

CHINA GOLD INTERNATIONAL RESOURCES  
CORP. LTD.

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(incorporated in British Columbia, Canada with  
limited liability)

Report and Condensed Consolidated Financial Statements  
For the six months ended June 30, 2016

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

REPORT AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2016

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED JUNE 30, 2016

	NOTES	Three months ended June 30, 2016 US\$'000	2015 US\$'000	Six months ended June 30, 2016 US\$'000	2015 US\$'000
Revenues	15	69,904	83,647	135,489	161,034
Cost of sales		(58,162)	(63,336)	(116,201)	(119,553)
Mine operating earnings		11,742	20,311	19,288	41,481
Expenses					
General and administrative expenses	3	(5,361)	(5,988)	(10,410)	(12,016)
Exploration and evaluation expenditure		(53)	(62)	(99)	(100)
		(5,414)	(6,050)	(10,509)	(12,116)
Income from operations		6,328	14,261	8,779	29,365
Other (expenses) income					
Foreign exchange (loss) gain, net		(5,980)	1,482	(4,782)	693
Interest and other income		1,845	4,569	3,494	9,591
Finance costs	4	(4,063)	(6,570)	(8,516)	(15,094)
Impairment loss on available-for-sale investment		-	-	(3,831)	-
		(8,198)	(519)	(13,635)	(4,810)
(Loss) profit before income tax		(1,870)	13,742	(4,856)	24,555
Income tax expense	5	(5,531)	(3,173)	(6,031)	(7,748)
(Loss) profit for the period		(7,401)	10,569	(10,887)	16,807
Other comprehensive (expense) income for the period					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		(6,127)	(823)	(5,360)	244
Fair value (loss) gain on available-for-sale investment		(2,822)	1,552	(6,653)	368
Reclassification adjustment upon impairment of Available-for-sale investment		-	-	3,831	-
Total comprehensive (expense) income for the period		(16,350)	11,298	(19,069)	17,419
Profit (loss) for the period attributable to					
Non-controlling interests		310	484	425	817
Owners of the Company		(7,711)	10,085	(11,312)	15,990
		(7,401)	10,569	(10,887)	16,807
Total comprehensive (expense) income for the period attributable to					
Non-controlling interests		307	422	421	659
Owners of the Company		(16,657)	10,876	(19,490)	16,760
		(16,350)	11,298	(19,069)	17,419
(Loss) earnings per share					
- Basic (US)	6	(1.95) cents	2.54 cents	(2.85) cents	4.03 cents
- Diluted (US)		N/A	2.54 cents	N/A	4.03 cents
Weighted average number of common shares					
-Basic and diluted	6	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, 2016

	<u>NOTES</u>	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000 (audited)
<b>Current assets</b>			
Cash and cash equivalents		99,924	112,399
Restricted bank balance		9,425	9,242
Trade and other receivables	7	27,960	35,801
Prepaid expenses and deposits		5,806	8,446
Prepaid lease payments		222	225
Inventories	8	223,595	190,876
		<u>366,932</u>	<u>356,989</u>
<b>Non-current assets</b>			
Prepaid expense and deposits		11,416	11,974
Prepaid lease payments		7,383	7,620
Deferred tax assets		863	1,728
Available-for-sale investments	16	10,748	17,447
Property, plant and equipment	9	1,493,657	1,454,319
Mining rights		927,246	930,516
		<u>2,451,313</u>	<u>2,423,604</u>
<b>Total assets</b>		<u>2,818,245</u>	<u>2,780,593</u>
<b>Current liabilities</b>			
Accounts and other payables and accrued expenses	10	182,707	166,004
Borrowings	11	116,846	189,009
Entrusted loan payable	12	30,160	-
Tax liabilities		5,601	7,802
		<u>335,314</u>	<u>362,815</u>
<b>Net current assets (liabilities)</b>		<u>31,618</u>	<u>(5,826)</u>
<b>Total assets less current liabilities</b>		<u>2,482,931</u>	<u>2,417,778</u>
<b>Non-current liabilities</b>			
Borrowings	11	875,416	763,422
Deferred tax liabilities		125,270	125,414
Deferred income		4,774	1,798
Entrusted loan payable	12	-	30,800
Environmental rehabilitation		49,558	49,090
		<u>1,055,018</u>	<u>970,524</u>
<b>Total liabilities</b>		<u>1,390,332</u>	<u>1,333,339</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000 (audited)
<b>Owners' equity</b>			
Share capital	13	1,229,061	1,229,061
Reserves		10,671	18,849
Retained profits		175,005	186,317
		<u>1,414,737</u>	<u>1,434,227</u>
Non-controlling interests		13,176	13,027
		<u>1,427,913</u>	<u>1,447,254</u>
<b>Total owners' equity</b>		<u>1,427,913</u>	<u>1,447,254</u>
<b>Total liabilities and owners' equity</b>		<u>2,818,245</u>	<u>2,780,593</u>

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The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on August 12, 2016 and are signed on its behalf by:

(Signed by) Xin Song

Xin Song  
Director

(Signed by) Bing Liu

Bing Liu  
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2016**

	Number of shares	Share capital US\$'000	Equity reserve US\$'000 (note a)	Investment revaluation reserve US\$'000	Exchange reserve US\$'000	Statutory reserve US\$'000 (note b)	Retained profits US\$'000	Subtotal US\$'000	Non- controlling interests US\$'000	Total owners' equity US\$'000
At January 1, 2015 (audited)	396,413,753	1,229,061	11,179	(722)	7,615	11,355	194,505	1,452,993	12,165	1,465,158
Profit for the period	-	-	-	-	-	-	15,990	15,990	817	16,807
Fair value gain on available-for-sale investment	-	-	-	368	-	-	-	368	-	368
Exchange difference arising on translation	-	-	-	-	402	-	-	402	(158)	244
Total comprehensive income for the period	-	-	-	368	402	-	15,990	16,760	659	17,419
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(301)	(301)
At June 30, 2015 (unaudited)	396,413,753	1,229,061	11,179	(354)	8,017	11,355	210,495	1,469,753	12,523	1,482,276
At January 1, 2016 (audited)	396,413,753	1,229,061	11,179	-	(3,685)	11,355	186,317	1,434,227	13,027	1,447,254
(Loss) profit for the period	-	-	-	-	-	-	(11,312)	(11,312)	425	(10,887)
Fair value loss on available-for-sale investment	-	-	-	(6,653)	-	-	-	(6,653)	-	(6,653)
Reclassified adjustment upon impairment of available-for-sale investment	-	-	-	3,831	-	-	-	3,831	-	3,831
Exchange difference arising on translation	-	-	-	-	(5,356)	-	-	(5,356)	(4)	(5,360)
Total comprehensive (expense) income for the period	-	-	-	(2,822)	(5,356)	-	(11,312)	(19,490)	421	(19,069)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(272)	(272)
At June 30, 2016 (unaudited)	396,413,753	1,229,061	11,179	(2,822)	(9,041)	11,355	175,005	1,414,737	13,176	1,427,913

Notes:

- (a) Amounts represent equity reserve arising from share based compensation provided to employees under the stock option plan of the Company and deemed contribution from shareholders in previous years. All options expired on June 1, 2015 and the 2007 stock option plan has ceased to be in effect.
- (b) Statutory reserve which consists of appropriations from the profit after taxation of the subsidiaries established in the People's Republic of China ("PRC"), forms part of the equity of PRC subsidiaries. In accordance with the PRC Company Law and the Articles of Association of the PRC subsidiaries, the PRC subsidiaries are required to appropriate an amount equal to a minimum of 10% of their profits after taxation each year to a statutory reserve until the reserve reaches 50% of the registered capital of the respective subsidiaries.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2016

	Three months ended June 30,		Six months ended June 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Net cash from (used in) operating activities</b>	<u>23,312</u>	<u>(15,257)</u>	<u>29,298</u>	<u>(14,616)</u>
<b>Investing Activities</b>				
Payment for acquisition of property, plant and equipment	(56,409)	(53,307)	(93,837)	(140,708)
Deposit paid for acquisition of property, plant and equipment	-	-	(321)	(653)
Loan to a related company	-	(14,020)	-	(14,020)
Receipt of government grant	3,337	-	3,337	-
Placement of restricted bank balance	(4,395)	-	(9,425)	-
Release of restricted bank balance	<u>3,051</u>	<u>-</u>	<u>9,242</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>(54,416)</u>	<u>(67,327)</u>	<u>(91,004)</u>	<u>(155,381)</u>
<b>Financing Activities</b>				
Proceeds from borrowings	20,211	-	144,277	158,070
Dividends paid to a non-controlling shareholder	(272)	-	(272)	(301)
Repayment of borrowings	<u>(4,338)</u>	<u>(255,484)</u>	<u>(94,066)</u>	<u>(434,251)</u>
<b>Net cash from (used in) financing activities</b>	<u>15,601</u>	<u>(255,484)</u>	<u>49,939</u>	<u>(276,482)</u>
<b>Net decrease in cash and cash equivalents</b>	(15,503)	(338,068)	(11,767)	(446,479)
Effect of foreign exchange rate changes on cash and cash equivalents	(787)	(14)	(708)	54
Cash and cash equivalents, beginning of period	<u>116,214</u>	<u>457,235</u>	<u>112,399</u>	<u>565,578</u>
<b>Cash and cash equivalents, end of period</b>	<u><u>99,924</u></u>	<u><u>119,153</u></u>	<u><u>99,924</u></u>	<u><u>119,153</u></u>
Cash and cash equivalents are comprised of				
Cash and saving deposits in banks	<u><u>99,924</u></u>	<u><u>119,153</u></u>	<u><u>99,924</u></u>	<u><u>119,153</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2016

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1. GENERAL

China Gold International Resources Corp. Ltd., formerly known as Jinshan Gold Mines Inc., (the "Company") is a publicly listed company incorporated in British Columbia 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 PRC. The Group consider 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 of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting*.

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2015.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

2. PRINCIPAL ACCOUNTING POLICIES - continued

In the current interim period, the Group has applied the following amendments to International Financial Reporting Standards (“IFRSs”) which are mandatorily effective for the current interim period:

Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Administration and office	1,779	2,228	3,452	4,299
Depreciation of property, plant and equipment	732	633	1,430	1,307
Professional fees	480	562	1,124	929
Salaries and benefits	2,005	2,364	3,899	5,057
Others	365	201	505	424
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total general and administrative expenses	<u>5,361</u>	<u>5,988</u>	<u>10,410</u>	<u>12,016</u>

4. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Effective interests on borrowings	10,434	12,855	19,247	26,108
Accretion on environmental rehabilitation	753	659	1,508	1,315
	<u>11,187</u>	<u>13,514</u>	<u>20,755</u>	<u>27,423</u>
Less: Amount capitalised to property, plant and equipment	<u>(7,124)</u>	<u>(6,944)</u>	<u>(12,239)</u>	<u>(12,329)</u>
Total finance costs	<u>4,063</u>	<u>6,570</u>	<u>8,516</u>	<u>15,094</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

5. INCOME TAX EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000	US\$'000	US\$'000
PRC Enterprise Income Tax	2,588	3,360	5,389	6,260
Deferred tax expense (credit)	<u>2,943</u>	<u>(187)</u>	<u>642</u>	<u>1,488</u>
Total income tax expense	<u>5,531</u>	<u>3,173</u>	<u>6,031</u>	<u>7,748</u>

6. (LOSS) EARNINGS PER SHARE

Data used in determining earnings per share ("EPS") are presented below:

	Three months ended June 30,		Six months ended June 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(Loss) profit for the period attributable to owners of the Company for the purposes of basic and diluted EPS (US\$'000)	<u>(7,711)</u>	<u>10,085</u>	<u>(11,312)</u>	<u>15,990</u>
Weighted average number of shares, basic and diluted	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>
Basic (Loss) EPS (US)	<u>(1.95) cents</u>	<u>2.54 cents</u>	<u>(2.85) cents</u>	<u>4.03 cents</u>
Diluted (Loss) EPS (US)	<u>N/A</u>	<u>2.54 cents</u>	<u>N/A</u>	<u>4.03 cents</u>

The Group has no potential dilutive instruments issued during the three and six months ended June 30, 2016.

The computation of diluted EPS for the three and six months ended June 30, 2015 does not assume the exercise of the Company's stock options because the exercise price of these options was higher than the average market price for shares for the current period.

7. TRADE AND OTHER RECEIVABLES

	June 30,	December 31,
	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000
Trade receivables	7,684	11,189
Less: allowance for doubtful debts	<u>(188)</u>	<u>(398)</u>
	7,496	10,791
Amounts due from related companies (note 14(a)) <sup>(1)</sup>	344	2,407
Loan to a related company (note 14(a))	14,019	14,021
Loan to a non-controlling shareholder (note 14(b))	1,237	1,263
Other receivables <sup>(2)</sup>	<u>4,864</u>	<u>7,319</u>
Total trade and other receivables	27,960	35,801

7. TRADE AND OTHER RECEIVABLES - continued

Note:

- (1) The outstanding balances represent service fee receivables arising from provision of transportation services to the subsidiaries of CNG during the period/ year ended June 30, 2016 and December 31, 2015. The amounts are unsecured, interest free and repayable on demand.
- (2) Included in the balance as at June 30, 2016 is an amount of approximately US\$3.0 million (December 31, 2015: US\$6.3 million) value-added tax recoverable which is expected to be recovered within twelve months after the end of the reporting period.

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

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

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
Less than 30 days	3,112	5,834
31 to 90 days	1,758	4,532
91 to 180 days	2,626	75
Over 180 days	-	350
	<u>7,496</u>	<u>10,791</u>

8. INVENTORIES

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
Gold in process	184,778	160,843
Gold doré bars	14,944	9,565
Consumables	6,800	5,966
Copper	3,387	4,597
Spare parts	13,686	9,905
Total inventories	<u>223,595</u>	<u>190,876</u>

Inventory totalling US\$57 million and US\$114 million for the three and six months ended June 30, 2016 (three and six months ended June 30, 2015: US\$62 million and US\$117 million) was recognised in cost of sales.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2016, the Group incurred approximately US\$71.0 million on construction in progress (six months ended June 30, 2015: approximately US\$111.6 million) and approximately US\$28.1 million on mineral assets (six months ended June 30, 2015: approximately US\$33.9 million).

Depreciation of property, plant and equipment was US\$19.7 million and US\$38.3 million (for the three and six months ended June 30, 2015: US\$18.6 million and US\$34.8 million, respectively) for the three and six months ended June 30, 2016, respectively. The depreciation amounts were partly recognised in cost of sales, general and administrative expenses and partly capitalised in inventory.

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
Accounts payable	52,576	51,815
Bills payable	37,701	36,960
Construction cost payables (Note)	56,913	61,005
Advances from customers	48	49
Mining cost accrual	20,662	6,466
Payroll and benefit payables	4,707	4,271
Other accruals	1,802	1,844
Other tax payable	3,606	1,061
Other payables	4,692	2,533
Total accounts and other payables and accrued expenses	<u>182,707</u>	<u>166,004</u>

Note: Included in construction costs payables, US\$5,469,000 (December 31, 2015: US\$5,759,000) was related to an arbitration with a construction supplier, details are set out in the annual report for the year ended December 31, 2015. Subsequent to the period ended June 30, 2016, the arbitration was finalised and no provision is required for the period ended June 30, 2016.

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

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
Less than 30 days	45,303	41,975
31 to 90 days	1,921	1,783
91 to 180 days	1,327	1,195
Over 180 days	4,025	6,862
Total accounts payable	<u>52,576</u>	<u>51,815</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES (continued)

The credit period for bills payable is 180 days from the issue date. The following is an aging analysis of bills payable, presented based on issue date at the end of the reporting period:

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
Less than 30 days	12,065	-
31 to 60 days	6,032	12,320
Over 180 days	19,604	24,640
Total bills payable	<u>37,701</u>	<u>36,960</u>

11. BORROWINGS

The borrowings are repayable as follows:

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
Carrying amount repayable within one year and repayable on demand	116,846	189,009
Carrying amount repayable within one to two years	520,276	487,766
Carrying amount repayable within two to five years	106,316	126,278
Carrying amount repayable over five years	248,824	149,378
	<u>992,262</u>	<u>952,431</u>
Less: Amounts due within one year (shown under current liabilities)	<u>(116,846)</u>	<u>(189,009)</u>
Amounts shown under non-current liabilities	<u>875,416</u>	<u>763,422</u>
Analysed as:		
Secured	328,749	215,597
Unsecured	663,513	736,834
	<u>992,262</u>	<u>952,431</u>

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

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
Mining rights	<u>927,246</u>	<u>930,516</u>

Borrowings carry interest at effective interest rates ranging from 2.75% to 6.0% (December 31, 2015: 2.75% to 6.0%) per annum.

12. ENTRUSTED LOAN PAYABLE

On January 17, 2014, the Group entered into a three-year entrusted loan agreement with China National Gold Corporation ("CNG"), a substantial shareholder (note 14) and China Construction Bank ("CCB") in which CNG provided a loan of RMB200 million (equivalent to approximately US\$32,221,000 based on the spot rate at the withdrawal date) to the Group through CCB as the entrusted bank. The entrusted loan is unsecured and carries interest at fixed rate of 3% per annum. The principal amount is to be repaid on January 17, 2017.

13. SHARE CAPITAL AND OPTIONS

(a) Common shares

Authorised - Unlimited common shares without par value

Issued and outstanding - 396,413,753 (December 31, 2015: 396,413,753) common shares at June 30, 2016.

(b) Stock options

The Group had a stock option plan which permits the board of directors of the Company to grant options to directors and employees to acquire common shares of the Company at the price approved by the board of directors. A portion of the stock options vested immediately on the grant date and the balance vested over a period of up to five years from the grant date.

The stock options had a life of up to six years from grant date. The exercise price is the weighted average price of the common shares for the five days on which they were traded immediately preceding the date of approval by the board of directors of the Company. All options expired on June 1, 2015.

The following is a summary of option transactions under the Company's stock option plan:

	January 1, 2016 to June 30, 2016		January 1, 2015 to December 31, 2015	
	Number of <u>options</u>	Weighted average exercise <u>price</u> CAD	Number of <u>options</u>	Weighted average exercise <u>price</u> CAD
Balance, beginning of period	-	-	400,000	5.56
Options expired	-	-	(400,000)	5.56
Balance, end of period	-	-	-	-

No stock options were granted during the six months ended June 30, 2016 and the year ended December 31, 2015.

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.

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

	June 30, <u>2016</u> %	December 31, <u>2015</u> %
CNG	<u>39.3</u>	<u>39.3</u>

(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, <u>2016</u> US\$'000	2015 US\$'000	Six months ended June 30, <u>2016</u> US\$'000	2015 US\$'000
Gold doré sales by the Group	<u>42,638</u>	<u>58,367</u>	<u>84,281</u>	<u>110,477</u>
Copper and other product sales by the Group	<u>13,397</u>	<u>-</u>	<u>25,624</u>	<u>-</u>
Provision of transportation by the Group	<u>245</u>	<u>137</u>	<u>508</u>	<u>1,207</u>
Construction service provided to the Group	<u>13,152</u>	<u>11,651</u>	<u>62,876</u>	<u>44,060</u>
Office lease to the Group	<u>287</u>	<u>309</u>	<u>574</u>	<u>594</u>
Loan advanced by the Group	<u>-</u>	<u>14,020</u>	<u>-</u>	<u>14,020</u>
Loans provided to the Group	<u>-</u>	<u>-</u>	<u>24,763</u>	<u>-</u>

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

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

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
<u>Assets</u>		
Amount due from related companies (note 7)	344	2,407
Trade receivables from a CNG subsidiary	5,593	-
Deposits	27	912
Loan receivable from a CNG subsidiary (note 7)	14,019	14,021
Cash and cash equivalents held by a CNG subsidiary	<u>12,692</u>	<u>14,956</u>
Total amounts due from CNG and its subsidiaries	<u><u>32,675</u></u>	<u><u>32,296</u></u>

Loan receivable from a CNG subsidiary carries a fixed interest rate of 5% per annum and is unsecured and was originally repayable in April 2016. On April 12, 2016, the loan was extended to April 2017. The remaining amounts due from CNG and its subsidiaries which are included in trade and other receivables is non-interest bearing, unsecured and repayable on demand.

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
<u>Liabilities</u>		
Entrusted loan payable (note 12)	30,160	30,800
Customer advance paid by a CNG subsidiary	35	35
Construction cost payables to CNG's subsidiaries	9,698	15,564
Loans payable to a CNG subsidiary	<u>45,241</u>	<u>21,560</u>
Total amounts due to CNG's subsidiaries	<u><u>85,134</u></u>	<u><u>67,959</u></u>

The loans payable to a CNG subsidiary, which is included in borrowings, carry fixed interest rates at the range from 4.13% to 4.37% per annum and are unsecured and repayable within one year. With the exception of the entrusted loan payable to CNG and loans payable to a CNG 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.

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14. RELATED PARTY TRANSACTIONS - continued

(b) Transactions/balances with other non-government related parties/entity

The Group has the following significant balances with a related party at the end of each reporting period:

	June 30, <u>2016</u> US\$'000	December 31, <u>2015</u> US\$'000
<u>Assets</u>		
Amount due from a non-controlling shareholder of a subsidiary (included in prepaid expenses)	369	384
Loan receivable from a non-controlling shareholder (note 7)	<u>1,237</u>	<u>1,263</u>
Total amount due from non-government related parties/entities	<u><u>1,606</u></u>	<u><u>1,647</u></u>

Loans receivables from a non-controlling shareholder carry a floating rate, currently set at 4.35% per annum based on the benchmark interest rate of the People's Bank of China, and are unsecured and repayable on demand. The amount due from other related party is non-interest bearing, unsecured and repayable on demand.

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

	Three months ended June 30,		Six months ended June 30,	
	<u>2016</u> US\$'000	<u>2015</u> US\$'000	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Salaries and other benefits	197	224	388	408
Post-employment benefits	<u>-</u>	<u>7</u>	<u>6</u>	<u>13</u>
	<u><u>197</u></u>	<u><u>231</u></u>	<u><u>394</u></u>	<u><u>421</u></u>

15. 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, which 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 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.

15. SEGMENT INFORMATION - continued

(a) Segment revenues and results

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

For the six months ended June 30, 2016

	Mine - produced gold US\$'000	Mine - produced copper US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenues - External	84,281	51,208	135,489	-	135,489
Cost of sales	(74,676)	(41,525)	(116,201)	-	(116,201)
Mining operating earnings	9,605	9,683	19,288	-	19,288
Income (loss) from operations	9,508	2,862	12,370	(3,591)	8,779
Foreign exchange gain (loss), net	2,884	(7,578)	(4,694)	(88)	(4,782)
Interest and other (expense) income	(1,628)	215	(1,413)	4,907	3,494
Finance costs	(2,100)	(2,453)	(4,553)	(3,963)	(8,516)
Impairment loss on Available-for-sale-investment	-	-	-	(3,831)	(3,831)
Profit (loss) before income tax	8,664	(6,954)	1,710	(6,566)	(4,856)

Note: Exchange loss for the period is mainly from the translation of US\$ dominated bonds into RMB for the Jiama Mine development.

For the six months ended June 30, 2015

	Mine - Produced gold US\$'000	Mine - Produced copper US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenues - External	110,477	50,557	161,034	-	161,034
Cost of sales	(80,738)	(38,815)	(119,553)	-	(119,553)
Mining operating earnings	29,739	11,742	41,481	-	41,481
Income (loss) from operations	29,639	3,281	32,920	(3,555)	29,365
Foreign exchange (loss) gain , net	(630)	1,328	698	(5)	693
Interest and other (expense) income	(893)	2,827	1,934	7,657	9,591
Finance costs	(2,925)	(2,630)	(5,555)	(9,539)	(15,094)
Profit (loss) before income tax	25,191	4,806	29,997	(5,442)	24,555

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) 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, 2016 and 2015.

15. SEGMENT INFORMATION - continued

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

	Mine - Produced <u>gold</u> US\$'000	Mine - Produced <u>copper</u> US\$'000	Segment <u>total</u> US\$'000	<u>Unallocated</u> US\$'000	<u>Consolidated</u> US\$'000
<b>As of June 30, 2016</b>					
Total assets	684,197	2,036,619	2,720,816	97,429	2,818,245
Total liabilities	210,476	679,611	890,087	500,245	1,390,332
<b>As of December 31, 2015</b>					
Total assets	655,103	2,023,092	2,678,195	102,398	2,780,593
Total liabilities	186,426	648,070	834,496	498,843	1,333,339

16. FINANCIAL INSTRUMENTS

As at June 30, 2016 and December 31, 2015, the Group's available-for-sale investments include investment in equity securities listed in Hong Kong and investment in an unlisted company established 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) in active market (Level 1 fair value measurement). As at June 30, 2016, US\$8,637,000 (December 31, 2015: US\$15,291,000) 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. For the six months ended June 30, 2016, the fair value decrease of US\$2,822,000 and US\$3,831,000 were recognized in other comprehensive income and as impairment loss, respectively.

As at June 30, 2016, US\$2,111,000 (December 31, 2015: US\$2,156,000) investment in an unlisted company incorporated in the PRC is measured at cost since the investment in unlisted equity instrument does not have a quoted market price and the fair value cannot be measured reliably.

Fair value hierarchy has been defined in the Group's consolidated financial statements for the year ended December 31, 2015. The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the condensed financial statements approximate their fair values. There was no transfer between Level 1 and 2 in the current and prior periods.

17. EVENT AFTER THE REPORTING PERIOD

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