China Gold International Resources Corp. Ltd.

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

中 國 黃 金 國 際 資 源 有 限 公 司

（根據加拿大英屬哥倫比亞法例註冊成立的有限公司）
（香港股份代號：2099）
（多倫多股份代號：CGG）

海外監管公告

2019 年 8 月 14 日溫哥華消息 - 中國黃金國際資源有限公司（多倫多股份代號：CGG，香港股份代號：2099）於溫哥華時間 2019 年 8 月 14 日向加拿大 SEDAR（www.sedar.com）提交了截至 2019 年 6 月 30 日止六個月的管理層討論與分析以及財務報表。

詳情請參閱隨附的公告。

承董事會命
中國黃金國際資源有限公司
主席
宋鑫先生

香港，2019年8月15日

於本公告日期，本公司董事會由執行董事宋鑫先生、姜良友先生及關士良先生，非執行董事滕永清先生及康富珍女士，及獨立非執行董事赫英斌先生、邵威先生、史別林先生及韓瑞霞女士組成。

China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations
Six months ended June 30, 2019
(Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2019.
(Stated in U.S. dollars, except as otherwise noted)

The following Management Discussion and Analysis of financial condition and results of operations ("MD&A") is prepared as of August 14, 2019. It should be read in conjunction with the consolidated financial statements and notes thereto of China Gold International Resources Corp. Ltd. (referred to herein as "China Gold International", the "Company", "we" or "our" as the context may require) for the three and six months ended June 30, 2019 and the three and six months ended June 30, 2018, 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 26, 2019 on SEDAR at www.sedar.com. 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, litigation or arbitration and adverse changes in government regulation; the availability and accessibility of financing to China Gold International; and the performance by counterparties of the terms and conditions of all contracts to which China Gold International and its subsidiaries are a party. The forward-looking information is also based on the assumption that none of the risk factors identified in this MD&A or in the AIF that could cause actual results to differ materially from the forward-looking information actually occurs.

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

THE COMPANY

Overview

China Gold International is a gold and base metal mining company based in Vancouver, Canada. The Company's main business involves the operation, acquisition, development and exploration of gold and base metal properties.

The Company's principal mining operations are the Chang Shan Hao Gold Mine ("CSH Mine" or "CSH"), located in Inner Mongolia, China and the Jiama Copper-Gold Polymetallic Mine ("Jiama Mine" or "Jiama"), located in Tibet, China. China Gold International holds a 96.5% interest in the CSH Mine, while its Chinese joint venture ("CJV") partner holds the remaining 3.5% interest. The Company owns a 100% interest in the Jiama Mine, which hosts a large scale copper-gold polymetallic deposit containing copper, gold, molybdenum, silver, lead and zinc metals.

China Gold International's common shares are listed on the Toronto Stock Exchange ("TSX") and The Stock Exchange of Hong Kong Limited ("HKSE") under the symbol CGG and the stock code 2099, respectively. Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR at sedar.com as well as Hong Kong Exchange News at hkexnews.hk.

Performance Highlights

Three months ended June 30, 2019

- Revenue increased by 15% to US$163.2 million from US$142.1 million for the same period in 2018.
- Mine operating earnings decreased by 80% to US$7.3 million from US$35.8 million for the same period in 2018.
- Net profit after tax decreased from US$0.4 million for the 2018 period to a net loss after income taxes of US$23.0 million for the same period in 2019.
- Total gold production increased by 2% to 55,503 ounces from 54,377 ounces for the same period in 2018.
- Total copper production increased by 17% to 16,126 tonnes (approximately 35.6 million pounds) from 13,738 tonnes (approximately 30.3 million pounds) for the same period in 2018. The increase in production was primarily due to the output from the commercial production of the Phase II expansion at the Jiama Mine.

Six months ended June 30, 2019

- Revenue increased by 24% to US$308.8 million from US$248.8 million for the same period in 2018.
- Mine operating earnings decreased by 47% to US$22.6 million from US$42.3 million for the same period in 2018.
- Net profit after tax decreased from US$2.4 million for the 2018 period to a net loss after income taxes of US$27.5 million for the same period in 2019.
- Total gold production decreased by 1% to 99,527 ounces from 100,642 ounces for the same period in 2018.
- Total copper production increased by 49% to 30,959 tonnes (approximately 68.3 million pounds) from 20,799 tonnes (approximately 45.9 million pounds) for the same period in 2018. The increase in production was primarily due to the output from the commercial production of the Phase II expansion at the Jiama Mine.

OUTLOOK

- Projected gold production of 210,000 ounces in 2019.
- Projected copper production of approximately 132 million pounds in 2019.
- The Company will continue to leverage the technical and operating experience of the Company's substantial shareholder, China National Gold Group Corporation ("CNG"), to improve operations at its mines. In addition, the Company continues to focus its efforts on increasing production while minimizing costs at both mines.
- To fulfill its growth strategy, the Company is continually working with CNG and other interested parties to identify potential international mining acquisition opportunities, namely projects outside of China.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

	Quarter ended							
	2019		2018				2017	
(US$ in thousands except per share)	**30-Jun**	**31-Mar**	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
Revenue	**163,166**	**145,592**	162,957	158,841	142,087	106,685	133,312	98,543
Cost of sales	**155,876**	**130,324**	129,693	123,743	106,294	100,131	87,621	71,565
Mine operating earnings	**7,290**	**15,268**	33,264	35,098	35,793	6,554	45,691	26,978
General and administrative expenses	**9,532**	**13,495**	16,701	12,666	12,674	9,383	15,116	5,554
Exploration and evaluation expenses	**175**	**115**	(4)	134	251	78	176	40
Research and development expenses	**4,541**	**4,856**	7,374	3,068	2,800	2,553	4,193	1,549
(Loss) Income from operations	**(6,958)**	**(3,198)**	9,193	19,230	20,068	(5,460)	26,206	19,835
Foreign exchange (loss) gain	**(7,414)**	**5,288**	(1,677)	(11,024)	(7,580)	4,463	(492)	1,838
Finance costs	**11,482**	**10,088**	11,224	10,909	11,214	11,128	5,748	5,800
(Loss) profit before income tax	**(24,817)**	**(7,137)**	(3,346)	(998)	3,839	(465)	22,350	17,616
Income tax (credit) expense	**(1,866)**	**(2,563)**	(1,351)	3,591	3,449	(2,469)	2,394	208
Net (loss) profit	**(22,951)**	**(4,574)**	(1,995)	(4,589)	390	2,004	19,956	17,408
Basic (loss) earnings per share (cents)	**(5.79)**	**(1.13)**	(0.49)	(1.23)	0.05	0.45	4.91	4.33
Diluted earnings (loss) per share (cents)	**N/A**	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A

The Company's mining operations are impacted by the harsh winter conditions and as such, performance in the first quarter of the year is usually lower as compared with other quarters in the year.

Selected Quarterly and Annual Production Data and Analysis

CSH Mine	**Three months ended June 30,**		**Six months ended June 30**	
	2019	**2018**	**2019**	**2018**
Gold sales (US$ million)	**52.17**	45.03	**89.85**	94.69
Realized average price (US$) of gold per ounce	**1,303**	1,319	**1,305**	1,316
Gold produced (ounces)	**39,875**	33,880	**68,502**	69,922
Gold sold (ounces)	**40,028**	34,138	**68,859**	71,970
Total production cost (US$ per ounce)	**1,329**	1,097	**1,347**	1,061
Cash production cost(1) (US$ per ounce)	**805**	806	**849**	686

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

Gold production at the CSH Mine increased by 18% to 39,875 ounces for the three months ended June 30, 2019 compared to 33,880 ounces for the three months ended June 30, 2018. The increase in gold production is attributed to higher volumes of ore mined and improved recovery rates during the second quarter of 2019 as compared to 2018.

The total production cost of gold for the three months ended June 30, 2019 increased to US$1,329 per ounce compared to US$1,097 for the three month 2018 period. The increase in production cost is attributed to the difference between recoverable gold placed on pad which increased by approximately 112% and gold production which increased by 18% for the three months ended June 30, 2019. As the CSH Mine uses a heap leaching (leach pad) process, there are periods in which there is a timing difference in the volume of ore mined and placed on pad compared to volume of gold production. On average, the heap leaching process will take several years from when the ore is first mined and placed on pad until the point of gold production. Higher volumes of gold production also contributed to approximately a 33% increase in amortization of mine development costs. The cash production cost of gold for the three months ended June 30, 2019 remained consistent compared with the same period in 2018.

Jiama Mine	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Copper sales (US$ in millions)	**76.63**	72.43	**145.99**	110.64
Realized average price [1](US$) of copper per pound after smelting fee discount	**1.85**	2.41	**1.87**	2.41
Copper produced (tonnes)	**16,126**	13,738	**30,959**	20,799
Copper produced (pounds)	**35,551,640**	30,268,343	**68,253,000**	45,852,819
Copper sold (tonnes)	**16,300**	12,613	**31,425**	19,233
Copper sold (pounds)	**35,936,014**	27,807,478	**69,281,182**	42,401,297
Gold produced (ounces)	**15,628**	20,497	**31,025**	30,720
Gold sold (ounces)	**16,817**	15,539	**32,398**	25,239
Silver produced (ounces)	**844,748**	768,332	**1,820,751**	1,231,538
Silver sold (ounces)	**936,765**	712,740	**1,932,544**	1,144,764
Total production cost [2] (US$) of copper per pound	**3.18**	2.96	**3.13**	3.61
Total production cost [2] (US$) of copper per pound after by-products credits [4]	**2.39**	2.07	**2.34**	2.65
Cash production cost [4](US$) per pound of copper	**2.49**	2.26	**2.43**	2.70
Cash production cost [3] (US$) of copper per pound after by-products credits [4]	**1.70**	1.37	**1.64**	1.74

1 A discount factor of 18.6% to 29.6% 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 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.

During the three months ended June 30, 2019, the Jiama Mine produced 16,126 tonnes (approximately 35.6 million pounds) of copper, an increase of 17% compared with the three months ended June 30, 2018 (13,738 tonnes, or 30.3 million pounds). The increase in production is due to the commercial production of the Series II, Phase II expansion.

During the three months ended June 30, 2019, both total production cost of copper per pound after by-products and cash production cost of copper per pound after by-product increased as compared to the same period in 2018 due to lower grades of ores produced from the use of open-pit mine. The Jiama Mine is currently developing a new section of the underground mine which is expected to have higher grade ore, with anticipated completion by the end of 2020.

Review of Quarterly Data

Three months ended June 30, 2019 compared to three months ended June 30, 2018

Revenue of US$163.2 million for the second quarter of 2019 increased by US$21.1 million or 15%, from US$142.1 million for the same period in 2018.

Revenue from the CSH Mine was US$52.2 million, an increase of US$7.2 million, compared to US$45.0 million for the same period in 2018. Gold sold by the CSH Mine was 40,028 ounces (gold produced: 39,875 ounces), compared to 34,138 ounces (gold produced: 33,880 ounces) for the same period in 2018.

Revenue from the Jiama Mine was US$111.0 million, an increase of US$13.9 million, compared to US$97.1 million for the same period in 2018. Total copper sold was 16,300 tonnes (35.9 million pounds) for the three months ended June 30, 2019, an increase of 29% from 12,613 tonnes (27.8 million pounds) for the same period in 2018.

Cost of sales of US$155.9 million for the quarter ended June 30, 2019, an increase of US$49.6 million or 47% from US$106.3 million for the same period in 2018. The overall increase is primarily attributed to a 49% increase in cost of sales for the Jiama Mine which is directly proportionate to its increase in production volumes. Cost of sales as a percentage of revenue for the Company increased from 75% to 96% for the three months ended June 30, 2018 and 2019, respectively. Cost of sales is impacted by many production factors such as grade of ore, recovery rates, stripping ratio and etc. Refer to the sections below for details of production factors for each individual mine.

Mine operating earnings of US$7.3 million for the three months ended June 30, 2019, a decrease of 80%, or US$28.5 million, from US$35.8 million for the same period in 2018. Mine operating earnings as a percentage of revenue decreased from 25% to 4% for the three months ended June 30, 2018 and 2019, respectively.

General and administrative expenses decreased by US$3.2 million, from US$12.7 million for the quarter ended June 30, 2018 to US$9.5 million for the quarter ended June 30, 2019. The decrease is due to the Company's implementation of an overall cost reduction program.

Research and development expenses of US$4.5 million for the three months ended June 30, 2019, increased from US$2.8 million for the comparative 2018 period. The increase in 2019 is due to the Company's R&D activities in relation to increasing recovery rates and optimizing processing and mining.

Loss from operations of US$7.0 million for the second quarter of 2019, decreased by US$27.1 million, compared to income from operations of US$20.1 million for the same period in 2018.

Finance costs of US$11.5 million for the three months ended June 30, 2019, increased by US$0.3 million compared to US$11.2 million for the same period in 2018. During the three months ended June 30, 2019, interest payments of US$23,000 (2018: nil) were capitalized for borrowing costs related to the Jiama Mine expansion.

Foreign exchange loss of US$7.4 million for the three months ended June 30, 2019, decreased from US$7.6 million for the same period in 2018. The loss is 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$1.0 million for the three months ended June 30, 2019, decreased from US$2.6 million for the same period in 2018. The 2018 amount was primarily attributed to the sales of low grade product from the Jiama Mine.

Income tax credit of US$1.9 million for the quarter ended June 30, 2019, increased by US$5.3 million from an income tax expense of US$3.4 million for the comparative period in 2018. During the current quarter, the Company had US$1.1 million of deferred tax credit compared to US$5.1 million of deferred tax expense for the same period in 2018.

Net loss of US$23.0 million for the three months ended June 30, 2019, decreased by US$23.4 million from a net income of US$0.4 million for the three months ended June 30, 2018.

Six months ended June 30, 2019 compared to six months ended June 30, 2018

Revenue of US$308.8 million for the first half of 2019 increased by US$60.0 million or 24%, from US$248.8 million for the same period in 2018.

Revenue from the CSH Mine was US$89.8 million, a decrease of US$4.9 million, compared to US$94.7 million for the same period in 2018. Gold sold by the CSH Mine was 68,859 ounces (gold produced: 68,502 ounces), compared to 71,970 ounces (gold produced: 69,922 ounces) for the same period in 2018.

Revenue from the Jiama Mine was US$218.9 million, an increase of US$64.8 million, compared to US$154.1 million for the same period in 2018. Total copper sold was 31,425 tonnes (69.3 million pounds) for the six months ended June 30, 2019, an increase of 63% from 19,233 tonnes (42.4 million pounds) for the same period in 2018.

Cost of sales of US$286.2 million for the six months ended June 30, 2019, an increase of US$79.8 million or 39% from US$206.4 million for the same period in 2018. The overall increase is primarily attributed to a 45% increase in cost of sales for the Jiama Mine which was proportionate to the 49% increase in copper production volumes. Cost of sales for the CSH Mined increased by approximately 27% in 2019 due to lower grades of ore mined and increased amortization of mine development costs. Cost of sales as a percentage of revenue for the Company increased from 83% to 93% for the six months ended June 30, 2018 and 2019, respectively. Cost of sales is impacted by many production factors such as grade of ore, recovery rates, stripping ratio and etc. Refer to the sections below for details of production factors for each individual mine.

Mine operating earnings of US$22.6 million for the six months ended June 30, 2019, a decrease of 47%, or US$19.7 million, from US$42.3 million for the same period in 2018. Mine operating earnings as a percentage of revenue decreased from 17% to 7% for the six months ended June 30, 2018 and 2019, respectively.

General and administrative expenses increased by US$0.9 million, from US$22.1 million for the six months ended June 30, 2018 to US$23.0 million for the six months ended June 30, 2019.

Research and development expenses of US$9.4 million for the six months ended June 30, 2019, increased from US$5.4 million for the comparative 2018 period. The increase in 2019 is due to the Company's R&D activities in relation to increasing recovery rates and optimizing processing and mining.

Loss from operations of US$10.2 million for the six months ended June 30 2019, decreased by US$24.8 million, compared to an income of US$14.6 million for the same period in 2018.

Finance costs of US$21.6 million for the six months ended June 30, 2019, decreased by US$0.7 million compared to US$22.3 million for the same period in 2018. During the six months ended June 30, 2019, interest payments of US$0.4 million (2018: nil) were capitalized for borrowing costs related to the Jiama Mine expansion.

Foreign exchange loss of US$2.1 million for the six months ended in June 30, 2019, decreased from US$3.1 million for the same period in 2018. The loss is 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$1.9 million for the six months ended June 30, 2019 decreased from US$14.2 million for the same period in 2018. The 2018 amount was primarily attributed to the sales of low grade product from the Jiama Mine.

Income tax credit of US$4.4 million for the six months ended June 30, 2019, increased by US$5.4 million from an income tax expense of US$1.0 million for the comparative period in 2018. During the current six month period, the Company had US$4.3 million of deferred tax credit compared to US$0.8 million of deferred tax expense for the same period in 2018.

Net loss of US$27.5 million for the six months ended June 30, 2019, decreased by US$29.9 million from a net income of US$2.4 million for the six months ended June 30, 2018.

NON-IFRS MEASURES

The cash cost of production is a measure that is not in accordance with IFRS.

The Company has included cash production cost per ounce gold data 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 data because it understands that certain investors use this information to determine the Company's ability to generate earnings and cash flow. The measure is not necessarily indicative of operating results, cash flow from operations, or financial condition as determined under IFRS. Cash production costs are determined in accordance with the Gold Institute's Production Cost Standard. Although the Gold Institute ceased operations in 2002, the Company believes that the Gold Institute's Production Cost Standard continues to represent the market accepted standard for reporting cash cost of production. However, different issuers may apply slight deviations to the standard so the cash production costs disclosed by the Company may not be directly comparable to other issuers.

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:

CSH Mine (Gold)

	Three months ended June 30,				**Six months ended June 30,**			
	2019		2018		**2019**		2018	
	US$	**US$ Per ounce**	US$	US$ Per ounce	**US$**	**US$ Per ounce**	US$	US$ Per ounce
Total Cost of sales	**53,200,398**	**1,329**	37,464,565	1,097	**92,782,049**[1]	**1,347**	76,356,991	1,061
Adjustment – Depreciation & depletion	**(20,965,702)**	**(524)**	(9,943,115)	(291)	**(34,336,915)**	**(499)**	(26,977,130)	(375)
Total cash production costs	**32,234,695**	**805**	27,521,450	806	**58,445,134**	**849**	49,379,861	686

1 Inventory write down of US$4.3 million was provided in total cost of sales for the six months ended June 2019, of which been excluded from this figure.

Jiama Mine (Copper with by-products credits)

	Three months ended June 30, 2019		2018		Six months ended June 30, 2019		2018	
	US$	**US$ Per Pound**	US$	US$ Per Pound	**US$**	**US$ Per Pound**	US$	US$ Per Pound
Total Cost of sales	**102,674,711**	**2.86**	68,829,533	2.48	**189,225,117**	**2.73**	130,067,629	3.07
General and administrative expenses	**7,122,665**	**0.20**	10,647,967	0.38	**18,418,434**	**0.27**	17,611,168	0.42
Research and development expenses	**4,540,867**	**0.13**	2,800,031	0.10	**9,396,910**	**0.14**	5,353,214	0.13
Total production cost	**114,338,243**	**3.18**	82,277,531	2.96	**217,040,461**	**3.13**	153,032,011	3.61
Adjustment – Depreciation & depletion	**(17,248,041)**	**(0.48)**	(15,337,310)	(0.55)	**(34,979,620)**	**(0.50)**	(30,033,463)	(0.71)
Adjustment – Amortization of intangible assets	**(7,370,901)**	**(0.21)**	(4,014,012)	(0.14)	**(13,478,297)**	**(0.19)**	(8,590,864)	(0.20)
Total cash production costs	**89,719,301**	**2.49**	62,926,209	2.26	**168,582,544**	**2.44**	114,407,684	2.70
By-products credits	**(28,419,971)**	**(0.79)**	(24,840,448)	(0.89)	**(55,110,600)**	**(0.80)**	(40,472,919)	(0.95)
Total cash production costs after by-products credits	**61,299,330**	**1.70**	38,085,761	1.37	**113,471,944**	**1.64**	73,934,765	1.74

The adjustments above include depreciation and depletion, amortization of intangible assets, and selling expenses included in total production costs.

The following table provides a breakdown of on-site production costs used to calculate cost of goods sold based on production volumes for the period. Onsite productions costs are also used to calculate unit cost information for the three and six months ended June 30, 2019 and 2018:

CSH Mine

	Three months ended June 30, 2019	2018	Six months ended June 30, 2019	2018	
	US$	US$	**US$**	US$	
Mining ore cost	**6,650,918**	3,600,299	**11,302,964**	7,562,256	F
Mining waste cost	**12,381,590**	22,108,601	**23,439,979**	28,912,348	G
Other mining costs	**797,605**	446,817	**934,479**	1,330,595	H
Process Cost - reagents	**4,629,523**	4,265,044	**9,119,824**	9,616,206	J
Other process costs	**1,726,387**	1,752,517	**3,761,302**	4,021,830	K
Process cost - crusher	**1,894,338**	1,761,520	**3,309,008**	3,461,912	L
General and administrative expenses	**984,601**	1,718,517	**2,824,512**	3,165,618	
Cash Operating cost	**29,064,961**	35,653,315	**54,692,068**	58,160,765	
Mining and resource tax	**1,846,862**	1,548,689	**3,146,016**	3,246,404	
Other fees and taxes	**651,801**	1,652,250	**1,311,644**	1,966,520	
Total Cash cost	**31,563,625**	38,854,253	**59,149,728**	63,373,690	
Depreciation – Operations	**6,814,232**	5,645,633	**13,113,410**	11,302,643	
Amortization – Mine development	**13,863,633**	9,868,862	**21,637,460**	23,319,575	
Total Onsite production cost	**52,241,489**	54,368,749	**93,900,599**	97,995,907	T
Inventory write-down	**-**	-	**4,300,000**	-	U
Ratio of Inventory (production cost) transfer to cost of goods sold	**102%**	69%	**99%**	78%	V
Total Cost of Sales	**53,200,398**	37,464,565	**96,974,420**	76,356,990	=(T* V)+U

The following table provides certain unit cost information on a cost of production per tonne of ore processed (non-IFRS) basis for the CSH Mine for the three and six months ended June 30, 2019 and 2018:

CSH Mine

	Three months ended June 30,		Six months ended June 30,		
	2019	2018	**2019**	2018	
	US$	US$	**US$**	US$	
Ore mined and placed on pad (tonnes)	**4,014,071**	2,083,559	**6,891,913**	5,099,009	A
Average grade of ore (grams per tonne)	**0.55**	0.54	**0.51**	0.59	B
Recoverable gold (ounces)	**44,211**	20,812	**69,785**	57,442	C
Ending gold inventory (ounces)	**170,466**	195,936	**170,466**	195,936	D
Waste rock mined (tonnes)	**19,647,091**	15,439,504	**29,457,476**	28,429,804	E
Mining cost US$	**6,650,918**	3,600,299	**11,302,964**	7,562,256	F
Waste cost US$	**12,381,590**	22,108,601	**23,439,979**	28,912,348	G
Other mining costs US$	**797,605**	446,817	**934,479**	1,330,595	H
Total mining costs US$	**19,830,113**	26,155,718	**35,677,422**	37,895,199	I
Process Cost - reagents US$	**4,629,523**	4,265,044	**9,119,824**	9,616,206	J
Other process costs US$	**3,620,724**	3,514,036	**7,070,310**	7,483,742	K
Total process cost US$	**8,250,247**	7,779,081	**16,190,135**	17,099,948	L
Cost of mining per tonne of ore	**1.66**	1.73	**1.64**	1.50	= F/A
Cost of mining waste per tonne of ore	**3.08**	10.61	**3.40**	5.67	= G/A
Other mining costs per tonne of ore	**0.20**	0.21	**0.14**	0.26	= H/A
Total mining costs per tonne of ore	**4.94**	12.55	**5.18**	7.43	
Cost of reagents per tonne of ore	**1.15**	2.05	**1.32**	1.89	= J/A
Other processing costs per tonne of ore	**0.90**	1.69	**1.03**	1.47	= K/A
Total processing cost per tonne of ore	**2.05**	3.74	**2.35**	3.36	

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 has two open-pit mining operations and has a mining and processing capacity of 60,000 tpd.

The major new contracts entered into during the six months ended June 30, 2019:

Item No.	Contract Name	Counterpart	Subject amount (US $ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Mixed explosives supply agreement	Bayannur Sheng'an Chemical Co., Ltd. Urad Middle Banner Branch	Estimated: 13.7	2019.1.1 – 2019.12.31	2019.1.1
2	Loan agreement (extension)	Tibet HTL Mining Development Co., Ltd.	Estimated: 14.5	2019.1.25 – 2020.1.24	2019.1.25
3	Working capital loan agreement	China National Gold Group Finance Co., Ltd.	Estimated: 50.9	2019.3.25 – 2022.3.24	2019.3.25
4	Contract for processing gold-containing materials	Hunan Taixing Environmental Technology Co., Ltd.	Estimated: 5.2	NA	2019.6.24

Production Update

CSH Mine	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Ore mined and placed on pad (tonnes)	**4,014,071**	2,083,559	**6,891,913**	5,099,009
Average ore grade (g/t)	**0.55**	0.54	**0.51**	0.59
Recoverable gold (ounces)	**44,211**	20,812	**69,785**	57,442
Ending ore inventory (ounces)	**170,466**	195,936	**170,466**	195,936
Waste rock mined (tonnes)	**19,647,091**	15,439,504	**29,457,476**	28,428,804

For the three months ended June 30, 2019, the total amount of ore placed on the leach pad was 4.0 million tonnes, with total contained gold of 44,211 ounces (1,375 kilograms). The overall accumulative project-to-date gold recovery rate has slightly decreased to approximately 54.19% at the end of June 2019 from 54.27% at the end of March 2019. Of which, gold recovery from the phase I heap is 59.71% and; gold recovery from the Phase II heap is 46.30% at June 30, 2019.

In the second half of 2017, there were a series of wall failures on one side of the north-east pit at the CSH Mine which led to short term interruptions of mining activities. The Company curtailed production in certain areas of the pit while it conducted studies to address the slope stability issues and remediation plans for the long term mine plan, which included optimization studies for pit limit, haul road design and mining production schedule for the new pit slope angle.

Based on the finalized studies, the Company has adopted an updated pit design for the north-east pit in accordance with the pit limit optimization study carried out by Changchun Gold Design Institute based on the amended ultimate pit limit slopes. The new pit design is conducted based on the Mineral Reserves estimate for the CSH Mine reported as of December 31, 2018. Accordingly, the life of mine updated production schedule is seven years.

Exploration

During the second quarter of 2019, CSH conducted research on geological prospecting results of recent years. By bringing in advanced tests and comprehensive analysis, geophysical survey on targeted area, the Company iso constructing a 3D quantitative geological model to assist resource evaluation.

The Company is also conducting exploration around the CSH Mine to identify additional resources that may further extend the mine life. The Company plans to release a new resource report by the end of 2019.

Mineral Resource Update

CSH Mine Resources by category, Northeast and Southwest pits combined at December 31, 2018 under NI 43-101:

			Metal	
Type	**Quantity Mt**	**Au g/t**	**Au t**	**Au Moz**
Measured	12.34	0.62	7.60	0.24
Indicated	124.12	0.62	76.63	2.46
M+I	136.46	0.62	84.24	2.71
Inferred	80.36	0.52	41.51	1.33

Mineral Reserves Update

CSH Mine Reserves by category, Northeast and Southwest pits combined at December 31, 2018 under NI 43-101:

			Metal	
Type	**Quantity Mt**	**Au g/t**	**Au t**	**Au Moz**
Proven	10.59	0.63	6.72	0.22
Probable	66.49	0.65	43.23	1.39
Total	**77.08**	**0.65**	**49.96**	**1.61**

The Jiama Mine

The Company acquired the Jiama Mine on December 1, 2010. Jiama is a large copper-gold polymetallic deposit containing copper, gold, silver, molybdenum, and other metals 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 mining operations 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 major new contracts entered into during the six months ended June 30, 2019:

Item No.	Contract Name	Counterpart	Subject amount (US $ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Blasting engineering service contract	Tibet Gaozheng Blasting Engineering Co., Ltd.	Estimated: 7.3	2019.1.1 – 2019.12.1	2018.12.27
2	Blasting engineering service contract	Tibet Zhongjin Xinlian Blasting Engineering Co., Ltd.	Estimated: 7.3	2019.1.1 – 2019.12.1	2018.12.27
3	Sales contract of Copper Concentrate	Tibet Huading Resources Development Co., Ltd.	Estimated: 49.8	2019.2.1 – 2021.12.31	2019.2.1
4	Sales contract of Copper Concentrate	Tibet Ruijia Trade Co, Ltd.	Estimated: 78.1	2019.3.1 – 2021.12.31	2019.3.1
5	Sales contract of Copper Concentrate	Tibet Zhongjin Gold Smelting Co., Ltd.	Estimated: 59.3	2019.1.1 – 2021.12.31	2019.1.1
6	Sales contract of Copper Concentrate	Daye Zhaoxiang Trading Co., Ltd.	Estimated: 9.3	2019.3.15 – 2021.12.31	2019.3.15
7	Sales contract of Copper Concentrate	Tibet Chengling Trading Co., Ltd.	Estimated: 14.4	2019.3.15 – 2021.12.31	2019.3.15
8	Sales contract of Molybdenum Concentrate	Tibet Mingchuan Trading Co., Ltd.	Estimated: 12.1	2019.3.15 – 2019.4.30	2019.3.15
9	Sales contract of mixed Concentrate	Beijing Yuyangzhilu Investment Co., Ltd.	Estimated: 13.1	2019.2.20 – 2019.6.30	2019.2.20
10	Sales contract of Molybdenum Concentrate	Tibet Yanhua Trading Co., Ltd.	Estimated: 3.4	2019.4.20 – 2019.5.14	2019.4.20
11	Tongqianshan 4490 Mining Engineering Contract	Zhongse Twelve Metallurgical Construction Co., Ltd.	Estimated: 55.7	2019.3.1 – 2021.3.1	2019.3.1
12	Tongqianshan 4410-4544 Mining Engineering Contract	Wei Le Construction Group Co., Ltd.	Estimated: 68.1	2019.3.1 – 2021.3.1	2019.3.1
13	Tongqianshan 4560-4700 Mining Engineering Contract	China Railway Seventeenth Bureau Group Second Engineering Co., Ltd.	Estimated: 78.6	2019.3.1 – 2021.3.1	2019.3.1
14	Steel Ball Purchase Contract	Tongling Nonferrous Metals Wear-resistant Materials Co., Ltd.	Estimated: 6.2	2019.3.1 – 2020.3.1	2019.3.1
15	Steel Ball Purchase Contract	China Aluminum Industrial Service Co., Ltd.	Estimated: 3.2	2019.3.1 – 2021.3.28	2019.3.28
16	Production Technical Service Contract	China Gold Group Inner Inner Mongolia Mining Co., Ltd.	Estimated: 4.4	2019.1.1 – 2019.12.31	2019.1.1
17	HTL Phase II Tailings Dam 4265-4315m EPC Contract	Beijing General Research Institute of Mining & Metallurgy	Estimated: 21.0	2019.4.15 – 2020.7.14	2019.4.15

Production Update

Jiama Mine	**Three months ended June 30,**		**Six months ended June 30,**	
	2019	2018	**2019**	2018
Ore processed (tonnes)	**3,224,395**	2,563,720	**6,236,988**	3,831,741
Average copper ore grade (%)	**0.62**	0.73	**0.65**	0.73
Copper recovery rate (%)	**81**	74	**77**	74
Average gold ore grade (g/t)	**0.28**	0.50	**0.29**	0.48
Gold recovery rate (%)	**54**	57	**54**	57
Average silver ore grade (g/t)	**15.13**	18.44	**16.93**	18.81
Silver recovery rate (%)	**54**	54	**54**	56

According to the mining plan for the Phase II expansion, the Jiama Mine began to produce low grade ore from the open pit mine. As a result, the Company expected the average ore grade to be lower than previous years which used higher grade ore from underground mining only. Production cost was also expected to be higher since the commencement of commercial production of Phase II due to the lower grade of ore and lower recovery rates.

During the second quarter of 2019, average metal recovery rates have begun to improve and were higher as compared to 2018, as the ratio of oxide ore from the open pit has gradually decreased.

Exploration

In 2019, the company initiated a large-scale exploration project for targeted resources and serving to production. The project includes surface drill of 33,390 +/-m, 25 drills, 500 +/- m of 1 hydrogeological drill and 800 +/- m of 2 engineering geological drills. The pre-construction preparation was completed in the second quarter, surface drill of 5,100 +/-m, 9 drills had completed, totaling 16.78% of the annual program. 6 surface drills are under preparation for the next stage.

Mineral Resources Estimate

An NI 43-101 compliant mineral resource estimate was independently completed by Mining One Pty Ltd. in November 2013, based on information collected up to November 12, 2012. The drilling programs subsequent to November 2012, including an extensive drill program conducted in 2013, will be included in future updates of the Mineral Resources and Reserves.

Mining One Pty Ltd. noted that gold and silver mineralization within the ore body had a significantly higher spatial variability than the other elements. This classification takes into account the proposed large scale mining techniques where Au and Ag will only be credits to the overall products from the operations. Mining One Pty Ltd has assumed that Au and Ag will not be assigned a single cut-off grade for a selected mining block and will be mined in conjunction with the other elements.

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, 2018

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Measured	94.9	0.39	0.04	0.04	0.02	0.08	5.44	371	34.2	41.8	22.4	0.245	16.595
Indicated	1,369.1	0.41	0.03	0.05	0.03	0.11	5.93	5,590	463	732	460	4.762	261.145
M+I	1,463.9	0.41	0.03	0.05	0.03	0.11	5.90	5,961	497.4	773.7	482.4	5.008	277.740
Inferred	406.1	0.30	0.00	0.10	0.00	0.10	5.1	1,247	123	311	175	1.3	66.9

Note: Figures reported are rounded which may result in small tabulation errors.
The Copper Equivalent basis for the reporting of resources has been compiled on the following basis:
CuEq Grade: = (Ag Grade * Ag Price + Au Grade * Au Price + Cu Grade * Cu Price + Pb Grade * Pb Price + Zn Grade * Zn Price + Mo Grade * Mo Price) / Copper Price

Mineral Reserves Estimate

A Mineral Reserve estimate, dated November 20, 2013, has been independently verified by Mining One Pty Ltd. in accordance with the CIM Definitions Standards under NI 43-101.

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2018

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Proven	20.8	0.61	0.05	0.05	0.03	0.21	8.99	126.4	9.5	10.3	6.9	0.140	6.026
Probable	398.4	0.56	0.03	0.13	0.08	0.18	11.21	2,427.9	128.2	548.2	317.3	2.285	143.574
P+P	419.2	0.61	0.03	0.13	0.08	0.18	11.10	2,554.3	137.8	558.5	324.2	2.425	149.600

Notes:

1. 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.
2. Mineral Reserves were estimated using the following mining and economic factors:

   Open Pits:

   a) 5% dilution factor and 95% recovery were applied to the mining method;

   b) an overall slope angles of 43 degrees;

   c) a copper price of US$ 2.9/lbs;

   d) an overall processing recovery of 88 - 90% for copper

   Underground:

   a) 10% dilution added to all Sub-Level Open Stoping;

   b) Stope recovery is 87% for Sub-Level Open Stoping;

   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.

LIQUIDITY AND CAPITAL RESOURCES

The Company operates in a capital intensive industry. The Company's liquidity requirements arise principally from the need for financing the expansion of 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 borrowing from commercial banks in China, equity financings, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

At June 30, 2019, the Company had an accumulated surplus of US$200.6 million, working capital of US$74.5 million and borrowings of US$1,229.2 million. The Company's cash balance at June 30, 2019 was US$175.2 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$506.3 million of 3.25% unsecured bonds maturing on July 6, 2020, of which US$16.1 million is included in the current portion of borrowings, and US$58.2 million of short term debt facilities with interest rates ranging from 2.75% to 4.51% per annum arranged through various banks in China. 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 principle amount of RMB 3.98 billion, approximately US$613 million with the interest rate of 2.83% per annum currently. The People's Bank of China Lhasa Center Branch's interest rate serves as a 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 proceeds from the Loan Facility are to be used for the development of the Jiama Mine. The loan is secured by the mining rights for the Jiama Mine. As of June 30, 2019 the Company has drawdown RMB3.645 billion, approximately US$530.2 million under the Loan Facility. The Company believes that the availability of debt financing in China at favorable rates will continue for the foreseeable future. On July 6, 2017, the Company, through its wholly-owned subsidiary, Skyland Mining (BVI) Limited, completed the issuance of bonds in an aggregate principal amount of US$500 million. The bonds were issued at a price of 99.663%, bearing coupon rate of 3.25% with a maturity date of July 6, 2020. The bonds are listed on the Stock Exchange of Hong Kong Limited as of July 7, 2017.

The Company continues to review and assess its assets for impairment as part of its financial reporting processes. To date, the assessment carried out by the Company support the carrying values of the Company's assets and no impairment has been required. However, the management of the Company continues to evaluate key assumptions on estimates and management judgements in order to determine the recoverable amount of the CSH Mine and the Jiama Mine.

Cash flows

The following table sets out selected cash flow data from the Company's consolidated cash flow statements for the three and six months ended June 30, 2019 and June 30, 2018.

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Net cash from operating activities	**56,554**	40,262	**63,538**	56,089
Net cash (used in) investing activities	**(8,919)**	(11,806)	**(46,608)**	(20,049)
Net cash from (used in) financing activities	**27,319**	(1,531)	**19,722**	(33,284)
Net increase in cash and cash equivalents	**74,954**	26,925	**36,652**	2,756
Effect of foreign exchange rate changes on cash and cash equivalents	**(1,327)**	(6,191)	**597**	(1,448)
Cash and cash equivalents, beginning of period	**101,618**	127,892	**137,996**	147,318
Cash and cash equivalents, end of period	**175,245**	148,626	**175,245**	148,626

Operating cash flow

For the three months ended June 30, 2019, net cash inflow from operating activities was US$56.5 million which is primarily attributable to (i) depreciation and depletion of US$37.8 million (ii) increase in contract liabilities of US$26.2 million (iii) increase in inventory of US$13.3 million and (iv) finance cost of US$11.5 million, partially offset by (i) loss before income tax of US$24.8 million (ii) decrease in accounts payable of US$10.7 million and (iii) interest paid of US$7.0 million.

For the six months ended June 30, 2019, net cash inflow from operating activities was US$63.5 million which is primarily attributable to (i) depreciation and depletion of US$69.9 million (ii) increase in contract liabilities of US$29.0 million and (iii) finance cost of US$21.6 million, partially offset by (i) loss before income tax of US$32.0 million ii) decrease in accounts payables of US$24.6 million and (iii) interest paid of US$20.3 million.

Investing cash flow

For the three months ended June 30, 2019, the net cash outflow from investing activities was US$8.9 million which is primarily attributable to (i) payment for the acquisition of property, plant and equipment of US$16.7 million, (ii) placement of restricted cash balances of US$5.1 million, partially offset by (i) release of restricted bank balance of US$10.2 million.

For the six months ended June 30, 2019, the net cash outflow from investing activities was US$46.6 million which is primarily attributable to (i) payment for the acquisition of property, plant and equipment of US$56.1 million, (ii) placement of restricted cash balances of US$7.5 million, partially offset by (i) release of restricted bank balance of US$16.2 million.

Financing cash flow

For the three months ended June 30, 2019, the net cash inflow from financing activities was US$27.3 million which is primarily attributable to proceeds from borrowings of US$81.2 million offset by repayment of borrowings of US$53.9 million.

For the six months ended June 30, 2019, the net cash inflow from financing activities was US$19.7 million which is primarily attributable to proceeds from borrowings of US$81.2 million offset by repayment of borrowings of US$61.3 million.

Expenditures Incurred

For the six months ended June 30, 2019, the Company incurred mining costs of US$51.5 million, mineral processing costs of US$66.9 million and transportation costs of US$5.1 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at June 30, 2019, the Company's total debt was US$1,229 million and the total equity was US$1,457 million. The Company's gearing ratio was therefore 0.84 as at June 30, 2019 and 0.81 as at March 31, 2019.

Restrictive covenants

The Company is subject to various customary conditions and covenants under the terms of its financing agreements.

Under a Loan Facility agreement entered on November 3, 2015 between the Company and a syndicated of banks, led by Bank of China pursuant to which the banks agreed to lend to Tibet Huatailong, the Company's subsidiary, the aggregate principle amount of RMB 3.98 billion (approximately US$613 million), the debt to assets ratio of Tibet Huatailong should be less than 75% during the term of the agreement.

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 unaudited condensed consolidated financial statements for the six months ended June 30, 2019, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2019. 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 annual consolidated financial statements, none of the Group's assets were pledged as at June 30, 2019.

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 32, Financial Instruments, in the annual consolidated financial statements for the year ended December 31, 2018.

COMMITMENTS AND CONTINGENCIES

Commitments and contingencies include principal payments on the Company's bank loans and syndicated loan facility, material future aggregate minimum operating lease payments required under operating leases 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 has leased certain properties in China and Canada, which are all under operating lease arrangements and are negotiated for terms of between one and seventeen years. The Company is required to pay a fixed rental amount under the terms of these leases.

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 33, Commitments and Contingencies, in the annual consolidated financial statements for the year ended December 31, 2018.

On July 7, 2017, the Company, through its wholly owned subsidiary Skyland Mining (BVI) Limited, issued bonds on the HKSE, denominated U.S. dollar, with an aggregate principal amount of US$500 million. The Bonds were issued at a price of 99.663%, bearing a coupon of 3.25% per annum with a maturity date of July 6, 2020. Interest is payable in semi-annual installments on January 6 and July 6 of each year.

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

	Total	Within One year	Within Two to five years	Over 5 years
	US$'000	US$'000	US$'000	US$'000
Principal repayment of bank loans	**722,941**	58,184	365,834	298,923
Repayment of bonds including interest	**506,255**	16,098	490,157	-
Total	**1,229,196**	**74,282**	**855,991**	**298,923**

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

CNG owned 39.3 percent of the outstanding common shares of the Company as at June 30, 2019 and June 30, 2018.

The Company had major related party transactions with the following companies related by way of shareholders and 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 has been renewed for a current term that commenced on January 1, 2018 and expires on December 31, 2020, which renewal was approved by the Company's shareholders on June 28, 2017.

Revenue from sales of gold doré bars to CNG of US$89.8 million for the six months ended June 30, 2019 decreased from US$94.7 million for the six months ended June 30, 2018.

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. For the six months ended June 30, 2019, revenue from sales of copper concentrate and other products to CNG was US$54.2 million, compared to US$78.4 million for the same period in 2018.

For the six months ended June 30, 2019, construction services of US$5.5 million were provided to the Company by subsidiaries of CNG (US$6.8 million for the six months ended June 30, 2018).

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 Deposit Services Agreement and Loan Agreement entered into on December 18, 2017 and renewed on December 18, 2018 among the Company and China Gold Finance.

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 Group did not have any material acquisition and disposal of subsidiaries and associated companies in the six months ended June 30, 2019. 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, 2018.

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, 2018.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are equity securities, accounts receivables, accounts payables, cash and loans. The financial instruments are recorded at either fair values or amortized amount on the balance sheet.

The Company did not have any financial derivatives or outstanding hedging contracts as at June 30, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2019, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company has not paid any dividends since incorporation and does not currently have a fixed dividend policy. The Board of Directors will determine any future dividend policy on the basis of, among others 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 Hong Kong 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.

OUTSTANDING SHARES

As of June 30, 2019 the Company had 396,413,753 common shares issued and outstanding.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures (“DC&P”) and the design of internal control over financial reporting (“ICFR”) to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company’s certifying officers. The Company’s Chief Executive Officer and Chief Financial Officer have each evaluated the Company’s DC&P and ICFR as of June 30, 2019 and, in accordance with the requirements established under Canadian National Instrument 52-109 – Certification of Disclosure in Issuer’s Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of June 30, 2019, 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 June 30, 2019 and have concluded that these controls and procedures were effective as of June 30, 2019 and provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means design of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected. During the six months ended June 30, 2019, 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, and litigation. China Gold International's business, financial condition or results of operations could be materially and adversely affected by any of these risks. For details of risk factors, please refer to the Company's annual audited consolidated financial statements, and Annual Information Form filed from time to time on SEDAR at www.sedar.com.

QUALIFIED PERSON

Disclosure of scientific or technical information in this MD&A was approved by Mr. Zhongxin Guo, P.Eng. the Company's Chief Engineer and a Qualified Person ("QP") for the purposes of NI 43-101.

ADDITIONAL INFORMATION

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2019.

A2. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as of June 30, 2019, the Company's directors were not aware of any other person (other than a director or chief executive of the Company who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("SFO"):

Name	Nature of interest	Number of Shares held	Approximate percentage of outstanding shares
China National Gold Group Co., Ltd. (1)	Indirect	155,794,830(1) (2)	39.3%
China National Gold Group Hong Kong Limited	Registered Owner	155,794,830(1) (2)	39.3%

Note:

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

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

As of June 30, 2019, the interests of the directors and chief executive of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer, were as follows:

SHARES Name	Position	Company	Number of shares held	Nature of interest	Approximate percentage of interest in the Company
Ian He	Director	China Gold International Resources Corp. Ltd.	150,000	Personal	0.0378%

Other than as disclosed above, none of the directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as of June 30, 2019.

A4. STOCK OPTION PLAN

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

A5. EMOLUMENT POLICY

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

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

As of June 30, 2019, the Company had 2,100 employees working at various locations. The emolument policy for the Company's employees is determined on a department by department basis with the Chief Executive Officer determining the emoluments for employees and managers based on merit, qualifications and the Company's hiring and retention needs.

A6. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has, throughout the six months ended June 30, 2019, applied the principles and complied with the requirements of its corporate governance practices as defined by the Board and all applicable statutory, regulatory and stock exchange listings standards, in particular, the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing Securities of The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

A7. COMPLIANCE WITH MODEL CODE ON DIRECTORS' SECURITIES TRANSACTIONS

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

After specific enquiry with all members of the Board, the Board confirms that all of the directors of the Company have complied with the required policies in the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy throughout the six months ended June 30, 2019.

A8. INTERIM DIVIDEND

The Board did not recommend the payment of interim dividends in respect of the six months ended June 30, 2019.

A9. AUDIT COMMITTEE

Pursuant to the requirements under the Hong Kong Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all the existing Independent Non-executive Directors, namely Ian He (chairman of the Audit Committee), Wei Shao, Bielin Shi and Ruixia Han. The Audit Committee has reviewed and discussed with the Company's auditors the unaudited interim results of the Group for the three and six months ended June 30, 2019.

August 14, 2019

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

(incorporated in British Columbia, Canada with limited liability)

Condensed Consolidated Financial Statements
For the three and six months ended June 30, 2019

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)

	NOTES	Three months ended June 30, 2019 US$'000	Three months ended June 30, 2018 US$'000	Six months ended June 30, 2019 US$'000	Six months ended June 30, 2018 US$'000
Revenues	3	163,166	142,087	308,758	248,772
Cost of sales		(155,876)	(106,294)	(286,200)	(206,425)
Mine operating earnings		7,290	35,793	22,558	42,347
Expenses					
General and administrative expenses	4	(9,532)	(12,674)	(23,027)	(22,057)
Exploration and evaluation expenditure		(175)	(251)	(290)	(329)
Research and development costs		(4,541)	(2,800)	(9,397)	(5,353)
		(14,248)	(15,725)	(32,714)	(27,739)
(Loss) income from operations		(6,958)	20,068	(10,156)	14,608
Other income (expenses)					
Foreign exchange loss, net		(7,414)	(7,580)	(2,126)	(3,117)
Interest and other income		1,037	2,565	1,898	14,225
Finance costs	5	(11,482)	(11,214)	(21,570)	(22,342)
		(17,859)	(16,229)	(21,798)	(11,234)
(Loss) profit before income tax		(24,817)	3,839	(31,954)	3,374
Income tax credit (expense)	6	1,866	(3,449)	4,429	(980)
(Loss) profit for the period		(22,951)	390	(27,525)	2,394
Other comprehensive (expenses) income for the period					
Item that will not be reclassified to profit or loss:					
Fair value (loss) gain on investment in an equity security		(5,682)	361	(4,105)	906
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation		(6,340)	(22,375)	(417)	(4,868)
Total comprehensive expenses for the period		(34,973)	(21,624)	(32,047)	(1,568)
(Loss) profit for the period attributable to					
Non-controlling interests		(17)	204	(106)	426
Owners of the Company		(22,934)	186	(27,419)	1,968
		(22,951)	390	(27,525)	2,394

	NOTE	Three months ended June 30, 2019 US$'000	Three months ended June 30, 2018 US$'000	Six months ended June 30, 2019 US$'000	Six months ended June 30, 2018 US$'000
Total comprehensive (expenses) income for the period attributable to					
Non-controlling interests		(13)	207	(102)	430
Owners of the Company		(34,960)	(21,831)	(31,945)	(1,998)
		(34,973)	(21,624)	(32,047)	(1,568)
(Loss) earnings per share - Basic (US)	7	(5.79) cents	0.05 cents	(6.92) cents	0.50 cents
Weighted average number of common shares - Basic	7	396,413,753	396,413,753	396,413,753	396,413,753

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019 (unaudited)

	NOTES	June 30, 2019 US$'000	December 31, 2018 US$'000 (audited)
Current assets			
Cash and cash equivalents		175,245	137,996
Restricted bank balance		7,504	16,100
Trade and other receivables	8	27,837	23,303
Prepaid expenses and deposits		6,176	4,107
Prepaid lease payments		-	446
Inventories	9	268,089	282,958
		484,851	464,910
Non-current assets			
Prepaid expense and deposits		30,485	30,813
Right-of-use assets		14,789	-
Prepaid lease payments		-	14,515
Equity instruments at fair value through other comprehensive income	15	14,131	20,230
Property, plant and equipment	10	1,744,013	1,765,360
Mining rights	10	915,871	920,067
		2,719,289	2,750,985
Total assets		3,204,140	3,215,895
Current liabilities			
Accounts and other payables and accrued expenses	11	269,951	292,013
Contract liabilities		33,588	4,593
Borrowings	12	74,282	123,921
Entrusted loan payable		29,092	-
Lease liabilities		60	-
Tax liabilities		3,356	5,074
		410,329	425,601
Net current assets		74,522	39,309
Total assets less current liabilities		2,793,811	2,790,294

	NOTE	June 30, 2019 US$'000	December 31, 2018 US$'000 (audited)
Non-current liabilities			
Borrowings	12	1,154,914	1,086,237
Deferred tax liabilities		118,416	122,732
Deferred income		2,974	3,478
Entrusted loan payable		-	29,140
Environmental rehabilitation		60,481	59,469
		1,336,785	1,301,056
Total liabilities		1,747,114	1,726,657
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		12,850	15,570
Retained profits		200,577	229,802
		1,442,488	1,474,433
Non-controlling interests		14,538	14,805
Total owners' equity		1,457,026	1,489,238
Total liabilities and owners' equity		3,204,140	3,215,895

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on August 14, 2019 and are signed on its behalf by:

(Signed by) Xin Song	(Signed by) Liangyou Jiang
Xin Song Director	Liangyou Jiang Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)

	Attributable to owners of the Company									
	Number of shares	Share capital US$'000	Equity reserve US$'000	Investment revaluation reserve US$'000	Exchange reserve US$'000	Statutory reserve US$'000	Retained profits US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total owners' equity US$'000
At January 1, 2018	396,413,753	1,229,061	11,179	(330)	(639)	18,415	237,650	1,495,336	14,648	1,509,984
Profit for the period	-	-	-	-	-	-	1,968	1,968	426	2,394
Fair value gain on investment in an equity security	-	-	-	906	-	-	-	906	-	906
Exchange difference arising on translation	-	-	-	-	(4,872)	-	-	(4,872)	4	(4,868)
Total comprehensive income (expenses) for the period	-	-	-	906	(4,872)	-	1,968	(1,998)	430	(1,568)
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,825	(1,825)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(324)	(324)
At June 30, 2018	396,413,753	1,229,061	11,179	576	(5,511)	20,240	237,793	1,493,338	14,754	1,508,092
At January 1, 2019	396,413,753	1,229,061	11,179	(1,791)	(15,244)	21,426	229,802	1,474,433	14,805	1,489,238
Loss for the period	-	-	-	-	-	-	(27,419)	(27,419)	(106)	(27,525)
Fair value loss on investment in an equity security	-	-	-	(4,105)	-	-	-	(4,105)	-	(4,105)
Exchange difference arising on translation	-	-	-	-	(421)	-	-	(421)	4	(417)
Total comprehensive expenses for the period	-	-	-	(4,105)	(421)	-	(27,419)	(31,945)	(102)	(32,047)
Transfer to statutory reserve - safety production fund	-	-	-	-	-	2,370	(2,370)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(165)	(165)
Transfer upon disposal of investment in equity security	-	-	-	(564)	-	-	564	-	-	-
At June 30, 2019	396,413,753	1,229,061	11,179	(6,460)	(15,665)	23,796	200,577	1,442,488	14,538	1,457,026

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Net cash from operating activities	56,554	40,262	63,538	56,089
Investing Activities				
Interest income received	663	645	979	1,295
Payment for acquisition of property, plant and equipment	(16,705)	(13,216)	(56,078)	(25,158)
Proceeds from disposal of equity investment at fair value through other comprehensive income	2,023	-	2,023	-
Payment for acquisition of a mining right	-	-	(2,230)	-
Placement of restricted bank deposits	(5,122)	(32,924)	(7,453)	(62,782)
Release of restricted bank deposits	10,222	33,689	16,151	66,596
Net cash used in investing activities	(8,919)	(11,806)	(46,608)	(20,049)
Financing Activities				
Proceeds from borrowings	81,197	23,504	81,197	54,934
Repayment of borrowings	(53,856)	(25,035)	(61,267)	(87,894)
Dividends paid to a non-controlling shareholder	-	-	(165)	(324)
Payment for lease	(22)	-	(43)	-
Net cash from (used in) financing activities	27,319	(1,531)	19,722	(33,284)
Net increase in cash and cash equivalents	74,954	26,925	36,652	2,756
Cash and cash equivalents, beginning of period	101,618	127,892	137,996	147,318
Effect of foreign exchange rate changes on cash and cash equivalents	(1,327)	(6,191)	597	(1,448)
Cash and cash equivalents, end of period	175,245	148,626	175,245	148,626
Cash and cash equivalents are comprised of Cash and bank deposits	175,245	148,626	175,245	148,626

1. GENERAL

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 ("TSX") 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 reserves in the People's Republic of China ("PRC"). The Group considers that China National Gold Group Corporation ("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 head office, principal address and registered and records office of the Company are located at Suite 660, One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia, Canada, V7X 1M4.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as well as International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

In the current interim period, the Group has applied the following new and revised International Financial Reporting Standards ("IFRSs") which are mandatorily effective for the current interim period:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 - 2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018.

2. PRINCIPAL ACCOUNTING POLICIES - continued

IFRS 16 *Leases*

Transition and summary of effects arising from initial application of IFRS 16

The Group has adopted IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019.

On transition to IFRS 16, the Group recognised lease liabilities for leases which were previously classified as operating leases under IAS 17 *Leases* and IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the rate that reflects the weighted average lessee's incremental borrowing rate of 3.6% as of January 1, 2019.

As at January 1, 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equals to the related lease liabilities adjusted by any prepaid lease payments by applying IFRS 16.C8(b)(ii) transition.

The Group has made use of the following practical expedients available on transition to IFRS 16:

- Relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- Measure the right-of-use assets equal to the lease liability calculated;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively; and
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The impact to the Group's condensed consolidated financial statements at January 1, 2019 was as follows:

	At January 1, 2019
	US$'000
Operating lease commitments as at December 31, 2018	364
Effect from discounting at the incremental borrowing rate as at January 1, 2019	(2)
Recognition exemption for:	
Short-term leases and low-value items	(261)
Lease liability as at January 1, 2019	101
Less: Current-portion	(83)
Non-current portion	18

2. PRINCIPAL ACCOUNTING POLICIES - continued

IFRS 16 *Leases* - *continued*

Transition and summary of effects arising from initial application of IFRS 16

The carrying amount of right-of-use assets as at January 1, 2019 comprises the following:

	Right-of-use assets US$'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	101
Reclassified from prepaid lease payments (Note)	14,961
	15,062
By class:	
Office premise	101
Leasehold land	14,961
	15,062

Note: Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to US$446,000 and US$14,515,000 respectively were reclassified to right-of-use assets.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously recorded at December 31, 2018 US$'000	Adjustments US$'000	Carrying amounts under IFRS 16 January 1, 2019 US$'000
Current asset			
Prepaid lease payments	446	(446)	-
Non-current assets			
Prepaid lease payments	14,515	(14,515)	-
Right-of-use assets	-	15,062	15,062
Current liability			
Lease liabilities	-	(83)	(83)
Non-current liability			
Lease liabilities	-	(18)	(18)

2. PRINCIPAL ACCOUNTING POLICIES - continued

IFRS 16 *Leases* - *continued*

Key changes in accounting policies resulting from application of IFRS 16

The Group has applied the following accounting policy for leases upon adoption of IFRS 16 on January 1, 2019.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease, at inception or modification of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is presented under current liabilities as a separate line in the condensed consolidated statement of financial position. Furthermore, lease payments in relation to lease liability are presented as financing cash flows by the Group.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, any initial direct costs and dismantling costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The right-of-use assets are presented as a separate line in the condensed consolidated statement of financial position.

2. PRINCIPAL ACCOUNTING POLICIES - continued

IFRS 16 *Leases* - *continued*

Key changes in accounting policies resulting from application of IFRS 16

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

The following is an analysis of the Group's revenue from its major products and services:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
At a point in time				
Gold bullion	52,170	45,035	89,845	94,693
Copper concentrate	76,633	72,431	145,986	110,643
Other by-products	34,363	24,621	72,927	43,436
Total revenue	163,166	142,087	308,758	248,772

Segment information

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

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

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

3. REVENUE AND SEGMENT INFORMATION - continued

Information regarding the above segments is reported below:

(a) Segment revenues and results

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

For the six months ended June 30, 2019

	Mine - produced gold US$'000	Mine - produced copper US$'000	Segment total US$'000	Unallocated US$'000	Consolidated US$'000
Revenues - external and segment revenue	89,845	218,913	308,758	-	308,758
Cost of sales	(96,974)	(189,226)	(286,200)	-	(286,200)
Mining operating (loss) earnings	(7,129)	29,687	22,558	-	22,558
(Loss) income from operations	(7,419)	1,872	(5,547)	(4,609)	(10,156)
Foreign exchange (loss) gain, net	(1,026)	(1,101)	(2,127)	1	(2,126)
Interest and other income	256	1,640	1,896	2	1,898
Finance costs	(2,610)	(10,254)	(12,864)	(8,706)	(21,570)
Loss before income tax	(10,799)	(7,843)	(18,642)	(13,312)	(31,954)

For the six months ended June 30, 2018

	Mine - produced gold US$'000	Mine - produced copper US$'000	Segment total US$'000	Unallocated US$'000	Consolidated US$'000
Revenues - external and segment revenue	94,693	154,079	248,772	-	248,772
Cost of sales	(76,357)	(130,068)	(206,425)	-	(206,425)
Mining operating earnings	18,336	24,011	42,347	-	42,347
Income (loss) from operations	18,007	1,047	19,054	(4,446)	14,608
Foreign exchange gain (loss), net	2,049	(5,166)	(3,117)	-	(3,117)
Interest and other income	308	13,705	14,013	212	14,225
Finance costs	(2,594)	(11,044)	(13,638)	(8,704)	(22,342)
Profit (loss) before income tax	17,770	(1,458)	16,312	(12,938)	3,374

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the (loss) profit before income tax attributable to respective segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for the six months ended June 30, 2019 and 2018.

3. REVENUE AND SEGMENT INFORMATION - continued

(b) Segment assets and liabilities

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

	Mine - produced gold US$'000	Mine - produced copper US$'000	Segment total US$'000	Unallocated US$'000	Consolidated US$'000
As of June 30, 2019					
Total assets	723,586	2,451,818	3,175,404	28,736	3,204,140
Total liabilities	193,596	1,044,329	1,237,925	509,189	1,747,114
As of December 31, 2018					
Total assets	745,729	2,435,072	3,180,801	35,094	3,215,895
Total liabilities	203,453	1,013,025	1,216,478	510,179	1,726,657

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Administration and office	2,147	6,438	7,323	10,361
Depreciation of property, plant and equipment and right-of-use assets	1,425	867	3,334	1,787
Professional fees	824	689	1,398	1,138
Salaries and benefits	4,207	3,471	8,324	6,784
Others	929	1,209	2,648	1,987
Total general and administrative expenses	9,532	12,674	23,027	22,057

5. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Effective interests on borrowings and lease liabilities	10,943	10,452	20,877	20,817
Accretion on environmental rehabilitation	562	762	1,128	1,525
	11,505	11,214	22,005	22,342
Less: Amount capitalised to property, plant and equipment	(23)	-	(435)	-
Total finance costs	11,482	11,214	21,570	22,342

6. INCOME TAX (CREDIT) EXPENSE

	Three months ended June 30, 2019 US$'000	Three months ended June 30, 2018 US$'000	Six months ended June 30, 2019 US$'000	Six months ended June 30, 2018 US$'000
PRC Enterprise Income Tax expense	267	574	890	2,483
Overprovision of PRC Enterprise Income Tax in prior year	(989)	(2,266)	(989)	(2,266)
Deferred tax (credit) expense	(1,144)	5,141	(4,330)	763
Total income tax (credit) expense	(1,866)	3,449	(4,429)	980

7. (LOSS) EARNINGS PER SHARE

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

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share (US$'000)	(22,934)	186	(27,419)	1,968
Weighted average number of shares, basic	396,413,753	396,413,753	396,413,753	396,413,753
Basic (loss) earnings per share (US$)	(5.79) cents	0.05 cents	(6.92) cents	0.50 cents

The Group has no outstanding potential dilutive instruments issued as at June 30, 2019 and 2018 and during the three and six months ended June 30, 2019 and 2018. Therefore, no diluted (loss) earnings per share is presented.

8. TRADE AND OTHER RECEIVABLES

	June 30, 2019 US$'000	December 31, 2018 US$'000
Trade receivables	14,087	570
Less: Allowance for credit loss	(46)	(46)
	14,041	524
Amounts due from related companies (note 14(a))[(1)]	574	725
Other receivables	13,222	22,054
Total trade and other receivables	27,837	23,303

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

8. TRADE AND OTHER RECEIVABLES - continued

The Group allows an average credit period of 90 days and 180 days to its external trade customers including CNG for gold doŕe bars sales and copper sales, respectively.

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

	June 30, 2019 US$'000	December 31, 2018 US$'000
Less than 30 days	13,696	227
31 to 90 days	141	119
91 to 180 days	179	60
Over 180 days	25	118
	14,041	524

9. INVENTORIES

	June 30, 2019 US$'000	December 31, 2018 US$'000
Gold in process	200,585	203,067
Gold doré bars	18,435	19,021
Consumables	21,474	29,794
Copper	11,188	17,251
Spare parts	16,407	13,825
Total inventories	268,089	282,958

Inventory write down was provided in cost of sales for three and six months ended June 30, 2019 totalling to nil and US$4.3 million (three and six months ended June 30, 2018: nil and nil) respectively.

Inventory totaling US$149 million and US$274 million for the three and six months ended June 30, 2019 (three and six months ended June 30, 2018: US$102 million and US$198 million) was recognised in cost of sales.

10. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS

During the six months ended June 30, 2019, the Group incurred approximately US$7.7 million on construction in progress (six months ended June 30, 2018: approximately US$17.4 million) and approximately US$38.5 million on mineral assets (six months ended June 30, 2018: approximately US$45.9 million), respectively.

10. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS - continued

Depreciation of property, plant and equipment was US$37.8 million and US$69.9 million for the three and six months ended June 30, 2019, respectively (for the three and six months ended June 30, 2018: US$30.8 million and US$64.6 million, respectively). The depreciation amount was partly recognised in cost of sales, general and administrative expenses and partly capitalised in inventory.

During the six months ended June 30, 2019, the Group incurred US$11.1 million on mining rights (for the six months ended June 30, 2018: nil). Amortisation of mining rights was US$8.2 million and US$15.0 million for the three and six months ended June 30, 2019 (for the three and months ended June 30, 2018: US$4.6 million and US$9.6 million) respectively. The amortisation amounts were recognised in cost of sales.

11. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	June 30, 2019 US$'000	December 31, 2018 US$'000
Accounts payable	38,240	44,670
Bills payable	47,744	83,263
Construction cost payables	132,580	138,838
Mining cost accrual	25,175	3,578
Payroll and benefit payables	3,369	4,863
Other accruals	3,445	5,018
Other tax payable	3,893	5,185
Other payables	6,767	6,598
Payable for acquisition of a mining right	8,738	-
Total accounts and other payables and accrued expenses	269,951	292,013

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

	June 30, 2019 US$'000	December 31, 2018 US$'000
Less than 30 days	5,378	16,832
31 to 90 days	7,302	12,232
91 to 180 days	3,036	1,619
Over 180 days	22,524	13,987
Total accounts payable	38,240	44,670

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

11. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES - continued

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

	June 30, 2019 US$'000	December 31, 2018 US$'000
Less than 30 days	5,818	19,512
31 to 60 days	11,721	15,265
61 to 90 days	5,813	14,196
91 to 180 days	24,392	34,290
Total bills payable	47,744	83,263

12. BORROWINGS

The borrowings are repayable as follows:

	June 30, 2019 US$'000	December 31, 2018 US$'000
Carrying amount repayable within one year	74,282	123,921
Carrying amount repayable within one to two years	521,432	537,659
Carrying amount repayable within two to five years	334,559	263,725
Carrying amount repayable over five years	298,923	284,853
	1,229,196	1,210,158
Less: Amounts due within one year (shown under current liabilities)	(74,282)	(123,921)
Amounts shown under non-current liabilities	1,154,914	1,086,237
Analysed as:		
Secured	530,204	509,238
Unsecured	698,992	700,920
	1,229,196	1,210,158

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

	June 30, 2019 US$'000	December 31, 2018 US$'000
Mining rights	905,954	920,067

Borrowings carry interest at effective interest rates ranging from 2.75% to 4.51% (December 31, 2018: 2.75% to 4.35%) per annum.

13. SHARE CAPITAL

Common shares

(i) Authorised - Unlimited common shares without par value

(ii) Issued and outstanding

	Number of shares	Amount US$'000
Issued and fully paid:		
At January 1, 2018, December 31, 2018 and June 30, 2019	396,413,753	1,229,061

14. RELATED PARTY TRANSACTIONS

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled or significantly influenced by the PRC government (hereinafter collectively referred to as "Government-related entities"). In addition, the Group itself is a Government-related entity. CNG, a substantial shareholder with significant influence over the Group, is 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.

During the period/year, except as disclosed below, the Group did not have any individually significant transactions with other Government-related entities in its ordinary and usual course of business.

Name and relationship with related parties during the period/year is as follows:

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

	June 30, 2019 %	December 31, 2018 %
CNG	39.3	39.3

14. RELATED PARTY TRANSACTIONS - continued

(a) Transactions/balances with Government-related entities in the PRC

(i) Transactions/balances with CNG and its subsidiaries

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Gold doré sales by the Group	52,170	45,035	89,845	94,693
Copper and other product sales by the Group	31,155	45,071	54,164	78,439
Provision of transportation services by the Group	241	68	473	551
Construction, stripping and mining service provided to the Group	3,898	5,842	5,474	6,821
Payment for office facilities by the Group	970	1,034	1,974	2,070
Interest income	2	3	7	39
Interest expenses	807	798	1,547	1,582

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

	June 30, 2019	December 31, 2018
	US$'000	US$'000
Assets		
Amounts due from related companies (note 8)	574	725
Cash and cash equivalents held by a CNG subsidiary	2,106	14,570
Trade receivables from CNG subsidiaries	13,293	-
Prepaid expenses and deposits	54	53
Total amounts due from CNG and its subsidiaries	16,027	15,348

14. RELATED PARTY TRANSACTIONS - continued

(a) Transactions/balances with Government-related entities in the PRC - continued

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

	June 30, 2019 US$'000	December 31, 2018 US$'000
Liabilities		
Loans payable to a CNG subsidiary	50,911	50,997
Entrusted loan payable to CNG	29,092	29,140
Construction cost payables to CNG subsidiaries	25,922	25,500
Trade payable to CNG subsidiaries	774	3,556
Amount due to CNG	86	86
Contract liabilities with CNG's subsidiaries	29,318	3,263
Total amounts due to CNG's subsidiaries	136,103	112,542

The loans payable to a CNG subsidiary, which are included in borrowings, carry fixed interest rates of 4.51% (December 31, 2018: 4.13%) per annum and are unsecured and repayable within three years. With the exception of the entrusted loan payable to CNG and loans payable 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.

(ii) Transactions/balances with other government-related entities in the PRC

Apart from the transactions with CNG and its subsidiaries disclosed above, the Group has also entered into transactions of bank deposits, borrowings and other general banking facilities with other government-related entities in its ordinary course of business.

(b) Compensation of key management personnel

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

	Three months ended June 30,		Six months ended June 30,	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Salaries and other benefits	168	251	341	434
Post-employment benefits	3	3	12	10
	171	254	353	444

15. FINANCIAL INSTRUMENTS

As at June 30, 2019 and December 31, 2018, the Group's investments in equity securities include equity securities listed in Hong Kong and unlisted companies incorporated in the PRC.

Subsequent to initial recognition at fair value, investment in equity securities listed on the Stock Exchange is measured based on the quoted price (unadjusted) available on the Stock Exchange (Level 1 fair value measurement). As at June 30, 2019, US$13,550,000 (December 31, 2018: US$17,655,000) investment in equity securities is measured at fair value on a recurring basis. The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals in the PRC.

As at June 30, 2019, the carrying amounts of US$581,000 (December 31, 2018: US$2,575,000) investment in unlisted companies incorporated in the PRC are approximately their fair values (Level 3 fair value measurement). The sales proceeds of US$2,023,000 (for the six months ended June 30, 2018: nil) were received from the disposal of one of investment in unlisted company during the six months ended June 30, 2019. The cumulative fair value change of US$564,000 from investment in unlisted company included in investment revaluation reserve has been transferred to retained profit at the date of disposal.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period’s presentation of the condensed consolidated financial statements.

17. EVENT AFTER THE REPORTING PERIOD

The Group had no material event after the end of the reporting period.