenty car parks from Zhongxinfang were frozen for three and two years respectively (the "New Premises Pre-litigation Preservation"). On July 21, 2021, pursuant to the New Premises Pre-litigation Preservation, Huatailong proceeded a lawsuit against Zhongxinfang for the delivery of New Premises and the payment of penalty amounting to RMB5 million (equivalent to US\$773,000), and on April 20, 2022, Huatailong submitted alternation of claims application to the court and requested the delivery of New Premises and changing the penalty charge to be RMB9 million (equivalent to US\$1,397,000). On November 5, 2022, Tibet Intermediate Court adjudicated that Zhongxinfang should pay penalty of RMB9 million (equivalent to US\$1,397,000) to Huatailong (the "November 2022 Adjudication") within 15 days from the effective date of the November 2022 Adjudication due to the overdue in delivery of the New Premises. In March 2023, Huatailong applied for an enforcement of the November 2022 Adjudication in March 2023 (the "March 2023 Enforcement").

As at December 31, 2023 and the date these consolidated financial statements are authorised for issue, the frozen period over the twenty car parks has expired and Huatailong is in progress to apply for a further period for New Premises Pre-litigation Preservation. In addition, based on legal advice, the March 2023 Enforcement is currently under proceeding and the result is not ascertain as at the date these consolidated financial statements are authorised for issue.

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31. CONTINGENCIES (Cont'd)

(i) Litigation with Huaxin and Zhongxinfang (Cont'd)

(c) *Litigations with Zhongxinfang for the delivery of New Premises and recovery of Tax and Other Surcharge (Cont'd)*

In addition, during the year ended December 31, 2020, Huatailong has paid Tax and Other Surcharge of RMB46 million (equivalent to US\$6,997,000) and expects to recover such payments from Zhongxinfang in accordance with the Cooperation Agreement. On July 8, 2020, Huatailong applied for pre-litigation preservation of assets from Zhongxinfang, the Tibet Intermediate Court adjudicated that the value of certain properties limited to RMB46 million (equivalent to US\$6,609,000) from Zhongxinfang was frozen for one year (the "Pre-litigation Preservation"). Based on the adjudication issued on November 20, 2020 in relation to the lawsuit against Zhongxinfang for the recovery of the Tax and Other Surcharge, the litigation ruling adjudicated that Zhongxinfang shall repay the Tax and Other Surcharge to Huatailong (the "November 2020 Adjudication"). As Zhongxinfang has not settled such amount within the due date, Huatailong applied for an enforcement of the November 2020 Adjudication in January 2021 (the "2021 Enforcement"). On June 24, 2021, the Tibet Intermediate Court adjudicated the 2021 Enforcement be suspended as all of the assets owned by Zhongxinfang have been sealed up or frozen and there are no executable properties from Zhongxinfang. Based on legal advice, the 2021 Enforcement is currently suspended and the Group's first priority of claim over one of the assets under Pre-litigation Preservation has been extended for three years till May 24, 2024. The result of aforementioned 2021 Enforcement is not ascertain as at December 31, 2023 and the date these consolidated financial statements are authorised for issue.

Based on the best available information to the Group and the credit assessment, US\$1,579,000 expected credit loss (2022: US\$1,644,000) for other receivables is recognized during the year ended December 31, 2023, and the accumulated allowance for credit losses is RMB22,827,000 (equivalent to US\$3,223,000) as of December 31, 2023 (2022: RMB11,452,000 (equivalent to US\$1,644,000)).

(ii) Litigation with an independent supplier of Huatailong

In May 2023, a supplier of Huatailong proceeded a lawsuit against Huatailong for the loss of work stoppage and slowdown resulting from the suspension of Jiama Mine's south pit (the "Supplier Work Stoppage Loss") which are required to be remediated by local government from June 19, 2021, for a claim of RMB479 million (equivalent to US\$67,693,000), and applied for pre-litigation preservation of assets from Huatailong for one year.

On May 24, 2023, the Tibet Intermediate Court adjudicated balance with same amount as aforementioned placed in China Gold Finance by the Group to be frozen for one year. Accordingly, the frozen bank deposit of US\$67,693,000 was included in restricted balances as at December 31, 2023.

31. CONTINGENCIES (Cont'd)

(ii) Litigation with an independent supplier of Huatailong (Cont'd)

On November 27, 2023, the Tibet Intermediate Court adjudicated (the "2023 First Instance Adjudication") that Huatailong shall pay the Supplier Work Stoppage Loss of RMB178 million (equivalent to US\$25,201,000) to that independent supplier. Huatailong proceeded an appeal to the Tibet High Court against the 2023 First Instance Adjudication on December 9, 2023 that Huatailong has no obligation for the aforesaid Supplier Work Stoppage Loss. Tibet High Court has held a trial during the period from February 28 to March 2, 2024 and Huatailong has submitted new evidences and materials that are against the 2023 First Instance Adjudication. As at December 31, 2023 and up to the date these consolidated financial statements are authorised for issue, the verdict is not delivered, the Group concludes that it is not probable that an outflow of economic benefits will be required by taking into account the new evidences and materials collected and the legal advice. Accordingly, no provision is made in the consolidated financial statements in regard to this litigation as of December 31, 2023.

32. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to operate its mines, pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the borrowings, entrusted loan payable and lease liabilities disclosed in notes 24, 25 and 26 respectively, net of cash and cash equivalents, restricted balances and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves. The Group manages the capital structure and makes adjustments to it in light of operating results, changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may attempt to issue new shares, issue new debt, repayment of existing debt.

In order to facilitate the management of its capital requirements, the Group prepares annual expenditure budgets that are updated as necessary depending on various factors, including operating results, successful capital deployment and general industry conditions. The annual and updated budgets are approved by the board of directors of the Company.

In order to maximize ongoing development efforts, the Group is committed to providing sustainable returns to shareholders. The Group's policy is to invest its short-term excess cash in fixed bank deposits with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

33. FINANCIAL INSTRUMENTS

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|------------------------------------|---|----------------------------------|
| Financial assets | | |
| Financial assets at amortised cost | 173,169 | 438,743 |
| Equity instruments at FVTOCI | 47,153 | 37,348 |
| | <hr/> | <hr/> |
| Financial liabilities | | |
| At amortised cost | 921,316 | 1,032,638 |
| Lease liabilities | 1,477 | 2,017 |
| | <hr/> | <hr/> |

Financial assets at amortised cost as at December 31, 2023 and 2022 respectively are as follows:

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--|---|----------------------------------|
| Cash and cash equivalents | 97,237 | 428,453 |
| Restricted balances | 67,693 | 1,572 |
| Trade and other receivables ⁽¹⁾ | 8,239 | 8,718 |
| | <hr/> | <hr/> |
| | 173,169 | 438,743 |
| | <hr/> | <hr/> |

Financial liabilities at amortised cost as at December 31, 2023 and 2022 are as follows:

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--|---|----------------------------------|
| Accounts and other payables ⁽²⁾ | 154,844 | 199,570 |
| Borrowings | | |
| – Loans, other than syndicated loans | 311,961 | 349,313 |
| – Syndicated loans | 426,273 | 483,755 |
| Entrusted loan payable | 28,238 | – |
| | <hr/> | <hr/> |
| | 921,316 | 1,032,638 |
| | <hr/> | <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

33. FINANCIAL INSTRUMENTS (Cont'd)

⁽¹⁾ Excluded VAT recoverable.

⁽²⁾ Excluded mining cost accrual, other accruals, payroll and benefit payable and other tax payables.

The Group's financial instruments are exposed to certain financial risks including market risk (e.g. currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

(a) Currency risk

The Group 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 related. The Group has not hedged its exposure to currency fluctuations. However, the Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At the end of each reporting period, Huatailong and Skyland Mining Limited (note 37), of which its functional currency is RMB, had US\$ denominated intra-group borrowings from Skyland (BVI). The intra-group borrowing is approximately US\$20,285,000 (2022: US\$192,417,000) as at December 31, 2023.

The Group is mainly exposed to exchange rate fluctuation of RMB and US\$.

RMB monetary assets and (liabilities)

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|-----------------------------|---|----------------------------------|
| Cash and cash equivalents | 72,869 | 114,878 |
| Trade and other receivables | 612 | 463 |
| Accounts and other payables | (13,917) | (14,429) |
| Borrowings | – | (21,250) |
| | 59,564 | 79,662 |

Based on the above net exposures, and assuming that all other variables remain constant, a 5% (2022: 5%) depreciation/appreciation of the RMB against the US\$ would result in an increase/decrease in the Group's loss for the year of approximately US\$2,531,000 (2022: decrease/increase in the Group's profit for the year of approximately US\$3,385,000) for the year ended December 31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

33. FINANCIAL INSTRUMENTS (Cont'd)

(a) Currency risk (Cont'd)

US\$ monetary assets and (liabilities)

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|---------------------------|---|----------------------------------|
| Cash and cash equivalents | 4 | 4 |
| Inter-company loans | <u>(20,285)</u> | <u>(192,417)</u> |
| | <u>(20,281)</u> | <u>(192,413)</u> |

Based on the above net exposures, and assuming that all other variables remain constant, a 5% (2022: 5%) depreciation/appreciation of the US\$ against the RMB would result in an decrease/increase in the Group's loss for the year of approximately US\$923,000 (2022: increase/decrease in the Group's profit for the year of approximately US\$8,755,000) for the year ended December 31, 2023.

In the Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(b) Interest rate risk

Interest rate risk is the risk that the fair value in relation to borrowings, entrusted loan payables and lease liabilities with total carrying amounts of US\$111,605,000 (2022: US\$322,613,000) bearing fixed interest rate or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate bank balances and restricted balances and variable-rate bank borrowings with total net carrying amounts of US\$491,415,000 (2022: US\$82,447,000) (see note 24 for details of these borrowings).

Sensitivity analysis

The following analysis is prepared assuming the variable rate bank balances and borrowings outstanding at the end of the reporting period were outstanding for the whole year and all other variables were held constant. A 25 basis point (2022: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Management's assessment of the reasonably possible change in interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

33. FINANCIAL INSTRUMENTS (Cont'd)

(b) Interest rate risk (Cont'd)

Sensitivity analysis (Cont'd)

The analysis below reflects the sensitivity that the interest rate may be higher/lower by 25 basis points (2022: 25 basis points).

| | Year ended December 31, 2023 US\$'000 | Year ended December 31, 2022 US\$'000 |
|--|--|--|
| 25 basis points (2022: 25 basis points) higher | | |
| – increase in loss (2022: decrease in profit) for the year | (907) | (151) |
| – addition in finance costs capitalised | 19 | 4 |
| | <hr/> | <hr/> |
| 25 basis points (2022: 25 basis points) lower | | |
| – decrease in loss (2022: increase in profit) for the year | 907 | 151 |
| – reduction in finance costs capitalised | (19) | (4) |
| | <hr/> | <hr/> |

The Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

(c) Other price risk

The Group is exposed to equity price risk through its investments in equity securities listed in Hong Kong. The Group's equity price risk is mainly concentrated on equity instruments operating in the mining industry sector quoted on the Stock Exchange. In addition, the Group also invested in unquoted equity securities for investees operating in the chemical and public utility industries for long term strategic purposes which had been designated as FVTOCI. The Group has formed a team led by the Chief Financial Officer to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. No sensitivity analysis is presented for unlisted investments as the directors of the Company consider the amounts of unlisted investments to be insignificant. If the prices of the respective listed equity instruments had been 10% (2022: 10%) higher/lower, investments revaluation reserve would increase/decrease by US\$4,633,000 (2022: US\$3,651,000) for the Group as a result of the changes in fair value of listed investment at FVTOCI (2022: listed investment at FVTOCI).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

33. FINANCIAL INSTRUMENTS (Cont'd)

(d) Credit risk and impairment assessment

Credit risk is the risk of an unexpected loss if a customer or third party to a financial asset fails to meet its contractual obligations. The Group sold approximately 100% (2022: 100%) of its gold to one creditworthy customer, CNG, and approximately 92% (2022: 95%) of its copper and other by-product to CNG subsidiaries for the year ended December 31, 2023. The failure of these customers to make required payments could have a negative impact on the Group's results. The Group manages this risk by demanding upfront payment for sales of copper and other by-products and has set up monitoring procedures to ensure that follow-up action is taken for timely settlement of receivables from CNG, the CNG subsidiary and third-party customers. The Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure the adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessments using the ECL model on trade balances individually. In this regard, Management considers the Group's credit risk is significantly reduced. The Group does not hold any collateral over these balances.

The Group applies the simplified approach to provide for ECL on trade receivables as permitted and prescribed by IFRS 9.

The Management assessed the ECL on trade receivables individually. Based on the historical experience of the Group, these trade receivables are generally recoverable due to the long term/on-going relationship and good repayment record.

As at December 31, 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of US\$1,235,000 (2022: US\$40,000) which are past due over 90 days as at the reporting date. The directors of the Company are of the opinion that no default has occurred for the past due balances and the balances are still considered fully recoverable due to long-term/on-going relationships and good repayment records from these customers.

Movement in the allowance for credit losses of trade receivables:

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|------------------------------------|---|----------------------------------|
| At January 1 | 106 | 163 |
| Reversal of expected credit losses | – | (44) |
| Exchange realignment | (1) | (13) |
| At December 31 | 105 | 106 |

33. FINANCIAL INSTRUMENTS (Cont'd)

(d) Credit risk and impairment assessment (Cont'd)

The Group was also exposed to credit risk on amount due from related parties and other receivables. The Management periodically monitors the financial position of each of the related companies to ensure each related company is financially viable to settle the amount due to the Group. The Management makes individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables except the receivable of the Tax and Other Surcharge, of which the impairment assessment has been disclosed in note 31.

The Group's bank deposits and restricted balances are held in PRC and Canadian financial institutions with high credit ratings, where the credit risks on these bank deposits are limited.

The Group had concentration of credit risk by geographical locations as the financial assets at amortised cost comprise various debtors which are located either in the PRC or Canada for the years ended December 31, 2023 and 2022.

Other than the concentration of balance with CNG and its subsidiaries, the Group does not have any other significant concentration of credit risk.

(e) Liquidity risk

The Group operates in a capital intensive industry. The Group's liquidity requirements arise principally from the need for financing the expansion of its mining and processing operations.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk through the management of its capital structure and financial leverage as outlined in note 32.

The Group manages its liquidity primarily through maintaining an adequate level of cash and cash equivalents and borrowings.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as a significant source of liquidity, details of which are set out in note 24.

The following table details the Group's remaining contractual maturities for its financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to satisfy the liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

33. FINANCIAL INSTRUMENTS (Cont'd)

(e) Liquidity risk (Cont'd)

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period:

| | Weighted average interest rate % | Within 1 year US\$'000 | 1 – 2 years US\$'000 | 2 – 5 years US\$'000 | Over 5 years US\$'000 | Total undiscounted cash flow US\$'000 | Carrying amount US\$'000 |
|-----------------------------|---|------------------------------|----------------------------|----------------------------|-----------------------------|--|--------------------------------|
| At December 31, 2023 | | | | | | | |
| Accounts and other payables | | 154,844 | – | – | – | 154,844 | 154,844 |
| Entrusted loan payable | 2.45 | 703 | 701 | 28,880 | – | 30,284 | 28,238 |
| Borrowings | 2.60 | 158,595 | 79,140 | 441,505 | 109,858 | 789,098 | 738,234 |
| Lease liabilities | 4.71 | 606 | 514 | 485 | – | 1,605 | 1,477 |
| | | <u>314,748</u> | <u>80,355</u> | <u>470,870</u> | <u>109,858</u> | <u>975,831</u> | <u>922,793</u> |

| | Weighted average interest rate % | Within 1 year US\$'000 | 1 – 2 years US\$'000 | 2 – 5 years US\$'000 | Over 5 years US\$'000 | Total undiscounted cash flow US\$'000 | Carrying amount US\$'000 |
|-----------------------------|---|------------------------------|----------------------------|----------------------------|-----------------------------|--|--------------------------------|
| At December 31, 2022 | | | | | | | |
| Accounts and other payables | | 199,570 | – | – | – | 199,570 | 199,570 |
| Borrowings | 2.64 | 411,657 | 67,994 | 223,453 | 186,133 | 889,237 | 833,068 |
| Lease liabilities | 4.72 | 608 | 612 | 1,019 | – | 2,239 | 2,017 |
| | | <u>611,835</u> | <u>68,606</u> | <u>224,472</u> | <u>186,133</u> | <u>1,091,046</u> | <u>1,034,655</u> |

(f) Fair value

Equity instruments at FVTOCI – listed equity securities and equity instruments at FVTOCI – unlisted equity securities are measured at fair value based on the quoted bid price in an active market (Level 1) and the discounted cash flow models (Level 3) respectively. The fair values of the unlisted equity securities are considered insignificant. The fair values of other financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

There was no transfer amongst level 1, 2 and 3 in the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

34. COMMITMENTS

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|---|---|----------------------------------|
| Capital expenditure in respect of acquisition of property, plant and equipment in the consolidated financial statements | | |
| – contracted but not provided for | 16,352 | 1,282 |

35. RETIREMENT BENEFITS SCHEMES

The employees of the Group's subsidiaries are members of a state-managed retirement benefits scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of approximately US\$8,497,000 for the year ended December 31, 2023 (2022: US\$7,764,000), represent contributions payable to the scheme by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | Entrusted loan Borrowings | Entrusted loan payable | Lease liabilities | Dividend payables | Total |
|--|--------------------------------------|-----------------------------------|------------------------------|------------------------------|------------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| | (note 24) | (note 25) | (note 26) | | |
| At January 1, 2023 | 833,068 | – | 2,017 | – | 835,085 |
| Financing cash flows | (85,247) | 28,382 | (604) | (147,764) | (205,233) |
| Dividend declared | – | – | – | 147,782 | 147,782 |
| Exchange difference arising on translation | (9,339) | (144) | – | – | (9,483) |
| Unrealised foreign exchange loss, net | (248) | – | (27) | (18) | (293) |
| Accrued interest expenses | – | – | 91 | – | 91 |
| At December 31, 2023 | 738,234 | 28,238 | 1,477 | – | 767,949 |

| | Borrowings | Lease | Dividend | Total |
|--|------------|-------------|----------|-----------|
| | US\$'000 | liabilities | payables | US\$'000 |
| | (note 24) | (note 26) | US\$'000 | US\$'000 |
| At January 1, 2022 | 970,559 | 2,711 | – | 973,270 |
| Financing cash flows | (84,893) | (628) | (99,791) | (185,312) |
| Dividend declared | – | – | 99,803 | 99,803 |
| Exchange difference arising on translation | (51,992) | – | – | (51,992) |
| Unrealised foreign exchange loss, net | (1,971) | (186) | (12) | (2,169) |
| Accrued interest expenses | 1,365 | 120 | – | 1,485 |
| At December 31, 2022 | 833,068 | 2,017 | – | 835,085 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

37. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at December 31, 2023 and 2022 are as follows:

| Name of subsidiaries | Place and date of incorporation/ establishment | Place of operation | Issued and fully paid share capital/ registered capital | Equity interest attributable to the Group as at December 31, | | Principal activities |
|---|--|--------------------|---|--|-------|--|
| | | | | 2023 | 2022 | |
| Pacific PGM Inc. | British Virgin Islands ("BVI") May 17, 2001 | BVI | US\$100 | 100% | 100% | Investment holding |
| Pacific PGM (Barbados) Inc. | Barbados September 6, 2007 | Barbados | US\$250,000 | 100% | 100% | Investment holding |
| IMP ⁽¹⁾ | PRC April 29, 2002 | PRC | US\$45,000,000 | 96.5% | 96.5% | Engaged in exploration and development of mining properties in China |
| Skyland Mining Limited | Barbados October 6, 2004 | Barbados | US\$233,380,700 plus RMB1,510,549,032 | 100% | 100% | Investment holding |
| Jia Ertong ⁽¹⁾ | PRC October 31, 2003 | PRC | US\$273,920,000 | 100% | 100% | Exploration, development and mining of mineral properties and investment holding |
| Huatailong ⁽¹⁾ | PRC January 11, 2007 | PRC | RMB1,760,000,000 | 100% | 100% | Exploration, development and mining of mineral properties |
| Jiama Industry and Trade ⁽¹⁾ | PRC December 1, 2011 | PRC | RMB5,000,000 | 51% | 51% | Mining logistics and transport business |
| Skyland (BVI) | BVI October 26, 2010 | BVI | US\$1 | 100% | 100% | Issue of bonds |

⁽¹⁾ Domestic limited liability company.

None of the subsidiaries had issued any debt securities at the end of both years except for Skyland (BVI), which has issued listed bonds with principal of US\$300 million as at December 31, 2022. Other than Pacific PGM Inc., Pacific PGM (Barbados) Inc. and Skyland (BVI) which are directly held by the Company, all other subsidiaries listed above are indirectly held under the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|--|----------------------------------|----------------------------------|
| Current assets | | |
| Cash and cash equivalents | 10,089 | 9,647 |
| Other receivables | 40 | 16 |
| Prepaid expenses and deposits | 38 | 58 |
| Amounts due from subsidiaries | 39,644 | 11,272 |
| | <u>49,811</u> | <u>20,993</u> |
| Non-current assets | | |
| Right-of-use assets | 126 | 226 |
| Property, plant and equipment | – | 1 |
| Equity instruments at FVTOCI (note 18) | 46,328 | 36,509 |
| Investments in subsidiaries (note 37) | 987,016 | 987,066 |
| | <u>1,033,470</u> | <u>1,023,802</u> |
| Total assets | <u>1,083,281</u> | <u>1,044,795</u> |
| Current liabilities | | |
| Other payable and accrued expenses | 889 | 963 |
| Borrowings (note 24) | 79,000 | – |
| Lease liabilities | 116 | 105 |
| | <u>80,005</u> | <u>1,068</u> |
| Net current (liabilities) assets | <u>(30,194)</u> | <u>19,925</u> |
| Total assets less current liabilities | <u>1,003,276</u> | <u>1,043,727</u> |
| Non-current liabilities | | |
| Lease liabilities | 27 | 144 |
| Deferred income | 19 | 19 |
| | <u>46</u> | <u>163</u> |
| Total liabilities | <u>80,051</u> | <u>1,231</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Cont'd)

| | December 31, 2023 US\$'000 | December 31, 2022 US\$'000 |
|---|---|----------------------------------|
| Owners' equity | | |
| Share capital (note 29) | 1,229,061 | 1,229,061 |
| Reserves (note 39) | 29,113 | 19,294 |
| Accumulated losses (note 39) | (254,944) | (204,791) |
| Total owners' equity | 1,003,230 | 1,043,564 |
| Total liabilities and owners' equity | 1,083,281 | 1,044,795 |

39. RESERVES AND DEFICITS OF THE COMPANY

| | Reserves US\$'000 | Accumulated losses US\$'000 | Total US\$'000 |
|---|------------------------------|--|---------------------------|
| At January 1, 2022 | 10,826 | (160,579) | (149,753) |
| Profit for the year | – | 54,891 | 54,891 |
| Fair value gain on equity instruments at FVTOCI | 8,468 | – | 8,468 |
| Total comprehensive income for the year | 8,468 | 54,891 | 63,359 |
| Dividends distribution | – | (99,103) | (99,103) |
| At December 31, 2022 | 19,294 | (204,791) | (185,497) |
| Profit for the year | – | 96,520 | 96,520 |
| Fair value gain on equity instruments at FVTOCI | 9,819 | – | 9,819 |
| Total comprehensive income for the year | 9,819 | 96,520 | 106,339 |
| Dividends distribution | – | (146,673) | (146,673) |
| At December 31, 2023 | 29,113 | (254,944) | (225,831) |

FIVE-YEAR FINANCIAL SUMMARY

The consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements are as follows:

| | Year ended December 31 | | | | |
|---|------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 US\$'000 | 2022 US\$'000 | 2021 US\$'000 | 2020 US\$'000 | 2019 US\$'000 |
| RESULTS | | | | | |
| Revenue | <u>459,434</u> | <u>1,104,949</u> | <u>1,137,356</u> | <u>864,032</u> | <u>657,459</u> |
| (Loss) profit attributable to owners of the Company | <u>(25,500)</u> | <u>222,743</u> | <u>267,361</u> | <u>111,962</u> | <u>(32,837)</u> |
| | At December 31 | | | | |
| | 2023 US\$'000 | 2022 US\$'000 | 2021 US\$'000 | 2020 US\$'000 | 2019 US\$'000 |
| ASSETS AND LIABILITIES | | | | | |
| Total assets | <u>2,834,716</u> | <u>3,194,911</u> | <u>3,257,043</u> | <u>3,322,642</u> | <u>3,197,130</u> |
| Total liabilities | <u>(1,106,975)</u> | <u>(1,291,481)</u> | <u>(1,423,651)</u> | <u>(1,727,173)</u> | <u>(1,746,463)</u> |
| Net assets | <u>1,727,741</u> | <u>1,903,430</u> | <u>1,833,392</u> | <u>1,595,469</u> | <u>1,450,667</u> |
| Equity attributable to owners of the Company | <u>1,706,858</u> | <u>1,883,979</u> | <u>1,815,922</u> | <u>1,578,522</u> | <u>1,435,337</u> |
| Non-controlling interests | <u>20,883</u> | <u>19,451</u> | <u>17,470</u> | <u>16,947</u> | <u>15,330</u> |
| Total owners' equity | <u>1,727,741</u> | <u>1,903,430</u> | <u>1,833,392</u> | <u>1,595,469</u> | <u>1,450,667</u> |



中國黃金國際資源有限公司

China Gold International Resources Corp. Ltd.