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China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations Year ended December 31, 2024 (Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

*Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and year ended December 31, 2024.
(Stated in U.S. dollars, except as otherwise noted)*

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The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) is prepared as of March 27, 2025. It should be read in conjunction with the consolidated financial statements and notes thereto of China Gold International Resources Corp. Ltd. (referred to herein as “China Gold International”, the “Company”, “we” or “our” as the context may require) for the three months and year ended December 31, 2024 and the three months and year ended December 31, 2023, respectively. Unless the context otherwise provides, references in this MD&A to China Gold International or the Company refer to China Gold International and each of its subsidiaries collectively on a consolidated basis.

The following discussion contains certain forward-looking statements relating to the Company’s plans, objectives, expectations and intentions, which are based on the Company’s current expectations and are subject to risks, uncertainties and changes in circumstances. Readers should carefully consider all of the information set out in this MD&A, including the risks and uncertainties outlined further in the Company’s Annual Information Form (“Annual Information Form” or “AIF”) dated March 27, 2025 on SEDAR+ at www.sedarplus.ca, www.chinagoldintl.com and www.hkex.com.hk. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the result of operations of the Company, please refer to the sections titled “Forward-Looking Statements” and “Risk Factors” and to discussions elsewhere within this MD&A. China Gold International’s business, financial condition or results of operations could be materially and adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

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

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

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

THE COMPANY

Overview

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

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

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

Performance Highlights

Three months ended December 31, 2024

- Revenue increased by 312% to US\$293.6 million from US\$71.3 million for the same period in 2023.
- Mine operating earnings of US\$122.2 million, increased by US\$124.1 million from mine operating loss of US\$1.9 million for the same period in 2023.
- Net profit of US\$68.3 million increased by US\$85.8 million from net loss of US\$17.5 million for the same period in 2023.
- Cash flow from operation of US\$62.7 million, increased from cash used in operation of US\$20.9 million for the same period in 2023.
- Total gold production increased by 137% to 60,406 ounces from 25,500 ounces for the same period in 2023.
- Total copper production was 44.1 million pounds (approximately 20,020 tonnes) an increase from 184,077 pounds (approximately 83 tonnes) for the same period in 2023.

Year ended December 31, 2024

- Revenue increased by 65% to US\$756.6 million from US\$459.4 million for the same period in 2023.
- Mine operating earnings of US\$186.9 million, increased by US\$106.5 million from mine operating earnings of US\$80.4 million for the same period in 2023.
- Net income of US\$65.3 million increased by US\$88.3 million from net loss of US\$23.0 million for the same period in 2023.
- Cash flow from operation of US\$306.9 million, increased by US\$305.3 million from US\$1.6 million for the same period in 2023.
- Total gold production increased by 10% to 162,652 ounces from 147,963 ounces for the same period in 2023.
- Total copper production was 105.7 million pounds (approximately 47,929 tonnes) which increased by 139% from 44.2 million pounds (approximately 20,051 tonnes) for the same period in 2023.

Operations of the Jiama Mine began to gradually recommence as of December 15, 2023. The Phase II processing plant with a daily processing capacity of 34,000 tonnes resumed operations on May 30, 2024. The Phase I processing plant which had been in operation during the production ramp up phase ceased operations. Gold production of the CSH Mine decreased in 2024 as compared to the respective 2023 period due to the late stage of open-pit mining. The accrual of US\$58.1 million of proceeds from the assignment of mining rights of the Jiama Mine covering the period from July 2017 to December 2024, recognized in the third and fourth quarter, had a significant impact on mine operating earnings and net profit for the year ended December 31, 2024.

Selected Annual Information

*	Year ended December 31				
	2024	2023	2022	2021	2020
<i>US\$ Millions except for per share</i>					
Total revenue	757	459	1,105	1,137	864
Income from operations	123	32	317	333	154
Net profit (loss)	65	(23)	225	269	114
Basic earnings (loss) per share (cents)	15.82	(6.43)	56.19	67.44	28.24
Diluted earnings (loss) per share (cents)	N/A	N/A	N/A	N/A	N/A
Total assets	2,936	2,835	3,195	3,257	3,323
Total non-current liabilities	809	802	653	1,080	1,284

*Prepared under IFRS

OUTLOOK

On March 27, 2023, an overflow occurred at the Guolanggou Tailings Dam at Jiama Mine (the “overflow”). The Company quickly contained and repaired the breach to ensure no damage to the environment or neighbouring communities. Subsequent to the overflow, Jiama Mine suspended its operations while the Company conducted a comprehensive safety assessment of and repair work on its tailings dam with the assistance and supervision of government safety authorities.

The overflow occurred at the top 19th subsequent dyke of the Guolanggou Tailings Dam. However, other levels of subsequent dykes and the starter dyke were also damaged to varying degrees. The Company has conducted a comprehensive inspection and assessment of all 19 levels of subsequent dykes and the starter dyke of the tailings dam and has made permanent repairs and reinforcements of the dam. Due to the uncertainty of the date of full resumption of production at Jiama Mine, the Company withdrew its annual production guidance for 2023 as set out in the announcement of the Company dated January 20, 2023. On December 15, 2023, certain operations began gradual resumption following the receipt of approval from the Lhasa Municipal Government. As of May 30, 2024, subject to the approvals of the Government of Tibet Autonomous Region and relevant departments of the central government, the Phase II processing plant resumed operations with a daily processing capacity of 34,000 tonnes, which is lower than the design processing capacity. The Phase I processing plant which had been in operation during the production ramp up phase ceased operations. The Company is actively advancing the construction of the Phase III tailings pond, which is expected to be completed and put into operation in the first half of 2027. The total daily processing capacity is anticipated to increase to 44,000 tpd once the Phase III tailings pond is in operation.

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With the CSH pit’s increased depth, the stability of the open pit slopes is becoming more and more prominent in determining the operations plan. Ensuring slope stability and avoiding systematic risks at this stage are the Company’s top priority to ensure safe and sustainable production. The CSH Mine reduced the mining rate at the end of the third quarter and in the fourth quarter of 2023 in order to enhance the management and maintenance of open pit slopes. As of January 4, 2024, the works on slope maintenance have been completed and the mining activities, including mining, hauling, crushing and heaping, have returned to their normal operating level. The resumption of full mining activities at the CSH Mine has laid a solid foundation for enhancing the Company's financial and production performance in 2024.

Inconsideration of the events, the Company reports separate production guidance for the two mines in 2025.

CSH Mine:

- It is expected that the gold production range will be 77,162 ounces to 83,592 ounces (approximately 2.4 tonnes to 2.6 tonnes) in 2025.

Jiama Mine:

- It is expected that the copper production range will be 139 million pounds to 148 million pounds (approximately 63,000 tonnes to 67,000 tonnes) in 2025;
- It is expected that the gold production range will be 69,124 ounces to 73,947 ounces (approximately 2.15 tonnes to 2.3 tonnes) in 2025.

Outline of the Long-Term Development Plan for the Jiama Mine

In 2024, the Company successfully restored stable operation at the Jiama Mine. In addition, the Company continued to focus its efforts on optimizing resource utilization plan, integrating the identified high-grade underground resources, and accelerating the

exploration work at high potential zones. The long-term development plan for the Jiama Mine consists of three phases:

- Prior to the completion of the construction of the new tailings storage facility (the “Youlongbu tailings storage facility”), the Jiama Mine Phase II processing plant will maintain and operate at its current processing capacity of 34,000 tons per day to match the Guolanggou’s storage capacity (the operation of Phase I processing plant has been suspended since May 2024).
- The Youlongbu tailings storage facility is scheduled to commence operation in 2027, allowing a further increase in the Jiama Mine’s production capacity. Over the next two years, as part of the underground resource integration plan, the Company plans to apply to increase the permitted capacity on its mining license for the Jiama Mine, subject to compliance with the relevant safety requirements. Currently, the permitted capacity on the mining license of the Jiama Mine is 14.4 million tonnes per year (approximately 44,000 tonnes per day based on 330 operating days per year). Subject to the government approval of an increased annual mining rate, and following the commissioning of Youlongbu tailings storage facility, the Jiama Mine’s ore processing volume will return to the level of 50,000 tonnes per day, in line with the designed processing capacity of the processing plants. In addition, endeavors are underway so that the production levels at the Jiama Mine will restore to those before the Guolanggou tailings overflow through blending of high-grade underground ores.
- The Company is also working to delineate new resources at satellite deposits near the Jiama Mine. The Company has been actively conducting geological exploration work in two areas: the Bayi Ranch and the Zegulang North, both of which have shown significant resource potential. The Company will provide an update on the exploration progress and results in due course. Subject to the final exploration outcomes and feasibility studies on resource development, the Company will formulate a comprehensive expansion plan for the Jiama Mine area. This study has already been initiated at a preliminary stage.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

(US\$ in thousands except per share)	Quarter ended							
	2024				2023			
	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Revenue	293,567	254,581	147,955	60,543	71,315	62,325	73,016	252,778
Cost of sales	171,413	207,762	118,512	72,039	73,219	76,616	79,166	150,068
Mine operating earnings (loss)	122,154	46,819	29,443	(11,496)	(1,904)	(14,291)	(6,150)	102,710
General and administrative expenses	17,877	9,944	10,649	9,096	10,071	11,399	7,896	9,584
Exploration and evaluation expenditures	247	49	50	92	393	271	45	35
Research and development expenses	8,118	4,704	2,113	787	867	1,756	1,442	4,642
Income (loss) from operations	95,912	32,122	16,631	(21,471)	(13,235)	(27,717)	(15,533)	88,449
Foreign exchange (loss) gain	(4,631)	2,670	(443)	(157)	(579)	1,092	(11,679)	3,310
Finance costs	5,313	5,692	5,722	5,663	5,651	5,737	6,880	6,706
Profit (loss) before income tax	85,540	30,166	3,924	(26,410)	(20,476)	(32,440)	(52,907)	87,152
Income tax expense (credit)	17,223	2,293	8,768	(362)	(2,965)	(1,662)	432	8,493
Net profit (loss)	68,317	27,873	(4,844)	(26,048)	(17,511)	(30,778)	(53,339)	78,659
Basic earnings (loss) per share (cents)	16.97	6.84	(1.36)	(6.63)	(4.51)	(7.99)	(13.55)	19.62
Diluted earnings per share (cents)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Selected Quarterly and Annual Production Data and Analysis

CSH Mine	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Gold sales (US\$ million)	78.80	49.85	246.95	252.60
Realized average price (US\$) of gold per ounce	2,659	2,024	2,453	1,962
Gold produced (ounces)	36,719	24,290	108,188	128,760
Gold sold (ounces)	29,641	24,626	100,682	128,728
Total production cost (US\$ per ounce)	1,721	1,611	1,645	1,420
Cash production cost ⁽¹⁾ (US\$ per ounce)	1,306	1,303	1,064	952

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

The CSH Mine reduced the mining rate at the end of the third and fourth quarters of 2023 in order to enhance the management and maintenance of open pit slopes, which was the primary cause of lower gold production in 2024 compared to the respective 2023 period. Gold production at the CSH Mine increased by 51% to 36,719 ounces for the three months ended December 31, 2024 compared to 24,290 ounces for the same period in 2023. The total production cost of gold for the three months ended December 31, 2024 increased by 7% to US\$1,721 per ounce compared to US\$1,611 for the same period in 2023. The cash production cost of gold for the three months ended December 31, 2024 remained consistent at US\$1,306 per ounce from US\$1,303 for the same period in 2023.

Jiama Mine	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Copper sales (US\$ in millions)	106.16	12.88	283.22	147.28
Realized average price ¹ (US\$) of copper per pound after smelting fee discount	2.42	2.39	2.71	3.17
Copper produced (tonnes)	20,020	83	47,929	20,051
Copper produced (pounds)	44,135,873	184,077	105,664,184	44,203,779
Copper sold (tonnes)	19,931	2,449	47,421	21,054
Copper sold (pounds)	43,940,061	5,399,496	104,545,457	46,415,465
Gold produced (ounces)	23,688	1,210	54,464	19,203
Gold sold (ounces)	23,520	2,444	53,963	20,208
Silver produced (ounces)	1,479,708	75,549	3,231,408	829,973
Silver sold (ounces)	1,473,027	135,324	3,193,073	858,191
Lead produced (tonnes)	13,503	-	27,896	-
Lead produced (pounds)	29,768,128	-	61,500,340	-
Lead sold (tonnes)	13,360	-	27,493	-
Lead sold (pounds)	29,453,697	-	60,612,685	-
Zinc produced (tonnes)	6,575	-	14,663	-
Zinc produced (pounds)	14,495,121	-	32,326,595	-
Zinc sold (tonnes)	6,479	-	14,442	-
Zinc sold (pounds)	14,282,878	-	31,839,913	-
Moly produced (tonnes)	120	-	354	231
Moly produced (pounds)	264,753	-	780,704	509,327
Moly sold (tonnes)	234	-	234	209
Moly sold (pounds)	515,217	-	515,217	461,601
Total production cost ² (US\$) of copper per pound	3.31	8.04	4.44	5.17
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	0.89	6.91	2.32	3.96
Cash production cost ⁴ (US\$) per pound of copper	2.65	7.29	3.62	3.89
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	0.23	6.16	1.50	2.68

¹ A discount factor of 11.9% to 25.3% is applied to the copper benchmark price to compensate the refinery costs incurred by the buyers. The discount factor is higher if the grade of copper in copper concentrate is below 18%. The industry standard of copper in copper concentrate is between 18-20%.

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, silver, lead, zinc and moly during the corresponding period.

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

During the three months ended December 31, 2024, The Jiama Mine produced 20,020 tonnes (approximately 44.1 million pounds) of copper. Operations were halted for the majority of the fourth quarter of 2023 and began gradual resumption on December 15, 2023, resulting in copper production of 83 tonnes (approximately 184,077 pounds) during the comparative three month period in 2023.

Review of Quarterly and Annual Data

Three months ended December 31, 2024 compared to three months ended December 31, 2023

Revenue of US\$293.6 million for the fourth quarter of 2024, increased by US\$222.3 million from US\$71.3 million for the same period in 2023.

Revenue from the CSH Mine was US\$78.8 million, an increase of US\$29.0 million from US\$49.8 million for the same period in 2023. Realized average gold price increased by 31% from US\$2,024/oz in Q4 2023 to US\$2,659/oz in Q4 2024. Gold sold by the CSH Mine was 29,641 ounces (gold produced: 36,719 ounces), compared to 24,626 ounces (gold produced: 24,290 ounces) for the same period in 2023.

Revenue from the Jiama Mine was US\$214.8 million, an increase of US\$193.3 million, compared to US\$21.5 million for the same period in 2023. The Jiama Mine experienced an operational suspension at the end of Q1 2023 due to a tailings dam overflow. Production began to gradually resume with the reactivation of the Phase I processing plant on December 15, 2023. Operational capacity at 34,000 tonnes per day was restored with the Phase II processing plant resuming operations effective May 30, 2024. Realized average price of copper decreased by 17% from US\$2.93/pound in Q4 2023 to US\$2.42/pound in Q4 2024. Total copper sold was 19,931 tonnes (43.9 million pounds) for the three months ended December 31, 2024, an increase of 714% from 2,449 tonnes (5.4 million pounds) for the same period in 2023.

Cost of sales of US\$171.4 million for the quarter ended December 31, 2024, an increase of US\$98.2 million from US\$73.2 million for the same period in 2023. The cost of sales increased due to the resumption of operations at the Jiama Mine, leading to higher production costs as the Phase I and Phase II processing plants were reactivated.

Mine operating earnings of US\$122.2 million for the three months ended December 31, 2024, an increase of US\$124.1 million from a loss of US\$1.9 million for the same period in 2023.

General and administrative expenses increased by US\$7.8 million, from US\$10.1 million for the quarter ended December 31, 2023 to US\$17.9 million for the quarter ended December 31, 2024, was driven by higher operational support costs associated with the resumption of production at the Jiama Mine.

Research and development expenses of US\$8.1 million for the three months ended December 31, 2024, increased from US\$0.8 million for the comparative 2023 period. The increase was primarily driven by the Company's research and development efforts focused on improving recovery rates and optimizing processing and mining processes.

Income from operations of US\$95.9 million for the fourth quarter of 2024, increased by US\$109.1 million, compared to a loss of US\$13.2 million for the same period in 2023.

Foreign exchange loss of US\$4.6 million for the three months ended December 31, 2024, increased from US\$0.6 million for the same period in 2023. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of a negative US\$0.1 million for the three months ended December 31, 2024, decreased from US\$1.1 million for the same period in 2023, primarily due to recognition of US\$2.3 million asset and inventory impairment loss in the current quarter, as well as lower interest income earned compared to the same period in 2023.

Other expense of US\$0.3 million for the three months ended December 31, 2024, decreased from US\$2.1 million for the same period in 2023. During the current quarter, the Company accrued interest of US\$0.3 million on the estimated litigation compensation. Refer to Note 31 Contingencies of the consolidated financial statements for details.

Finance costs of US\$5.3 million for the three months ended December 31, 2024, decreased by US\$0.4 million compared to US\$5.7 million for the same period in 2023. The decrease was primarily due to a reduction in total outstanding borrowings.

Income tax expense of US\$17.2 million for the three months ended December 31, 2024, increased by US\$20.2 million from a tax credit of US\$3.0 million for the comparative period in 2023. During the current quarter, the Company had US\$9.1 million of deferred tax credit compared to a deferred tax expense of US\$4.1 million for the same period in 2023.

Net income of US\$68.3 million for the three months ended December 31, 2024, increased by US\$85.8 million from a loss of US\$17.5 million for the three months ended December 31, 2023.

Year ended December 31, 2024 compared to year ended December 31, 2023

Revenue of US\$756.6 million for the year ended December 31, 2024, increased by US\$297.2 million from US\$459.4 million for the same period in 2023.

Revenue from the CSH Mine was US\$246.9 million, a decrease of US\$5.7 million from US\$252.6 million for the same period in 2023. The CSH Mine, which utilizes the heap leaching method, reduced the mining rate towards the end of the third quarter and continued through the fourth quarter of 2023 to enhance the management and maintenance of the open pit slopes. This reduction impacted the gold output for the current year. As of January 3, 2024, the CSH Mine has returned to full production operations. Realized average gold price increased by 25% from US\$1,962/oz in 2023 to US\$2,453/oz for the same period in 2024. Gold sold by the CSH Mine was 100,682 ounces (gold produced: 108,188 ounces), compared to 128,728 ounces (gold produced: 128,760 ounces) for the same period in 2023.

Revenue from the Jiama Mine was US\$509.7 million, an increase of US\$302.9 million, compared to US\$206.8 million for the same period in 2023. The Jiama Mine experienced an operational suspension at the end of Q1 2023 due to a tailings dam overflow. Production began to gradually resume with the reactivation of the Phase I processing plant on December 15, 2023. Operational capacity at 34,000 tonnes per day was restored with the Phase II processing plant resuming operations effective May 30, 2024. Realized average price of copper decreased by 15% from US\$3.17/pound in 2023 to US\$2.71/pound for the same period in 2024. Total copper sold was 47,421 tonnes (104.5 million pounds) for the year ended December 31, 2024, an increase of 125% from 21,054 tonnes (46.4 million pounds) for the same period in 2023.

Cost of sales of US\$569.7 million for the year ended December 31, 2024, an increase of US\$190.6 million from US\$379.1 million for the same period in 2023. The increase was primarily attributed to the higher production costs as the Phase I and Phase II processing plants of the Jiama Mine were reactivated, and the accrual of US\$58.1 million of proceeds from the assignment of mining rights of the Jiama Mine covering the period from July 2017 to December 2024, recognized in the Q3 and Q4 2024.

Mine operating earnings of US\$186.9 million for the year ended December, 2024, an increase of US\$106.5 million from US\$80.4 million for the same period in 2023.

General and administrative expenses increased by US\$8.6 million, from US\$39.0 million for the year ended December 31, 2023 to US\$47.6 million for the year ended December 31, 2024, primarily due to higher operational support costs associated with the resumption of production at the Jiama Mine.

Research and development expenses of US\$15.7 million for the year ended December 31, 2024, increased from US\$8.7 million for the comparative 2023 period. The increase was primarily driven by the Company's research and development efforts focused on improving recovery rates and optimizing processing and mining processes.

Income from operations of US\$123.2 million for the year ended December 31, 2024, increased by US\$91.2 million, compared to US\$32.0 million for the same period in 2023.

Foreign exchange loss of US\$2.6 million for the year ended December 31, 2024, decreased from US\$7.9 million for the same period in 2023. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of US\$5.1 million for the year ended December 31, 2024, decreased from US\$7.0 million for the same period in 2023, primarily due to lower interest income earned during the current year compared to the prior year.

Other expense of US\$10.1 million for the year ended December 31, 2024, decreased from US\$24.8 million for the same period in 2023. In the current period, the Company incurred a one-time penalty of US\$8.7 million related to land use at the Jiama Mine and also accrued interest of US\$1.4 million on the estimated litigation compensation. By comparison to last year, the Company recognized estimated litigation compensation of US\$24.8 million arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd., in Q2 2023. Refer to Note 31 Contingencies of the consolidated financial statements for details.

Finance costs of US\$22.4 million for the year ended December 31, 2024, decreased by US\$2.6 million compared to US\$25.0 million for the same period in 2023. The decline was mainly driven by strategic management of the Company's loan portfolio, optimizing exposure to lower interest rates and thereby reducing overall financing expenses.

Income tax expense of US\$27.9 million for the year ended December 31, 2024, increased by US\$23.6 million from US\$4.3 million for the comparative period in 2023. During the current period, the Company recorded a deferred tax expense of US\$10.3 million, compared to a deferred tax credit of US\$23.7 million for the same period in 2023.

Net income of US\$65.3 million for the year ended December 31, 2024, increased by US\$88.3 million from a loss of US\$23.0 million for the year ended December 31, 2023.

NON-IFRS MEASURES

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

The Company has included these metrics to supplement its consolidated financial statements, which are presented in accordance with IFRS. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance, operating results or financial condition prepared in accordance with IFRS. The Company has included cash production cost per ounce and per pound data because it understands that certain investors use this information to determine the Company's ability to generate earnings and cash flow. The measures are not necessarily indicative of operating results, cash flow from operations, or financial condition as determined under IFRS.

The following tables provide a reconciliation of cost of sales to the cash costs of production in total dollars and in dollars per gold ounce for the CSH Mine or per copper pound for the Jiama Mine:

Cash production cost for gold is calculated as total cost of sales adjusted by depreciation and depletion and amortization of intangible assets. Cash production cost of gold per ounce is calculated as total cash production cost divided by total gold sold (ounces).

CSH Mine (Gold)

	Three months ended December 31,				Year ended December 31,			
	2024		2023		2024		2023	
	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce
Total Cost of sales ¹	51,018,707	1,721	39,668,246	1,611	165,574,005	1,645	182,798,035	1,420
Adjustment – Depreciation & depletion	(12,164,347)	(410)	(7,549,248)	(307)	(57,678,651)	(573)	(59,343,019)	(461)
Adjustment – Amortization of intangible assets	(163,015)	(5)	(16,265)	(1)	(787,919)	(8)	(862,716)	(7)
Total cash production costs	38,691,345	1,306	32,102,733	1,303	107,107,435	1,064	122,592,300	952
Total Gold sold ounces		29,655		24,626		100,682		128,728

Cash production cost of gold US\$ per ounce calculated as total cash production cost divided by total gold sold ounces

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

Jiama Mine (Copper with by-products credits)

	Three months ended December 31,				Year ended December 31,			
	2024		2023		2024		2023	
	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound
Total Cost of sales	120,395,116	2.74	33,550,439	6.21	404,152,493	3.87	196,271,032	4.23
General and administrative expenses	17,020,625	0.39	9,012,112	1.67	43,581,877	0.42	34,811,865	0.75
Research and development expenses	8,118,595	0.18	867,058	0.16	15,722,098	0.15	8,707,418	0.19
Total production cost	145,534,336	3.31	43,429,609	8.04	463,456,468	4.44	239,790,315	5.17
Adjustment – Depreciation & depletion	(21,527,256)	(0.49)	(4,029,491)	(0.75)	(66,877,508)	(0.64)	(50,281,408)	(1.08)
Adjustment – Amortization of intangible assets	(7,399,660)	(0.17)	-	-	(19,117,739)	(0.18)	(9,493,836)	(0.20)
Total cash production costs	116,607,420	2.65	39,400,118	7.29	377,461,221	3.62	180,015,071	3.89
By-products credits	(106,554,080)	(2.42)	(6,127,061)	(1.13)	(221,844,500)	(2.12)	(56,157,793)	(1.21)
Total cash production costs after by-products credits	10,053,340	0.23	33,273,057	6.16	155,616,721	1.50	123,857,278	2.68
Total Copper sold pounds		43,940,061		5,399,496		104,545,457		46,415,465

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

MINERAL PROPERTIES

The CSH Mine

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

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

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

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With the increase in the pit's depth, the height and exposed area of the pit wall have increased, and the stability of the open pit slopes is becoming more and more prominent in determining the operations plan. Ensuring slope stability and avoiding systematic risks at this stage is the Company’s top priority to ensure safe and sustainable production.

The Company continues to evaluate the potential for underground operations.

The major new contracts entered into during the year ended December 31, 2024:

Item No.	Contract Name	Counterpart	Subject amount (US \$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Construction contract of 2024 Open-pit slope treatment project	China National Gold Group Third Engineering Co., Ltd	4.1	2024.5.10-11.30	2024.5.10
2	Supplementary Design and Construction Contract for 2024 Open-pit Slope Treatment Project	China National Gold Group Third Engineering Co., Ltd	4.0	2024.11.14-2025.10.31	2024.11.14
3	Pulverized ore transportation and Heap Leaching Site construction contract	Wulate Zhongqi Taiyue Earthwork Engineering C. Ltd.	5.9	2024.12.21-2027.12.20	2024.12.18

Production Update

CSH Mine	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Ore mined and placed on pad (tonnes)	1,576,243	-	9,208,842	9,969,641
Average ore grade (g/t)	0.41	-	0.58	0.53
Recoverable gold (ounces)	13,187	-	102,866	102,702
Ending gold in process (ounces)	146,169	143,995	146,169	143,995
Waste rock mined (tonnes)	2,800,938	-	10,548,732	18,304,384

For the three months ended December 31, 2024, the total amount of ore placed on the leach pad was 1.6 million tonnes, with total contained gold of 13,187 ounces (410.2 kilograms). The overall accumulative project-to-date gold recovery rate increased to approximately 56.46% at the end of December 31, 2024 from 56.05% at the end of September 30, 2024. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 54.28% at December 31, 2024, respectively.

Exploration

In 2023, a diamond drilling exploration program in the mining permit area was completed with the total meterage of 1,290.78 and 3 holes. The preparation of the mineral reserve update report is ongoing in 2024. Additionally, a diamond drilling exploration program in the exploration permit area has been completed with the total meterage of 4,172.14 and 4 holes. The sample assay reports have been received.

CSH Gold Mine has conducted a drilling program from May 16th to December 15th of 2024. Three diamond drilling holes DDH9400-5, DDH9200-4 and DDH9200-3 with total 3307.11 meterage have been drilled, which is 92.38% of planned 3580m. The third hole DDH9200-3 has drilled 1114.01 m and takes up 80.73% of planned 1380m, which will resume drilling after the weather warms up in April 2025.

Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 2024 under NI 43-101 are listed below:

Location	Mineral Resource Category	Tonnage (x1000 t)	Au (g/t)	Metal	
				Au (t)	Au (Moz)
Remaining within the open pit limit at a cut-off grade of 0.28 g/t Au	Measured	12,538	0.63	7.89	0.25
	Indicated	12,002	0.69	8.25	0.27
	M+I	24,540	0.66	16.13	0.52
	Inferred	2,576	0.41	1.04	0.03
Underground at a cut-off grade of 0.30 g/t Au	Measured	88,200	0.67	58.66	1.89
	Indicated	89,850	0.58	52.07	1.67
	M+I	178,050	0.62	110.72	3.56
	Inferred	62,090	0.49	30.68	0.99

Note:

Mineral Resources are reported in relation to a conceptual open-pit mining and underground block caving mining. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Raw assays have been capped. Mineral Resources include Mineral Reserves.

Mineral Resources are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters; the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD 1,980 per ounce. Additional Mineral Resources are reported at a cut-off grade of 0.30 g/t Au for underground block caving mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD 1,980 per ounce. USD 1.0000=RMB 6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams.

Resource Estimate by CGME Consulting Limited on August 19, 2022 and updated by Tony Guo, P.Geo., a qualified person as defined by NI 43-101.

Mineral Reserves Update

CSH Mine Mineral Reserves by category at December 31, 2024 under NI 43-101 are summarized below:

Type	T (x 1,000)	Diluted Au g/t	Metal	
			Au t	Au Moz
Proven	11,989	0.61	7.34	0.24
Probable	11,477	0.67	7.69	0.25
Total	23,466	0.64	15.02	0.48

Note:

Mineral Reserves are reported based on the optimized ultimate open pit limit. All figures are rounded to reflect the relative accuracy of the estimate. Mineral Reserves are included in Mineral Resources.

Mineral Reserves are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD 1,568 per ounce. USD 1.0000=RMB 6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams

Reserve Estimate by CGME Consulting Limited on August 19, 2022 and updated by Tony Guo, P.Geo., a qualified person as defined by NI 43-101.

The Jiama Mine

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

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

The major new contracts entered into during the year ended December 31, 2024:

Item No.	Contract Name	Counterpart	Subject amount (US \$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Contract for Blasting Engineering Construction Services of Tibet Huatailong Mining Development Co., Ltd.	Tibet Zhongjin Xinlian Blasting Engineering Co., Ltd	6.22	2024.03-2024.04	2024.03
2	Contract for Ecological Restoration of the Waste Dump of Niumatang of Tibet Huatailong Mining Development Co., Ltd.	China National Gold Group Third Engineering Co., Ltd	3.05	2024.05-2026.11	2024.05
3	Contract for loans of working capital of Agricultural Bank of China Co., Ltd.	Agricultural Bank of China, Ltd. Chengguan District Branch, Lhasa	42.12	2024.01-2026.12	2024.01
4	Contract for Ecological Restoration of Seabuckthorn Planting on Mine Slope of Tibet Huatailong Mining Development Co., Ltd.	China National Gold Group Third Engineering Co., Ltd	3.05	2024.05-2027.04	2024.05
5	Framework Agreement for Land Supply for Jiama Copper Polymetallic Mine Yulongbu Tailings Storage Facility of Tibet Huatailong Mining Development Co., Ltd.	Natural Resources Bureau of Mozhugonka County	9.72	2024.06-2024.06	2024.06
6	Contract for Jiama Copper Polymetallic Mine Hornfels Open-Pit Waste Dump Road of Tibet Huatailong Mining Development Co., Ltd	Zhejiang Huaye Mining and Construction Group Co., Ltd	2.90	2024.04-2025.02	2024.04
7	Contract for Blasting Engineering Construction Services of Tibet Huatailong Mining Development Co., Ltd.	Tibet Gaozheng Blasting Engineering Co., Ltd.	10.64	2024.03-2024.04	2024.03
8	Contract in relation to the Operation and Maintenance Project of the Phase II (open pit and underground) Breakaway System of Tibet Huatailong Mining Development Co., Ltd.	Zhejiang Baoshu Construction Group Co., Ltd.	5.72	2025.01-2027.12	2024.12
9	Contract for the South Open-Pit Production Phase Mining and Stripping (2024-2029) of Jiama Copper-Polymetallic Mine of Tibet Huatailong Mining Development Co., Ltd	China National Gold Group Corporation Construction Co., Ltd	182.06	2024.04-2029.03	2024.04

10	Agreement for the Renewal of Mining Rights Contract	Department of Natural Resources of Tibet Autonomous Region	51.66	2023.10-2043.10	2024.08
11	Contract for Subdam Construction and Drainage Engineering of Guolanggou Tailing Reservoir Levels 19-22 of Tibet Huatailong Mining Development Co., Ltd.	Mining and Metallurgy Technology Group Co., Ltd., Shandong Water Conservancy Construction Group Co., Ltd.	17.97	2024.05-2025.05	2024.05
12	Contract for loans of working capital of Agricultural Bank of China Co., Ltd	Agricultural Bank of China, Ltd. Chengguan District Branch, Lhasa	28.08	2024.5-2027.04	2024.05
13	Supplementary Agreement to the 2022-2023 Copper-Lead-Zinc Mixture Concentrate Powder Purchase and Sale Contract	China National Gold Group International Trading Co., Ltd.	280.83	2022.01-2025.06	2024.08
14	Molybdenum Concentrate Powder Purchase and Sale Contract	China National Gold Group Trading Co., Ltd. (Shanghai)	50.55	2024.12-2025.12	2024.12
15	Supplementary Agreement to the 2022-2024 Copper Concentrate Powder Purchase and Sale Contract of Tibet Huatailong Mining Development Co., Ltd.	China National Gold Group International Trading Co., Ltd.	84.25	2024.12-2025.02	2024.12
16	Cement	China National Jinyu Gold Materials and Equipment Co., Ltd.	8.20	2024.07-2025.06	2024.07
17	Cement	China National Jinyu Gold Materials and Equipment Co., Ltd.	8.26	2024.10-2025.10	2024.10
18	Cement	China National Jinyu Gold Materials and Equipment Co., Ltd.	5.26	2024.04-2025.04	2024.04
19	Sodium hydrosulfide	Shandong Xingtai Chemical Co., Ltd.	3.09	2024.01-2025.01	2024.01
20	Sodium hydrosulfide	Fengshi chemical (Shanghai) Co., Ltd	4.85	2024.11-2025.11	2024.11
21	Steel ball	Tongling Non-ferrous Jinshen Wear Resistant Material Co., Ltd.	3.26	2024.11-2025.11	2024.11
22	Steel ball	Changshu Longte Grinding Ball Co., Ltd.	3.56	2024.11-2025.11	2024.11
23	A batch of lime	Tibet Chengsong Trading Co., Ltd	2.84	2024.02-2024.06	2024.02
24	Contract for loans of working capital	China National Gold Group Finance Co., Ltd.	24.27	2024.08-2027.08	2024.08

Production Update

Jiama Mine	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Ore processed (tonnes)	3,095,471	43,392	8,197,448	4,280,227
Average copper ore grade (%)	0.78	0.89	0.71	0.73
Copper recovery rate (%)	82	69	82	64
Average gold grade (g/t)	0.32	0.39	0.29	0.21
Gold recovery rate (%)	74	68	70	68
Average silver grade (g/t)	21.91	23.99	19.72	9.57
Silver recovery rate (%)	68	56	62	63
Average lead grade (%)	1.16	-	1.24	-
Lead recovery rate (%)	78	-	75	-
Average zinc grade (%)	0.61	-	0.68	-
Zinc recovery rate (%)	72	-	72	-
Average Moly grade (%)	0.03	-	0.029	0.029
Moly recovery rate (%)	24.97	-	23.20	18.64

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

Exploration

In 2024, Huatailong Mining Development Co., Ltd. planned two geological exploration programs in the Jiama mining area including a detailed exploration on the copper-lead project around the current mining license and a prospecting exploration on the Bayi Ranch copper project. The planned work programs included 20 drill holes with 15,370 drilling meters, 37.31 square kilometers of geological prospecting, 26 square kilometers of soil sampling, and 26 square kilometers of rock sampling. The total estimated budget of RMB34.47 million, approximately US\$4.9 million. As of December 31, 2024, the construction of accessing roads and drilling pads for the copper-lead project surrounding the existing mining license in the Jiama Mining Area has been completed, and the drilling works have been commenced; The geological mapping of 30.7 square kilometers, soil sampling of 17 square kilometers and 18.3 square kilometers of rock sampling have been completed in the Bayi Ranch prospecting program. According to the current workload completed, the investment amount budgeted in 2024 has reached RMB6.57 million, approximately US\$925,000.

Mineral Resources Estimate

Jiama Mine resources by category as of December 31, 2024 under NI 43-101:

Jiama Project - Cu, Mo, Pb, Zn, Au, and Ag Mineral Resources under NI 43-101 Reported at a 0.3% Cu Equivalent Cut off grade*, as of December 31, 2024

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Measured	91.12	0.38	0.04	0.04	0.02	0.07	5.04	346.86	33.42	33.30	16.70	0.21	14.76
Indicated	1304.05	0.40	0.03	0.05	0.03	0.10	5.48	5164.30	448.51	609.51	377.78	4.15	229.63
M+I	1395.17	0.40	0.03	0.05	0.03	0.10	5.45	5511.16	481.93	642.81	394.48	4.36	244.39
Inferred	406.10	0.31	0.03	0.08	0.04	0.10	5.13	1258.91	121.83	324.88	175.00	1.31	66.98

Note: Figures reported are rounded which may result in small tabulation errors.
The prices of Cu, Mo, Pb, Zn, Au and Ag are US\$2.9/lbs; US\$15.5/lbs; US\$2.9/lbs; US\$0.95/lbs; US\$1,300/oz and \$20/oz respectively.
The Copper Equivalent basis for the reporting of resources has been compiled on the following basis:
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
The Mineral Resources include the Mineral Reserves
Original Resource Estimate by Runge Pincock Minarco on 12th November of 2012 and updated by Tony Guo, P.Geol, a Qualified Person as defined by NI 43-101.

Mineral Reserves Estimate

Jiama Mine reserves by category as of December 31, 2024 under NI 43-101:

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2024

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Proven	17.14	0.60	0.05	0.02	0.02	0.19	7.66	102.54	8.63	3.91	2.64	0.11	4.22
Probable	330.62	0.60	0.03	0.13	0.07	0.16	10.38	1972.02	113.69	417.82	230.75	1.69	110.36
P+P	347.76	0.60	0.04	0.12	0.07	0.16	10.25	2074.56	122.32	421.73	233.38	1.79	114.58

Notes:

- All Mineral Reserves have been estimated in accordance with the JORC code and have been reconciled to CIM standards as prescribed by the NI 43-101.
- Mineral Reserves were estimated using the following mining and economic factors:
 - Open Pits:
 - 5% dilution factor and 95% recovery were applied to the mining method;
 - an overall slope angles of 43 degrees;
 - a copper price of US\$2.9/lbs;
 - an overall processing recovery of 88 - 90% for copper
 - Underground:
 - 10% dilution added to all Sub-Level Open Stopping;
 - Stope recovery is 87% for Sub-Level Open Stopping;
 - An overall processing recovery of 88 - 90% for copper.
- The cut-off grade for Mineral Reserves has been estimated at copper equivalent grades of 0.3% Cu (NSR) for the open pits and 0.45% Cu (NSR) for the underground mine.
- Mineral Reserves have been estimated by Runge Pincock Minarco on 12th November of 2012 and updated by Mining One Pty Ltd. In 2014 and by Tony Guo, P.Geo, a Qualified Person as defined by NI 43-101 in 2024.

LIQUIDITY AND CAPITAL RESOURCES

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

At December 31, 2024, the Company had an accumulated surplus of US\$433.6 million, working capital of US\$327.0 million and borrowings of US\$742.2 million. The Company's cash balance at December 31, 2024 was US\$368.7 million, among which cash and cash equivalents was US\$183.8 million, Restricted cash was US\$66.7 million, term deposits was US\$118.2 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\$148.7 million of short term debt facilities with interest rates ranging from 1.85% to 5.35% per annum arranged through various banks. In addition, on November 3, 2015, the Company entered into a Loan Facility agreement with a syndicate of banks, led by Bank of China. The lenders agreed to lend an aggregate principal amount of RMB 3.98 billion, approximately US\$613 million with the interest rate of 2.83% per annum. The People's Bank of China Lhasa Center Branch's interest rate serves as a local benchmark for the interest on the drawdowns. The bank's interest rate is then discounted by 7 basis points (or 0.07%) to calculate the interest on the drawdowns. The loan interest rate was adjusted from benchmark interest rate minus 7 basis points to 5 year loan prime rate ("LPR") less 2% (LPR-2%) in second quarter of 2020. The interest rate of 1.95% shall be applied for the current year. The proceeds from the Loan Facility are to be used for the development of the Jiama Mine. The loan is secured by the mining rights for the Jiama Mine. As of December 31, 2024 the Company has drawn down RMB3.79 billion, approximately US\$534.2 million under the Loan Facility. On April 29, 2020, the Company entered into a Loan Facility agreement with a syndicate of banks. The lenders agreed to lend an aggregate principal amount of RMB1.4 billion, approximately US\$197.8 million with the interest rate of 1.95% per annum currently, maturing on April 28, 2034.

The Company obtained a loan in the aggregate principal amount of RMB300 million, approximately US\$41.5 million, with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd bearing interest at 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with China Gold Finance bearing interest at the 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with Tibet Autonomous Region Branch of China Construction Bank bearing interest at the 2.05% on June 13, 2023. The Company obtained a loan in the aggregate principal amount of RMB192 million, approximately US\$26.6 million, with Industrial Bank Corporation Lhasa Branch bearing interest at the 1.95% on June 25, 2023. The Company obtained a loan in the aggregate principal amount of RMB100 million, approximately US\$13.8 million, with Mozhugonka County Sub-branch of Agricultural Bank of China bearing interest at the 1.95% on June 26, 2023. The Company repaid its 2.8% unsecured bonds which matured on June 23, 2023. The Company obtained a loan in the aggregate principal amount of RMB100 million, approximately US\$14.1 million, with China Construction Bank bearing interest at the 1.85% on November 9, 2023. The Company obtained a loan in the aggregate principal amount of RMB380 million, approximately US\$53.7 million, with China Gold Finance bearing interest at the 2.45% on November 30, 2023. The Company obtained a loan in the aggregate principal amount of RMB300 million, approximately US\$42.1 million with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd bearing interest at 1.85% on January 17, 2024. The Company obtained loan in the aggregate principal amount of RMB200 million, approximately US\$28.1 million with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd. bearing interest at 1.85% on May 13, 2024, with a three year term. The Company obtained loan in the aggregate principal amount of US\$44 million with China Construction Bank bearing floating interest with term SOFR on May 13, 2024. The Company obtained a loan in the aggregate principal amount of US\$20 million with China Construction Bank bearing floating interest with term SOFR on June 7, 2024. The Company obtained a loan in the aggregate principal amount of US\$15 million with DBS Bank Ltd. bearing floating interest with term SOFR on June 12, 2024.

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

Cash flows

The following table sets out selected cash flow data from the Company's consolidated cash flow statements for the year ended December 31, 2024 and December 31, 2023.

	Year ended December 31,	
	2024	2023
	US\$'000	US\$'000
Net cash from operating activities	306,896	1,574
Net cash used in investing activities	(204,875)	(121,302)
Net cash used in financing activities	(16,171)	(205,233)
Net increase (decrease) in cash and cash equivalents	85,850	(324,961)
Effect of foreign exchange rate changes on cash and cash equivalents	692	(6,255)
Cash and cash equivalents, beginning of period	97,237	428,453
Cash and cash equivalents, end of period	183,779	97,237

Operating cash flow

For the year ended December 31, 2024, net cash inflow from operating activities was US\$306.9 million which is primarily attributable (i) depreciation of property, plant and equipment of US\$121.3 million (ii) profit before income tax of 93.2 million and (iii) decrease in accounts payables and accrued liabilities of US\$68.4 million, partially offset by (i) interest paid of US\$19.5 million and (ii) income taxes paid of US\$9.5 million.

Investing cash flow

For the year ended December 31, 2024, the net cash outflow from investing activities was US\$204.9 million which is primarily attributable to (i) placement of term deposits of US\$133.4 million, (ii) payment for acquisition of property, plant and equipment of US\$48.3 million (iii) payment for acquisition of land use right and deposit of US\$35.1 million, and (iv) addition of mining rights of US\$1.2 million, offset by release of term deposit of US\$14.0 million.

Financing cash flow

For the year ended December 31, 2024, the net cash outflow mainly from financing activities was US\$16.2 million which is primarily attributable to repayments of borrowings of US\$157.0 million offset by proceeds from borrowings of US\$142.6 million.

Expenditures Incurred

For the year ended December 31, 2024, the Company incurred mining costs of US\$58.0 million, mineral processing costs of US\$93.0 million and transportation costs of US\$2.9 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at December 31, 2024, the Company's total debt was US\$742.2 million and the total equity was US\$1,786.2 million. The Company's gearing ratio was therefore 0.42 as at December 31, 2024 compared to 0.46 as at September 30, 2024.

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

Other than as disclosed elsewhere in this MD&A or in the consolidated financial statements for the year ended December 31, 2024, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2024. Other than as disclosed in this MD&A, there was no plan authorized by the Board for other material investments or additions of capital assets at the date of this MD&A.

CHARGE ON ASSETS

Other than as disclosed elsewhere in this MD&A and consolidated financial statements, none of the Company's assets were pledged as at December 31, 2024.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation. However, the Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Refer to Note 33, Financial Instruments, in the annual consolidated financial statements for the year ended December 31, 2024.

COMMITMENTS

Commitments include principal payments on the Company's bank loans and syndicated loan facility, corporate bonds, and capital commitments in respect of the future acquisition of property, plant and equipment and construction for both the CSH Mine and the Jiama Mine.

The Company's capital commitments relate primarily to the payments for purchase of equipment and machinery for both mines and payments to third-party contractors for the provision of mining and exploration engineering work and mine construction work for both mines. The Company has entered into contracts that prescribe such capital commitments; however, liabilities relating to them have not yet been incurred. Refer to Note 34, Commitments, in the annual consolidated financial statements for the year ended December 31, 2024.

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

	Total	Within One year	Within Two to five years	Over five years
	US\$'000	US\$'000	US\$'000	US\$'000
Principal repayment of bank loans	714,352	148,696	467,769	97,887
Entrusted loan payable	27,823	-	27,823	-

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

RELATED PARTY TRANSACTIONS

China National Gold Group Co., Ltd. (formerly known as China National Gold Group Corporation) ("CNG") owned 40.01 percent of the outstanding common shares of the Company as at December 31, 2023 and December 31, 2024.

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

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

Revenue from sales of gold doré bars to CNG was US\$246.9 million for the year ended December 31, 2024 which decreased from US\$252.6 million for the year ended December 31, 2023.

The Company is also a party to a Product and Service Framework Agreement with CNG, pursuant to which CNG provides construction, procurement and equipment financing services to the Company and also purchases the copper concentrates produced at the Jiama Mine. The quantity of copper concentrates, pricing terms and payment terms may be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the Product and Service Framework Agreement. On June 28, 2017, the Supplemental Product and Service Framework Agreement was approved and extended to expire on December 31, 2020. On June 16, 2020, the third Supplemental Product and Service Framework Agreement was approved by the Company's Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023. On June 29, 2023, the fourth Supplemental Product and Service Framework Agreement was approved by the Company's Shareholders, commencing on January 1, 2024 and expiring on December 31, 2026. For the year ended December 31, 2024, revenue from sales of copper concentrate and other products to CNG was US\$505.1 million compared to US\$190.9 million for the same period in 2023.

For the year ended December 31, 2024, construction services of US\$91.3 million were provided to the Company by subsidiaries of CNG (US\$62.9 million for the year ended December 31, 2023).

In addition to the aforementioned major related party transactions, the Company also obtains additional services from related parties in its normal course of business, including a Loan Agreement and a Deposit Services Agreement entered into on March 25, 2019, December 31, 2019, December 22, 2020 and a Financial Service Agreement on May 5, 2021 among the Company and China Gold Finance. The Company and China Gold Finance entered into a 2024 Financial Service Agreement on June 6, 2024. As part of the 2024 Financial Service Agreement, China Gold Finance agreed to provide the Company with a range of financial services including (a) Deposit Services, (b) Lending Services, (c) Settlement Services and (d) Other Financial Services. On June 27, 2024, the 2024 Financial Services Agreement was approved by the Company's Shareholders, commencing on the date of the approval by the Independent Shareholders and up to and including December 31, 2026.

Refer to Note 30 of the consolidated financial statements for details of significant related party transactions during the year ended December 31, 2024.

PROPOSED TRANSACTIONS

The Board of Directors has given the Company approval to conduct reviews of a number of projects that may qualify as acquisition targets through joint venture, merger and/or outright acquisitions. The Company did not have any material acquisition and disposal of subsidiaries and associated companies for the year ended December 31, 2024. The Company continues to review possible acquisition targets.

CRITICAL ACCOUNTING ESTIMATES

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

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are described in Note 4 of the audited annual consolidated financial statements for the year ended December 31, 2024.

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, 2024.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are equity securities, accounts receivables, accounts payables, cash and loans. The financial instruments are recorded at either fair values or amortized amount on the balance sheet. The Company did not have any financial derivatives or outstanding hedging contracts as at December 31, 2024.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2024, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company's dividend policy is a key component of its long-term growth strategy. It aims to optimize capital allocation to drive business expansion while maintaining stable returns for shareholders. After successfully distributing special dividends for three consecutive years (2021-2023), the Company is introducing an enhanced dividend policy comprised of a base dividend supplemented by a variable component that adjusts based on financial performance and market conditions.

Basic dividend: Subject to profitability in the previous financial year and after assessing the Company's cash flow position and future capital requirements, the Company aims to distribute a basic dividend at a payout ratio of 30% of the net profit from the preceding financial year, with cash dividends paid annually.

Variable Component: Subject to favorable market conditions and sufficient funds, the Company may distribute special dividends in addition to the basic dividend.

Dividends may vary in amount and consistency or be discontinued at the Board of Directors' discretion depending on variables including but not limited to operational cash flows, Company development requirements and strategies, spot metal prices, taxation, general market conditions and other factors.

Subsequent to the end of the reporting period, a dividend in respect of the year ended December 31, 2024 of US\$[0.08] per common share, (the basic dividend of US\$0.05, and the special dividend of US\$0.03) in an aggregate amount of US\$[31,713,000], has been declared by the directors of the Company upon the approval of the board resolution dated [March 26, 2025].

OUTSTANDING SHARES

As of December 31, 2024 the Company had 396,413,753 common shares issued and outstanding.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the Company's DC&P and ICFR as of December 31, 2024 and, in accordance with the requirements established under Canadian National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of December 31, 2024, and provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company's Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the Company's ICFR as of December 31, 2024 and have concluded that these controls and procedures were effective as of December 31, 2024 and provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means design of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected. During the year ended December 31, 2024, there were no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISK FACTORS

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

QUALIFIED PERSON

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

March 27, 2025