ANNUAL REPORT 2014 | 年报

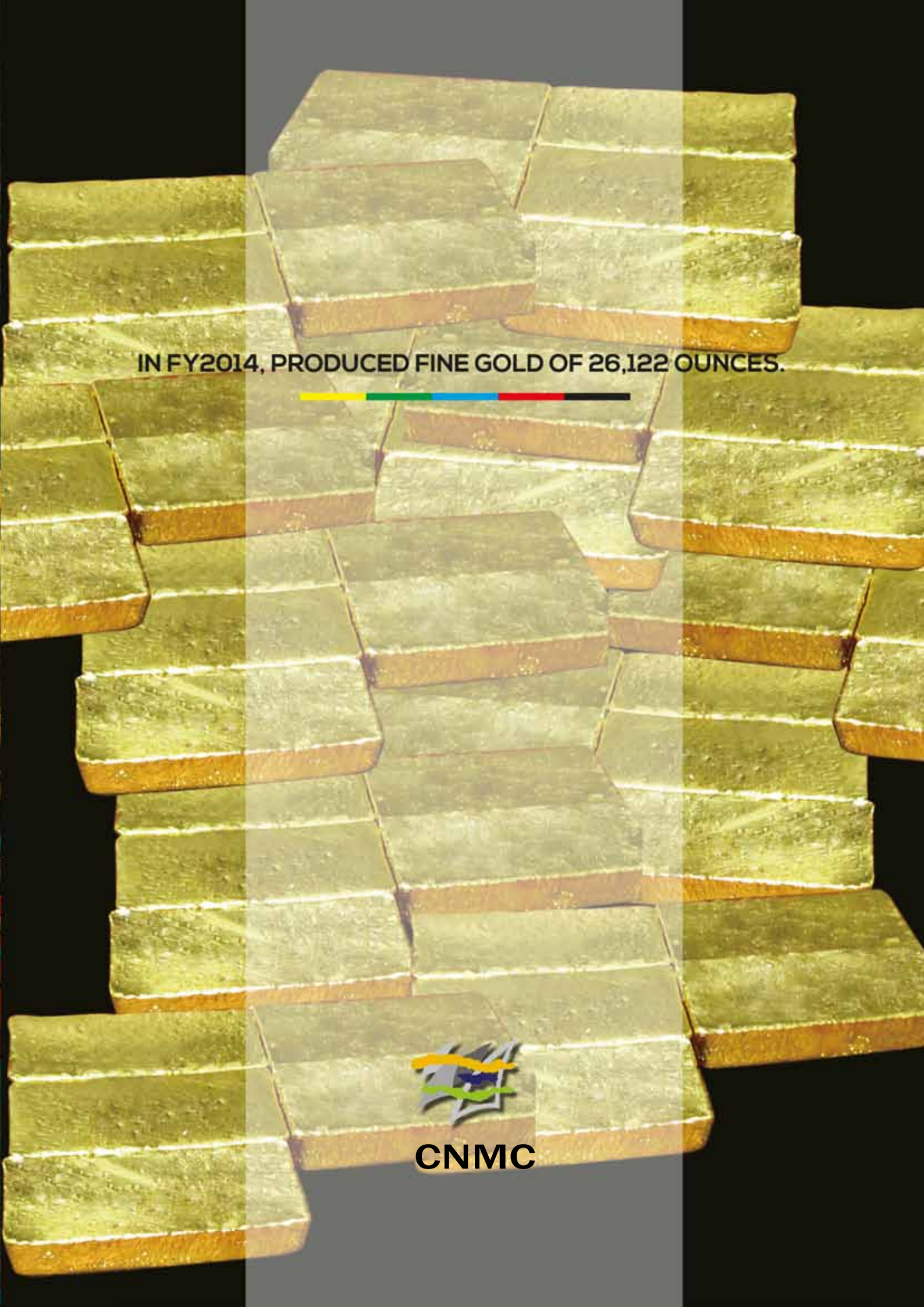
CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

First gold mining company listed on Catalist of the SGX-ST under the new MOG rules

首家在新加坡证券交易所凯利板的矿产、石油与天然气新条例下上市的黄金开采公司


IN FY2014, PRODUCED FINE GOLD OF 26,122 OUNCES.
CNMC

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This annual report has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this annual report.

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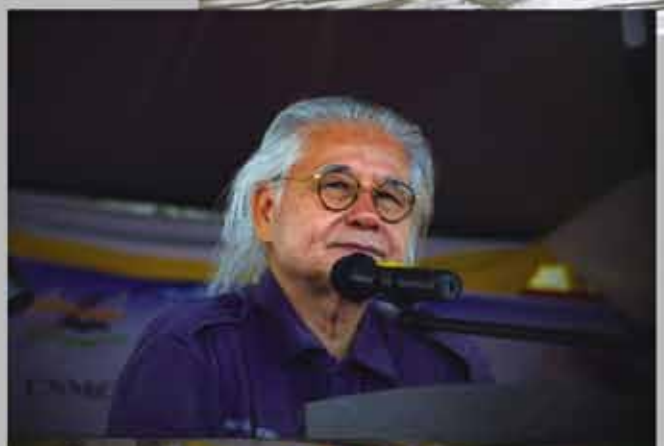
The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



Contents

逆境奋进 独领风骚

（一）

2014年，世界政坛复杂多变，充满着明争暗斗;从地缘边界的盟国拉邦结派到横跨地域的“隔山打牛”，闹得沸沸扬扬。诡谲莫测的政治风云，牵动了70亿地球村人民的神经线！

从地球表层的政治版图叫嚣与纷争，到深蓝海洋领域的划分与依据，国际列强出动了海空最新武器，并展示了实力、图以武力“威慑”他国，以收渔人之利。这种种的言闹与行动，似乎给予“北约冷战”的恶魔借尸还魂的机会，同时，也唤醒了已沉睡70年的穷兵黩武的军国主义幽灵！

（二）

经济数据与实力，促进了政治张力与在国际间的话语权，因而，东西方之间正试图构筑21世纪“新型大国关系”，以便相互牵制，从而缔结“天秤式”的政经均衡，和平共处。

当人类沉迷于权力欲望时便会失去理性思考，而逆向转换为非理性行为，同时忽略或放缓了经济发展与建设。从2014年的全球经济发展数据可找到答案：尤其是矿业与能源的市场需求，在供需规律之下导致价格萎靡不振，更折射了全球经济放缓的迹象。无独有偶，当2013年矿业；尤其是金价狂泻迄今，仍然重振无力，且“感染”了石油市场瀑布般地直泄。这种怪现象突显了全球经济发展的减速——甚至连锁反应地陷入低谷，令人堪忧。

（三）

我们管理层纵观与洞察世界政经局势的演变，更预测到全球经济放缓的自然性与必然性，故自2013年以来，采取了扩展并增产，从而减低成本的务实与稳中求胜的奋搏策略。因此，2014年集团的业绩取得了突破性，并奇迹般地在这极其恶劣的市场与环境中逆向突进，独领风骚！

我们集团今年的亮点有三：

1. 2014年全年产出合质金26,122.08盎司远比去年12，649.06盎司多106.5%.
2. 2014年全年产值US$33,213,371.00远比去年US$16,625,532.00多99.8%.
3. 2014年全年利润（税后）US$15,320,133.00远比去年US$3,433,593.00多346.2%.

从上述的增产与减低成本，促成了本年度的丰厚盈利，净利达46%，傲视全球同行业！

虽说，我们只是一个小矿业公司。但，业务发展策略若正确，帷幕运筹若正当，往往是“小中见大”而为股民创造利益最大化的回报！为此，我们管理层已颁发了2次股息并将向全体股东建议颁发年终与特别股息，一旦获得股东们批准则全年一共发放约等于2.5% 回报率，以便答谢股东们一如既往地支持与信任。

（四）

2014年对我们集团来说，并非是一帆风顺的年头，而是在狂风暴雨，怒涛掀天的逆境中拼搏求进的一个年头；全年金价持续低迷不振，又遇上四十年一遇的大水灾持续了近二个月的生产受阻。为此，当时许多股民非常关心水灾、洪涝所引发的破坏与影响，而纷纷发邮信、致电询问。至终，我们以第四季度的业绩作实质性的回答从而消除了这“天灾”所引发的担忧。

我们能安然地渡过这四十年一遇大水灾的摧残与破坏，因为我们已有了“先见之明”与应对种种天灾人祸的良策，以及一支能耐劳刻苦，有拼搏精神并合作无间的生产劳动队伍！当天气允许的情况之下，矿区的工作自早上7点一直到夜间十点，每天近乎工作近14，15个小时，这种拼搏精神让我们提早完成了每年惯例在第四季度降临的雨季季节——也即说在去年11月份已完成了12月份的矿石入堆工作了！因此，12月份的大水灾便如此这般地让我们“闪身而过”！而这种精神，也正是我们自2007年开始时便不停地向所有职工与劳工灌输的。

俗说，“养兵千日，用于一时”，从今年的“天灾”看来，说明了我们管理层所订下的核心价值观是正确的，尤有甚者，我们之以人为本，各尽所能，各得所需，按劳分配，奖罚分明的纪律与管理制度得到了实践的证明。

（五）

企业的社会责任，已成为全球令人关注并实施条规且不可推卸的任务！尤其是矿业，更是硬性规定。

我们集团自2004年踏足丹州以来，便至始至终地严守这种社会责任条规且从未中断与间歇过！每年至少二次至三次按惯例扶贫济困，关怀民生，颁发奖助学金，书包，书籍与校服。

今年，因大水灾的肆虐与破坏影响民生既深、且广，故我们率先伸出援手，雪中送炭，积极耗资颁配物资食品，协助灾后重建工作，助丹州灾民度过这段艰辛的日子！

因为，我们明白“道行天下”与“得道多助”的东方哲学内涵之悲天悯人。

（六）

“储粮防荒”，“居安思危”、“福兮祸所伏，祸兮福所倚”，这些都是人类在生活过程中最朴素，最原始的生存辩证法！我们集团管理层谨记并严守这东方管理法则。集团历经几年的奋斗与建设，扎下巩固的基础，尤其今年更累积了可观的现金储备，以便预防一切不可预知的变变及突如其来的事故，同时，伺机出手收购、投资矿业，以便扩大矿业领域与版图。为股东们创造最大化的投资回报！

（七）

最后，藉此机会向集团的专业、顾问合作机构与战略合作伙伴致以万二分的敬意，感谢他们数年以来以最专业的精神、秉公无私地指导并监督我们，让我们在这个领域得到掌声与好评。

更应感激我们矿区的生产队伍与各个环节的主管与管理团队，没有他们的服从与拼搏精神， 配合无间的工作态度，把不可能完成的工作变成可能！则我们今年绝对不可能屡创新高并谱下奇迹般的业绩！

这一切，因为大家的共同努力与付出所换取来的！

但，“骄兵必败”、“满招损，谦受益”。希望大家谨记并必须以不畏不亢的精神与态度，在原来基础上为明年创造出更亮丽的业绩！

林祥雄 教授
中色金矿有限公司 执行主席
2015年3月25日深夜于岛国

Progression amidst Adversity; Leadership Par Excellence

(I)

In 2014, the global political landscape was characterised by changes and complexities amidst rivalries and contentions; ranging from geopolitical boundaries' alliance to cross-region's differences and confrontations. The unpredictable political developments has resulted in 7 billion people in this global village living with apprehension.

From political clamours and disputes on the land, to territorial division and accordance in the sea, international mega powers have initiated the latest weaponry as a demonstration of their strength over targeted countries and hence enjoy the spoils of victory. Such troubling clamours and actions are seemingly facilitating the devil of 'NATO Cold War' with an opportunity of revival. It is also waking up the spirit of militarism which has been dormant for 70 years.

(II)

Economic data and strength resulted in political tensions and are the basis for the rights of voicing out internationally. As such, the East and West are attempting to construct a 'New Relationship Among Mega Powers' of 21st century, with the objective of containing each other, and to strike an economic and political balance for a peaceful co-existence.

In the pursuit of power, the ability of rational thinking is lost slowing down the economic development. The result is seen in the global economic indicator for 2014. In particularly, the mineral and energy industries where the effects of an economic slowdown is reflected in the continuous drop in prices in accordance with the law of supply and demand. Not surprisingly, the fall of gold prices since 2013 has hitherto continued unabated and has "infected" oil prices to a downward spiral. This phenomenon, with its sinking chain effect, highlighted the slowing down of global economy. It is a cause for concern.

(III)

Our management has keenly observed and analysed the evolution of the global economy are prepared for inevitable slowing down of the global economy. Hence, since 2013, we have adopted a strategy of expansion and increase in production capacity to reduce production cost and to achieve success with stability. As a result, we have achieved a breakthrough in operating results in 2014, miraculously and successfully going against the bad tide in the mining industry!

Our Group posted three great achievements in our current financial year:

1. Fine gold production of 26,122 ounces in FY2014, a significant increase of 106.5% over FY2013 of 12,649 ounces.
2. Revenue of US$33,213,371 in FY2014, a significant increase of 99.8% over FY2013 of US$16,625,532.
3. Net profit (after tax) of US$15,320,133 in FY2014, a significant increase of 346.2% over FY2013 of US$3,433,593.

The abovementioned achievements, along with the Group's cost optimisation measures, had resulted in a bountiful net profit, with a high margin of 46%, ahead of global average industry performance.

We might be a small mining company. However, with the right development strategy and operation measures, we would be able to deliver maximum returns to our shareholders. For FY2014, the Management had declared and paid two interim dividends and proposed a final dividend and special dividend, totalling a dividend yield of approximately 2.5%, subject to shareholders' approval at the forthcoming annual general meeting, as an appreciation to our shareholders' support and confidence.

(IV)

2014 was not a year of smooth sailing for the Company. In fact, it was a stormy year where we had to brace adversities to progress; gold price stayed low for the entire year, coupled with the worst flood in 40 years, which lasted for nearly two months, resulting in production disruption. Shareholders expressed their concerns enquiring through telephones and emails on the damage caused by floods. We eventually responded in pragmatic terms with our good fourth quarter results to alleviate anxieties due to this natural calamity.

We were able to survive this rare severe flood, thanks to our 'foresight' and our strategy against natural disasters, coupled with a hardworking and united production team! Under permitting weather circumstances, the team worked 14 to 15 hours in the mine, from 7am to 10pm. Such perseverance allowed us to complete, one month in advance, the works of piling ore into the

Event
Donating Rice
08-01-2015

Lunch meeting
Chief Minister of Kelantan State of Malaysia
(YAB Ustaz Dato' Haji Ahmad
Yakob) and Prof LIN
03-03-2015

heap scheduled for December 2014. We were thus able to migrate the negative effect associated with the floods in December 2014, being the period of monsoon season. Such is the spirit that has been instilled to all our employees and labour staff since 2007.

As the Chinese saying goes, "A thousand days the country nurtures its soldiers and all for one day's battle". The natural disaster this year validated our management's core values, which is to remain people-oriented; each putting in one's best abilities, each receiving based on needs; and distributing according to individual's efforts. The management's policy of a clear system of rewards and penalties has been proven to be effective.

(V)

Corporate social responsibility has gained global attention. Rules and regulations have been created for compliance, especially in the mining industry, where hard rules are set resolutely.

Our organisation has been rigorously fulfilling our corporate social responsibility since we set foot on Kelantan in 2004. Twice or thrice a year, we have been helping the needy people by caring for the masses, granting scholarships and bursaries, giving away books, bags and school uniforms.

This year, the flood has caused widespread destruction to living conditions. We took the lead to extend helping hands in providing food and daily necessities, and to engage in rebuilding efforts after the flood. Our goal is to help the unfortunate flood victims of Kelantan tide over the difficult and trying days.

We strongly understand the Eastern philosophy to care for the masses and that 'virtuous ways exist ubiquitously' and 'support would be attracted to the righteous'.

(VI)

"Saving for rainy days – by storing food for bad years", "Considering dangerous moments while enjoying peace", "Disaster is hidden in bliss while bliss is found in disaster". These are the simple and original dialectics of life and ways of survival in the human evolution. Our management team adheres strongly to these Eastern philosophy of management. After years of hard work, we have built a solid foundation and accumulated substantial cash reserves to guard against adversities. We are also ready for merger and acquisition opportunities for future development, to broaden our footprint and maximise shareholder returns.

(VII)

Lastly, I would like to take this opportunity to thank our professional advisors and strategic partners for their professional advice and guidance. Their selfless support has helped us gain recognition and praises in the industry.

More importantly, I would like to thank our team in the mining site, the heads of various departments and the management team. Without their harmonious cooperation and fighting spirit, we would not be able to achieve the outstanding results of this year, turning the impossible into reality! Neither would we be able to continuously achieve such miraculous outstanding results of today.

This is the results of teamwork and efforts.

As the saying goes, "The proud arrogant army will surely be defeated", "Complacency courts losses, while humility brings forth benefits". It is important therefore that we remain humble and diligent to strive to achieve an even better results for next year.

Prof. Lin Xiang Xiong
Executive Chairman
CNMC Goldmine Holdings Limited
March 25, 2015

Event
Donating Rice
08-01-2015

Kelantan State Economic Development Corporation (KSEDC) Business visit:
1. Dr Haji Wan Zawawi Bin Wan Ismail – Group Chief Executive Officer, KSEDC
2. Haji Zainal Bin Ab Rahim – Group Deputy Chief Executive Officer, KSEDC
3. Amran Bin Ahmad – Group Manager, Corporate & Information Management, KSEDC
(12-02-2015)

林祥雄教授 (前排 -左二)

是中色金矿的创办人暨执行主席。他主要负责集团的战略业务发展与规划，宏观策划并制定集团政策。同时，指挥并监督矿区日常工作，帷幄运筹集团业务并在扎稳中求拓展。

数十年以来，他“艺经并轨，多元一体”的精神文明与物质文明双轨并列运作，博得了广泛认可与赞誉，他对两种文明锲而不舍的探索与追求以及拼搏精神，缔造了累累硕果：

2013年出版一套五大册画集、6册文集与4册评论集。

自1990，1994，2013三度被中华人民共和国文化部邀请，批准并支援在中国北京、上海、太原、西安、郑州等地筹开个人画展。作品广泛被博物馆、著名大专学府与机构收藏，例如：中国美术馆、北京大学与中国艺术研究院等。

他是“炎黄国际文化协会”的倡办者、创会会长。

2004年受马来西亚吉兰丹州政府礼聘为《中国-丹州国际贸易》首席顾问。同年，受中国艺术研究院聘为特约研究员。

2011年，受北京语言大学聘为客座教授。

2014年，受北京大学东方学研究院聘为研究教授；北京大学艺术学院礼聘为客座教授。受中国美术家协会礼聘为2015北京国际美术双年展国际策展人。

2013-2015年，他把从艺50年的一部分作品策划了为期三年的世界巡展。2013年亚洲首展在中国北京举办。二幅作品被中国美术馆珍藏并肯定他的艺术成就。

朱治光先生 (前排 -左三)

是中色金矿的执行副主席。朱先生负责公司的规划与策略方向、扩展计划以及企业监管。他曾参与包括新加坡、马来西亚、中国、香港、菲律宾、台湾以及澳大利亚在内，共200多个公司企业的上市。同时，朱先生也是数家新加坡上市公司的非执行董事。

林国扬先生 (前排 -左一)

是中色金矿的执行董事和执行总裁。主要负责公司旗下矿产业务的运作，和贯彻执行策略规划和相关政策。林先生在矿产领域有14年的丰富经验。林先生曾任创新国际集团有限公司及其集团公司的营运总裁，主要从事矿山石材的勘探、开采、加工、生 产和销售。林先生在大理石和花岗岩石矿的开采与营运领域以及国际市场营销具有丰富经验，曾为多个矿产项目提供顾问和项目管理服务。

关正德先生 (后排 -右一)

是中色金矿的独立董事及审计委员会主席。同时，也是新加坡凯利板上市的Kori Holdings Limited，主板上市的Green Build Technology Limited以及香港主板上市的CW Group Holdings Limited的独立董事。关先生在会计、审计以及财务咨询领域有20年的经验。他曾在1994年至2004年期间服务于新加坡及马来西亚多家国际会计师事务所。关先生在2004年成立自己财务咨询公司，并在2005年开始自己的会计事务所。关先生拥有新加坡南洋理工大学的会计学学士学位、伦敦大学的荣誉法律学士学位和新加坡国立大学法学（公司及金融服务法）硕士学位。关先生也是英国特许公认会计师公会会员、新加坡特许注册会计师以及新加坡董事协会会员。同时，关先生也是新加坡特许秘书行政管理人员学会会员。

陈宝财先生 (后排 -右三)

是中色金矿的独立董事及薪酬委员会的主席。陈先生是 Virtus Law LLP的合伙人，与 Stephenson Harwood LLP联合的一家国际律师事务所，并执业于企业融资领域。陈先生在1994年考取新加坡律师资格。现任新加坡凯利板上市公司Xyec Holdings Co. Ltd和澳大利亚上市公司Avexa Limited的独立董事。陈先生拥有英国白金汉大学荣誉法律学士学位和London-Guild大学法律硕士学位。陈先生也是Gray’s Inn的讼务律师。

颜秀连女士 (后排 -右二)

是中色金矿的独立董事，同时也担任提名委员会的主席。颜女士拥有超过20年的管理咨询经验，现担任 Singtel (改造管理办公室）的董事，曾任职于多家跨国公司包括Ericsson、 IBM、Deloitte & Touche、Arthur Andersen、KPMG和3M。颜女士拥有多个学位包括：University of South Australia的工商管理硕士;University of Kent的会计和电脑本科学位；英国和新加坡特许市场营销师协会的市场学研究生学位。

Board of directors

PROFESSOR LIN XIANG XIONG (Front row - Second From Left) is the founder and Executive Chairman of CNMC. He is responsible for formulating the Group's strategic plans and policies , directing and overseeing the daily activities of mining operations, seeking sustainable business development and expansion from time to time. For decades, he combines arts and economic endeavor in his strike; and his effort at fusing into one the multifaceted spiritual and material civilizations, has won him praises and universal acceptance. Tireless pursuits and infinite spirit, have created a dual civilization, rich and rewarding.

In 2013, he published five volumes of painting collections, six volumes of essay collections, four volumes of Introduction of Lin's Art. In 1990 , 1994 and 2013, he was invited by the Ministry of Culture of the People's Republic of China to hold solo arts exhibitions in Beijing, Shanghai, Taiyuan, Xi'an and Zhengzhou. His artworks are widely collected by museums, prestigious universities and tertiary institutions such as National Art Museum of China, Peking University and Chinese National Academy of Arts. He is the founder and President of the Global Chinese Arts & Culture Society. In 2004, he was appointed as the chief advisor on Kelantan-China International Trade for the Kelantan State Government. In the same year, he was appointed as a Distinguished Visiting Research Fellow by Chinese National Academy of Arts. In 2011, he was appointed as a visiting professor at Beijing Language and Culture University. In 2014, he was awarded as a Research Professor by Academy of Oriental Studies and as a Guest Professor by the School of Arts, Peking University. He was also appointed as an International Curator of "The 6th Beijing International Art Biennale,China". Besides, a 3-year world tour exhibition of a selection of his artworks over the past 50 years is being held between 2013-2015. In 2013, his first exhibition was held in Beijing. Two pieces of his artworks were collected by The National Art Museum of China as a state-level of recognition to his accomplishment in arts.

CHOO CHEE KONG (Front row - Third From Left) is the Executive Vice Chairman of CNMC. He is responsible for the formulation of the strategic direction and expansion plans as well as the corporate governance of the Group. As a former investment banker, he has been involved in the successful listing of more than 200 companies from countries including Singapore, Malaysia, the People's Republic of China, Hong Kong, Philippines, Taiwan and Australia. He also serves as a non-executive director on a number of publicly-listed companies in Singapore.

LIM KUOH YANG (Front row - First From Left) is the Executive Director and the Chief Executive Officer of CNMC. He is responsible for implementing the strategic plans and policies as well as managing the mining operations of the Group. He has over 14 years of experience in the mining industry. He was formerly the chief operation officer of Innovation World-Wide Group Pte Ltd (IWG) and its group of companies, which are principally engaged in the business of trading of building materials and mining, processing and marketing, distribution and sale of dimension stones. He has driven the successful exploration and operation of various marble and granite dimension stone mine, and provided consulting and project management services in association with sub-contracted mining projects.

KUAN CHENG TUCK (Back row - First From Right) is the Independent Director and the Chairman of the Audit Committee of CNMC. He is also the independent director of Kori Holdings Limited (listed on Catalist of the SGX-ST), Green Build Technology Limited (listed on Mainboard of the SGX-ST) and CW Group Holdings Limited (listed on the Mainboard of the Hong Kong Stock Exchange). He has more than 20 years of experience in the fields of accounting, auditing as well as business and financial advisory. He had worked with various international accounting firms in Singapore and Malaysia between 1994 and early 2004. He set up and managed his own business and financial consulting firms in 2004 and his own accounting practice in 2005. He holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore , a Bachelor of Laws (Honours) degree from the University of London and a Master of Laws (Corporate and Financial Services Law) degree from the National University of Singapore. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors. He is also an associate member of the Singapore Association of Institute of Chartered Secretaries and Administrators.

TAN POH CHYE ALLAN (Back row - Third From Right) is the Independent Director and Chairman of the Remuneration Committee of CMNC. He is a partner at Virtus Law LLP, associated with Stephenson Harwood LLP, an international law firm, and practises in the field of corporate finance, regulatory and compliance laws. He was admitted to the Singapore Bar in 1994. He is also presently an independent director of Xyec Holdings Co. Ltd listed on Catalist of the SGX-ST, Nico Steel Holdings Limited listed on Mainboard of the SGX-ST and Avexa Limited, a company listed on the Australian Stock Exchange. He holds a Bachelor of Laws (Honours) degree from the University of Buckingham (United Kingdom) and a Master's degree in Law from the London-Guild University. He is also a Barrister-at-law of Gray's Inn.

GAN SIEW LIAN (Back row - Second From Right) is the Independent Director and Chairman of the Nominating Committee of CMNC. She has over two decades of successful global corporate and consulting experience. She is currently a Director (Transformation Management Office) at Singtel and has previously worked with global companies including Ericsson, IBM, Deloitte & Touche, Arthur Andersen, KPMG and 3M. She holds a Master in Business Administration from University of South Australia in International Business, a Bachelor degree in Accounting and Computing from University of Kent, Canterbury, and two post-graduate Diplomas in Marketing from the Chartered Institute of Marketing in the United Kingdom and Singapore.

THE BUSINESS TIMES

PUBLISHED MAY 14, 2014

CNMC in the black in Q1 as gold production grows almost six times

BY ANDREA SOH
sandrea@sph.com.sg @AndreaSohBT

Its revenue grew sixfold to US$5.1 million, as increased production facilities and higher productivity from the two leaching yards boosted its production of fine gold to 4,010.15 ounces, up from 684.99 ounces in Q1 last year. PHOTO: CNMC GOLDMINE

CNMC Goldmine Holdings moved into the black for the quarter ended Mar 31, recording a net profit of US$1.55 million compared with a net loss of US$724,657 a year ago.

Its revenue grew sixfold to US$5.1 million, as increased production facilities and higher productivity from the two leaching yards boosted its production of fine gold to 4,010.15 ounces, up from 684.99 ounces in Q1 last year.

CNMC's all-in cost of production US$781 per ounce in the first quarter, compared with US$2,320 an ounce a year ago.

THE STRAITS TIMES TUESDAY, FEBRUARY 17, 2015

CNMC operates mines in Kelantan, Malaysia. Due to the lower cost of living, labour costs for mine operations are lower than those of companies based in countries such as Australia or Canada, says chief executive Chris Lim. PHOTO: CNMC

CNMC Goldmine's full-year profit soars 357%

By ONG KAI XUAN

GOLD miner CNMC Goldmine Holdings has reported a glittering full year of financial results on a boost in production of the precious metal and falling costs.

Net profit in the fourth quarter ended Dec 31 surged 93.4 per cent to US$3.16 million (S$4.3 million) as revenue jumped 32.6 per cent to $9.78 million.

The figures for the full year were even better, as net profit soared 357 per cent to US$12.24 million, with revenue almost doubling to US$33.21 million, up 99.8 per cent from US$16.63 million the year before.

CNMC operates mines in the Sokor gold fields in the Malaysian state of Kelantan. The company said the deposits there had yielded more than one metric tonne of bullion as of July last year.

The strong year prompted the company to propose a final and special dividend totalling 0.375 Singapore cents a share.

This impressive showing came despite the fall in the average realised gold price from US$1,269 per ounce to US$1,227 per ounce.

The increased revenue could be attributed to a large rise in fine gold production from 12,649.06 ounces to 26,112.08 ounces.

This offset the fall in gold prices, and was driven by increased productivity as well as the addition of new facilities last year.

A fall in all-in costs contributed to the increase in profits as well. All-in costs stood at US$610 per ounce as of the three months leading to Dec 31, down 20 per cent year on year.

According to CNMC chief executive Chris Lim, this is far below the average cost worldwide – estimated at US$1,200 per ounce.

At a glance

- **Net profit:** US$3.16 million (+93.4%)
- **Revenue:** US$9.78 million (+32.6%)

He said that this made CNMC the gold mining company with the highest profit margin percentage of 50 per cent.

The fall in all-in costs could be attributed to the recent increase in production, which led to "economies of scale", he said.

In addition, the key difference between CNMC and other gold companies is the mine location.

Mr Lim said that due to the lower cost of living in Malaysia, labour costs are lower than those of companies based in countries such as Australia or Canada.

Also, the mine is fairly close to the city, which lowers transport costs.

Given the relatively young age of the mine, the metals were extracted from shallower grounds, as opposed to older mines, which require deeper – and costlier – extraction.

This could become an issue, but Mr Lim said: "We will make up for the increase in costs when we dig deeper by increasing productivity. We are also working with our environment consultant to find ways to make use of solar power or other methods to reduce diesel consumption."

CNMC plans to maintain a low-cost structure to defend itself against the volatility of gold prices, as well as to expand its mines to new territories in South-east Asia or Australia.

The basic earnings per share were 3.91 Singapore cents for the full year, up from 0.83 cents the year before. Net asset value per share was 8.16 Singapore cents as at Dec 31, up from 4.43 Singapore cents a year earlier.

The counter closed unchanged at 26.5 cents yesterday.

ongkx@sph.com.sg

Syarikat CNMC derma RM500,000

150 keluarga miskin terima sumbangan CNM

HEBAHKAN

B12 MONEY COMPANIES THE STRAITS TIMES

CNMC Goldmine glitters in 2nd quarter

Higher fine gold sales, lower costs lift gold miner's profit by 330-fold

林祥雄：增额外盈利

中色金矿 免税5年

"求索大地、关怀社群"

中色金矿公司 50万施赠

扶贫先要扶智

每年给奖学金予贫困学生

回馈社会是成功者

贡献社会才是成功者

行业具代表企业 社会体现善举方

CNMC lifts pace of exploration, prepares to open third leaching facility in Kelantan

CNMC delivers strong earnings, dividends for 2014; prepares to expand production

丹矿业税收明年料获3亿

丹登矿业

中馬礦業 10年奮斗 業績攀升 前景看俏

生產出丹第一片岩磺石金錠

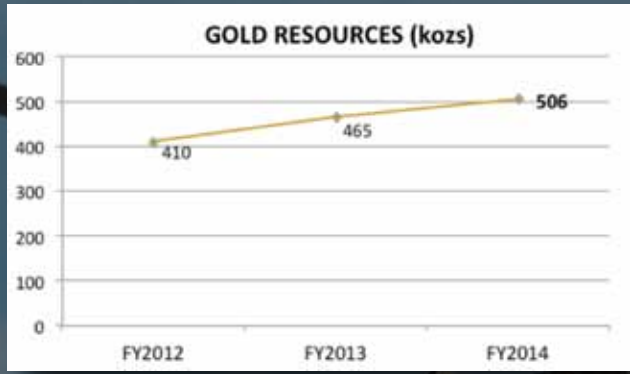
丹環境局滿意中色金礦

突擊檢查索谷礦區環保條規

改写传统生产"粗金"方式

Highlights 2014

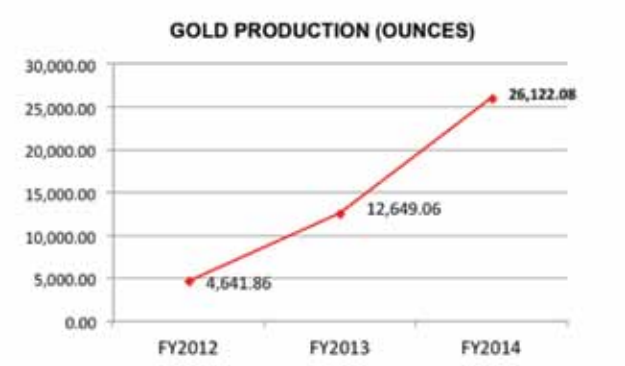
首家在新加坡证券交易所凯利板的矿产、石油与天然气新条例下上市的黄金开采公司
First gold mining company listed on Catalist of the SGX-ST under the new MOG rules



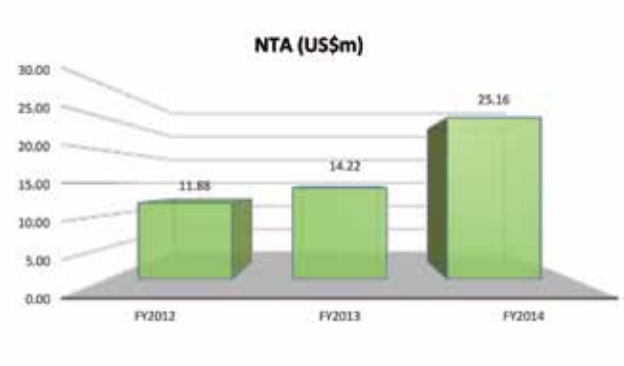
The above chart sets forth monthly average London Fix gold price for FY2012, FY2013, FY2014 and up to February 2015.
Source: World Gold Council

The mineral resources estimates have been prepared by the Group's third party independent Mineral Resources and Ore Reserves estimation consultant, Optiro Pty Ltd, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the "**JORC Code**")

London, 27 June 2013 Press Release : Publication of the World Gold Council's Guidance Note on Non-GAAP Metrics - All-In Sustaining Costs and All-In Costs.



In FY2014, a total of 26,122.08 ounces of fine gold were produced.



The Group's NTA increased by 76.9% in FY2014 as a result of the Group's improved performance.

The Group's profitability improved significantly in FY2014, from a profit for the year of US$3.43million in FY2013 to US$15.32million in FY2014.

Milestones Achieved

28th February 2014

CNMC Produced Another Record Single Gold Pour of 2,314.42 Ounces of Gold Doré Bars

(Produced 2,314.42 ounces of gold dore bars, as compared to the previous record of 2,130.74 ounces, reflecting an increase of approximately 8.6%)

11th April 2014

Qualified Person's Report on Updated Mineral Resources and Ore Reserves Estimates as at 31 December 2013

(As at 31 Dec 2013, the total Measured, Indicated and Inferred gold Mineral Resources for the Sokor Gold Project (above a 0.3 g/t gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong) was 9.14 million tonnes at 1.6g/t gold with contained gold of 465,000 ounces)

14th April 2014

Early Redemption of Convertible Loan

(Early redemption of convertible loan of an aggregate principal amount of S$1.45 million)

15th May 2014

Pioneer Status Incentive from The Malaysian Investment Development Authority

(Tax exemption of 100% on statutory income for a period of 5 years in relation to the production of gold doré bars beginning from 1 July 2013 until 30 June 2018)

20th May 2014

Commencement of Production at CNMC's Third Leach Yard

(Construction of the third leach yard with leaching capacity of up to 600,000 tonnes, was completed and commenced production)

4th June 2014

CNMC Utilises Orepack™ Drillspacing Optimiser Program

(Employed OREpack™ Drillspacing Optimiser Program to achieve the best mineral resource block model quality at optimal cost)

9th July 2014

Record Gold Pour in the Month of June 2014

(Produced 4,356.47 ounces of gold doré bars in the month of June 2014, which is the highest record to date for monthly output surpassing previous record of 3,419.51 ounces, reflecting an increase of approximately 27.4%)

In 2014

18th July 2014

CNMC Produced More Than One Metric Tonne of Gold Bullion at Sokor Gold Project

(Produced 2,586.75 ounces of gold doré bars, as compared to the previous record of 2,314.42 ounces, reflecting an increase of approximately 11.7%. With this production, the Company's Sokor Gold Project had produced more than one metric tonne of gold bullion since gold production commenced in July 2010)

11th August 2014

Declaration of 1st Interim Dividend

(Declared an interim one-tier tax exempt dividend of S$0.0015 per ordinary share)

18th September 2014

Completion of the Installation of 350 Tonnes Per Hour Crushing System

(Construction of a 350 tonnes per hour crushing system was completed and underwent trial runs)

1st October 2014

CNMC Produced a Record 5,201.28 Ounces of Gold Doré Bars in the Month of September 2014

(Produced 5,201.28 ounces of gold doré bars in the month of September 2014, which was the highest record for monthly output surpassing previous record of 4,356.47 ounces, reflecting an increase of approximately 19.4%)

19th November 2014

CNMC Produced Another Record Single Gold Pour of 2,945.01 Ounces of Gold Doré Bars

(Produced 2,945.01 ounces of gold doré bars in a single gold pour, which was the highest single production output surpassing previous record of 2,314.42 ounces, reflecting an increase of approximately 27.2%)

18th December 2014

Declaration of 2nd Interim Dividend

(Declared an interim one-tier tax exempt dividend of S$0.0015 per ordinary share)

16th February 2015

Proposed of final and special dividends

(Subject to shareholders' approval, proposed a final one-tier tax exempt dividend of S$0.0015 per ordinary share and a special one-tier tax exempt dividend of S$0.00225 for the financial year ended 31 December 2014)

FINANCIAL REVIEW

REVENUE AND PROFITABILITY

FY2014 was a challenging year for the global gold mining industry. The Group's average realised gold price per ounce fell even lower to US$1,271.47 in FY2014, from US$1,314.37 in FY2013 and US$1,651.30 in FY2012.

Despite the fall of 23.0% in average gold price per ounce over the past 3 financial years, the Group reported an increase of 99.8% in its revenue from US$16.63 million in FY2013 to US$33.21 million in FY2014, due mainly to the surge in fine gold production volume by 106.5% from 12,649 ounces in FY2013 to 26,122 ounces in FY2014. With the new high in fine gold production, coupled with the reducing operating cost as well as the five-year income tax exemption on Sokor Gold Project, the Group's net profit surged 346.2% from US$3.43 million in FY2013 to US$15.32 million in FY2014. The Group's earnings per share also increased by 354.5% from US 0.66 cents in FY2013 to US 3.00 cents in FY2014.

ALL-IN COSTS

Cost optimisation is the Group's main focus. In FY2014, the Group further improved its all-in-costs per ounce to US$725 from US$1,073 in FY2013. Lower all-in-costs per ounce in FY2014 was mainly due to greater economies of scale which was only achieved in 3Q2013, subsequent to the commencement of operations at the Group's second leach pad. The all-in-costs per ounce in 4Q2014 was recorded at US$610 as compared to US$761 in 4Q2013.

FINANCIAL POSITION

The Group's net assets increased from US$14.22 million as at 31 December 2013 to US$25.16 million as at 31 December 2014 due to the Group's strong overall performance in FY2014. The Group's net assets value per share also increased from US 3.49 cents to US 6.17 cents.

CASH FLOWS

The Group had cash and cash equivalents of US$12.34 million as at 31 December 2014 as compared to US$2.21 million (excluding pledged fixed deposit of US$0.79 million) as at 31 December 2013.

DIVIDEND

For FY2014, the Group had declared and paid interim dividends of S$0.0015 per share in September 2014 and January 2015 respectively. In addition, the Group proposed a final one-tier tax exempt dividend and a special dividend for FY2014 at S$0.0015 per share and S$0.00225 per share respectively, subject to the shareholders' approval at the forthcoming annual general meeting.

OPERATIONS REVIEW

FY2014 marked yet another milestone year for CNMC. The primary focus of CNMC's operations in FY2014 was increasing its gold production, as well as adding new mineral resources to our portfolio through exploration to replace depleted resources.

Following the commissioning of our third leach yard with an estimated leaching capacity of 600,000 tonnes in May 2014, the Group currently has a combined total estimated leaching capacity of 1,000,000 tonnes per annum. With the completion of this third yard, combined with the full scale operation of the Group's second gold de-absorption plant, the Group was able to achieve significant economies of scale which resulted in the further improvement in the Group's all-in-costs per ounce. With these three fully-operational leach yards, the Group increased its fine gold production volume by 106.51% from 12,649.06 ounces in FY2013 to 26,122.08 ounces in FY2014.

On the exploration front, a record of 98 holes with a total drilling footage of 13,016 meters were completed at Sokor Gold Project and had been incorporated into the updated Mineral Resources estimate for FY2014 which is reported in the Qualified Persons Report for FY2014.

Our continuing exploration programme has yielded positive results in so far as replenishing depleted resources is concerned. After ore depletion for mining at Rixen during FY2014, the additional drilling at Rixen extended the resource to the south and the north-east and increased the Indicated Mineral Resources tonnage by approximately 51% with an overall increase of 43% in contained gold. The increase in Indicated Mineral Resources has been achieved by the extension of the mineralisation along strike and infill drilling, which has improved the confidence in parts of the property and moved Inferred Mineral Resources into Indicated Mineral Resources. Consequently, the Inferred Mineral Resource tonnage decreased by 26% and the average grade decreased by 10%, with an overall decrease of 33% in contained gold. The total Mineral Resource tonnage increased by 19%, the average grade decreased by 8%, with an overall increase of 8% in contained gold.

At Manson's Lode, the 2014 drilling extended the Mineral Resource along strike to the north-east and at depth within the south-western area of the property. This drilling significantly increased the Inferred Mineral Resources with material with a lower average grade (1.0 g/t gold, compared to 1.7 g/t gold in 2013). The Inferred Mineral Resource tonnage of Manson's Lode increased by 172% and the average grade decreased by 37%, with an overall increase of 70% in contained gold. The additional drilling increased the Measured and Indicated Resource tonnages by 2%. The total Mineral Resource tonnage of Manson's Lode increased by 41% and the average grade decreased by 20%, with an overall increase of 13% in contained gold.

At New Discovery, a deep hole (ZNK4-11 - down-hole depth of 326.5 m) was drilled to the east which intersected mineralisation at depth and extended the mineralisation down-dip. The mineralisation interpretation was amended and there was an increase in the Inferred Mineral Resource tonnage of 19% and a decrease in the average grade of 7%, with an overall increase of 10% in contained gold. There were small improvements to the Measured Resource and a consequent reduction in the Indicated Mineral Resource. The total Mineral Resource tonnage of New Discovery increased by 8% and the average grade decreased by 6%, with an overall increase of 2% in contained gold.

OPERATIONS REVIEW

As at 31 December 2014, the total Measured, Indicated and Inferred gold resources for the Sokor Project (above a 0.3 g/t gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong) was 10,810 kt at 1.5 g/t gold with contained gold of 506,000 ounces (inclusive of material used to define Ore Reserves). Manson's Lode Mineral Resources contain additional silver, lead and zinc Mineral Resources of 935 kt with an average grade of 50 g/t silver, 1.3% lead and 1.4% zinc. The share of the Mineral Resource attributable to CNMC is 81% and is summarised in the table below.

Compared to the 31 December 2013 Mineral Resource estimate, there has been an increase in gold Mineral Resources of 1,670 kt at 0.7 g/t gold. This represents an increase of 8% in contained gold in the Mineral Resource. The increased tonnage at Manson's Lode, of 288 kt, has an average grade of 28 g/t Ag, 1.0% Pb and 1.1% Zn with contained metal of 258,000 ounces of silver, 2,720 t of lead and 3,120 t of zinc.

SOKOR PROJECT - MINERAL RESOURCE STATEMENT AS AT 31 DECEMBER 2014 (INCLUSIVE OF ORE RESERVES)

		Gross Attributable to Licence			Gross Attributable to CNMC			
Category	Mineral Type	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.55	3.2	57	0.45	3.2	46	+1
Indicated	Gold	6.75	1.3	287	5.47	1.3	232	+34
Inferred	Gold	3.51	1.4	163	2.84	1.4	132	-17
Total	**Gold**	**10.81**	**1.5**	**506**	**8.76**	**1.5**	**410**	**+8**
Measured	Silver	0.33	62	659	0.27	62	534	-3
Indicated	Silver	0.16	72	360	0.13	72	291	+52
Inferred	Silver	0.45	33	473	0.37	33	383	+49
Total	**Silver**	**0.94**	**50**	**1,492**	**0.76**	**53**	**1,208**	**+21**
Measured	Lead	0.33	1.7	5,569	0.27	1.7	4,511	0
Indicated	Lead	0.16	1.7	2,628	0.13	1.7	2,129	+66
Inferred	Lead	0.45	0.9	4,252	0.37	0.9	3,444	+67
Total	**Lead**	**0.94**	**1.3**	**12,449**	**0.76**	**1.3**	**10,084**	**+28**
Measured	Zinc	0.33	1.7	5,487	0.27	1.7	4,444	-2
Indicated	Zinc	0.16	2.0	3,062	0.13	2.0	2,480	+112
Inferred	Zinc	0.45	1.0	4,459	0.37	1.0	3,612	+58
Total	**Zinc**	**0.94**	**1.4**	**13,007**	**0.76**	**1.4**	**10,536**	**+32**

Note: Inconsistencies in totals are due to rounding

The Mineral Resources estimates for the Sokor Project have been prepared and classified in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results. Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code 2012), by the Group's third party independent resources and reserves estimation consultant, Optiro Pty Ltd.

In reporting the Ore Reserves as at 31 December 2014, the Sokor Project registered a 5% increase in Ore Reserves compared to the previous update report (as tabulated in the table below). The total Ore Reserves as at 31 December 2014 included Ore Reserves at Rixen, which have been reported in accordance with the JORC Code 2012, and the Ore Reserves at Manson's Lode and New Discovery, which were prepared and first disclosed under the JORC Code 2004, and have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed from that previously reported.

SOKOR PROJECT ORE RESERVES (MANSON'S LODE, NEW DISCOVERY AND RIXEN) AND MINERAL RESOURCES (ADDITIONAL TO ORE RESERVES AT MANSON'S LODE, NEW DISCOVERY, RIXEN AND KETUBONG) STATEMENT AS AT 31 DECEMBER 2014

		Gross Attributable to Licence			Gross Attributable to CNMC			
Category	Mineral Type	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	186	3.6	23	151	3.6	18	0
Probable	Gold	3,939	1.3	165	3,189	1.3	133	+5
Total	**Gold**	**4,125**	**1.4**	**188**	**3,341**	**1.4**	**151**	**+5**
RESOURCES								
Measured	Gold	335	3.1	32	270	3.1	27	-18
Indicated	Gold	2,711	1.3	110	2,207	1.3	88	+115
Inferred	Gold	1,682	1.1	61	1,370	1.1	50	-69
Total	**Gold**	**4,728**	**1.4**	**203**	**3,847**	**1.4**	**165**	**-29**

In 2015, the Group hopes to continue further streamlining the production process thereby reducing gold production cost to enhance profitability, as well as leverage economies of scale from increased production capacity and efficiency to lower material costs from key suppliers. The Group also plans to accelerate exploration activities with the aim of increasing gold, silver, lead and zinc resources and reserves in the Sokor Gold Project and explore opportunities in the acquisition and development of other mining projects in Malaysia as well as highly prospective exploration and mining projects located in Asia and Australasia.

SUSTAINABLE DEVELOPMENT

CNMC Goldmine Holdings Limited's ("CNMC") mission is to become one of the pre-eminent gold and mineral producers in the Asia-Pacific region in sustainable gold mining. This can be achieved by adopting the best industry practices and standards, managing the environment responsibly, embracing corporate social responsibility, creating employment and empowering the communities where we operate, while maximising long-term shareholders' value.

Sustainability has always been an integral part of the Group's business and has the full support from the Board and the Management. The Company's sustainability strategy focuses on engaging multi-stakeholders proactively, implementing best practices holistically (covering the environment, community, market place and workplace), benchmarking against industry standards, and reporting its progress in a timely and open manner.

The policy of CNMC's main operating subsidiary, CMNM Mining Group Sdn. Bhd. ("CMNM") with respect to environmental protection and community development is to develop and manage its mining operations with the objective to comply with environmental regulations, minimising harm to the environment and maintaining sensitivity to local cultural and community expectations.

ENVIRONMENTAL PROTECTION

As a mining company, CNMC believes that it has a fundamental responsibility to manage effectively environmental impacts throughout the entire spectrum of its activities - from acquisition of land, to its development, operations and the disposal of waste and rehabilitation.

Land is cleared using manual methods such as bulldozing and stacking of trees, thereby preventing air pollution and preserving the soil structure.

CMNM manages and regularly monitors every environmental aspect in order to minimise adverse impact on the natural environment in compliance with the environmental regulations. An Environmental Impact Assessment ("EIA") report was prepared by CMNM and approved by the Department of Environment of Kelantan ("DOE") in June 2009. An environmental management plan, which sets out the processes that CMNM will follow to ensure compliance with environmental regulations and minimise harm to the environment, was subsequently approved by the DOE in April 2010.

CMNM recognises that environmental monitoring is an on-going obligation. To demonstrate its commitment to regularly monitoring and auditing of environmental issues and impact, CMNM has appointed I.Z. Environmind Sdn. Bhd., a licensed third party environmental consultant approved by the DOE in December 2010. I.Z. Environmind Sdn. Bhd. will conduct regular environmental monitoring exercises to ensure that CMNM complies with all environmental regulations and is informed of any potential environmental risks or issues arising from its operations. It will also constantly provide feedback and report to CMNM with regard to its environmental practices. I.Z. Environmind's engagement will continue on an on-going basis.

In FY2013, Universiti Malaysia Kelantan (UMK), Faculty of Earth Science, conducted an independent study on the effects of gold mining on the physico-chemical water quality and benthic macro-invertebrate compositions in rivers located at Sokor mine site and was published in the "Journal of Applied Sciences in Environmental Sanitation" in September 2013. The results of the study showed that at present the ecosystem of the river in the area is still healthy. This also signified that CNMC's operations at the Sokor gold mine site does not have a significant adverse impact on the Sokor River.

COMMUNITY DEVELOPMENT

As a leader in the mining industry in the Kelantan State, Malaysia, CNMC recognises the vital roles of its employees and the communities in which it operates. CNMC believes that mining activities create job opportunities and alleviate poverty, and hence has the potential to empower people to secure a better livelihood for themselves and their future generations.

CNMC's strategy is to involve its stakeholders such as the local communities and government bodies in various community projects which align with the needs and objectives of the local communities, in areas ranging from education, healthcare to disaster relief.

Since 2007, CNMC has made substantial efforts to integrate with the local population in the vicinity where the mine is located and has assisted them in social and economic development. It has also provided the local community with many new employment opportunities, training and skills development for the staff of the mining operations and broadened the economic and commercial base for local businesses, thereby contributing to the economic growth of the State. CNMC has developed a corporate social responsibility policy which will address the Group's impact on the local community. In addition, the Group paves the way for other business investors to invest in the Kelantan State which in turn encourages foreign direct investment into the State.

The main negative social impact from mining operations is the loss of employment when its operations cease. However, to mitigate this downside, the local workforce would have been fully trained with multi-skilled experience that can be transferred to other mining or similar industries.

During the Hari Raya festive season in July 2014, donations were made to 150 less fortunate individuals, families and orphans residing in the Tanah Merah areas.

In December 2014, the Company embarked on a flood relief operation to support the State government's initiatives to provide relief and rebuilding efforts to affected areas in Kelantan. The Company provided food supplies to alleviate the burden of flood victims, equipment for post-flood restitution, as well as school supplies for students affected by flood.

CNMC reiterates its core value of "searching the earth, caring for the society", and will do our utmost to better the lives of the community in which we operate.

CNMC CORPORATE SOCIAL RESPONSIBILITY POLICY STATEMENTS

1. SOCIAL RESPONSIBILITY POLICY

CNMC's future is dependent on our ability to develop, operate and close mines consistent with our commitment to sustainable development; protection of human life, health and the environment, and adding value to the communities in which we operate.

To realise these commitments, every CNMC's operation will:

- Develop and use systems to identify and manage risks, and provide accurate information to support effective decision making.
- Train our people and provide the resources to meet our social responsibility objectives and targets.
- Respect the Universal Declaration of Human Rights in our business operations.
- Respect the social, economic and cultural rights of indigenous people.
- Adopt policies, standards and operating practices that ensure ongoing improvement in our corporate social responsibility practices.
- Wherever appropriate and feasible, set operating standards which exceed the requirements of the applicable local laws.
- Assess our performance against our policies and standards.
- Demand leadership in social responsibility from all our people.
- Seek to share our success by partnering with stakeholders in appropriate community development programs.
- Consult stakeholders on matters that affect them.
- Strive to communicate our performance in an accurate, transparent and timely manner.

2. ENVIRONMENTAL POLICY

CNMC intends to set standards of excellence with regard to environmental matters.

There are two policies that provide definition to the Environmental Mission Statement to reflect the challenges we face as a mining business. They are:

- CNMC will, at all times, attempt to operate our facilities in compliance with applicable laws and regulations.
- CNMC will adopt and adhere to standards that are protective of both human health and the environment at the facilities we build and operate within.

To support the activities necessary to achieve compliance with the Environmental Mission Statement and policies, CNMC intends to commit the necessary human and financial resources to this cause.
.

CNMC intends to establish an audit program to systematically evaluate compliance of our operating facilities with applicable federal, state, and local rules and regulations, as well as corporate policy, which also includes a corrective action process to address deficiencies that are discovered.

Each employee (including contractors) will be held accountable for ensuring that those employees, equipment, facilities and resources within his or her area of responsibility are managed to comply with this policy and to minimise environmental risks.

3. HEALTH AND SAFETY POLICY

This policy provides the framework for the development of Health, Safety and Loss Prevention (HSLP) standards, procedures and guidance, which will address the control environment, risk assessment, information and communication, control activities and monitoring of core business processes.

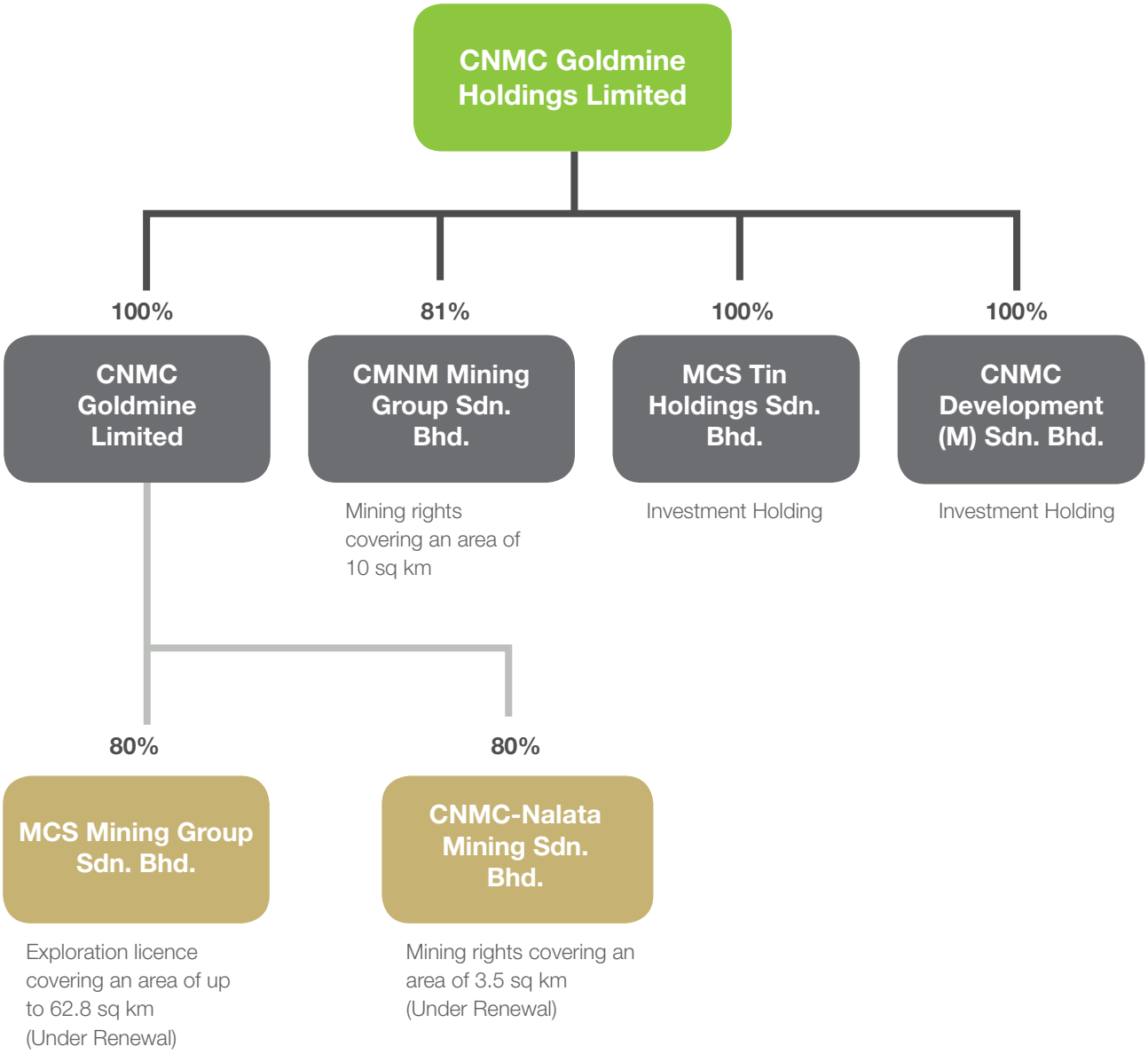
This policy addresses the intentions and principles of CNMC with respect to effectiveness and efficiency, reliability of financial reporting and compliance with laws and regulations to achieve core business activities.

To support this policy, CNMC commits to:

- Identify, eliminate, or otherwise control Health Safety Environment ("HSE") risks to our people, communities, and the environment in which we operate.
- Develop and deliver measurable HSE objectives and targets.
- Provide our employees with the resources to achieve our goal of zero incidents, injuries and illnesses.
- Comply with all applicable legal and other requirements including international and external commitments.
- Ensure that the Group's site disaster management procedures are regularly updated and emergency response teams are in place and well trained.
- Drive the implementation of identified safety initiatives that continually improve workplace health and safety.
- Commence a review of every high-risk incident or injury within 48 hours of its occurrence and ensure that the appropriate actions are identified and implemented.
- Foster an employee involvement culture within the workplace; a measure of success of this will be the extent to which employees take ownership of workplace safety.
- Ensure that HSE expectations are clearly communicated to all contract principals and that their management systems are randomly audited.

As individuals, we personally commit to applying the principles of this policy to continuously improve the way we work every single day.

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS
Professor Lin Xiang Xiong @ Lin Ye
Executive Chairman

Choo Chee Kong
Executive Vice Chairman

Lim Kuoh Yang
Executive Director and Chief Executive Officer

Kuan Cheng Tuck
Independent Director

Tan Poh Chye Allan
Independent Director

Gan Siew Lian
Independent Director

AUDITORS
KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Tel: +65 6213 3388
Fax:+65 6225 2230
Partner-in-charge: Tan Huay Lim
(Appointed with effect from the financial year ended 31 December 2011)

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CNMC Goldmine Holdings Limited
745 Toa Payoh Lorong 5
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Singapore 319455
Tel: +65 6220 4621
Fax: +65 6220 1270
Company Registration No. 201119104K
www.cnmc.com.hk

AUDIT COMMITTEE
Kuan Cheng Tuck Chairman
Tan Poh Chye Allan
Gan Siew Lian

NOMINATING COMMITTEE
Gan Siew Lian Chairman
Kuan Cheng Tuck
Tan Poh Chye Allan

REMUNERATION COMMITTEE
Tan Poh Chye Allan Chairman
Kuan Cheng Tuck
Gan Siew Lian

CNMC GOLDMINE LIMITED
2/F. 100 Des Voeux Road C.,
Central, Hong Kong
(Registered Address)

CMNM MINING GROUP SDN. BHD.
PT6724 Kelewek
Jalan Jeli
17500 Tanah Merah
Kelantan Malaysia

MCS MINING GROUP SDN. BHD.
Lot 577, Section 19, Taman Limau Manis,
Jalan Hamzah, 15050 Kota Bharu, Kelantan
(Registered Address)

CNMC-NALATA MINING SDN. BHD.
Lot 577, Section 19, Taman Limau Manis,
Jalan Hamzah, 15050 Kota Bharu, Kelantan
(Registered Address)

CNMC DEVELOPMENT (M) SDN. BHD.
Lot 577, Section 19, Taman Limau Manis,
Jalan Hamzah, 15050 Kota Bharu, Kelantan
(Registered Address)

MCS TIN HOLDINGS SDN. BHD.
Lot 577. Section 19, Taman Limau Manis,
Jalan Hamzah, 15050 Kota Bharu, Kelantan
(Registered Address)

COMPANY SECRETARY
Vincent Lim Bock Hui, LLB (Hons)

CATALIST SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay,
#10-00 Income at Raffles,
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SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
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Singapore 048623
Tel: +65 6536 5355
Fax: +65 6536 1360

Introduction

The Board of Directors (the "Board") of CNMC Goldmine Holdings Limited (the "Company") is committed to ensuring that high standards of corporate governance are practised within the Company and its subsidiaries (the "Group"). Good corporate governance helps to promote corporate transparency, and to protect and enhance shareholders' interests.

This report outlines the Company's corporate governance practices with specific reference to principles of the Code of Corporate Governance 2012 (the "Code"), and where applicable, deviations from the Code are explained, and also describes the Company's activities for the financial year ended 31 December 2014.

1. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, and corporate governance practices.

In addition, the principal duties of the Board include the following:

- Provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- Review management performance;
- Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- Consider sustainability issues, e.g., environmental and social factors, as part of the strategic formulation.

Independent judgement

Each Director is expected, in the course of carrying out his/ her duties and responsibilities, to act in good faith and consider at all times the interests of the Company.

The current members of the Board and their membership on the board committees of the Company are as follows:

		Board Committee Membership		
Name of Directors	Position	Audit	Remuneration	Nominating
Professor Lin Xiang Xiong @ Lin Ye	Executive Chairman	_	_	_
Choo Chee Kong	Executive Vice Chairman	_	_	_
Lim Kuoh Yang	Executive Director and Chief Executive Officer	_	_	_
Kuan Cheng Tuck	Lead Independent Director	Chairman	Member	Member
Tan Poh Chye Allan	Independent Director	Member	Chairman	Member
Gan Siew Lian	Independent Director	Member	Member	Chairman

Delegation by the Board

In recognition of the high standard of accountability to the Company's shareholders, these functions are carried out either directly by the Board or through the Board committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each of these committees has its own written terms of reference and is chaired by an independent director and all the members are non-executive and independent.

Board and Board Committee Meetings

The Board holds quarterly meetings every financial year, with additional meetings for particular matters convened when necessary. The Directors also periodically review the internal controls and risk management systems of the Group to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

The Company's Articles of Association ("Articles") permit Directors to attend meetings through the use of audio-visual communication equipment.

The record of attendance of the Directors at the Board and Board committee meetings in FY2014 was as follows:

	Board Meeting	Audit Committee	Nominating Committee	Remuneration Committee
No. of meeting held	4	4	1	1
	No. of meetings attended			
Directors				
Professor Lin Xiang Xiong @ Lin Ye	4	4	1	1
Choo Chee Kong	4	4	1	1
Lim Kuoh Yang	4	4	1	1
Kuan Cheng Tuck	4	4	1	1
Tan Poh Chye Allan	3	4	1	1
Gan Siew Lian	4	4	1	1

Board approval

The following matters are specifically reserved for the full Board's approval:

(i) Strategies and objectives of the Group

(ii) Annual budgets and business plan

(iii) Material investment and transactions ;

(iv) Acquisitions or disposals of assets ;

(v) Announcement of quarterly and full year financial results and release of annual reports;

(vi) Corporate or financial restructuring;

(vii) Issuance of policies and key business initiatives;

(viii) Share issuance;

(ix) Declaration of interim dividends and proposal of final dividends; and

(x) Convening of shareholders' meetings.

Board papers are distributed in advance of the Board and Board committee meetings to allow the Directors to read and to seek clarification during the meetings.

Induction and training of directors

The Company will conduct orientation programmes for any newly appointed Directors to ensure that they are familiar with the Group's structure, business and governance policies. All directors who have no prior experience as a director of a listed company will undergo training and/or briefing on the roles and responsibilities as director of a listed company. Newly appointed Directors are given a formal letter explaining their duties and obligations as Directors of the Company. No new director was appointed to the Board during FY2014.

The Company will provide appropriate training such as courses and seminars for the Directors as and when needed. The Company encourages the Directors to update themselves on new rules and regulations, as well as on any revisions, amendments or updates to laws or regulations and attend courses relating to the gold mining industry. The Company also informs and encourages Directors to attend relevant training programmes conducted by the Singapore Exchange Securities Trading Limited, Singapore Business Federation, Singapore Institute of Directors and other business and financial institutions and consultants.

The Directors are also updated regularly on changes in relevant laws and regulations, industry developments, analyst and media commentaries on matters related to the Company. During the quarterly AC meetings, the Board is briefed on the recent changes and updates to the accounting standards by the external auditors. The Chief Executive Officer ("CEO") also updates the Board at each quarterly board meeting on business and strategic developments of the Group. The Company Secretary circulated any new releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority that are relevant to the Board.

During FY2014, Mr Kuan Cheng Tuck attended a seminar on Comprehensive Study and Practice on Malaysia Goods and Services Tax ("GST") which provided him comprehensive knowledge on the impending implementation of GST in Malaysia and a clearer understanding of the differences between GST in Singapore and Malaysia. In addition, the Company's Executive Vice Chairman, Mr. Choo Chee Kong, attends regular seminars and events organised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on the mining industry.

Directors may, at any time, request for informal briefings and meetings to discuss on any aspect of the Group's operations or business issues from Management.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Directors' independence review

The Board consists of 6 Directors, namely 3 Executive Directors and 3 Independent Directors. The Independent Directors make up half of the Board, thereby meeting the requirement of the Code which stipulates that where (1) the Executive Chairman and Chief Executive Officer are immediate family members; (2) the Executive Chairman is part of the management and (3) the Executive Chairman is not an independent director, independent directors should make up at least half of the board. The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review.

In FY2014, the Independent Directors had confirmed, by completing a return on Independence that they did not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company. The NC had reviewed and determined that all Independent Directors are independent. None of the Independent Directors has served on the Board beyond nine years from the date of his/her first appointment.

The Independent Directors have no financial or contractual interests in the Group other than by way of their fees as set out in the Directors' Report. The profile of each Board member is provided on pages 6 and 7 of this Annual Report.

Board size and board composition

The Board had reviewed the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The Board's composition is reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that the current Board and Board Committees comprise high calibre individuals who are qualified with the appropriate mix of expertise, knowledge, skills and experience in areas relating to finance, accounts, legal and business strategy which provide for the effective functioning of the Board.

Role of independent directors

All Directors have equal responsibility for the Group's operations. The role of the 3 Independent Directors is particularly important in ensuring that all the strategies and objectives proposed by the Management are fully discussed and examined, and take into account not only the long term interests of the shareholders, but also the employees, customers and suppliers.

The Independent Directors meet informally without the presence of the Management from time to time so as to facilitate a more effective and independent check on the Management. The matters discussed include developing proposals on the Group's strategy, reviewing the performance of the Management in meeting agreed goals and objectives, and monitoring the reporting of the Group's performance.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Executive Chairman and the CEO are separate. The Group's Executive Chairman, Professor Lin Xiang Xiong @ Lin Ye is responsible for formulating the Group's strategic plans and policies. He also plays a key role in developing the business of the Group, maintaining strategic relations with the Group's business partners and providing the Group with strong leadership and vision. He also ensures, with the assistance of the Company Secretary, that Board meetings are held as and when it is necessary and that the Board members are provided with complete, adequate and timely information. In addition, he provides guidance, advice and leadership to the Board and the Management.

The Group's CEO, Mr Lim Kuoh Yang, is responsible for implementing the strategic plans and policies as well as managing the gold mining operations of the Group. He is also responsible for reporting to the Board on all aspects of the Group's operations and performance, providing quality leadership and guidance to the employees of the Group and managing effective communication with the media, shareholders, regulators and the public. He also takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance.

Mr Lim Kuoh Yang is the son of Professor Lin Xiang Xiong @ Lin Ye.

Although the Executive Chairman and the CEO are immediate family members, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or group of individuals representing any considerable concentration of power or influence.

In view of the relationship between the Executive Chairman and the CEO, the Board has appointed Mr Kuan Cheng Tuck as the lead independent director to ensure that a separate channel of communication is always available to shareholders in the event that normal interactions with the Executive Chairman, the CEO or the Chief Financial Officer ("CFO") have failed to resolve their concerns or where such channel of communication is considered inappropriate. All the Board committees are chaired by Independent Directors and the Independent Directors make up half of the Board. Led by the lead independent director, the Independent Directors meet without the presence of the Executive Directors, if deemed necessary.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

NC composition

The Company has established the NC to make recommendations to the Board on all board appointments. The NC comprises 3 members, all of whom are Independent Directors, namely:

Gan Siew Lian	Chairman
Kuan Cheng Tuck	Member
Tan Poh Chye Allan	Member

As required by the Code, Mr Kuan Cheng Tuck, the Lead Independent Director, is a member of the NC.

The principal functions of the NC (which are included in a written terms of reference) include, *inter alia*, the following:

(a) to make recommendations to the Board on relevant matters relating to the review of Board succession plans for Directors, in particular, the Chairman and for the CEO (or equivalent), the development of a process for evaluation of the performance of the Board, the Board committees and the Directors, and the review of training and professional development programmes for the Board;

(b) to make recommendations to the Board on the appointment and re-appointment of Directors (including alternate Directors, if applicable), taking into consideration the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour);

(c) to ensure all Directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;

(d) to determine annually, and as and when circumstances require, whether a Director (including an alternate Director) is independent, bearing in mind the guidelines of the Code;

(e) to decide if a Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration of the Director's number of listed company board representations and other principal commitments.

(f) to assess the effectiveness of the Board as a whole and its Board committees and the contribution by the Chairman and each individual Director to the effectiveness of the Board.

Each member of the NC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of matters in which he or she is interested.

Directors' time commitments and multiple directorships

The Board notes that none of the Directors holds more than three (3) directorships in other listed companies. The Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company despite some of the Directors holding multiple board representations in other listed companies. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. The NC will continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

Currently, the Company does not have alternate directors.

Further information on the Directors is shown on pages 6 and 7 on this Annual Report. The dates of initial appointment and last re-election of each Director, together with his or her directorships in other listed companies and other principal commitments, are set out below:-

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies (other than the Company)	Past directorships in listed companies (preceding three years)	Other principal commitments
Professor Lin Xiang Xiong @ Lin Ye	20 September 2011	29 April 2013	None	None	- Innovation (China) Limited (Director) - Innovation Fund Limited (Director) - Innovation Worldwide Group Pte Ltd (Director)
Choo Chee Kong	20 September 2011	29 April 2013	- Second Chance Properties Ltd - Advance SCT Limited	- FDS Networks Group Ltd	- CK Agrifeed Sdn Bhd (Director)
Lim Kuoh Yang	11 August 2011	27 April 2012	None	None	None
Kuan Cheng Tuck	20 September 2011	28 April 2014	- Kori Holdings Limited - CW Group Holdings Limited (listed on HKEx) - Green Build Technology Limited (appointed on 10 June 2014)	- FDS Networks Group Ltd	- KCT Consulting Pte. Ltd. (Director) - Kreston Consulting Pte. Ltd. (Director)
Tan Poh Chye Allan	20 September 2011	28 April 2014	- Avexa Limited - XYEC Holdings Co., Ltd. - Nico Steel Holdings Limited (appointed 16 February 2015)	Adventus Holdings Limited	- Virtus Law LLP (Partner)
Gan Siew Lian	1 July 2012	29 April 2013	None	None	- Singtel (Director, Transfor mation Management Office)

Process for selection and appointment of new directors

Where a vacancy exists or where additional directors are required, the Board will search for potential candidates and refer them to the NC for interview and assessment of their credentials and suitability for appointment. The Company may procure the assistance of independent third parties such as search consultants to source for potential candidates, if needed.

In its search and selection process for new directors, the NC has put in place a formal process which increases the transparency in identifying and evaluating the nominees for directors. In addition to searches conducted by the search consultants, the Board members are also encouraged to propose candidates based on their personal contacts to the Board for consideration.

a) Assessment of criteria for new directors

The objective criteria for the assessment of potential candidate for new directors include the following:-

i. Prior experience as a director of a listed company;

ii. Expertise to contribute to the Group and its businesses;

iii. Integrity;

iv. Diversity;

v. Ability to commit time and effort to carry out duties and responsibilities effectively; and

vi. Decision making skill.

b) Appointment of new directors

The NC will then carry out the following before making recommendations to the Board for the appointment of new directors:-

i. Evaluate the skills, knowledge and experience of the Board and determine the role and the desirable competencies for a particular appointment; and

ii. Arrange to meet up with the short-listed candidates to ensure that the candidates are aware of the expectations and the level of commitment required.

Process for re-appointment of directors

Article 89 of the Articles provides that at each annual general meeting, 1/3 of the Directors for the time being shall retire from office by rotation. Each Director shall retire at least once every three years. A retiring Director shall be eligible for re-election. Under Article 88, Directors appointed by the Board during the financial year, shall only hold office until the next annual general meeting, and thereafter be eligible for re-election at the Company's annual general meeting.

The NC is responsible for re-appointment of Directors and in considering and deliberating on the re-election of the existing Directors, the NC will take into consideration the Director's contribution and performance. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings. All Directors shall submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years.

The NC has recommended to the Board that Mr Lim Kuoh Yang and Ms Gan Siew Lian be nominated for re-election at the forthcoming annual general meeting. In making the recommendation, the NC had considered the Directors' overall contribution and performance based on the assessment parameters.

Mr Lim Kuoh Yang will, upon re-election remain as a Director and the CEO of the Company. Ms Gan Siew Lian will, upon re-election as a Director, remain as the Chairman of the NC and a member of the AC and RC.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

On an annual basis, the NC assesses the performance of the Directors, individually and collectively. The NC assesses the performance of the Board and Board Committees by means of assessment checklists that evaluates Board's size, Board composition, Board independence, Board processes, whether the Board has the right mix of expertise, experience and skills, and whether the Board has made balanced and well-considered decisions on the various issues that come before them.

The NC evaluates each Director's performance based on the following review parameters, including:-

- attendance record at Board Committee meetings;
- the level of participation and contribution at such meetings;
- the guidance and advice to the Management in relation to (i) the effectiveness of strategies and directions of the Company to enhance long-term shareholders' value; and (ii) the safeguarding of the Company's assets and shareholders' investment; and
- the technical knowledge of the Directors.

The performance criteria for the Board and individual Directors are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

During the appraisal, Directors would complete the assessments checklists which will then be compiled by the Company Secretary before the results are submitted to the NC Chairman.

The NC acts on the performance evaluation result and where appropriate, proposes new members to be appointed to the Board or seek the resignation of any Director.

The Board and the NC have endeavored to ensure that the Directors appointed to the Board possess the right experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole and the Board Committees, as well as the performance of each individual Director has met the Group's standards and expectations. Although some of the Board members have multiple board representations and other principal commitments, the NC is satisfied that sufficient time and attention has been given by the Directors to the Group.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Complete, adequate and timely information

The Board members are provided with complete, adequate and timely information prior to Board and Board Committee meetings and on an ongoing basis and they have separate and independent access to the senior Management at all times. In addition, Directors may also liaise directly with senior Management and other employees to seek additional information, if required. Board papers are distributed in advance of Board and Board committees meetings so that the Directors would have sufficient time to understand the matters which are to be discussed.

The Management also regularly keeps the Board updated on the operational activities, project progress and development, and future prospects of the Group through quarterly Board papers and ad hoc email correspondences. Comprehensive quarterly financial reports are submitted to the Board for review and approval before they are released to the public. These updates and reports are supported with background or explanatory information, disclosure documents, proposals, work plans and budgets, forecasts and valuations, and monthly management accounts.

Company secretary

The Directors have separate and independent access to the Company Secretary. It is the responsibility of the Company Secretary to attend all Board and Board committee meetings and to ensure that Board procedures are followed and that applicable rules and regulations are complied with. Where the Company Secretary is unable to attend any Board meeting, the Company Secretary ensures that a suitable representative is arranged and that proper minutes of the same are taken and kept. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between Management and Independent Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Independent professional advice

Each Director has the right to seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings as necessary in order to fulfill his or her duties and responsibilities as a Director, at the Company's expense.

2. REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises 3 members, all of whom are Independent Directors. They are:

Tan Poh Chye Allan	Chairman
Kuan Cheng Tuck	Member
Gan Siew Lian	Member

The principal functions of the RC (which are included in a written terms of reference) include, *inter alia*, the following:

(a) to review and recommend for endorsement by the entire Board a general framework of remuneration for the Directors and key management personnel;

(b) to review and recommend for endorsement by the entire Board the specific remuneration packages for each Director as well as for the key management personnel. The RC shall cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

(c) if necessary, seek expert advice inside and/or outside the Company on remuneration of all Directors, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;

(d) to review and recommend to the Board the terms of renewal of the service contracts of Directors;

(e) to review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

(f) to review whether Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes, and evaluate the costs and benefits of long-term incentive schemes.

Each member of the RC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the RC in respect of matters in which he or she is interested.

The total remuneration of the employees who are related to the Directors will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. In the event that a member of the RC is related to the employee under review, he or she will abstain from such review.

The RC has access to appropriate external expert advice in relation to executive compensation, if necessary.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Remuneration of executive directors and key management personnel

The remuneration package for Executive Directors and key management personnel are structured to link rewards to corporate and individual performance. The performance related elements of remuneration form a significant portion of the total remuneration package in order to align the Executive Directors' and key management personnel's interests with those of the shareholders. The RC will also take into consideration the pay and employment conditions within the industry and comparable companies.

The remuneration for the Company's Executive Directors and key management personnel comprises a basic salary component and a variable component which is a discretionary bonus, based on the performance of the Group as a whole and their individual performance. There are no pre-determined performance conditions for the discretionary bonus. The discretionary bonus for the Executive Directors and key management personnel will be recommended by the RC and subject to approval by the Board.

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Directors and the key management personnel of the required experience and expertise. No Director is involved in any discussion relating to his or her own remuneration, terms and conditions of service, and the review of his or her performance.

The Company recognises the importance of motivating its employees and in this regard, the CNMC Performance Share Plan (the "PSP") was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011. Please refer to page 35 for further details on the PSP.

The Executive Directors have each entered into a service agreement on 20 September 2011 with the Company, under which terms of their employment are stipulated. There are no excessively long or onerous removal clauses in these service agreements. Their initial term of employment is only for a period of 3 years and upon the expiry of such period, the employment of each Executive Director shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. During the initial period of 3 years, either party may terminate the service agreement by giving to the other party not less than 6 months' notice in writing, or in lieu of notice, payment of an amount equivalent to 6 months' salary based on the Executive Director's last drawn monthly salary. There is no profit-sharing provision in the service agreements of the three Executive Directors.

Remuneration of independent directors

The Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the annual general meeting.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The remuneration breakdown of each individual Director and key management personnel in FY2014 was set out below:

(A) Directors

Remuneration band and Name	Base/ Fixed Salary	Director's Fees#	Bonus	Total
Between S$1,000,000 and S$1,250,000 per annum				
Professor Lin Xiang Xiong @ Lin Ye	36%	–	64%	100%
Between S$500,000 and S$750,000 per annum				
Lim Kuoh Yang	50%	–	50%	100%
Below S$250,000 per annum				
Choo Chee Kong	75%	–	25%	100%
Kuan Cheng Tuck	–	100%	–	100%
Tan Poh Chye Allan	–	100%	–	100%
Gan Siew Lian	–	100%	–	100%

 # Approved by shareholders as a lump sum at the AGM held on 28 April 2014.

After reviewing the industry practice and analyzing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.

(B) Key Management Personnel

Name	Base/ Fixed Salary	Bonus	Total
Below S$250,000 per annum			
Cheam Chee Chian	75%	25%	100%
Lim Kwang Hui	50%	50%	100%
Yeap Kok Seng	67%	33%	100%
Kan Wai Khen	73%	27%	100%

The annual aggregate remuneration paid to the four key management personnel of the Group in FY2014 was S$525,396.

Remuneration of employees who are immediate family members of a Director or the CEO

There were no employees (who are not directors) who were the immediate family members of a Director or the CEO, whose remuneration exceeded S$50,000 in FY2014.

There are no termination or retirement benefits, as well as post-employment benefits that are granted to the Directors, CEO and the key executives.

Performance Share Plan

The Company has a performance share plan known as the CNMC Performance Share Plan (the "PSP") which was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011.

The PSP is primarily a share incentive scheme. The purpose of the PSP is to provide an opportunity for the Group's employees, who have met the performance conditions, which are prescribed by the awards committee at the grant of the award and subject to the final approval by the Board, to be remunerated not just through cash bonuses but also by an equity stake in the Company.

The PSP will enable the Company to give recognition to such employees who have made contributions to the success and continued well-being of the Group. It will also help to achieve the following positive objectives:

(i) to motivate each participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;

(ii) to retain key employees and Executive Directors whose contributions are essential to the long-term growth and profitability of the Group;

(iii) to instill loyalty to and a stronger identification by the participants with the long-term prosperity of the Company;

(iv) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders; and

(v) to align the interests of the participants with the interests of the shareholders.

Group is equipped with a set of flexible remuneration tools, with which the Group would be better able to attract and retain talents. Details of the PSP are set out in the Company's offer document dated 18 October 2011 .

The PSP had been amended through the insertion of a new Rule 5.8. The amendment was approved at the Company's extraordinary general meeting held on 27 April 2012 and the details are set out in the Company's Circular dated 12 April 2012.

In FY2014, no awards of shares had been granted under the PSP to any employees and Directors of the Company.

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board reviews and approves the quarterly/ full year financial results as well as any Company announcements before it releases. The Board provides shareholders with quarterly and annual financial reports and any other information via the SGXNET in accordance with the statutory requirements of the Catalist Rules.

In presenting the financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and comprehensive assessment of the Company's and the Group's performance, position and prospects. The Management is committed to providing all members of the Board with management accounts and reports in a timely manner in order for the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

Price sensitive information will be publicly released before the Company meets with any group of shareholders, investors or research analysts. Financial results and annual reports are announced and issued within the statutory prescribed periods.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Internal Controls

The Group's internal controls systems are designed to ensure the reliability of financial information and to safeguard the assets of the Group. The Group's internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives and to address internal controls (including financial, operational, compliance, information technology control) and risk management systems. In this regard, the Board notes that all internal controls systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, or other irregularities.

The internal auditors conduct annual review of the effectiveness of the Group's key internal controls including financial, operational and compliance controls and risks management. The external auditors during the conduct of their normal audit procedures may also report on matters relating to internal control. Any material non-compliance and recommendation for improvements are reported to the AC. The AC also reviews and continues to monitor the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect.

The internal auditors test the adequacy of material internal controls in the Group's business processes and highlight significant matters that require Management's attention. The AC keeps under review the effectiveness of the Group's system of accounting and internal financial controls, for which the Directors are responsible. The AC, together with the Board, will annually review the adequacy and effectiveness of the Group's risk management and internal controls put in place to address the financial, operational, compliance and information technology control which will affect the Group's operations. Any material non-compliance and recommendations for improvements will also be reported to the AC by the internal auditors. The AC will also review the actions taken by the Management on the recommendations made by the internal auditors in this respect. The Board and the AC have reviewed the risk management policies alongside the management controls that are in place and the findings from the internal auditors.

For FY2014, the Board have received assurance from both the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and also that an effective risk management and internal controls system have been put in place.

Based on the review performed by the Management and the Board committees, the reports of the internal auditors issued to the Company and the work performed by the external auditors (to the extent as required by the external auditors to form an opinion on the financial statements) for the purpose of FY2014, as well as the assurance from the CEO and the CFO, the AC and the Board are of the opinion that the present system of internal controls in place and the risk management systems were adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group as at 31 December 2014.

Risk Management

The Group currently does not have a Risk Management Committee but the Management regularly reviews the Group's operational and business activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all the significant control policies and procedures and highlights all significant findings and matters to Directors and the AC. The Board is ultimately responsible for the Group's risk management.

In managing environmental, operational health and safety risk, a handbook was published and distributed to the Group's staff to reduce and eliminate the operational risks involved at the Group's factories and operating site.

Dealing with Securities

In line with Rule 1204(19) of the Catalist Rules, the Group has adopted an internal compliance code to guide and advise all Directors and executives of the Company with regard to dealing in the Company's securities.

The internal compliance code prohibits dealings in the Company's securities by the Company, all Directors and executives on short-term considerations or if they are in possession of unpublished price sensitive information of the Company and its subsidiaries within the certain trading periods. The "black-out" periods are one (1) month prior to the announcement of the Company's full-year financial results and 2 weeks prior to the announcement for each of the three quarterly financial results by the Company and ending on the date of the announcement of the financial results.

In addition, the Company reminds all the Directors and executives to observe insider-trading rules and laws at all times, even during the non-black out periods for them to deal in its securities.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises 3 members, all of whom are Independent Directors. They are:

Kuan Cheng Tuck	Chairman
Tan Poh Chye Allan	Member
Gan Siew Lian	Member

The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the requisite accounting or related financial management expertise or experience. No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The AC assists the Board in discharging its responsibility in safeguarding the Company's assets, maintaining adequate accounting records, and developing and maintaining effective systems of internal controls with an overall objective to ensure that the Management has created and maintained an effective control environment in the Group. The AC will provide a channel of communication between the Board, the Management and the external and internal auditors of the Company on matters relating to audit.

The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders. The AC will meet at least quarterly. The duties of the AC (which are included in a written terms of reference) include, *inter alia*, the following:-

(a) to review the audit plans of the external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;

(b) to review the annual consolidated financial statements and external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;

(c) to review the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the Catalist Rules, before submission to the Board for approval;

(d) to review and discuss with the external auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

(e) to review the co-operation given by the Management to the external auditors;

(f) to review the independence of the external auditors annually and state (i) the aggregate amount of fees paid to the external auditors for the financial year, and (ii) a breakdown of the fees paid in total for the audit and non-audit services respectively, or an appropriate negative statement, in the Company's annual report;

(g) to make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

(h) to review and/or ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;

(i) to review any potential conflicts of interests;

(j) to review the procedures by which employees of the Group and any other persons may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(k) to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and review the adequacy and effectiveness of the internal audit function at least annually;

(l) to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

(m) to review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management (such review may be carried out internally or with the assistance of any competent third parties);

(n) to review the scope and results of the external audit and its cost effectiveness and the independence and objectivity of the external auditors, and where the external auditors also supply a substantial volume of non-audit services to the Company, keep the nature and extent of such services under review, seeking to maintain objectivity;

(o) to approve internal control procedures and arrangements for all interested person transactions;

(p) to review and recommend hedging policies and instruments, if any, to be implemented by the Company to the Board;

(q) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(r) to undertake generally to undertake such other functions and duties as may be required by the law or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has been given full authority to investigate any matter within its terms of reference and full access to the cooperation of the Management. It also has full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC members are briefed and updated by the external auditors if there are any changes or developments to the accounting standards and issues which have a direct impact on financial statements during AC meetings.

Summary of the AC's activities

In FY2014, the AC met with the external auditors without the presence of the Management.

The principal activities of the AC in FY2014 were summarised below:

(a) Reviewed the quarterly and full year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval;

(b) Reviewed the audit plan and audit report from external auditors;

(c) Reviewed the independence and objectivity of the external auditors through discussion with the external auditors as well as reviewing the non-audit fees awarded to them. The AC was satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors. Details of the fees paid or payable to the external auditors are disclosed in the accompanying financial statements;

(d) Recommended to the Board that KPMG LLP be nominated for re-appointment as the Company's auditors at the forthcoming AGM of the Company;

(e) Reviewed the reports and findings from the internal auditors in respect of the adequacy of the Company's internal controls and risk management; and

(f) Reviewed the Group's interested person transactions, if any, to ensure that the transactions were carried out on normal commercial terms.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Whistle blowing Policy

The Company has put in place a whistle blowing policy. The policy encourages employees to raise concerns, in confidence, about possible irregularities to Mr Kuan Cheng Tuck, the Chairman of the whistle blowing committee, or Mr Tan Poh Chye Allan, a member of the whistle blowing committee. Such concerns include fraudulent acts, dishonesty, legal breaches and other serious improper conduct, unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation. It aims to provide an avenue for employees to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.

Whenever a concern is raised under the policy by writing, telephonically or in person to the above mentioned whistleblowing committee member, the whistle blower and the report received shall be treated with utmost confidentiality and will be attended to immediately. The whistle blowing policy is posted in the Company's premises. The email addresses of Mr Kuan Cheng Tuck and Mr Tan Poh Chye Allan are stated in the whistle blowing policy.

When making a report, the whistleblower should provide the following information as stated in the whistleblower report form:

- Name, NRIC and contact details;
- Parties involved, time and place of the alleged improprieties;
- Evidence leading to the improprieties, if any; and
- Any other details or documentation that would assist in the evaluation of the improprieties.

Some concerns may be resolved by agreed action without the need for investigation. If investigation is necessary, the whistle blowing committee member will direct an independent investigation to be conducted on the complaint received. All whistle blowers have a duty to cooperate with investigations.

The AC oversees the administration of the policy. Periodic reports will be submitted to the AC stating the number and the complaints received, results of the investigations, follow-up actions required and any unresolved complaints. There were no complaints received in FY2014.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The objective of the internal audit function is to provide independent recommendations designed to improve the Group's operations. Internal audit helps to determine whether the Group's risk management, internal controls and corporate governance processes, as designed by the Group, are adequate and functioning in the required manner.

The AC selects and approves the appointment of the internal auditors. In FY2014, the Company appointed RSM Ethos Pte Ltd as its internal auditors to conduct reviews of the material internal controls and to test if the controls are implemented properly. The internal auditor reports directly to the AC functionally and to the Executive Chairman administratively and has full access to all the Company's documents, records, properties and personnel. The AC is satisfied that the internal auditors are staffed by suitably qualified and experienced personnel.

The AC decides on the timing of the commissioning of the internal audit function from time to time and reviews the audit plans of the internal auditors, ensures that adequate resources are directed to carry out those plans and reviews the results of the internal auditor's examination of the Company's system of internal controls. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and satisfied with its adequacy and effectiveness.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All CNMC shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Procedures are implemented to ensure that there is adequate disclosure of the developments and the operations in the Group in accordance with the Catalist Rules.

The shareholders are informed of general meetings through notices enclosed together with the annual reports or circulars sent to all shareholders. These notices are also posted onto the SGXNET and published in the press. Any notice of a general meeting to shareholders is issued at least 14 days (or as required) before the scheduled date of such meeting.

The Company also ensures that the shareholders have the opportunity to participate in and vote at the general meetings. The voting procedures are also explained to all the shareholders during the general meetings.

Registered shareholders, including corporations, who are unable to attend the general meetings are entitled to appoint up to two proxies. The Company will consider amending its Articles to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Disclosure of information on a timely basis

The Board believes in transparency and strives towards timely dissemination of material information to the Company's shareholders and the public. The information is disseminated through the SGXNET in accordance with the Catalist Rules.

All shareholders of the Company shall receive the annual report, circular, notice of annual general meeting and notice of extraordinary general meeting. In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

The Company also disseminates information, including the financial reports and annual report, to shareholders and the public through its website www.cnmc.com.hk.

Interaction with shareholders

In FY2014, the Company had taken steps to solicit and understand shareholders' view regularly through its investors' dialogue sessions on a quarterly basis and also its annual general meeting.

Dividend Policy

On 11 August 2014, the Company declared 1st interim one-tier tax exempt dividend of S$0.0015 per ordinary share in respect of FY2014 and the payment of the interim dividend was made on 8 September 2014 to all the shareholders.

On 18 December 2014, the Company declared 2nd interim one-tier tax exempt dividend of S$0.0015 per ordinary share in respect of FY2014 and the payment of the interim dividend was made on 20 January 2015 to all the shareholders.

To further reward shareholders, the Company is proposing a final one-tier tax exempt dividend of S$0.0015 per share and a special dividend of S$0.00225 per share for FY2014, to be approved by shareholders at the forthcoming annual general meeting.

Notwithstanding the above, the Company aspires to pay dividends of up to 30% of its net profits for each financial year going forward, based on the recommendations of the Board and subject to the factors described below.

The Company's dividend policy is as below:

(i) in determining the Company's dividend pay-out ratio in respect of any particular financial year, the Board will take into account the Group's desire to maintain or potentially increase dividend levels in accordance with the Company's overall objective of maximising shareholder value over the longer term; and

(ii) to the extent that any dividends are paid in the future, the form, frequency and amount of such dividends will depend on the Group's results of operations, future prospects, financial conditions, other cash requirements including projected capital expenditure, other investment plans, the terms of borrowing arrangements (if any), dividend yield of comparable companies listed in Singapore, general economic and business conditions in both Singapore and Malaysia as well as other factors deemed relevant by the Directors.

The Directors may declare or propose final dividend which will be approved by shareholders by way of an ordinary resolution at the annual general meeting. The Directors may also declare and pay interim dividend without the approval of the shareholders.

Shareholders and investors should note that all the foregoing statements, including the statements in the dividend policy as mentioned above, are merely statements of the Company's present intention and shall not constitute legally binding statement in respect of any future dividends which may be subject to modification (including reduction or non-declaration thereof) in the Directors' sole and absolute discretion. No inference shall or can be made from any of the foregoing statements as to the Company's actual future profitability or ability to pay dividends in any of the periods discussed.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board supports the Code's principle to encourage shareholders' participation at the annual and extraordinary general meetings of the Company.

The Board encourages all the shareholders to attend annual and extraordinary general meetings to ensure a greater level of shareholders' participation and to meet with the Board and the Management so as to stay informed of the Company's developments. For those who are not registered as shareholders of the Company, the Company does welcome them to attend the general meetings as observers.

At the annual general meeting of the Company, shareholders are given the opportunity to air their views and to ask the Directors, including the chairman of the Board committees and the Management questions regarding the Group and its business. The external auditors are also present at the annual general meeting to assist the Directors in addressing any relevant queries from the shareholders.

All minutes of the discussion at the general meetings are available to shareholders upon their request.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

To enhance the shareholders' participation, the Company puts all resolutions at general meetings to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. The polling results are announced via the SGXNET and posted on the Company's website after the general meetings.

5. Material Contracts

There were no material contracts of the Company and its subsidiaries involving the interests of the Executive Directors or controlling shareholders that are either still subsisting at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

6. Interested Person Transactions

During FY2014, the Group did not enter into any interested person transactions of S$100,000 and more.

The Group does not have a general mandate pursuant to Rule 920 of the Catalist Rules for interested person transactions.

7. Non-Sponsor Fees

There were no non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance. Pte. Ltd. in FY2014.

Financial Contents

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

Directors

The directors in office at the date of this report are as follows:

Professor Lin Xiang Xiong
Choo Chee Kong
Lim Kuoh Yang
Kuan Cheng Tuck
Tan Poh Chye Allan
Gan Siew Lian

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants or share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings at beginning of the year		Holdings at end of the year	
Name of director and corporation in which interests are held	Direct interest	Deemed interest	Direct interest	Deemed interest
CNMC Goldmine Holdings Limited				
- ordinary shares				
Professor Lin Xiang Xiong	260,000	106,987,500	1,100,000	106,987,500
Choo Chee Kong	205,000	52,662,500	205,000	52,662,500
Lim Kuoh Yang	–	107,247,500	–	108,087,500

By virtue of Section 7 of the Act, Professor Lin Xiang Xiong and Lim Kuoh Yang are deemed to have interests in all the subsidiaries of CNMC Goldmine Holdings Limited, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2015.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in note 29 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Performance shares

The Company has a performance share plan known as the CNMC Performance Share Plan (the "PSP") which was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011. The PSP was subsequently amended and approved by insertion of a new Rule 5.8 at the Company's extraordinary general meeting held on 27 April 2012.

The PSP is administered by an awards committee comprising Mr Tan Poh Chye Allan, Mr Kuan Cheng Tuck and Ms Gan Siew Lian. The PSP grants a participant the right to receive fully paid shares free of charge, upon the participant achieving prescribed performance targets. Employees of the Group, employees of an associated company, directors and employees of the Company's parent company and its subsidiaries, and controlling shareholders and their associates are eligible to participate in the PSP.

The total number of new shares which may be issued pursuant to awards granted under the PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of award. The aggregate number of shares available under the PSP shall not exceed 15% of the total issued share capital of the Company from time to time.

As at the end of the financial year, no awards of shares have been granted under the PSP to controlling shareholders or their associates and no participants have received shares which in aggregate represent 5% or more of the total number of shares available under the PSP.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

- Kuan Cheng Tuck (Chairman)
- Tan Poh Chye Allan
- Gan Siew Lian

All the members of the Audit Committee are non-executive directors of the Company who are independent of the Group and the Company's management.

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Professor Lin Xiang Xiong
Director

Choo Chee Kong
Director

27 February 2015

In our opinion:

(a) the financial statements set out on pages 49 to 95 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Professor Lin Xiang Xiong
Director

Choo Chee Kong
Director

27 February 2015

INDEPENDENT AUDITORS' REPORT

Members of the Company
CNMC Goldmine Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of CNMC Goldmine Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 95.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 February 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group		Company	
		2014 US$	2013 US$	2014 US$	2013 US$
Assets					
Exploration and evaluation assets	4	4,990,395	3,990,897	–	–
Mine properties	5	6,517,394	5,579,285	–	–
Property, plant and equipment	6	7,568,558	6,219,314	159,967	10,115
Interests in subsidiaries	7	–	–	8,044,787	8,202,036
Deferred tax assets	8	–	207,461	–	207,461
Non-current assets		19,076,347	15,996,957	8,204,754	8,419,612
Inventories	9	802,208	1,092,095	–	–
Trade and other receivables	10	612,757	1,250,942	6,688,479	7,697,619
Cash and cash equivalents	11	12,339,714	2,995,725	2,023,789	984,459
Current assets		13,754,679	5,338,762	8,712,268	8,682,078
Total assets		32,831,026	21,335,719	16,917,022	17,101,690
Equity					
Share capital	12	18,032,233	18,032,233	18,032,233	18,032,233
Reserves	13	2,808,736	2,823,883	–	–
Retained earnings/(Accumulated losses)		4,318,583	(6,639,065)	(1,961,722)	(3,059,898)
Equity attributable to owners of the Company		25,159,552	14,217,051	16,070,511	14,972,335
Non-controlling interests	14	2,652,568	325,046	–	–
Total equity		27,812,120	14,542,097	16,070,511	14,972,335
Liabilities					
Loans and borrowings	15	175,594	14,014	–	–
Deferred tax liabilities	8	542,186	331,913	–	–
Non-current liabilities		717,780	345,927	–	–
Loans and borrowings	15	73,033	1,062,746	–	1,053,599
Derivative financial instrument	16	–	91,031	–	91,031
Accrued rehabilitation costs	17	289,990	317,124	–	–
Trade and other payables	18	3,156,530	3,425,822	384,248	659,875
Dividends payable	19	761,029	324,850	462,263	324,850
Current tax liabilities		20,544	1,226,122	–	–
Current liabilities		4,301,126	6,447,695	846,511	2,129,355
Total liabilities		5,018,906	6,793,622	846,511	2,129,355
Total equity and liabilities		32,831,026	21,335,719	16,917,022	17,101,690

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Note	2014 US$	2013 US$
Revenue		33,213,371	16,625,532
Other income	20	97,169	7,693
Changes in inventories of work in progress		(141,864)	(72,915)
Amortisation and depreciation	21	(3,050,900)	(1,806,691)
Contractor expenses		–	(8,440)
Employee benefits expenses		(2,515,279)	(1,297,883)
Key management remuneration		(2,047,601)	(1,458,074)
Marketing and publicity expenses		(107,587)	(99,882)
Office and administration expenses		(266,170)	(266,169)
Professional fees		(629,503)	(722,025)
Rental expense on operating lease		(514,889)	(263,602)
Royalty and tribute fee expenses		(2,539,822)	(1,302,940)
Site and factory expenses		(5,493,271)	(3,517,287)
Travelling and transportation expenses	25	(185,485)	(157,588)
Other expenses	22	(1,022,247)	(441,556)
Total expenses		(18,514,618)	(11,415,052)
Finance income	23	71,541	410
Finance costs	23	(35,900)	(46,226)
Net finance income/(costs)		35,641	(45,816)
Profit before tax		14,831,563	5,172,357
Tax credit/(expense)	24	488,570	(1,738,764)
Profit for the year	25	15,320,133	3,433,593
Profit attributable to:			
Owners of the Company		12,243,104	2,679,449
Non-controlling interests	14	3,077,029	754,144
Profit for the year		15,320,133	3,433,593
Earnings per share			
Basic earnings per share (cents)	26	3.00	0.66
Diluted earnings per share (cents)	26	3.00	0.65

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014 US$	2013 US$
Profit for the year	15,320,133	3,433,593
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation of foreign subsidiaries	(18,106)	(29,192)
Other comprehensive income for the year, net of tax	(18,106)	(29,192)
Total comprehensive income for the year	15,302,027	3,404,401
Total comprehensive income attributable to:		
Owners of the Company	12,227,957	2,657,981
Non-controlling interests	3,074,070	746,420
Total comprehensive income for the year	15,302,027	3,404,401

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

Group	Note	Share capital US$	Capital reserve US$	Translation reserve US$	Accumulated losses US$	Total attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
At 1 January 2013		18,032,233	2,824,635	20,716	(8,993,664)	11,883,920	59,098	11,943,018
Total comprehensive income for the year								
Profit for the year		–	–	–	2,679,449	2,679,449	754,144	3,433,593
Other comprehensive income								
Exchange differences arising on consolidation of foreign subsidiaries		–	–	(21,468)	–	(21,468)	(7,724)	(29,192)
Total other comprehensive income		–	–	(21,468)	–	(21,468)	(7,724)	(29,192)
Total comprehensive income for the year		–	–	(21,468)	2,679,449	2,657,981	746,420	3,404,401
Transactions with owners, recognised directly in equity								
Distributions to owners								
Interim dividends declared	19	–	–	–	(324,850)	(324,850)	–	(324,850)
Dividends paid to non-controlling interests	19	–	–	–	–	–	(480,472)	(480,472)
Total distributions to owners		–	–	–	(324,850)	(324,850)	(480,472)	(805,322)
Total transactions with owners		–	–	–	(324,850)	(324,850)	(480,472)	(805,322)
At 31 December 2013		18,032,233	2,824,635	(752)	(6,639,065)	14,217,051	325,046	14,542,097

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2014

Group	Note	Share capital US$	Capital reserve US$	Translation reserve US$	(Accumulated losses)/ Retained earnings US$	Total attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
At 1 January 2014		18,032,233	2,824,635	(752)	(6,639,065)	14,217,051	325,046	14,542,097
Total comprehensive income for the year								
Profit for the year		–	–	–	12,243,104	12,243,104	3,077,029	15,320,133
Other comprehensive income								
Exchange differences arising on consolidation of foreign subsidiaries		–	–	(15,147)	–	(15,147)	(2,959)	(18,106)
Total other comprehensive income		–	–	(15,147)	–	(15,147)	(2,959)	(18,106)
Total comprehensive income for the year		–	–	(15,147)	12,243,104	12,227,957	3,074,070	15,302,027
Transactions with owners, recognised directly in equity								
Distributions to owners								
Final dividends declared for year ended 31 December 2013	19	–	–	–	(324,605)	(324,605)	–	(324,605)
Interim dividends declared for year ended 31 December 2014	19	–	–	–	(960,851)	(960,851)	–	(960,851)
Dividends paid to non-controlling interests	19	–	–	–	–	–	(746,548)	(746,548)
Total distributions to owners		–	–	–	(1,285,456)	(1,285,456)	(746,548)	(2,032,004)
Total transactions with owners		–	–	–	(1,285,456)	(1,285,456)	(746,548)	(2,032,004)
At 31 December 2014		18,032,233	2,824,635	(15,899)	4,318,583	25,159,552	2,652,568	27,812,120

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Note	2014	2013
		US$	US$
Cash flows from operating activities			
Profit for the year		15,320,133	3,433,593
Adjustments for:			
Amortisation of mine properties	21	1,020,454	438,879
Deposits written off		88,305	15,287
Depreciation of property, plant and equipment	21	2,030,446	1,367,812
Evaluation and exploration assets written off		66,485	–
(Gain)/Loss on disposal of property, plant and equipment		(80,266)	1,870
Impairment on other receivables		16,387	–
Interest expense		35,900	46,226
Interest income		(71,541)	(410)
Plant and equipment written off		–	61,912
Tax (credit)/expense		(488,570)	1,738,764
		17,937,733	7,103,933
Changes in:			
- Inventories		289,887	(67,814)
- Trade and other receivables		533,493	(463,451)
- Accrued rehabilitation costs, and trade and other payables		(1,352,726)	(1,591,470)
Cash generated from operations		17,408,387	4,981,198
Interest received		71,541	410
Interest paid		(35,900)	(30,744)
Tax paid		(301,106)	(80,705)
Net cash generated from operating activities		17,142,922	4,870,159
Cash flows from investing activities			
Payment for exploration and evaluation assets, and mine properties		(2,063,631)	(2,146,851)
Proceeds from sales of property, plant and equipment		88,986	12,580
Purchase of property, plant and equipment		(2,925,299)	(3,056,029)
Net cash used in investing activities		(4,899,944)	(5,190,300)
Cash flows from financing activities			
Deposits pledged		–	(788,500)
Deposits returned		804,200	871,055
Proceeds from issuance of convertible loan		–	1,144,630
Proceeds from short term borrowings		–	403,200
Repayment of short term borrowings		(1,144,630)	(398,200)
Dividends paid to equity holders of the Company		(1,148,043)	–
Dividends paid to non-controlling interests		(447,782)	(480,472)
Payment of finance lease liabilities		(140,428)	(10,629)
Net cash (used in)/generated from financing activities		(2,076,683)	741,084
Net increase in cash and cash equivalents		10,166,295	420,943
Cash and cash equivalents at 1 January		2,207,225	1,815,474
Effect of exchange rate fluctuations on cash held		(33,806)	(29,192)
Cash and cash equivalents at 31 December	11	12,339,714	2,207,225

During the year ended 31 December 2014, the Group acquired property, plant and equipment with an aggregate cost of US$3,507,049 (2013: US$3,295,731), of which US$365,894 (2013: US$Nil) was acquired under finance lease arrangements. As at 31 December 2014, a total consideration of US$215,856 (2013: US$239,702) is yet to be paid to third parties.

The Group also acquired exploration and evaluation assets and mine properties with an aggregate cost of US$3,024,546 (2013: US$3,321,963) of which US$295,329 (2013: US$161,369) was included in accrued rehabilitation costs (note 17). As at 31 December 2014, a total consideration of US$665,586 (2013: US$1,013,743) is yet to be paid to third parties.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 February 2015.

1 Domicile and activities

CNMC Goldmine Holdings Limited is a company incorporated in Singapore. The address of the Company's registered office is 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455.

The financial statements of the Group as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in note 7 to the financial statements. One of the subsidiaries, CMNM Mining Group Sdn. Bhd. has the contractual rights granted by the Kelantan State Economic Development Corporation, to mine and produce gold and other minerals found within a mining area covering approximately 10 square kilometres within Sungai Amang and Sungai Sejana, Mukim Sokor, Sokor, Tanah Merah, Kelantan, Malaysia for a period of 10 years expiring on 7 April 2018.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in United States Dollars which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – Impairment of exploration and evaluation assets
- Note 5 – Impairment and amortisation of mine properties
- Notes 8 and 24 – Estimation of provisions for current and deferred tax

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

(i) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- ***Level 1:*** quoted prices (unadjusted) in active markets for identical assets or liabilities
- ***Level 2:*** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ***Level 3:*** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 30 – Financial instruments.

2.5 Changes in accounting policies

(i) Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014.

The change has no significant effect on the financial statements of the Group.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

(ii) Offsetting of financial assets and liabilities

Under the *Amendments to FRS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The adoption of Amendments to FRS 32 has no impact on the measurements of the Group's assets and liabilities.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interests in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Where share-based payment awards ("replacement awards") are exchanged for awards held by the acquiree's employees ("acquiree's awards") and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their own capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(vi) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3 Significant accounting policies (cont'd)

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to United States Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States Dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such monetary items are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into loans and receivables category.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(iv) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible loans denominated in Singapore Dollars that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

A convertible loan is regarded as hybrid instrument, consisting of an embedded derivative, the economic characteristic and risks of which are not closely related to that of the host instrument, the convertible loan.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(iv) Compound financial instruments (cont'd)

At inception, the embedded derivative is bifurcated from the host instrument and recorded as liability in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The derivative is recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative is carried at fair value and fair value changes for derivative instruments that do not qualify for hedge accounting are included in the statement of comprehensive income in the financial year when the changes arise.

Interests, dividends, losses and gains relating to the financial liability component are recognised in profit or loss.

3.4 Property, plant and equipment, and mine properties

(i) Recognition and measurement

Upon completion of mine construction, the assets are transferred into property, plant and equipment or mine properties. Items of property, plant and equipment and mine properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When a mine construction project moves into production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

When parts of an item of property, plant and equipment, and mine properties have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and mine properties.

The gain or loss on disposal of an item of property, plant and equipment and mine properties is calculated by comparing the net proceeds from disposal with the carrying amount of the property, plant and equipment, and mine properties, and is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Amortisation/Depreciation

Accumulated mine development costs are amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for running of mines costs are recoverable ounces of gold. The unit-of-production rate for the amortisation of mine development costs takes into account expenditure incurred to date, together with sanctioned future development expenditure.

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment, and mine properties (cont'd)

(iii) Amortisation/Depreciation (cont'd)

Mining rights are amortised to profit or loss on a straight-line basis over the assigned term of the rights, from the date the rights is available for use.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

For property, plant and equipment, depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is provided on construction work in progress.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of other property, plant and equipment are as follows:

- buildings 5 to 8 years
- plant and equipment 3 to 8 years
- fixtures and fittings 2 to 3 years
- motor vehicles 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

(i) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.6 Mineral exploration, evaluation and development expenditure

(i) Pre-mining rights costs

Costs incurred prior to obtaining mining rights are expensed in the period in which they are incurred.

(ii) Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the directors conclude that a future economic benefit is more likely than not to be realised. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating if expenditures meet the criteria to be capitalised, several different sources of information are utilised. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

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3 Significant accounting policies (cont'd)

3.6 Mineral exploration, evaluation and development expenditure (cont'd)

(ii) Exploration and evaluation costs (cont'd)

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

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

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

Prior to capitalising exploration drilling and related costs, management will determine that the following conditions have been met that will contribute to future cash flows:

There is a probable future benefit that will contribute to future cash inflows;

- The Group can obtain the benefit and controls access to it;
- The transaction or event giving rise to the future benefit has already occurred; and
- Costs incurred can be measured reliably.

If after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount is written off in profit or loss in the period when the new information becomes available.

Once reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to "Mines under construction". No amortisation is charged during the exploration and evaluation phase.

(ii) Mines under construction

Upon transfer of "Exploration and evaluation costs" into "Mines under construction", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within "Mines under construction". Development expenditure is net of proceeds from all but the incidental sale of ore extracted during the development phase. After production starts, all assets included in "Mines under construction" are transferred to "Producing mines".

3 Significant accounting policies (cont'd)

3.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8 Inventories

Gold in process inventory consists of gold contained in the ore on leach ponds and in circuit material within processing operation. Gold dorè is gold awaiting refinement.

Gold inventories are measured at the lower of cost and net realisable value.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainity as to when the stockpiled ore will be processed, it is expensed as incurred. When the future processing of this ore can be predicted with confidence, it is valued at lower of cost and net realisable value. If the ore will not be processed within 12 months after the reporting date, it is included within non-current assets. Quantities are assessed primarily through surveys and assays.

The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and conditions.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The estimated selling price per ounce of gold is determined by the average of predicted future gold prices over the next 12 months. The estimated costs of completion are refining costs which are determined based on current refining costs per ounce of gold charged by its suppliers. Consequently, there are no additional selling costs.

Materials and supplies are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific items of stocks. A regular review is undertaken to determine the extent of any provision for obsolescence.

3.9 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy and adverse changes in the payment status of borrowers in the group.

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables

The Group considers evidence of impairment for loans and receivables at the specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 Significant accounting policies (cont'd)

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transaction

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up differences between expected and actual outcomes.

3.11 Accrued rehabilitation costs

The Group records the costs of legal obligations required to restore operating locations on an annual basis. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the accrued costs are capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development/construction of the mine.

Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

3.12 Revenue recognition

Income is recognised in the financial statements on the following bases:

(i) Sales of gold and non-gold metals

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts.

Revenue from the sales of gold and non-gold metals is recognised when there has been a transfer of significant risks and rewards of ownership to the customer, no further work or processing is required by the Group, the quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is reasonably assured. This is generally when title passes and the goods have been delivered to a contractually agreed location. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3 Significant accounting policies (cont'd)

3.13 Finance income and finance costs

Finance income comprise interest income on cash and cash equivalents. Interest income is recognised as it accrues in profit and loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.4 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 Significant accounting policies (cont'd)

3.15 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of that specified asset or assets; and
- the arrangement conveys the right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible loan.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's executive directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, mine properties, and exploration and evaluation assets.

3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early.

4 Exploration and evaluation assets

	Group	
	2014 US$	2013 US$
At 1 January	3,990,897	1,895,666
Expenditure incurred during the year	2,729,217	3,160,593
Expenditure transferred to mine properties	(1,663,234)	(1,065,362)
Written off	(66,485)	–
At 31 December	4,990,395	3,990,897

Impairment of exploration and evaluation assets

The Group has substantial investments in exploration and evaluation assets for its mining operations in Malaysia whereby the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine the technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The Group performs impairment testing in accordance with the Group's accounting policy for impairment {note 3.9(ii)}.

5 Mine properties

	Mining rights US$	Mine design in progress US$	Producing mines US$	Total US$
Group				
Cost				
At 1 January 2013	496,801	184,000	4,700,554	5,381,355
Additions	–	–	161,369	161,369
Expenditure transferred from exploration and evaluation assets	–	–	1,065,362	1,065,362
At 31 December 2013	496,801	184,000	5,927,285	6,608,086
Additions	–	–	295,329	295,329
Expenditure transferred from exploration and evaluation assets	–	–	1,663,234	1,663,234
At 31 December 2014	496,801	184,000	7,885,848	8,566,649
Accumulated amortisation				
At 1 January 2013	231,840	–	358,082	589,922
Amortisation charge for the year	49,680	–	389,199	438,879
At 31 December 2013	281,520	–	747,281	1,028,801
Amortisation charge for the year	49,680	–	970,774	1,020,454
At 31 December 2014	331,200	–	1,718,055	2,049,255
Carrying amounts				
At 1 January 2013	264,961	184,000	4,342,472	4,791,433
At 31 December 2013	215,281	184,000	5,180,004	5,579,285
At 31 December 2014	165,601	184,000	6,167,793	6,517,394

The carrying amount of the mining rights represents the gold exploration and mining rights for the Sokor gold field project located in the District of Tanah Merah, Kelantan, Malaysia for a period of 10 years from 8 April 2008.

Mine design in progress is not amortised until the contractor completes the mine design at the mine site.

Impairment of mine properties

The Group has substantial investments in mine properties for its mining operations in Malaysia. Management has identified the Group's mine properties as a single cash-generating unit ("CGU").

Impairment loss is recognised when events and circumstances indicate that the Group's mine properties may be impaired and the carrying amounts of mine properties exceed their recoverable amounts.

In assessing whether impairment is required for the carrying value of mine properties, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is value in use.

The calculation of value in use is most sensitive to the following assumptions:

- Production volumes
- Discount rates
- Gold prices
- Operating costs

5 Mine properties (cont'd)

Impairment of mine properties (cont'd)

The Group generally estimates value in use using a discounted cash flow model. The future cash flows are adjusted for risks specific to mine properties and discounted using a pre-tax discount rate of 21.55% (2013: 19.96%). Management also believes that currently there is no reasonably possible change in the production volumes, discount rates, estimated future gold prices and future operating costs which would reduce the Group's excess of recoverable amount over the carrying amounts of the CGU to zero.

Based on the assessment, management determined that no impairment to the mine properties is considered necessary as at 31 December 2014.

Amortisation

The carrying amount of the mining rights and mine design are amortised on a straight-line basis over the remaining useful life of the mining rights. For mine development costs recorded under "Producing mines", the carrying amount is amortised based on units-of-production basis over the economically recoverable reserves of the mine concerned.

Management reviews and revises the estimates of the recoverable reserve of the mine and, remaining useful life and residual values of mine properties at the end of each financial year. Any changes in estimates of the recoverable reserve of the mine and, the useful life and residual values of the mine properties would impact the amortisation charges and consequently affect the Group's results.

6 Property, plant and equipment

	Buildings US$	Plant and equipment US$	Fixtures and fittings US$	Motor vehicles US$	Construction work in progress US$	Total US$
Group						
Cost						
At 1 January 2013	1,607,215	3,682,867	210,629	624,431	561,688	6,686,830
Additions	–	259,688	2,261	257,797	2,775,985	3,295,731
Disposals/Written off	(117,770)	(19,939)	–	–	–	(137,709)
Reclassification	1,570,552	24,018	–	2,695	(1,597,265)	–
At 31 December 2013	3,059,997	3,946,634	212,890	884,923	1,740,408	9,844,852
Additions	15,069	1,130,139	19,512	720,856	1,621,473	3,507,049
Disposals/Written off	–	(122,729)	–	(13,472)	–	(136,201)
Reclassification	1,249,371	753,738	–	2,354	(2,005,463)	–
At 31 December 2014	4,324,437	5,707,782	232,402	1,594,661	1,356,418	13,215,700
Accumulated depreciation and impairment losses						
At 1 January 2013	350,139	1,247,757	121,701	235,930	–	1,955,527
Depreciation charge for the year	303,684	1,131,737	82,995	212,942	–	1,731,358
Disposals/Written off	(55,858)	(5,489)	–	–	–	(61,347)
At 31 December 2013	597,965	2,374,005	204,696	448,872	–	3,625,538
Depreciation charge for the year	621,302	1,154,832	10,661	352,134	–	2,138,929
Disposals/Written off	–	(109,092)	–	(8,233)	–	(117,325)
At 31 December 2014	1,219,267	3,419,745	215,357	792,773	–	5,647,142
Carrying amounts						
At 1 January 2013	1,257,076	2,435,110	88,928	388,501	561,688	4,731,303
At 31 December 2013	2,462,032	1,572,629	8,194	436,051	1,740,408	6,219,314
At 31 December 2014	3,105,170	2,288,037	17,045	801,888	1,356,418	7,568,558

6 Property, plant and equipment (cont'd)

The depreciation for the year is analysed as follows:

	Note	Group 2014 US$	Group 2013 US$
Depreciation for the year		2,138,929	1,731,358
Depreciation included in construction work in progress, and exploration and evaluation assets		(108,483)	(363,546)
Depreciation charged to profit or loss	21	2,030,446	1,367,812

	Plant and equipment US$	Fixtures and fittings US$	Motor vehicles US$	Total US$
Company				
Cost				
At 1 January 2013	5,561	144,768	–	150,329
Additions	3,109	2,261	–	5,370
At 31 December 2013	8,670	147,029	–	155,699
Additions	5,089	18,168	155,316	178,573
At 31 December 2014	13,759	165,197	155,316	334,272
Accumulated depreciation and impairment losses				
At 1 January 2013	860	76,235	–	77,095
Depreciation charge for the year	2,389	66,100	–	68,489
At 31 December 2013	3,249	142,335	–	145,584
Depreciation charge for the year	3,988	7,475	17,258	28,721
At 31 December 2014	7,237	149,810	17,258	174,305
Carrying amounts				
At 1 January 2013	4,701	68,533	–	73,234
At 31 December 2013	5,421	4,694	–	10,115
At 31 December 2014	6,522	15,387	138,058	159,967

Leased plant and equipment, and motor vehicles

The Group leases plant and equipment, and motor vehicles under a number of finance leases which secure lease obligations. At 31 December 2014, the carrying amount of leased plant and equipment, and motor vehicles was US$366,599 (2013: US$Nil).

During the year, the Group acquired plant and equipment, and motor vehicles under finance lease arrangements of US$365,894 (2013: US$Nil) (note 15).

7 Interests in subsidiaries

	Company 2014 US$	Company 2013 US$
Equity investments at cost	8,233,503	8,233,503
Allowance for impairment	(188,716)	(31,467)
	8,044,787	8,202,036

7 Interests in subsidiaries (cont'd)

The movement in the allowance for impairment in respect of interests in subsidiaries during the year was as follows:

	Company	
	2014 US$	2013 US$
At 1 January	31,467	31,467
Impairment loss recognised	157,249	–
At 31 December	188,716	31,467

Impairment on investment in subsidiary

During the year, the Company impaired its total investment cost of US$157,249 in MCS Tin Holdings Sdn. Bhd. to US$Nil as the subsidiary has ceased its operations.

The following are the Company's subsidiaries:

	Company name	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group	
				2014 %	2013 %
Held by the Company					
[1]	CNMC Goldmine Limited ("CNMC HK")	Investment holding company	Hong Kong SAR	100	100
[2]	CMNM Mining Group Sdn. Bhd. ("CMNM Mining")	Exploration and mining of gold deposits	Malaysia	81	81
[2]	CNMC Development (M) Sdn. Bhd. (formerly known as CMNM-Juyuan Mining Sdn. Bhd.) ("CNMC Development")	Investment holding company Currently dormant	Malaysia	100	100
[2]	MCS Tin Holdings Sdn. Bhd. ("MCS Tin")	Investment holding company	Malaysia	100	100
Held by CNMC HK					
[2,3]	MCS Mining Group Sdn. Bhd. ("MCS Mining")	Exploration and mining of gold deposits Currently dormant	Malaysia	80	80
[2]	CNMC-Nalata Mining Sdn. Bhd.	Exploration and mining of gold deposits Currently dormant	Malaysia	80	80

[1] Audited by Allen Kong & Co. (Certified Public Accountants, Hong Kong SAR).

[2] Audited by another member firm of KPMG International.

[3] CNMC HK is the registered holder of 87.5% interest in MCS Mining. CNMC HK has an arrangement with the Kelantan State Government to hold 7.5% interest in MCS Mining for the Kelantan State Government, and such interest will be transferred from CNMC HK in due course. Accordingly, the effective equity held by Group in MCS Mining is 80% (2013: 80%) as at 31 December 2014.

8 Deferred tax (liabilities)/assets

Recognised deferred tax (liabilities)/assets

Deferred tax (liabilities)/assets are attributable to the following:

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Property, plant and equipment and mine properties	(542,186)	(323,487)	–	8,426
Unutilised tax losses carried forward	–	345,026	–	345,026
Unutilised capital allowances carried forward	–	6,943	–	6,943
Taxable temporary differences	–	(152,934)	–	(152,934)
	(542,186)	(124,452)	–	207,461
Represented by:				
Deferred tax assets	–	207,461	–	207,461
Deferred tax liabilities	(542,186)	(331,913)	–	–
	(542,186)	(124,452)	–	207,461

Movement in temporary differences during the year

	At 1 January 2013 US$	Recognised in profit or loss (note 24) US$	At 31 December 2013 US$	Recognised in profit or loss (note 24) US$	At 31 December 2014 US$
Group					
Property, plant and equipment and mine properties	(72,933)	(250,554)	(323,487)	(218,699)	(542,186)
Unutilised tax losses carried forward	176,553	168,473	345,026	(345,026)	–
Unutilised capital allowances carried forward	–	6,943	6,943	(6,943)	–
Taxable temporary differences	–	(152,934)	(152,934)	152,934	–
Others	3,920	(3,920)	–	–	–
Deferred tax assets/(liabilities)	107,540	(231,992)	(124,452)	(417,734)	(542,186)
Company					
Property, plant and equipment and mine properties	13,106	(4,680)	8,426	(8,426)	–
Unutilised tax losses carried forward	162,353	182,673	345,026	(345,026)	–
Unutilised capital allowances carried forward	–	6,943	6,943	(6,943)	–
Taxable temporary differences	–	(152,934)	(152,934)	152,934	–
Deferred tax assets	175,459	32,002	207,461	(207,461)	–

Deferred tax assets were recognised by management based on their assessment of available future taxable profits of the Company which will be available to be utilised.

Management reviews the amount of deferred tax assets recognised at each reporting date and reduces the extent of deferred tax assets recognised if it is no longer probable that the related tax benefit will be realised.

The unutilised tax losses and unutilised capital allowances do not expire under current tax legislation. The tax losses and capital allowances are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the entities of the Group operate.

9 Inventories

	Group	
	2014 US$	2013 US$
Work in progress/Stockpile	390,437	532,301
Consumables	411,771	559,794
	802,208	1,092,095

In 2014, work in progress, stockpile and consumables recognised as an expense in profit or loss amounted to US$11,080,243 (2013: US$6,930,120).

10 Trade and other receivables

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Trade receivables	–	475,337	–	–
Amounts due from subsidiaries				
- trade	–	–	3,816,558	2,559,352
- non-trade	–	–	2,810,098	5,095,243
Other receivables	192,908	257,413	12,973	9,303
Deposits	382,088	471,330	17,839	18,609
	574,996	1,204,080	6,657,468	7,682,507
Prepayments	37,761	46,862	31,011	15,112
	612,757	1,250,942	6,688,479	7,697,619

The outstanding trade receivables are not past due as at 31 December 2013. Based on historical trends, the Group believes that no impairment allowance is necessary in respect of outstanding trade receivables not past due.

The non-trade amounts due from subsidiaries are unsecured and repayable on demand. Interest is charged at 8.0% (2013: 8.0%) per annum.

The Group and the Company's exposure to credit and currency risks are disclosed in note 30.

11 Cash and cash equivalents

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Cash at banks and in hand	4,372,231	2,195,323	1,256,408	184,057
Fixed deposits	7,967,483	800,402	767,381	800,402
Cash and cash equivalents in the statements of financial position	12,339,714	2,995,725	2,023,789	984,459
Less: Deposits pledged	–	(788,500)	–	(788,500)
Cash and cash equivalents in the statements of cash flows	12,339,714	2,207,225	2,023,789	195,959

Deposits pledged represent bank balance pledged as security to obtain credit facilities.

12 Share capital

	Company	
	2014	2013
	Number of shares	Number of shares
Issued and fully-paid ordinary shares with no par value:		
At 1 January and 31 December	407,693,000	407,693,000

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Performance shares

The Company has a performance share plan known as the CNMC Performance Share Plan (the "PSP") which was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011. The PSP was subsequently amended and approved by insertion of a new Rule 5.8 at the Company's extraordinary general meeting held on 27 April 2012.

The PSP is administered by an awards committee comprising Mr Tan Poh Chye Allan, Mr Kuan Cheng Tuck and Ms Gan Siew Lian. The PSP grants a participant the right to receive fully paid shares free of charge, upon the participant achieving prescribed performance targets. Employees of the Group, employees of an associated company, directors and employees of the Company's parent company and its subsidiaries, and controlling shareholders and their associates are eligible to participate in the PSP.

The total number of new shares which may be issued pursuant to awards granted under the PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the share capital of the Company on the day preceding the relevant date of award. The aggregate number of shares available under the PSP shall not exceed 15% of the total issued share capital of the Company from time to time.

As at the end of the financial year, no awards of shares have been granted under the PSP to controlling shareholders or their associates and no participants have received shares which in aggregate represent 5% or more of the total number of shares available under the PSP.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and non-controlling interests of the Group.

The Board closely monitors the cash flow forecasts and working capital requirements of the Group to ensure that there are sufficient financial resources available to meet the needs of the business. There were no changes in the Group's approach to capital management during the financial years ended 31 December 2013 and 2014.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

13 Reserves

	Group	
	2014 US$	2013 US$
Capital reserve	2,824,635	2,824,635
Translation reserve	(15,899)	(752)
	2,808,736	2,823,883

Capital reserve

Pursuant to the share swap agreement dated 14 October 2011, the Company has acquired the entire issued share capital of CNMC Goldmine Limited ("CNMC HK") comprising 14,004,524 ordinary shares in the capital of CNMC HK, for an aggregate consideration of approximately US$7,856,177 (the "Restructuring Exercise").

The purchase consideration of US$7,856,177 was arrived at after taking into consideration the net asset value of CNMC HK as at 14 October 2011. This was fully satisfied by the allotment of 374,999,999 new shares in the capital of the Company on 14 October 2011.

Upon completion of the Restructuring Exercise, the Company became the immediate and ultimate holding company of CNMC HK and its subsidiaries.

The capital reserve as presented in the Group's consolidated financial statements represents the difference between the cost of acquisition for the restructuring exercise as described above and the amount of paid up capital of CNMC HK at the date of acquisition.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

14 Non-controlling interests

The following subsidiary has material non-controlling interests ("NCI").

Company name	Principal place of business/ Country of incorporation	Operating segment	Ownership interests held by non-controlling interests	
			2014 %	2013 %
CMNM Mining Group Sdn. Bhd.	Malaysia	Gold mining	19	19

14 Non-controlling interests (cont'd)

The following summarises the financial information of CMNM Mining, based on its financial statements prepared in accordance with FRS, before intra-group eliminations.

	CMNM Mining US$	Other individually immaterial subsidiaries US$	Total US$
2014			
Revenue	33,213,371		
Profit and total comprehensive income for the year	16,186,353		
Attributable to NCI:			
- Profit for the year	3,075,407	1,622	3,077,029
- Other comprehensive income for the year	–	(2,959)	(2,959)
- Total comprehensive income for the year	**3,075,407**	**(1,337)**	**3,074,070**
Non-current assets	18,931,657		
Current assets	12,278,091		
Non-current liabilities	(717,780)		
Current liabilities	(17,566,627)		
Net assets	12,925,341		
Net assets attributable to NCI	2,621,944	30,624	2,652,568
Cash flows generated from operating activities	15,766,542		
Cash flows used in investing activities	(5,015,258)		
Cash flows used in financing activities (dividends to NCI: US$447,782)	(2,442,178)		
Net increase in cash and cash equivalents	8,309,106		
2013			
Revenue	16,625,532		
Profit and total comprehensive income for the year	3,958,492		
Attributable to non-controlling interests:			
- Profit for the year	752,114	2,030	754,144
- Other comprehensive income for the year	–	(7,724)	(7,724)
- Total comprehensive income for the year	**752,114**	**(5,694)**	**746,420**
Non-current assets	15,728,337		
Current assets	4,864,662		
Non-current liabilities	(345,927)		
Current liabilities	(19,578,884)		
Net assets	668,188		
Net assets attributable to NCI	293,085	31,961	325,046
Cash flows generated from operating activities	8,369,074		
Cash flows used in investing activities	(5,118,885)		
Cash flows used in financing activities (dividends to NCI: US$480,472)	(2,534,429)		
Net increase in cash and cash equivalents	715,760		

15 Loans and borrowings

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Non-current				
Finance lease liabilities	175,594	14,014	–	–
Current				
Finance lease liabilities	73,033	9,147	–	–
Convertible loan	–	1,053,599	–	1,053,599
	73,033	1,062,746	–	1,053,599
Total loans and borrowings	248,627	1,076,760	–	1,053,599

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings were as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value US$	Carrying amount US$
Group					
At 31 December 2014					
Finance lease liabilities	Ringgit Malaysia (“RM”)	2.4 to 4.5	2015 to 2019	274,092	248,627
At 31 December 2013					
Finance lease liabilities	RM	2.5 to 4.5	2015 to 2016	24,684	23,161
Convertible loan	Singapore Dollars (“S$”)	6.5	2014	1,053,599	1,053,599
				1,078,283	1,076,760
Company					
At 31 December 2014					
Convertible loan	S$	–	–	–	–
At 31 December 2013					
Convertible loan	S$	6.5	2014	1,053,599	1,053,599

15 Loans and borrowings (cont'd)

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Future minimum lease payments US$	Interest US$	Principal US$
Group			
At 31 December 2014			
Within 1 year	83,448	10,415	73,033
After 1 year but within 5 years	190,644	15,050	175,594
	274,092	25,465	248,627
At 31 December 2013			
Within 1 year	10,095	948	9,147
After 1 year but within 5 years	14,589	575	14,014
	24,684	1,523	23,161

Convertible loan

	Group and Company	
	2014 US$	2013 US$
Proceeds from issue of convertible loan	–	1,144,630
Conversion rights (note 16)	–	(91,031)
Carrying amount of liability at 31 December	–	1,053,599

On 15 July 2013, the Company issued a convertible loan which is unsecured and bears interest of 6.5% per annum with a total principal amount of S$1,450,000 (US$1,144,630).

The main terms of the convertible loan are as follows:

(a) It is convertible into ordinary shares of the Company at the option of the lenders at the conversion price of S$0.44 per share provided that the conversion notice is given to the Company at least 2 months before 14 July 2014 ("Maturity Date").

(b) The Maturity Date of the convertible loan can be extended by another 12 months at an interest rate of 6.5% per annum by the lenders.

The convertible loan was fully repaid on 14 April 2014.

16 Derivative financial instrument

	Group and Company	
	2014	2013
	US$	US$
At 1 January	91,031	–
Conversion rights (derecognised)/recognised during the year	(91,031)	91,031
At 31 December	–	91,031

The Group's derivative financial instrument did not qualify for hedge accounting.

17 Accrued rehabilitation costs

	Group	
	2014	2013
	US$	US$
Accrued rehabilitation costs	289,990	317,124

Included in the accrued rehabilitation costs is an amount of US$295,329 (2013: US$161,369) which are capitalised to mine properties during the year.

In accordance with Section 129 of the Mineral Enactment (Malaysia) Act 2001, the accrued rehabilitation costs is based on 1% of the gross sales value of all minerals extracted during a calendar year or an agreed annual fee, whichever is higher. In this connection, management accrued 1% of the gross sales value of all minerals extracted during a calendar year as rehabilitation costs.

The payment for the restoration costs is to be made to a rehabilitation fund which is to be administered by the relevant authorities in Kelantan, Malaysia, in accordance with Section 129 of the Mineral Enactment (Malaysia) Act 2001. Up to 31 December 2014, the Group has paid US$323,181 (31 December 2013: US$50,165) to the authority.

The accrued rehabilitation costs approximates rehabilitation provision, which represents the present value of rehabilitation costs relating to the mine site, which are expected to be incurred up to 2018. This provision has been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

As at 27 February 2015, management believes that there are no further obligations in respect to the accrued rehabilitation costs.

18 Trade and other payables

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Trade payables	375,999	244,431	51,593	51,199
Other payables	1,015	1,079	–	–
Amount due to a subsidiary (non-trade)	–	–	188,610	188,610
Amounts due to contractors	1,447,316	1,211,637	–	–
Accrued operating expenses	1,304,759	1,802,478	126,992	397,161
Remuneration and fees payable to key management	27,441	166,197	17,053	22,905
	3,156,530	3,425,822	384,248	659,875

The non-trade amount due to a subsidiary are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to liquidity and market risks related to trade and other payables are disclosed in note 30.

19 Dividends

The following exempt (one-tier) dividends were declared, and paid and payable by the Group and Company:

For the year ended 31 December	Group and Company	
	2014 US$	2013 US$
Paid/payable by the Company to owners of the Company		
Dividends on ordinary shares:		
- Final dividends for the year ended 2013: S$0.0010 (equivalent to US$0.0007962) (2012: S$Nil) per ordinary share	324,605	–
- First interim dividends for the year ended 2014: S$0.0015 (equivalent to US$0.0012063) (2013: S$0.001 (equivalent to US$0.0007968)) per ordinary share	491,800	324,850
- Second interim dividends for the year ended 2014: S$0.0015 (equivalent to US$0.0011505) (2013: S$Nil) per ordinary share	469,051	–
	1,285,456	324,850
Paid/payable by a subsidiary to non-controlling interests		
Dividends on ordinary shares:		
- Final dividends for the year ended 2013: RM Nil (2012: RM8.00 (equivalent to US$2.5416)) per ordinary share	–	241,452
- First interim dividends for the year ended 2014: RM6.00 (equivalent to US$1.8666) (2013: RM8.00 (equivalent to US$2.5160)) per ordinary share	177,327	239,020
- Second interim dividends for the year ended 2014: RM9.00 (equivalent to US$2.7369) (2013: RM Nil) per ordinary share	260,005	–
- Third interim dividends for the year ended 2014: RM11.00 (equivalent to US$3.2549) (2013: RM Nil) per ordinary share	309,216	–
	746,548	480,472

19 Dividends (cont'd)

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2014	2013
	US$	US$
Payable by the Company to owners of the Company		
- Final dividends for the year ended 2014: S$0.0015 (equivalent to US$0.0011952) (2013: S$0.0010 (equivalent to US$0.0007894)) per ordinary share	487,275	321,839
- Special dividends for the year ended 2014: S$0.00225 (equivalent to US$0.0017928) (2013: S$Nil) per ordinary share	730,912	–
	1,218,187	321,839

20 Other income

	Group	
	2014	2013
	US$	US$
Gain on disposal on property, plant and equipment	80,266	–
Net foreign exchange gain	–	7,273
Others	16,903	420
	97,169	7,693

21 Amortisation and depreciation

		Group	
	Note	2014	2013
		US$	US$
Amortisation of mine properties	5	1,020,454	438,879
Depreciation of property, plant and equipment	6	2,030,446	1,367,812
		3,050,900	1,806,691

22 Other expenses

	Group	
	2014 US$	2013 US$
Deposits written off	88,305	15,287
Evaluation and exploration assets written off	66,485	–
Impairment on other receivables	16,387	–
Loss on disposal of property, plant and equipment	–	1,870
Net foreign exchange loss	844,996	–
Plant and equipment written off	–	61,912
Service fee	–	350,000
Others	6,074	12,487
	1,022,247	441,556

The service fee relates to a one-off amount paid and payable to a controlling shareholder of the Company for its services rendered in connection with the commercial production of its mining operations.

23 Finance income and costs

	Group	
	2014 US$	2013 US$
Finance income		
Interest income on cash and cash equivalents	71,541	410
Finance costs		
Interest expenses on:		
- finance lease liabilities	(10,513)	(1,540)
- short term loan	(3,711)	(10,196)
- convertible loan	(21,676)	(34,490)
	(35,900)	(46,226)
Net finance income/(costs) recognised in profit or loss	**35,641**	**(45,816)**

24 Tax (credit)/expense

	Note	Group 2014 US$	Group 2013 US$
Current tax (credit)/expense			
Current year		310,056	1,506,772
Adjustment for prior years		(1,216,360)	–
		(906,304)	1,506,772
Deferred tax expense			
Origination and reversal of temporary differences		284,120	358,896
Adjustment for prior years		133,614	(126,904)
	8	417,734	231,992
Total tax (credit)/expense		(488,570)	1,738,764

The Group's operations are mainly in Malaysia. The tax expense on the profit differs from the amount that would arise using Malaysian income tax rates is explained below:

	Group 2014 US$	Group 2013 US$
Reconciliation of effective tax rate		
Profit for the year	15,320,133	3,433,593
Total tax (credit)/expense	(488,570)	1,738,764
Profit excluding tax	14,831,563	5,172,357
Tax using Malaysian tax rate of 25% (2013: 25%)	3,707,891	1,293,089
Effect of tax rates in foreign jurisdictions	36,404	9,923
Pioneer Status Incentive	(3,530,327)	–
Tax exempt income	(11,081)	(17,008)
Non-deductible expenses	129,198	186,787
Losses not available for carry forward	4,233	995
(Over)/Under provision in respect of prior years:		
- current tax expense	(1,216,360)	–
- deferred tax expense	133,614	(126,904)
Withholding tax	285,510	285,505
Others	(27,652)	106,377
	(488,570)	1,738,764

On 12 May 2014, CMNM Mining Group Sdn. Bhd. obtained the Pioneer Status Incentive granted by Malaysian Investment Development Authority which entitles the Sokor gold field project to 100% income tax exemption on statutory income for a period of five years from 1 July 2013 to 30 June 2018. As a result of the Pioneer Status Incentive, there is an overprovision of income tax expense of US$1,216,360 in respect of the year ended 31 December 2013 recognised in the consolidated statement of profit or loss for the year ended 31 December 2014. The overprovision is due to the income tax expense for the year ended 31 December 2013 being previously computed on the basis that there was no tax exemption.

As at 31 December 2014, the current tax payable and net deferred tax liabilities are US$20,544 (2013: US$1,226,122) and US$542,186 (2013: US$124,452) respectively.

24 Tax (credit)/expense (cont'd)

Significant judgement is required in determining the capital allowances, the types and rates of taxes payable, deductibility of certain expenses, and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for tax and deferred income tax provisions in the period in which such determination is made.

25 Profit for the year

The following items have been included in arriving at profit for the year:

	Group	
	2014	2013
	US$	US$
Audit fees paid/payable to:		
- auditors of the Company	140,798	149,675
- other auditors	21,337	24,719
Non-audit fees paid/payable to:		
- auditors of the Company	14,578	19,930
- other auditors	48,852	7,692
Travelling and transportation expenses consist of:		
- travelling	111,951	131,983
- transportation of inventories	73,534	25,605

26 Earnings per share

The calculation of basic earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders of US$12,243,104 (2013: US$2,679,449) and issued ordinary shares outstanding of 407,693,000 (2013: 407,693,000).

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2014 was based on profit attributable to ordinary shareholders of US$12,264,780 (2013: US$2,713,939), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 408,631,979 (2013: 409,218,841), calculated as follows:

	Group	
	2014	2013
	US$	US$
Profit attributable to ordinary shareholders (basic)	12,243,104	2,679,449
Interest expense on convertible loan, net of tax	21,676	34,490
Profit attributable to ordinary shareholders (diluted)	12,264,780	2,713,939

26 Earnings per share (cont'd)

The Group's weighted average number of ordinary shares (diluted) is calculated as follows:

	Group	
	2014	2013
	No. of shares	No. of shares
Issued number of ordinary shares	407,693,000	407,693,000
Effect of conversion of convertible loan	938,979	1,525,841
Weighted average number of ordinary shares (diluted) during the year	408,631,979	409,218,841

27 Operating segments

Business segments

The Group has one reportable segment as described below. For the reportable segment, the Group's executive directors review internal management reports on at least a quarterly basis. The following summary describes the operations in the Group's reportable segment:

Gold mining: Exploration, development, mining and marketing of gold.

Other operations include investment holding company and provision of corporate services.

Information regarding the results of the reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's executive directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise tax assets and liabilities and corporate revenue, assets, expenses and liabilities.

Information about reportable segments

	Gold mining US$	Other operations US$	Inter-segment eliminations US$	Total US$
Group				
31 December 2014				
Total revenue from external customers	33,213,371	–	–	33,213,371
Interest income	89,457	757,901	(775,817)	71,541
Management fee	–	2,099,722	(2,099,722)	–
Interest expense	(786,330)	(25,387)	775,817	(35,900)
Amortisation and depreciation	(3,021,903)	(28,997)	–	(3,050,900)
Reportable segment profit before tax	15,214,725	2,461,242	(2,844,404)	14,831,563
Reportable segment assets	31,508,923	26,404,754	(25,082,651)	32,831,026
Capital expenditure*	6,353,022	178,573	–	6,531,595
Reportable segment liabilities	(17,756,764)	(3,646,845)	16,926,889	(4,476,720)

27 Operating segments (cont'd)

Information about reportable segments (cont'd)

	Gold mining US$	Other operations US$	Inter-segment eliminations US$	Total US$
Group				
31 December 2013				
Total revenue from external customers	16,625,532	–	–	16,625,532
Interest income	22,630	900,016	(922,236)	410
Management fee	–	1,955,441	(1,955,441)	–
Interest expense	(923,834)	(44,686)	922,294	(46,226)
Amortisation and depreciation	(1,736,111)	(70,580)	–	(1,806,691)
Reportable segment profit before tax	5,520,175	1,700,510	(2,048,328)	5,172,357
Reportable segment assets	21,385,300	26,591,717	(26,848,759)	21,128,258
Capital expenditure*	6,546,278	71,415	–	6,617,693
Reportable segment liabilities	(20,172,746)	(4,643,712)	18,354,749	(6,461,709)

* Capital expenditure consists of additions of property, plant and equipment, mine properties and, exploration and evaluation assets.

Reconciliation of reportable segment assets and liabilities

	Group	
	2014 US$	2013 US$
Assets		
Total assets for reportable segments	32,831,026	21,128,258
Unallocated assets	–	207,461
Consolidated total assets	32,831,026	21,335,719
Total liabilities for reportable segments	(4,476,720)	(6,461,709)
Unallocated liabilities	(542,186)	(331,913)
Consolidated total liabilities	(5,018,906)	(6,793,622)

Geographical segments

The operations of the Group are principally located in Malaysia.

Major customer

There is one (2013: one) major customer which accounts for 98% (2013: 100%) of the Group's revenue.

28 Commitments

(i) Capital commitments

As at the respective reporting dates, the Group entered into contracts for:

	Group	
	2014	2013
	US$	US$
Exploration and evaluation assets, and mine properties	5,286,303	7,577,101
Property, plant and equipment	55,953	273,420

(ii) Operating lease commitments

Leases entered into as lessee

The total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	Group	
	2014	2013
	US$	US$
Within 1 year	93,293	118,278
After 1 year but within 5 years	4,489	112,879
After 5 years	–	24,608
	97,782	255,765

29 Related parties

(a) Key management personnel compensation

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The amounts stated below for key management compensation are for all the executive directors and other key management personnel.

Key management personnel compensation comprised:

	Group	
	2014	2013
	US$	US$
Short-term employee benefits	1,893,975	1,313,827
Post-employment benefits	63,454	52,999
Directors' fees	90,172	91,248
	2,047,601	1,458,074

Included in key management personnel compensation is remuneration of certain directors of the Company amounting to US$1,627,627 (2013: US$1,156,449). Director's remuneration includes salaries, bonuses, fees and other emoluments.

29 Related parties (cont'd)

(b) Significant transactions with related parties

	Note	Group and Company	
		2014	2013
		US$	US$
Service fee paid and payable to a controlling shareholder of the Company	22	–	350,000

30 Financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statement of financial position.

Cash and cash equivalents are placed with banks which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. The risk can arise from mismatches in the timing of cash flows. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

30 Financial instruments (cont'd)

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount US$	Contractual cash flows US$	Within 1 year US$	Within 1 to 5 years US$	More than 5 years US$
Group					
At 31 December 2014					
Non-derivative financial liabilities					
Loans and borrowings	248,627	(274,092)	(83,448)	(190,644)	–
Trade and other payables	3,156,530	(3,156,530)	(3,156,530)	–	–
Dividends payable	761,029	(761,029)	(761,029)	–	–
	4,166,186	(4,191,651)	(4,001,007)	(190,644)	–
At 31 December 2013					
Non-derivative financial liabilities					
Loans and borrowings	1,076,760	(1,078,283)	(1,063,694)	(14,589)	–
Trade and other payables	3,425,822	(3,425,822)	(3,425,822)	–	–
Dividends payable	324,850	(324,850)	(324,850)	–	–
	4,827,432	(4,828,955)	(4,814,366)	(14,589)	–
Company					
At 31 December 2014					
Non-derivative financial liabilities					
Trade and other payables	384,248	(384,248)	(384,248)	–	–
Dividends payable	462,263	(462,263)	(462,263)	–	–
	846,511	(846,511)	(846,511)	–	–
At 31 December 2013					
Non-derivative financial liabilities					
Loans and borrowings	1,053,599	(1,053,599)	(1,053,599)	–	–
Trade and other payables	659,875	(659,875)	(659,875)	–	–
Dividends payable	324,850	(324,850)	(324,850)	–	–
	2,038,324	(2,038,324)	(2,038,324)	–	–

Market risks

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

30 Financial instruments (cont'd)

Interest rate risk

The Group does not have any of its borrowings in variable rate instruments. Accordingly, the exposure to interest rate risk is minimum and no sensitivity analysis is performed.

Commodity price risk

The Group is exposed to the changes in market prices of gold and the outlook of this mineral. The Company does not have any hedging or other commodity-based risk in respect of its operations.

Gold prices historically fluctuate widely and are affected by, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production, short-term changes in supply and demand because of speculative hedging activities and certain other factors related to gold.

Currency risk

The Group's revenue is denominated in United States Dollars ("USD"). However, the Group's main operations are in Malaysia where the operating expenses are primarily incurred in USD, Singapore Dollars ("SGD") and RM. The results of the Group's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Group are reported in USD in the Group's consolidated financial statements.

The fluctuation of the abovementioned currencies in relation to the US$ will consequently have an impact on the profitability of the Group and may also affect the value of the Group's assets and the amount of equity attributable to owners of the Company.

The Group has not entered into any agreements or purchased any instruments to hedge possible currency risks at the respective reporting dates.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	USD US$	SGD US$	RM US$	Total US$
Group				
At 31 December 2014				
Loans and receivables	43,407	30,812	500,777	574,996
Cash and cash equivalents	3,187	2,075,693	10,260,834	12,339,714
Loans and borrowings	–	–	(248,627)	(248,627)
Trade and other payables	(21,920)	(195,638)	(2,938,972)	(3,156,530)
Net financial assets	24,674	1,910,867	7,574,012	9,509,553
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(24,674)	–	2,313	(22,361)
Net currency exposure	–	1,910,867	7,576,325	9,487,192
Sensitivity analysis	–	(191,087)	(757,632)	(948,719)
At 31 December 2013				
Loans and receivables	–	27,912	1,176,168	1,204,080
Cash and cash equivalents	3,108	1,039,016	1,953,601	2,995,725
Loans and borrowings	–	(1,053,599)	(23,161)	(1,076,760)
Trade and other payables	(1,310,575)	(613,187)	(1,502,060)	(3,425,822)
Net financial (liabilities)/assets	(1,307,467)	(599,858)	1,604,548	(302,777)
Less: Net financial liabilities denominated in the respective entities' functional currencies	1,307,467	–	2,410	1,309,877
Net currency exposure	–	(599,858)	1,606,958	1,007,100
Sensitivity analysis	–	59,986	(160,696)	(100,710)

30 Financial instruments (cont'd)

Exposure to currency risk (cont'd)

	USD US$	SGD US$	RM US$	Total US$
Company				
At 31 December 2014				
Loans and receivables	1,816,967	3,584,859	1,255,642	6,657,468
Cash and cash equivalents	2,359	2,021,430	–	2,023,789
Trade and other payables	(188,610)	(195,638)	–	(384,248)
Net financial assets	1,630,716	5,410,651	1,255,642	8,297,009
Less: Net financial assets denominated in the respective entities' functional currencies	(1,630,716)	–	–	(1,630,716)
Net currency exposure	–	5,410,651	1,255,642	6,666,293
Sensitivity analysis	–	(541,065)	(125,564)	(666,629)
At 31 December 2013				
Loans and receivables	1,697,493	5,985,014	–	7,682,507
Cash and cash equivalents	2,359	982,100	–	984,459
Loans and borrowings	–	(1,053,599)	–	(1,053,599)
Trade and other payables	(188,610)	(471,265)	–	(659,875)
Net financial assets	1,511,242	5,442,250	–	6,953,492
Less: Net financial assets denominated in the respective entities' functional currencies	(1,511,242)	–	–	(1,511,242)
Net currency exposure	–	5,442,250	–	5,442,250
Sensitivity analysis	–	(544,225)	–	(544,225)

A 10% strengthening of USD against the SGD and RM at the respective reporting dates would increase/(decrease) equity and increase/(decrease) retained earnings by the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of USD against the SGD and RM would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible loans, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

30 Financial instruments (cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Loans and receivables US$	Other financial liabilities US$	Total US$	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Group								
At 31 December 2014								
Financial assets not measured at fair value								
Trade and other receivables*	10	574,996	–	574,996				
Cash and cash equivalents	11	12,339,714	–	12,339,714				
		12,914,710	–	12,914,710				
Financial liabilities not measured at fair value								
Finance lease liabilities	15	–	(248,627)	(248,627)	–	(256,677)	–	(256,677)
Trade and other payables	18	–	(3,156,530)	(3,156,530)				
Dividends payable	19	–	(761,029)	(761,029)				
		–	(4,166,186)	(4,166,186)				
At 31 December 2013								
Financial assets not measured at fair value								
Trade and other receivables*	10	1,204,080	–	1,204,080				
Cash and cash equivalents	11	2,995,725	–	2,995,725				
		4,199,805	–	4,199,805				
Financial liability measured at fair value								
Derivative financial instrument	16	–	(91,031)	(91,031)	–	(91,031)	–	(91,031)
Financial liabilities not measured at fair value								
Convertible loan	15	–	(1,053,599)	(1,053,599)	–	(1,053,599)	–	(1,053,599)
Finance lease liabilities	15	–	(23,161)	(23,161)	–	(24,684)	–	(24,684)
Trade and other payables	18	–	(3,425,822)	(3,425,822)				
Dividends payable	19	–	(324,850)	(324,850)				
		–	(4,827,432)	(4,827,432)				

30 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amount			Fair value			
	Note	Loans and receivables US$	Other financial liabilities US$	Total US$	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Company								
At 31 December 2014								
Financial assets not measured at fair value								
Trade and other receivables*	10	6,657,468	–	6,657,468				
Cash and cash equivalents	11	2,023,789	–	2,023,789				
		8,681,257	–	8,681,257				
Financial liability not measured at fair value								
Trade and other payables	18	–	(384,248)	(384,248)				
Dividends payable	19	–	(462,263)	(462,263)				
		–	(846,511)	(846,511)				
At 31 December 2013								
Financial assets not measured at fair value								
Trade and other receivables*	10	7,682,507	–	7,682,507				
Cash and cash equivalents	11	984,459	–	984,459				
		8,666,966	–	8,666,966				
Financial liability measured at fair value								
Derivative financial instrument	16	–	(91,031)	(91,031)	–	(91,031)	–	(91,031)
Financial liabilities not measured at fair value								
Convertible loan	15	–	(1,053,599)	(1,053,599)	–	(1,053,599)	–	(1,053,599)
Trade and other payables	18	–	(659,875)	(659,875)				
Dividends payable	19	–	(324,850)	(324,850)				
		–	(2,038,324)	(2,038,324)				

* Excluded prepaid expenses of US$37,761 (2013: US$46,862) and US$31,011 (2013: US$15,112) for the Group and the Company respectively.

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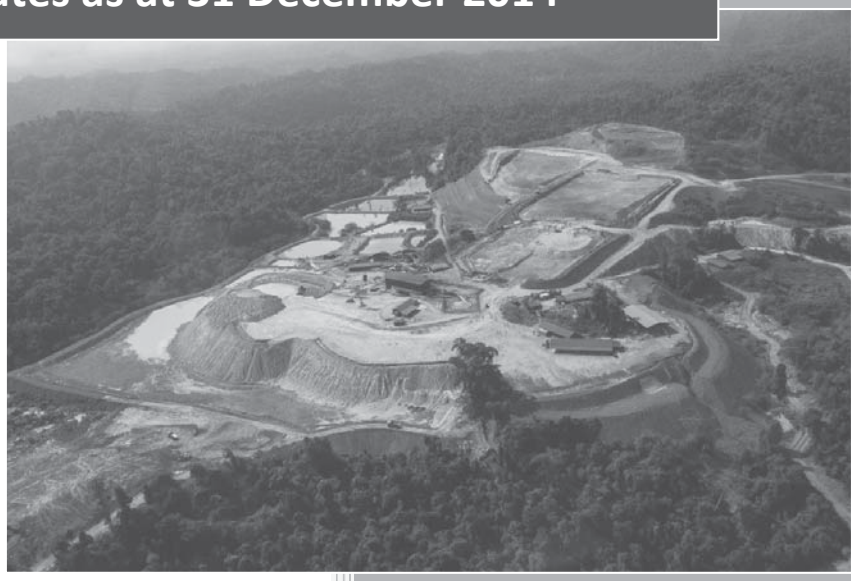
CNMC Goldmine Holdings Limited
Sokor Project – Updated Mineral Resource and Ore Reserve Estimates as at 31 December 2014



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April 2015

Optiro

Sokor Project – Updated Mineral Resource and Ore Reserve Estimates as at 31 December 2014

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		Date:	1 April 2015

Important Information:

This Report is provided in accordance with the proposal by Optiro Pty Ltd ("Optiro") to CNMC Goldmine Holdings Limited and the terms of Optiro's Consulting Services Agreement ("the Agreement"). Optiro has consented to the use and publication of this Report by CNMC Goldmine Holdings Limited for the purposes set out in Optiro's proposal and in accordance with the Agreement. CNMC Goldmine Holdings Limited may reproduce copies of this entire Report only for those purposes but may not and must not allow any other person to publish, copy or reproduce this Report in whole or in part without Optiro's prior written consent.

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1 April 2015 Our Ref: J_1843

The Board of Directors
CNMC Goldmine Holdings Limited
745 Toa Payoh Lorong 5 #04-01
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Dear Sirs

SOKOR PROJECT – UPDATED MINERAL RESOURCE AND ORE RESERVE ESTIMATES AS AT 31 DECEMBER 2014

The Sokor Project (the Project) in Kelantan State in northern Peninsular Malaysia is currently 81% owned by CNMC Goldmine Holdings Limited (CNMC) through its subsidiary CMNM Mining Group Sdn. Bhd. (CMNM). CMNM holds the rights to mine and produce gold, silver and base metals from an area of approximately 10 km^2 in the Ulu Sokor area in Kelantan. CNMC has defined three deposits in the southern part of the project area (Manson's Lode, New Discovery and Ketubong) and a fourth deposit (Rixen) approximately 3 km to the north of Ketubong.

At CNMC's request, Optiro Pty Ltd (Optiro) has updated the Mineral Resource estimate for the Sokor Project and has incorporated data from 98 diamond holes drilled by CNMC during 2014 and since CNMC's 31 December 2013 Mineral Resource and Ore Reserve Statement. Mineral Resource estimates have been updated for Rixen, Manson's Lode and New Discovery. CNMC has extracted ore from Rixen during 2014 and the Mineral Resources have been depleted for mining to 31 December 2014. The Mineral Resources at Manson's Lode, New Discovery, Rixen and Ketubong have been reported in accordance with Singapore Exchange (SGX) mineral, oil and gas guidelines, having been classified and reported using the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code 2012). The Ore Reserves for the Rixen Deposit have been reported in accordance with the JORC 2012 Code. The Ore Reserve estimates for the Manson's Lode and the New Discovery deposit were prepared and first disclosed under JORC 2004. These Ore Reserves have not been updated to comply with the JORC Code 2012, on the basis that the information has not materially changed since it was last reported.

Optiro has prepared this document in support of CNMC's Annual Report for the year 2014. Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological Mineral Resource and Ore Reserve estimation services, but also corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 16 Ord Street, West Perth, Western Australia and Optiro's staff work on a variety of projects in a range of commodities worldwide.

The report has been provided to the Directors of CNMC in relation to reporting of the Mineral Resource and Ore Reserves estimates for the Sokor Project as at 31 December 2014 for incorporation into CNMC's Annual Report for the Year 2014; as such, it should not be used or relied upon for any other purpose.

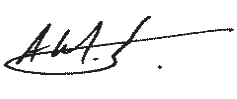
Neither the whole nor any part of this report or any reference thereto may be included in, or with, or attached to any document or used for any purpose without Optiro's written consent as to the form and context in which it appears.

The Mineral Resource estimate has been prepared by Mrs Christine Standing and reviewed by Mr Ian Glacken. Mr Glacken, Director of Optiro and Fellow of the Australasian Institute of Mining and Metallurgy, and Mrs Standing, Principal of Optiro and Member of the Australasian Institute of Mining and Metallurgy, fulfil the requirements of competent persons as defined in the JORC Code 2012 and accept responsibility for the qualified persons' report and the JORC Code 2012 categorisation of the Mineral Resource estimate as tabulated in the form and context in which it appears in this report.

The Ore Reserve Estimate has been compiled by Mr Michael Leak, Senior Consultant at Optiro and Member of the Australasian Institute of Mining and Metallurgy, under the direction of Mr Andrew Law, Director of Optiro and Fellow of the Australasian Institute of Mining and Metallurgy. Mr Andrew Law fulfils the requirement of a competent person as defined in the JORC Code 2012 and the JORC Code 2004 and accepts responsibility for the qualified persons' report and the JORC Code 2012 and 2004 categorisations of the Ore Reserve estimate as tabulated in the form and context in which they appear in this report.

Optiro has relied on the data, reports and information provided by CNMC; Optiro has nevertheless made such enquiries and exercised its judgement as it deems necessary and has found no reason to doubt the reliability of the data, reports and information which have been provided by CNMC.

Yours faithfully
OPTIRO



Andrew Law *FAusIMM(CP), MAICD*
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Director of Geology and Principal Consultant

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1. EXECUTIVE SUMMARY

1.1. INTRODUCTION

The Sokor Project (the Project), located in Kelantan State in northern Peninsular Malaysia, is currently owned 81% by CNMC Goldmine Holdings Limited (CNMC) through its subsidiary CMNM Mining Group Sdn. Bhd. (CMNM). CMNM holds the rights to mine and produce gold, silver and base metals from an area of approximately 10 km^2 in the Ulu Sokor area in Kelantan. CNMC has defined three deposits in the southern part of the project area (Manson's Lode, New Discovery and Ketubong) and a fourth deposit (Rixen) approximately 3 km to the north of Ketubong.

Optiro Pty Ltd (Optiro) undertook site visits to the Sokor Project on 7 and 8 December 2011 to review data for the Mineral Resource estimate and from the 17 to 22 October 2012 to review the mining operations for the Ore Reserve estimate. CNMC provided Optiro with the drillhole logging, assay and survey data, interpreted geological cross-sections and topographical data.

During April 2012, Optiro generated a validated drillhole database, three dimensional interpretations of the mineralisation and prepared updated Mineral Resource estimates for Manson's Lode, New Discovery, Rixen and Ketubong using geostatistical techniques. From October to December 2012, CNMC drilled an additional 18 holes at Rixen. Optiro incorporated data available from 16 of these drillholes for the 2013 update to the Mineral Resource estimate for the Rixen deposit. During 2013, CNMC drilled an additional 76 holes for a total of 9,630 m. Data from these holes and assay data from the two 2012 holes (not available for the 2013 Mineral Resource updated) were used to update the Mineral Resource estimates for the Manson's Lode, Ketubong and Rixen deposits as at 31 December 2013.

During 2014, CNMC drilled an additional 100 holes within the area of Mineral Resources defined at Sokor. Of these, two drillholes were excluded due to poor recovery. The resource database has been updated to include 98 diamond drillholes for a total of 13,016 m. Data from these holes and survey data from 24 holes drilled during 2013 were used to update the Sokor Project Mineral Resource estimates. Updated estimates were prepared for Rixen, Manson's Lode and New Discovery. Ore has been extracted by CNMC at Rixen and the Mineral Resource and Ore Reserve estimates have been depleted for all mining to 31 December 2014.

The Mineral Resource estimates for the Sokor Project have been prepared and classified in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code 2012).

1.2. MINERAL RESOURCE ESTIMATE

The gold mineralisation within the Sokor Project is lithologically and structurally controlled and is generally hosted in acid to intermediate volcanic rocks and in carbonate-rich rocks. The depth to the base of oxidation varies between deposits, from a shallow depth of less than 3 m at Ketubong to up to 60 m at Rixen. Previous mining of near surface, high grade ore has occurred at Manson's Lode and New Discovery and the pits have been backfilled with mineralised material of lower grades from Manson's Lode and New Discovery.

At Manson's Lode there are economic grade silver, lead and zinc assays in addition to gold that have been incorporated into the Mineral Resource model. At New Discovery, Ketubong and Rixen the silver and base metal concentrations are typically low. Exploration by CNMC has focussed on the definition of gold Mineral Resources and Ore Reserves at the Sokor Project, however, results from the 2013 and 2014 drilling at Manson's Lode also included high zinc and lead grades.

Optiro interpreted the mineralisation at all deposits above a nominal 0.3 g/t gold cut-off grade. At Manson's Lode and New Discovery mineralisation was defined within backfilled material from previous mining and at New Discovery, Rixen and Ketubong a zone of mineralisation was interpreted within the alluvial/eluvial material overlying the bedrock.

At Manson's Lode base metal mineralisation, external and additional to the gold mineralisation, was interpreted above a nominal 3% lead plus zinc (Pb+Zn) cut-off grade.

At New Discovery and Ketubong two types of mineralisation were interpreted within the bedrock: narrow zones of structurally controlled mineralisation within the north-south trending Ketubong-Rixen fault zone, and lithologically controlled mineralisation to the east of the fault zone, which overlies the structurally controlled mineralisation. The 2014 drilling has extended the mineralisation identified at New Discovery down-dip. At Manson's Lode and Rixen the bedrock mineralisation has been interpreted to be lithologically controlled within one relatively flat zone at Manson's Lode and two east dipping zones at Rixen.

Block grades were estimated using an ordinary kriging technique with appropriate assay top-cuts applied for each deposit and style of mineralisation. The mineralisation has been classified as Measured, Indicated and Inferred in accordance with the guidelines of the JORC Code 2012. Bulk density values for each deposit and material type were calculated using measurements from 116 sections of diamond drill core and measurements of alluvial and backfilled material from 41 test pits.

Mining at Rixen during 2014 extracted 1,362 kt for the production of 27,600 ounces of gold via heap leach extraction, which was ongoing as at 31 December 2014.

The New Discovery deposit is considered an inactive mining area at this time, with only small-scale trial mining undertaken on an ad-hoc basis as part of an ongoing exploration and metallurgical testwork process. This activity was considered immaterial in terms of its impact on the New Discovery Ore Reserve. No mining activity took place at the Manson's Lode or Ketubong deposits during 2014.

1.3. MINERAL RESOURCE AND ORE RESERVE TABULATION

The Mineral Resource estimate, as at 31 December 2014, for the Sokor Project is reported in Table 1.1 below. This has been classified and reported in accordance with the guidelines of the JORC Code 2012 and has been depleted for mining at Manson's Lode (as at 2012), New Discovery (as at 2012) and Rixen to 31 December 2014. The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong, and above a 0.3 g/t gold cut-off grade at Rixen to reflect current commodity prices, operating costs and processing options. As at 31 December 2014, the total Measured, Indicated and Inferred gold Mineral Resource for the Sokor Project (above a 0.3 g/t gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong) is 10,810 kt at 1.5 g/t gold with contained gold of 506,000 ounces.

Gold mineralisation at Manson's Lode has associated silver and base metal mineralisation. Silver, lead and zinc Mineral Resources have been reported for Manson's Lode both within the gold mineralisation, above a 0.5 g/t gold cut-off grade, and also external to the gold mineralisation, above a cut-off of 3% lead and zinc (Table 1.1).

The total Measured, Indicated and Inferred gold resources for the Sokor Project, previously reported in December 2013, was 9,140 kt at 1.6 g/t gold, with contained gold of 465,000 ounces; this represents an increase of 8% in contained gold in the Mineral Resource. The Manson's Lode Mineral Resource, previously reported in December 2013, also contained silver, lead and zinc, namely 650 kt with an average grade of 58 g/t silver, 1.5% lead and 1.5% zinc. This represents increases of 21%, 28% and 32% in contained silver, lead and zinc respectively over the December 2013 totals. The Mineral Resource figures discussed above include material which has subsequently been modified to produce Ore Reserves.

Table 1.1 Sokor Project – Mineral Resource statement as at 31 December 2014 (inclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.55	3.2	57	0.45	3.2	46	+1
Indicated	Gold	6.75	1.3	287	5.47	1.3	232	+34
Inferred	Gold	3.51	1.4	163	2.84	1.4	132	-17
Total	**Gold**	**10.81**	**1.5**	**506**	**8.76**	**1.5**	**410**	**+8**
Measured	Silver	0.33	62	659	0.27	62	534	-3
Indicated	Silver	0.16	72	360	0.13	72	291	+52
Inferred	Silver	0.45	33	473	0.37	33	383	+49
Total	**Silver**	**0.94**	**50**	**1,492**	**0.76**	**53**	**1,208**	**+21**
Measured	Lead	0.33	1.7	5,569	0.27	1.7	4,511	0
Indicated	Lead	0.16	1.7	2,628	0.13	1.7	2,129	+66
Inferred	Lead	0.45	0.9	4,252	0.37	0.9	3,444	+67
Total	**Lead**	**0.94**	**1.3**	**12,449**	**0.76**	**1.3**	**10,084**	**+28**
Measured	Zinc	0.33	1.7	5,487	0.27	1.7	4,444	-2
Indicated	Zinc	0.16	2.0	3,062	0.13	2.0	2,480	+112
Inferred	Zinc	0.45	1.0	4,459	0.37	1.0	3,612	+58
Total	**Zinc**	**0.94**	**1.4**	**13,007**	**0.76**	**1.4**	**10,536**	**+32**

Note: Inconsistencies in totals are due to rounding

The additional drilling during 2014 at Rixen, Manson's Lode and New Discovery extended the Indicated Mineral Resource at Rixen and the Inferred Mineral Resources at Manson's Lode and New Discovery. Additional Mineral Resources have been defined to the south of Rixen, which have been incorporated into the Rixen Mineral Resource estimate. Silver, lead and zinc Mineral Resources have been defined at Manson's Lode and the additional 2014 drilling has increased these Mineral Resources along strike to the north-east.

Confidence in the Rixen resource has improved, but QA/QC practices need to be improved and discrepancies in the drillhole collar elevations need to be resolved before Measured Mineral Resources can be defined.

In reporting the 2014 Ore Reserves in Table 1.2, it should be noted that the Mineral Resource has been reported '*exclusive*' of Ore Reserves, as at 31 December 2014. This total includes Ore Reserves at Rixen which have been reported in accordance with the JORC Code 2012 and Ore Reserves at the other prospects (Manson's Lode and New Discovery) which have been restated in accordance with the JORC Code 2004. The reason for the split in reporting Ore Reserves between 2004 and 2012 versions is that only Rixen has been actively mined during 2014. Additional exploration work was undertaken at Manson's Lode and New Discovery, with initial preliminarily metallurgical testwork being undertaken, but not finalised, during the reporting period. Additional work and studies are currently in progress and are expected to be completed during 2015. These should support future Ore Reserves being reported according to JORC 2012.

Table 1.2 Sokor Project Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (additional to Ore Reserves at Manson's Lode, New Discovery and Rixen) as at 31 December 2014

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	186	3.6	23	151	3.6	18	0
Probable	Gold	3,939	1.3	165	3,189	1.3	133	+5
Total	**Gold**	4,125	1.4	188	3,341	1.4	151	+5
RESOURCES								
Measured	Gold	335	3.1	32	270	3.1	27	-18
Indicated	Gold	2,711	1.3	110	2,207	1.3	88	+115
Inferred	Gold	1,682	1.1	61	1,370	1.1	50	-69
Total	**Gold**	4,728	1.4	203	3,847	1.4	165	-29

2. INTRODUCTION

CNMC Goldmine Holdings Limited, through its subsidiary CMNM Mining Group Sdn. Bhd., holds an 81% interest in the Sokor Project (Figure 2.1). CMNM holds the rights to mine and produce gold, silver and base metals from an area of approximately 10 km^2 in the Ulu Sokor area in Kelantan, Malaysia. CNMC listed on the Catalist Board of the Singapore Exchange by way of an Initial Public Offering on 28 October 2011. This report has been prepared to provide a market update on Mineral Resources and Ore Reserves as at 31 December 2014 as required under the mineral, oil and gas guidelines of the SGX-ST.

CNMC has defined three deposits in the southern part of the Sokor Project area (Manson's Lode, New Discovery and Ketubong) and a fourth deposit (Rixen) approximately 3 km to the north of Ketubong (Figure 2.1).

During 2014, CNMC drilled an additional 100 holes at Manson's Lode, New Discovery, Ketubong and Rixen. Two of the drillholes (ZKR13-7 and ZKR165-3) had poor recovery and were excluded from the resource database. The database was updated to include all assay data from 98 diamond holes drilled during 2014, and updated survey data from 24 holes, drilled during 2013, were used to update the Sokor Project Mineral Resource estimates. The Mineral Resource estimates have been updated for Rixen, Manson's Lode and New Discovery. The Ketubong Mineral Resource estimate was not updated. Four holes drilled during 2014, located some 650 m located to the north of Ketubong, intersected mineralisation, but there is insufficient data within this area to define a Mineral Resource.

Exploration by CNMC has focussed on the definition of gold Mineral Resources and Ore Reserves at the Sokor Project. Results from the 2013 and 2014 drilling at Manson's Lode included high zinc and lead grades and the Mineral Resources defined for silver, lead and zinc at Manson's Lode are included in the formal reporting of the Mineral Resources for the Sokor Project.

Ore was extracted at Rixen during 2014 and the Mineral Resource and Ore Reserve estimates have been depleted for mining to 31 December 2014. All of the Mineral Resources and the Rixen Ore Reserves were classified and reported in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code 2012).

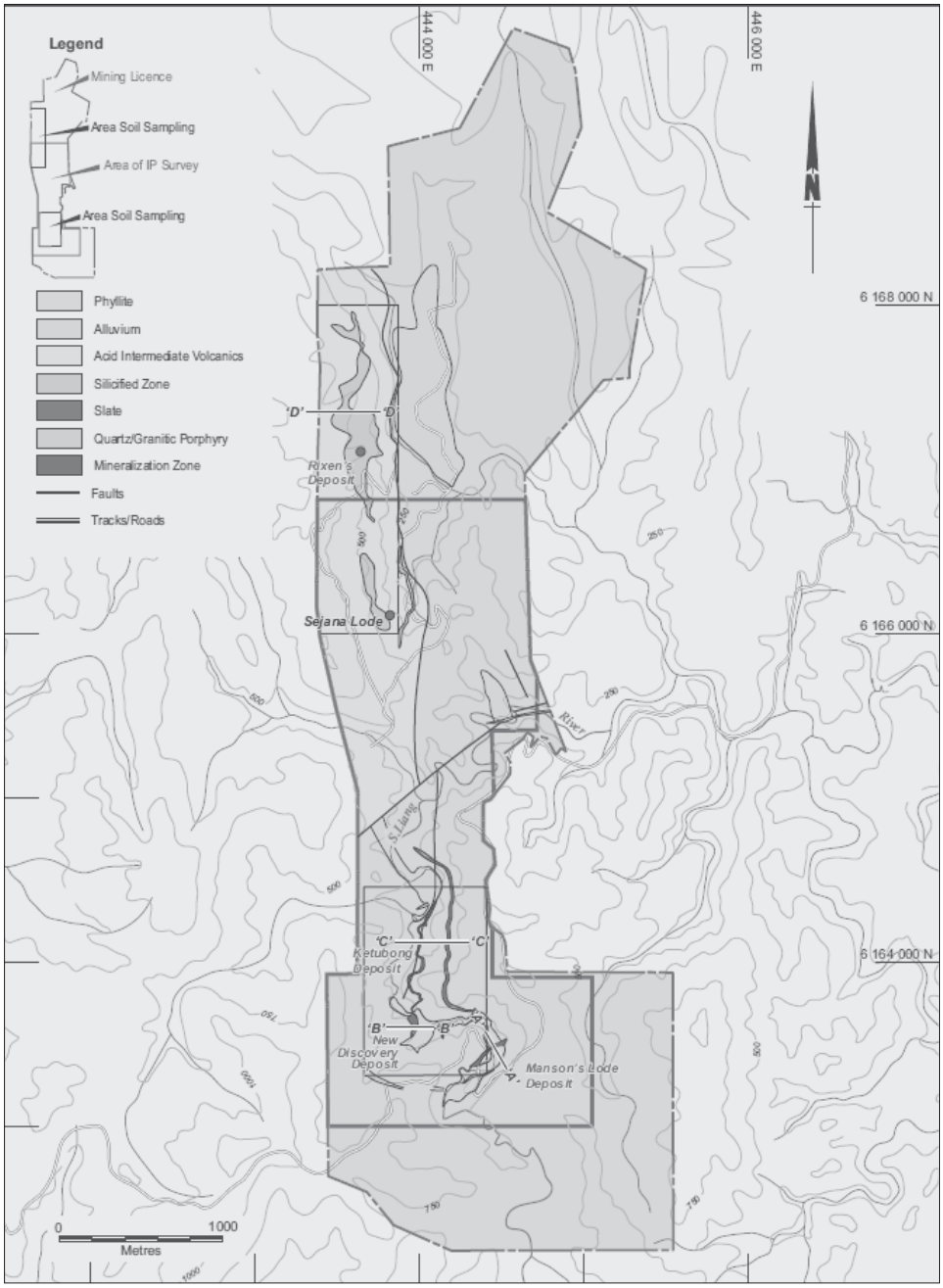
During 2014, no mining activities took place at Manson's Lode or at New Discovery. The Ore Reserves at Manson's Lode and New Discovery, which have been previously reported, were classified and reported in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004 (the JORC Code 2004).

Optiro has prepared this report to document the update to the Mineral Resource estimates and Ore Reserves in support of the planned 2014 Annual Report.

Behre Dolbear Australia Pty Ltd (BDA) has assisted CNMC with reviews of exploration procedures and Mineral Resource and Ore Reserve estimation (BDA, 2011a and 2011b).

The property description, history of the property, exploration data and procedures, mining and processing, infrastructure, environmental and community issues, life of mine production schedule and capital and operating costs have previously been documented by BDA in August and November 2011 (BDA, 2011a and 2011b).

Figure 2.1 Sokor Project – local geology and deposit location (BDA, 2011a)



Mrs Christine Standing of Optiro undertook a site visit to the Sokor Project on 7 and 8 December 2011 to review data for the Mineral Resource estimate; Mr George Brech of BDA assisted Optiro during the site visit. Mr Andrew Law of Optiro undertook a site visit to the Sokor Project between the 16 and 18 of May 2012 to review the mining operations for the Ore Reserve estimate.

Optiro viewed the drill core, trenches, excavations and drillhole collars at Manson's Lode, New Discovery, Ketubong and Rixen and held discussions with CNMC personnel regarding drilling, logging and sampling procedures and selection of samples for metallurgical test work.

CNMC provided Optiro with the drillhole logging, assay and survey data, interpreted geological cross-sections and topographical data.

The Mineral Resource estimate has been prepared by Mrs Christine Standing and reviewed by Mr Ian Glacken. Mr Glacken, Director of Optiro and Fellow of the Australian Institute of Mining and Metallurgy, and Mrs Standing, Principal of Optiro and Member of the Australasian Institute of Mining and Metallurgy, fulfil the requirements of competent persons as defined in the JORC Code and accept responsibility for the qualified persons' report and the JORC Code categorisation of the Mineral Resource estimate as tabulated in the form and context in which it appears in this report. Optiro has relied on the data, reports and information provided by CNMC; Optiro has nevertheless made such enquiries and exercised its judgement as it deems necessary and has found no reason to doubt the reliability of the data, reports and information which have been provided by CNMC.

Mrs Christine Standing [BSc (Hons) Geology, Grad Cert (Min Econs), MAusIMM, MAIG] is a geologist with over 30 years worldwide experience in the mining industry. She has six years' experience as an exploration geologist in Western Australia and over 20 years' experience as a consultant specialising in resource estimation, reconciliation, project management and statutory and competent persons' reporting on worldwide projects for a range of commodities. She has acted as a Qualified Person and Competent Person for gold, silver, copper, mineral sands, nickel, chromium, kaolin and PGEs.

Mr Ian Glacken [BSc (Hons) Geology, MSc (Mining Geology), MSc (Geostatistics), Grad. Dip (Comp), FAusIMM (CP), CEng, MIMMM, DIC] has 32 years worldwide experience in the mining industry. Ian is a geologist with postgraduate qualifications in geostatistics, mining geology and computing who has over 30 years worldwide experience in the mining industry. Ian has over 16 years' experience in consulting, including a decade as Group General Manager of a major consulting organisation. He has worked on mineral projects and given over 200 training courses to thousands of attendees on every continent apart from Antarctica. Ian's skills are in resource evaluation and due diligence reviews, public reporting, training and mentoring, quantitative risk assessment, strategic advice, geostatistics, reconciliation, project management, statutory and competent persons' reporting and mining geology studies. Ian was a founding Director of Optiro.

The Ore Reserve Estimate has been compiled by Mr Michael Leak, Senior Consultant at Optiro and Member of the Australasian Institute of Mining and Metallurgy, under the direction of Mr Andrew Law, Director of Optiro and Fellow of the Australian Institute of Mining and Metallurgy. Mr Leak and Mr Law fulfil the requirements of competent persons as defined in the JORC Code and accept responsibility for the qualified persons' report and the JORC Code categorisation of the Ore Reserve estimate as tabulated in the form and context in which it appears in this report.

Mr Andrew Law [HND MMIN, MBA, FAusIMM(CP), FIQA] is a mining engineer with over 30 years' experience in the mining industry in Australia, Africa and South America. His extensive technical and management experience ranges from deep level underground mining environments (bulk and narrow vein); to large open pit environments (across multi commodities); and to large mineral sands dredging environments. His specialist skills are in corporate strategic business planning and due diligence; management of feasibility studies; operational optimization, Ore Reserve compliance and auditing (ASX, TSX, SEC, SGX, JSE), Corporate management mentoring and performance improvement reviews.

Mr Michael Leak [BEng Mining (Hons), MAusIMM(CP)] is a mining engineer with over 14 years' experience in both open pit and underground operations in Australia, Africa and Europe. He has experience in various commodities including gold, copper, nickel, tin and lead-zinc and his skills are in operational management, due diligence, Ore Reserves, feasibility studies, mine planning and financial analysis.

2.1. STATEMENT OF INDEPENDENCE

Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological Mineral Resource and Ore Reserve estimation services, but also corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 16 Ord Street, West Perth, Western Australia and Optiro's staff work on a variety of projects in a range of commodities worldwide.

This report has been prepared independently and to meet the requirements of the SGX minerals, oil and gas guidelines and in accordance with the VALMIN and JORC Codes. The authors do not hold any interest in CNMC, its associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are being charged at Optiro's standard rates, whilst expenses are reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

3. PROPERTY DESCRIPTION

3.1. PROJECT LOCATION

The Sokor Project is located approximately 80 km southwest of Kota Bharu, the capital of Kelantan State in northern Peninsular Malaysia (Figure 3.1). The project is accessed by a sealed road from Kota Bhara to Kampong Bukit, which is approximately 18 km from site, and then by gravel track from Kampong Bukit to site. Kota Bharu is connected to Kuala Lumpur by a 55 minute flight. The nearest town, Tanah Merah, is located approximately half way between the project site and Kota Bharu.

The Sokor Project is situated in the upper catchment of the Sungai Sokor River, where topography consists of moderately steep hill ridges and narrow valleys, with elevations ranging from 200 m to 900 m above sea level. The project area experiences a hot, tropical monsoonal climate with dense tropical rainforest vegetation cover. Annual rainfall in Kelantan State averages between 2,000 mm to 2,500 mm with November to January being the wettest months.

3.2. PROJECT OWNERSHIP AND STATUS

The Sokor Project consists of a Mining Licence (ML 2/2008) covering approximately 10 km^2 (known as the "Sokor Block") and an Exploration Licence (EL 2/2006) approximately 62.8 km^2 (known as the "Sokor Gold Field Project"). CNMC was granted mining rights on 8 April 2008 for a period of 10 years to the Sokor Block and the granting of the first right of refusal for a 21 year mining rights renewal extension.

A gold royalty of 5% of gross revenue is payable to the Kelantan State Government (KSG) and an additional tribute payment of 3% of gross revenue is payable to the Kelantan State Economic Development Corporation (KSEDC). Mining approval was obtained from KSG in January 2010 and allows for initial mine production of up to 300,000 tpa of mined ore.

Environmental approval was obtained from KSG in April 2010. Environmental approvals for the project included the submission of an Environmental Impact Assessment (EIA) in January 2008 and a supplementary EIA report in March 2009 with approval received in June 2009. An Environmental Management Plan (EMP) was submitted in February 2010 and an EMP Additional Information report submitted in March 2010, with approval received in April 2010. The EIA and EMP include approval for both heap leach and pond (vat) leach processing of gold ore at the Sokor mine site. Where possible CNMC will progressively rehabilitate disturbed areas and some areas, such as the process plant, will be rehabilitated when the mine is closed and the plant is decommissioned.

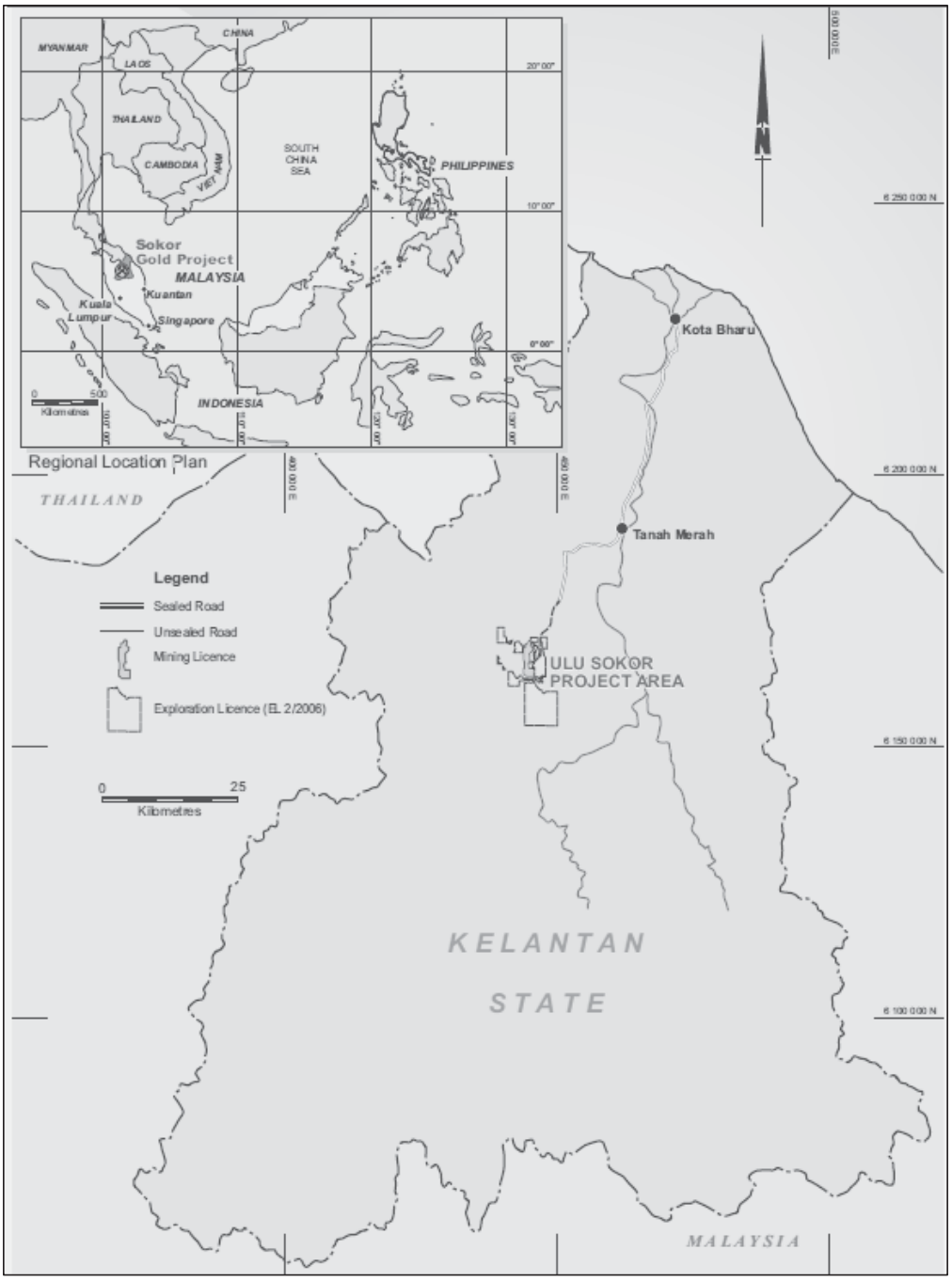
The Corporate income tax rate in Malaysia is 25%.

CNMC, through its subsidiary CMNM Mining Group Sdn. Bhd., Holds an 81% interest in ML 2/2008 and the KSG holds a 10% share and other investors in Kelantan State hold the remaining 9% (Table 3.1). The 19% interest not held by CNMC is a non-contributory share during exploration and mine development and production stages. Exploration Licence EL 2/2006 has expired and is in the process of being renewed by CNMC through its subsidiary MCS Mining Group Sdn. Bhd. The location and exact area of EL 2/2006 will be dependent on availability of and access to land surrounding the Sokor Block.

Table 3.1 Sokor Project tenement schedule

Tenement ID	CNMC Interest	Status	Expiry Date	Area km^2	Type of Mineral deposit	Remarks
ML 2/2008	81%	Development	7/4/2018	10.0	Gold	Mining rights
EL 2/2006	80%	Exploration	Application for renewal submitted	62.8	Gold	Exploration rights

Figure 3.1 Sokor project area and location of Mining Licence and Exploration Licence (BDA, 2011a).



4. HISTORY OF THE PROPERTY

The earliest recorded exploration in the Ulu Sokor area was undertaken by Duff Development Company Limited (Duff) in the early 1900s and included trenching and the development of numerous shafts and adits.

Between 1966 and 1970 Eastern Mining and Metals Company (EMM) undertook a drilling programme at Ulu Sokor consisting of 104 holes totalling 2,963 m. EMM reported primary base metal mineralisation of 227,000 t, with gold grades ranging from 1.94 g/t to 3.33 g/t gold and oxide mineralisation of 156,000 t, with gold grades ranging from 2.85 g/t to 5.34 g/t gold.

Between 1989 and 1991 Asia Mining Sdn Bhd (Asia Mining) conducted mapping, soil sampling, rock-chip sampling and completed a drilling programme consisting of 55 holes totalling 2,705 m. From 1995 to 1996 Asia Mining operated a heap leach facility that processed around 40,000 t of near-surface gossan ore, from the Manson's Lode area and produced approximately 3,200 oz of gold. Asia Mining delineated a gold resource in the Rixen area totalling 4.1 Mt at 1.2 g/t gold above a cut-off grade of 0.5 g/t gold.

During 1997 and 1998 TRA Mining (Malaysia) Sdn Bhd (TRA) conducted geological mapping, rock chip and stream sediment sampling and completed a reverse circulation (RC) drilling programme consisting of 33 holes totalling 2,630 m. The TRA drilling was undertaken within the Manson's Lode and New Discovery areas.

CNMC commenced exploration in 2007, focusing on the known areas of mineralisation at Manson's Lode, New Discovery, Ketubong and Rixen. CNMC has conducted geological mapping, soil sampling, Induced Polarisation geophysical surveys, and diamond drilling programmes and has excavated 27 trenches. Diamond drilling has been undertaken at Manson's Lode, New Discovery, Ketubong and Rixen and has tested areas to the east of Rixen, at Sg Among.

In July 2010, CNMC commenced commissioning of a 60,000 tpa vat leach facility and gold recovery plant. Initial ore production was sourced from the Manson's Lode deposit and in 2012, CNMC expanded production with the commissioning of the 70,000 tonne heap leach facility to treat ore from the Rixen deposit.

4.1. PRODUCTION STATISTICS

Since CNMC commenced operations, there have been no comprehensive production records or reconciliation data collected. CNMC has advised Optiro of the production that has occurred between 2011 and 2014, which is summarised in Table 4.1.

Table 4.1 Sokor Production Statistics for 2011 to 2014

Commodity	Production statistics	2011	2012	2013	2014
Rixen					
Mined	Ore tonnes mined (claimed)	-	90,000	323,000	1,362,138
	Ore tonnes processed	-	90,000	386,000	1,362,138
	Ore stockpiled (not processed as at 31 December)	-	63,000	63,200	-
Gold	Calculated grade (g/t)	-	0.3	1.07	0.94
	Recovered gold (oz)	-	861	11,800	27,685
New Discovery					
Mined	Ore tonnes mined (claimed)	-	-	31,000	-
	Ore tonnes processed	-	-	31,000	-
	Ore stockpiled (not processed as at 31 December)	-	-	-	-
Gold	Calculated grade (g/t)	-	-	1.14	-
	Recovered gold (oz)	-	-	1,100	-
Silver	Calculated grade (g/t)	-	-	N/A	-
	Recovered silver (oz)	-	-	690	-
Manson's Lode					
Mined	Ore tonnes mined (claimed)	-	50,000	-	-
	Ore tonnes processed	-	46,791	-	-
	Ore stockpiled (not processed as at 31 December)	-	-	-	-
Gold	Calculated grade (g/t)	-	0.65	-	-
	Recovered gold (oz)	-	984	-	-
Silver	Calculated grade (g/t)	-	75.00	-	-
	Recovered silver (oz)	-	112,451	-	-
Lead	Calculated grade (%)	-	0.003	-	-
	Recovered lead (kg)	-	1,397	-	-
Zinc	Calculated grade (%)	-	0.004	-	-
	Recovered zinc (kg)	-	1,752	-	-
Total					
Mined	**Ore tonnes mined (claimed)**	**-**	**140,000**	**354,000**	**1,362,138**
	Ore tonnes processed	**-**	**136,791**	**417,000**	**1,362,138**
Gold	**Calculated grade (g/t)**	**-**	**0.42**	**0.96**	**0.94**
	Recovered gold (oz)	**-**	**1,845**	**12,900**	**27,685**
Silver	**Calculated grade (g/t)**	**-**	**75.00**	**N/A**	**N/A**
	Recovered silver (oz)	**-**	**112,451**	**690**	**20,886**
Lead	**Calculated grade (%)**	**-**	**0.003**	**-**	**-**
	Recovered lead (kg)	**-**	**1,397**	**-**	**-**
Zinc	**Calculated grade (%)**	**-**	**0.004**	**-**	**-**
	Recovered zinc (kg)	**-**	**1,752**	**-**	**-**

5. GEOLOGICAL SETTING

5.1. REGIONAL GEOLOGY

The Sokor Project is located in the Central Belt of Peninsular Malaysia. Peninsular Malaysia is divided structurally into three north-south to northwest-southeast trending belts, the Eastern, Central and Western Belts. The Eastern and Western Belts are dominated by tin-bearing granites and associated tin and wolfram mineralisation.

The Central Belt consists of Permian to Triassic age metasediments including phyllite, slate, sandstone and limestone and felsic to intermediate volcanic rocks intruded by Late Triassic to Tertiary, acid to intermediate stocks and dykes. The Central Belt contains base metal mineralisation including copper, lead, zinc, antimony and manganese, and gold mineralisation.

The eastern (Lebir Fault) and western (Bentong-Raub Fault) boundaries of the Central Belt are major fault zones featuring dextral rotation and strike slippage of 5 km to 10 km. Known gold deposits in the Central Belt include Raub, Selinsing and Penjom, all located south of Ulu Sokor. The Sokor gold mineralisation is located towards the middle of the Central Belt and is associated with the intersection of two major north-south trending structures with northeast to northwest trending secondary structures.

5.2. LOCAL GEOLOGY

The gold mineralisation within the Sokor Project is lithologically and structurally controlled and is generally hosted in acid to intermediate volcanic rocks and carbonate-rich rocks. The depth to the base of oxidation varies between deposits from a shallow depth of less than 3 m at Ketubong to up to 60 m at Rixen. Previous mining (during the 1990s) of near surface, high grade ore has occurred at Manson's Lode and New Discovery and the pits have been backfilled with material with lower grades from Manson's Lode and New Discovery.

5.2.1. MANSON'S LODE

Manson's Lode consists of a surface gossan after sulphides, partially replacing a silicified limestone unit which is intercalated with phyllitic sediments. The mineralised zone extends over a strike length of approximately 750 m, trending 060°, and is marked by old surface workings and a number of shallow shafts that have been excavated to depths of up to 30 m. The Manson's Lode deposit has been tested by 155 diamond drillholes totalling 9,082 m.

The average width of mineralisation exposed in trenches is 15 m, varying from a few metres up to 34 m. The thickness of mineralisation is variable, ranging from 5 m to 20 m, and the dip of the mineralisation is shallow (10 to 15°) to the southeast. Trench mapping by CNMC suggests that the mineralisation is associated with a breccia zone. A quartz porphyry dyke which is exposed to the southeast of Manson's Lode may be a causative intrusion for the base metal-gold mineralisation. The dyke contains pyrite mineralisation as disseminations and veinlets, with rock chips returning grades of 0.5 g/t to 0.7 g/t gold. The base metal mineralisation has the same strike and dip as the gold mineralisation and extends along strike to the north-east and down-dip to the north-west, external to the gold mineralisation. Most of the surface area has been disturbed by previous mining activity and hence the relationship between the different rock types is not clear.

5.2.2. NEW DISCOVERY DEPOSIT

The New Discovery deposit is located approximately 500 m west-northwest of Manson's Lode. Gold mineralisation is associated with the Ketubong-Rixen fault that runs through the central part of the concession area. The mineralisation has been defined by surface trenching over a strike length of 200 m. Trench exposures indicate mineralised widths of 7 m to 35 m, trending 010° with a dip of approximately 30° to the east. In the north, the mineralised zone appears to be displaced to the west by a northwest trending fault.

The deposit has been drilled down-dip to a depth of 200 m from surface and generally remains open at depth. The New Discovery deposit has been tested by 69 diamond drillholes totalling 5,248 m.

Based on trench mapping, mineralisation consists of gold in association with weak stockwork and disseminated pyrite hosted in sheared and brecciated phyllite and in an adjacent limestone unit. The phyllite is generally strongly altered close to the fault zone, with pervasive sericite-chlorite-epidote alteration, silicification and carbonate veining.

5.2.3. KETUBONG DEPOSIT

The Ketubong deposit is located approximately 600 m to the northwest of Manson's Lode and immediately north of New Discovery. Ketubong represents the northwards continuation of the north-south trending and easterly dipping mineralisation present in New Discovery. Mineralisation dips to the east at around 20º to 30°.

The deposit has been delineated by trenching and drilling over a strike length of 680 m and by gold-in-soil and Induced Polarisation anomalies which are open to the north. Mineralisation is contained within highly folded phyllite and intercalated limestone over widths of 2 m to 40 m, based upon trench exposures. Interpretation of trench mapping indicates the gold is associated with disseminated-stockwork quartz-sulphide mineralisation and more massive sulphide consisting predominantly of pyrite with minor, sporadic galena, chalcopyrite and sphalerite. Drilling data indicates the mineralisation is closely associated with a limestone unit within phyllite.

CNMC has tested the Ketubong deposit with 47 diamond drillholes totalling 7,967 m. Three of the 2013 drillholes (ZKK9-3, ZKK9-4 and ZKK3-4) have extended the mineralisation down-dip. Drillholes on the intervening lines (ZKK5-4 and ZKK7-4) were not deep enough to intersect the down-dip extension to the mineralisation, and there is potential to increase the Mineral Resource by extending these drillholes at depth. Four holes drilled during 2014 (ZKL0-1, ZKL0-2, ZKL5-1 and ZKL8-1), located some 650 m located to the north of Ketubong, intersected mineralisation but there is insufficient data within this area to define a Mineral Resource in this area.

5.2.4. RIXEN DEPOSIT

The Rixen deposit is located 3 km north of Ketubong and approximately 5 km from the process plant. Gold mineralisation is contained within acid volcanic rocks to the west of the Ketubong-Rixen fault. The deposit was defined initially by soil sampling and an Induced Polarisation survey which delineated an anomalous zone trending north-south with a strike length of approximately 800 m. Drilling has outlined a zone of pervasively silicified tuffs and mineralisation extends over a strike of approximately 1,900 m. The Rixen deposit has been tested by 176 diamond drillholes totalling 18,520 m.

6. EXPLORATION DATA USED FOR MINERAL RESOURCE ESTIMATION

BDA previously documented outcomes from its review of CNMC's exploration and data collection procedures on site, inspection of surface trenches, drill sites and drill core and review of drillhole logging, survey, bulk density testing, sampling and data quality procedures (BDA, 2011a and 2011b). From BDA's documentation and Optiro's site visit observations and review and validation of the drilling data used for the Mineral Resource estimate, Optiro considers that the drilling, logging, sampling and assaying procedures, as discussed below, are appropriate and in accordance with industry standards. In Optiro's overall opinion, the geological database forms an appropriate and reasonable basis for resource estimation.

6.1. DRILLING

The four Sokor deposits (Manson's Lode, New Discovery, Ketubong and Rixen) have been evaluated by surface trenches and diamond core drilling. Diamond drilling was completed on all four deposits using a combination of inclined and vertical drillholes on drill sections oriented normal to the strike of the mineralisation. Only the data from the CNMC diamond drillholes has been used for resource estimation. A total of 458 diamond drillholes for 42,962 m have been drilled at the Sokor Project for Mineral Resource definition.

CNMC provided the geological logs, assay data and survey data to Optiro as a series of Excel spread-sheets. Optiro consolidated this data and generated a drillhole database using Datamine mining software. CNMC provided the assay certificates 162 of the drillholes for the 2011 Mineral Resource, for all 16 drillholes used for the 2012 update to the Rixen Mineral Resource estimate, for 69 of the 76 drillholes provided for the 2013 Mineral Resource update and for 96 of the holes drilled during 2014. Optiro validated the data captured by CNMC against the data from the laboratory. For the 2014 data, no inconsistencies or sample mix-ups were noted.

6.2. SURVEY DATA

CNMC has completed a topographic survey over a 7 km^2 area covering the four deposits; this local detailed survey has been tied into the Malaysian National Grid (MNG) using a number of MNG survey control points. This survey work was carried out using electronic distance measurement (EDM) and from this data a digital terrain model (DTM) was produced.

Drillhole collars have been surveyed using EDM equipment. Comparison of the 2012 and 2013 drillhole collars with the DTM revealed that in general there are only small differences at Manson's Lode, Ketubong and New Discovery. Some of these differences relate to recent mining by CNMC. Where there were significant differences the topographic surface was adjusted to incorporate the drillhole collar data.

At Rixen there are differences of up to 36 m between the drillhole collar elevation and the DTM, with over 50% of the drillhole collar elevations having a difference of over 3 m from the DTM. At Manson's Lode 22 of the 26 holes drilled during 2014, have differences of over 5 m, and a maximum difference of 24 m, between the between the drillhole collar elevation and the DTM. Optiro adjusted the drillhole collar elevations to the DTM and took account of this data mismatch in the classification of the Mineral Resource.

The 2014 drillholes were surveyed using industry standard downhole survey equipment at 50 m intervals. For the drillholes used for Mineral Resource definition, dip deviations average less than 0.5° with a maximum of 9° and azimuth deviations average 15° with a maximum deviation of 16°.

Mining at Rixen was undertaken during 2014, and a pit survey was conducted in early 2015.

6.3. LOGGING, SAMPLING AND SAMPLE PREPARATION

Drillhole cores are logged for lithology, weathering, alteration, structure, mineralisation and geotechnical data, including core recovery, RQD (rock quality designation) and fracture frequency measurements.

All drill core is photographed using a digital camera and potentially mineralised core is marked up for sampling. Sample intervals selected for analysis from the 2014 drillholes are between 0.2 m and 2.23 m, with an average sample interval of 1.24 m.

Systematic logging of oxidation boundaries (base of oxide and base of transitional) was introduced by CNMC for the 2011 exploration programme and oxidation was recorded as a separate field in the 2012 core logging. This practice was not continued during 2013 but was reinstated during 2014: the geological logs for all 2014 drillholes recorded oxidised, transition and fresh material.

Half core samples were selected for analysis, with quarter core samples used for quality assurance/quality control (QA/QC) analysis. Prior to 2012, sample preparation was undertaken at the ALS Group Laboratory in Perth, Australia and the 2012, 2013 and 2014 samples were prepared by SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia. Sample weights range from 1 kg to 3 kg. Samples are dried, crushed to 6 mm and the whole sample is pulverised to 85% passing 75 microns. A pulp sample of 200 g is split for assay and the pulp reject bagged and retained.

6.4. SAMPLE SECURITY

Exploration samples were selected, bagged and labelled by site geologists at Sokor and placed in sealed cartons for transport to the assay laboratory. The samples were stored at the Sokor exploration office in the sample storage area, prior to dispatch to the laboratory and the camp was patrolled day and night by security personnel.

During 2014, each batch of samples was transported to the SGS (Malaysia) Sdn. Bhd. laboratory, at Port Klang, Malaysia, by an employee of CNMC. The assay laboratory confirmed that all samples were received and that the cartons had not been damaged.

6.5. ASSAYING

Gold analyses at all four deposits were by 30 g fire assay with atomic absorption spectrometry (AAS) finish, having a detection limit of 0.01 g/t gold. Prior to 2012, sample analysis was undertaken at the ALS Group Laboratory in Perth, Australia; samples from the 2012, 2013 and 2014 drilling programmes were analysed by SGS (Malaysia) Sdn. Bhd. Laboratory. Samples from 16 of the 2013 drillholes were assayed using a 50 g fire assay charge.

Samples from Manson's Lode are routinely analysed for Au, Ag, Cu, Pb and Zn. Prior to 2012, Ag, Cu, Pb and Zn were analysed at the ALS Group Laboratory in Perth, Australia by four acid digest and ICP Atomic Emission Spectrometry (ICPAES). The samples from the 2012, 2013 and 2014 drilling programmes were analysed by SGS (Malaysia) Sdn. Bhd. laboratory by four acid digest followed by AAS. At New Discovery, Ketubong and Rixen, silver and base metal concentrations are low and after initial analysis to establish this, samples were analysed for gold only.

6.6. QUALITY ASSURANCE/QUALITY CONTROL

CNMC's QA/QC protocols include of the insertion of duplicates at a rate of approximately one per batch of 20 samples, and blanks and standards at a rate of approximately one in every 40 samples. CNMC needs to ensure that QA/QC procedures are followed and that field duplicate, blank and standard samples are inserted for all drillholes. For the 2014 programme, only standard samples were submitted on a regular basis.

For the 2014 drilling programme, standard samples have been submitted at a rate of one in 25 samples: this is above the industry standard rate, which is to be commended. Results from the two high grade standards (G910-3, expected value of 4.02 g/t gold, and G308-4, expected value of 6.77 g/t gold) indicate a low grade bias for 97% of the data and it is likely that the assay data has understated the gold grade of the higher grade samples. Assay results from the standards inserted with the 2013 samples from Sg Among also indicated problems and that the gold assay data may have been understated.

Blank samples were not submitted with the 2014 drill samples. These are required to determine if sample preparation procedures are being followed and if sample contamination is occurring. CNMC needs to submit blanks within future sample batches. Blank samples need to be inserted at a rate of one sample per 25 samples.

Blind duplicate samples need to be inserted at a rate of one sample per 25 samples. It would be best to submit coarse rejects rather than quarter core. Inter-laboratory duplicate samples have been submitted to ALS Minerals laboratory in Perth, Australia. The results from the 68 samples indicate moderate precision levels.

QA/QA data must be reviewed as it becomes available and issues resolved with the laboratory in a timely manner.

6.7. BULK DENSITY

Bulk density measurements are made on selected core samples of approximately 0.2 m in length using the water immersion method (weighing in air and water). Samples are dried before measurement. Bulk density values for each deposit and material type were calculated using measurements from 116 sections of diamond drill core and of alluvial/eluvial and backfill material from 41 test pits collected prior to 2014. Additional bulk density data was not collected during 2014.

7. MINERAL PROCESSING AND METALLURGICAL TESTING

7.1. PROCESSING

CNMC engaged Changchun Gold Research Institute (CGRI) to carry out process testwork in 2008 and to design a process for recovery of gold and silver from the Sokor ore. A vat leaching plant was constructed on site in early 2010 and operations commenced in July 2010. During 2013, vat leaching operations continued on a minimal scale with ore from the New Discovery deposit being batch treated.

During 2012, the processing capability of the Sokor Project was increased with the construction and commissioning of a trial 70 kt heap leach facility to treat the ore from Rixen. The heap leach process was operational during January 2013 and continued throughout 2013 and 2014, with ore being supplied solely from the Rixen deposit. Heap leach recoveries ranged from 84% to 96% during the year, with the average recovery being 90% for 2013.

7.1.1. METALLURGICAL TESTWORK

During 2013, CNMC carried out further metallurgical testwork in the following areas:

- gravity gold recovery and heap leaching of Manson's Lode backfill ore
- mineralogical analysis on polymetallic Manson's Lode ore for selection of a process route
- mineralogical and leaching testwork on primary ore from New Discovery and Ketubong.

This testwork is ongoing, with the results to be applied to the leaching processes as required to ensure that the operational parameters remain appropriate for the anticipated variations in ore characteristics across the various deposits.

7.1.2. PLANT DESIGN

CNMC is currently using vat and heap leaching processes. The vat leaching plant comprises the following equipment:

- a 50 t per hour crushing plant which includes a jaw crusher, a secondary impact crusher and a 10 mm vibrating screen to split the secondary crusher product into plus and minus 10 mm material
- three concrete leaching vats, each with a capacity of 1,500 t of ore
- pregnant, barren and raw water ponds
- eight activated carbon columns set up in two trains of four columns
- a gold room comprising an acid wash tank and an elution column each with a capacity of 1 t of carbon
- a 1,000 kg carbon/day diesel-fired carbon regeneration furnace
- a pressurised electrowinning cell.

Crushed ore is trucked about 150 m to the leaching vats and loaded into the vats using excavators. Barren solution is pumped into the vat to saturate the ore and allow it to soak. The pregnant solution is then drained from the vat into the pregnant solution pond. Pregnant solution is pumped through the carbon columns, an estimated 97% of the contained gold is captured on the carbon and the solution discharging from the columns is recirculated to the barren pond, from where it is pumped back to the vat.

The heap leaching process being used by CNMC features standard heap leaching practices, with fresh ore remaining on the leach pad for a residence time of between 30 and 45 days before it is regarded as being barren. Pregnant leach solution is subsequently stripped of leached gold through a similar process to that used for the vat leach, with an anticipated gold recovery in the order of 90%.

The barren heap leach material is then removed from the heap pad to a tailings storage area that is then progressively rehabilitated during the year.

The loaded carbon for both the heap leach and vat processes is transferred to the gold room for acid washing, elution and regeneration prior to recirculation to the adsorption columns. Eluate from the elution stage is circulated through an electrowinning process to produce a gold sludge which is dried and smelted to produce gold doré.

During the year the vat process was mainly used to undertake trial processing of various ore types from the New Discovery deposit. Metallurgical testwork was commenced for lead and zinc recoveries from previously stockpiled material from the Manson's Lode. Further testwork and study work will be progressed in due course to assist with the upgrade and reclassification of the Manson's Lode to meet the JORC 2012 Ore Reserve reporting criteria; this will include the zinc and lead minerals in addition to the gold and silver.

8. RESOURCE AND RESERVE ESTIMATES AND EXPLORATION RESULTS

Only exploration data used for the Mineral Resource estimate has been reviewed by Optiro. Any additional exploration data obtained by CNMC, which is not within the Mineral Resource area at Manson's Lode, New Discovery, Ketubong and Rixen, has not been included in this report.

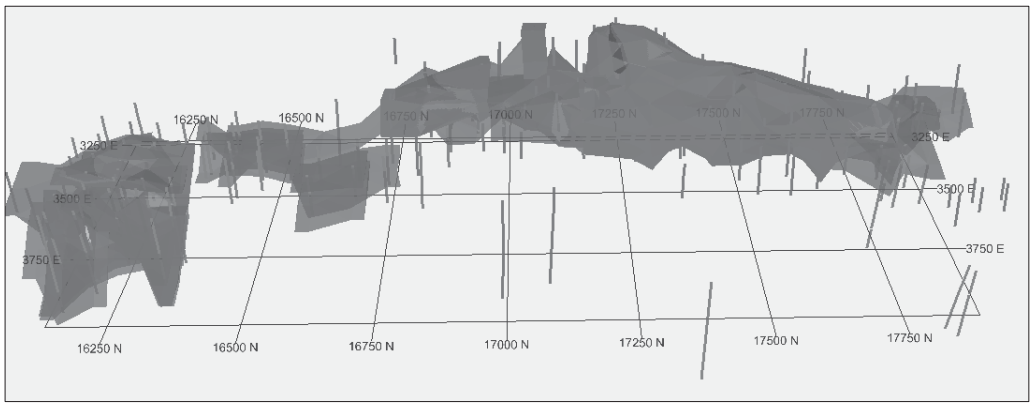
8.1. MINERAL RESOURCE

8.1.1. INTERPRETATION

CNMC provided interpreted cross-sections of the mineralisation and geology interpreted from the geological logging and assay results from drillholes to the end of 2013. Optiro used the cross-sections to guide interpretation of the mineralisation at all deposits using a nominal 0.3 g/t gold cut-off grade. Interpretation of the 2014 drillhole data by Optiro used the geological logs provided by CNMC and the assay data, and maintained a similar orientation to that interpreted by CNMC geologists prior to 2014.

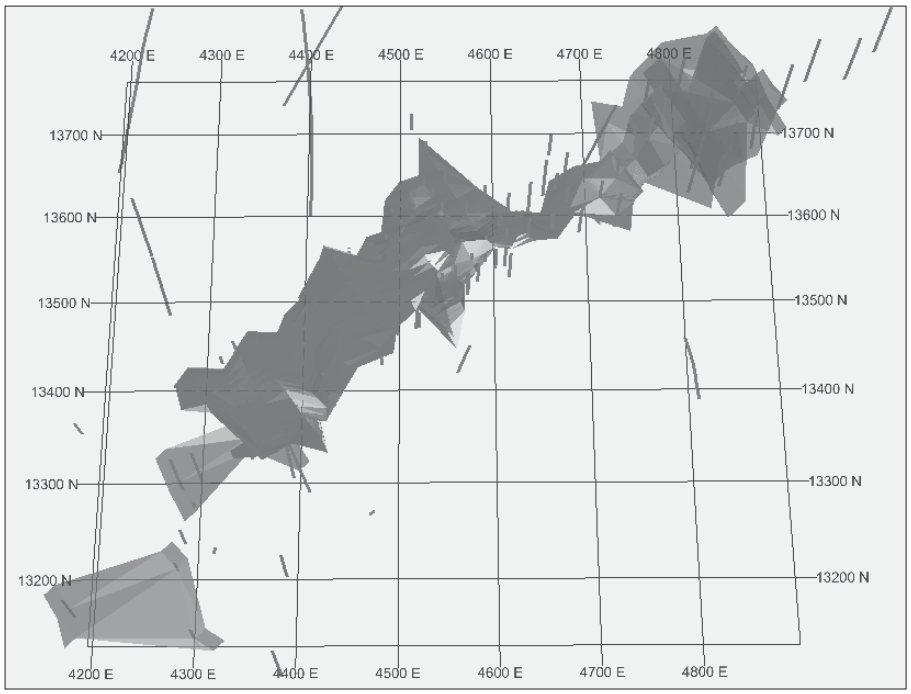
At Rixen, the 2014 drilling extended the resource to the south and the north-east. The Mineral Resource extends for 1,900 m along strike (north-south), 300 m across strike (east-west) and up to 200 m from surface. The 2013 Mineral Resource estimate had a 350 m gap that has now been infilled. The resource interpretation for 2013 and the updated interpretation for 2014 are illustrated in Figure 8.1.

Figure 8.1 Rixen – Mineral Resource interpretation as at 2013 (green) and 2014 (magenta) and drillholes (prior to 2014 green and 2014 red)



At Manson's Lode base metal mineralisation, external and additional to the gold mineralisation, was interpreted using a nominal 3% lead and zinc (Pb+Zn) cut-off grade; this base metal interpretation encompasses the interpreted gold mineralisation. The sectional interpretations were wireframed to create three-dimensional models of the mineralisation which were used to code the drillhole data and the block models for mineralisation and material type. The 2014 drilling extended the mineralisation interpretation along strike to the north-east, and at depth within the south-western area of the deposit. The resource interpretation for 2013 and the updated interpretation for 2014 are illustrated in Figure 8.2.

Figure 8.2 Manson's Lode – Mineral Resource interpretation as at 2013 (green) and 2014 (magenta) and drillholes (prior to 2014 green and 2014 red)



8.1.2. DATA ANALYSIS

Data within the interpreted mineralisation was composited to 1.5 m downhole intervals and coded for material type (alluvial/eluvial, backfill, lithologically controlled or structurally controlled). Statistical analysis of the composited and coded gold values indicated that the data populations are positively skewed and top-cut values were therefore selected for each deposit and material type. Top-cuts were not applied to the eluvial mineralisation at Ketubong or the structurally controlled mineralisation at New Discovery. For the other material types top-cut values range between 9 g/t gold within the mineralisation at south Rixen and 25 g/t gold within the lithologically controlled mineralisation at New Discovery. These top-cut grades affected the top 1% to 3.5% of the gold data.

At Manson's Lode, silver, lead and zinc grades were top-cut to 310 g/t Ag, 9% Pb and 3% Zn respectively within the backfill material and to 440 g/t Ag, 14% Pb and 14% Zn within the bedrock material. These top-cut grades affected the top 1.2% to 3.75% of the data.

Mineralisation continuity was interpreted from variogram analyses to have an along strike range of 60 m to 80 m within the alluvial/eluvial and backfill material, and 40 m to 160 m within the bedrock mineralisation.

8.1.3. GRADE ESTIMATION AND CLASSIFICATION

Block models were generated for each deposit using a block size of 10 mE by 10 mN on 2 m benches at Manson's Lode, New Discovery and Ketubong and 10 mE by 20 mN on 2 m benches at Rixen. Block grades were estimated using ordinary kriging techniques with appropriate top-cuts as previously described applied for each deposit and style of mineralisation.

The mineralisation has been classified as Measured, Indicated and Inferred in accordance with the guidelines of the Australian JORC Code (2012). Table 1 criteria of the JORC Code and supporting comments are listed in Appendix A. Areas with well-defined geological and grade continuity were classified as either Measured or Indicated and areas with close spaced drilling with higher estimation

quality were classified as Measured. Areas with wide spaced drilling and/or poor grade continuity were classified as Inferred.

Average bulk density values for each deposit and material type were calculated using measurements from diamond drillholes and test pits. Bulk density values used for the 2014 Mineral Resource estimates were 1.85 t/m^3 for the backfill material at Manson's Lode and New Discovery, 2.2 t/m^3 for the oxide material at New Discovery and Rixen, 2.96 t/m^3 for the transitional and fresh material at New Discovery and 2.65 t/m^3 for the transitional and fresh material at Rixen. At Manson's Lode there is a strong relationship between the sulphide mineralisation, in particular the silver, lead and zinc grades, and the bulk density. An ordinary least squares model was developed and the following equation was used to determine the bulk density for the bed-rock material at Manson's Lode:

$$\text{Bulk density} = 3.34+(0.004*Ag)+(-0.116*Pb)+(0.063*Zn)$$

The Ketubong Mineral Resource was not updated in 2014. Bulk density values used for the 2013 Mineral Resource estimate were 2.2 t/m^3 for the oxide material, 2.79 t/m^3 for the transitional and the fresh material at Ketubong.

8.1.4. MINERAL RESOURCE TABULATION

The Mineral Resource estimate, as at 31 December 2014, for the Sokor Project is reported in Table 8.1. This has been classified and reported in accordance with the guidelines of the JORC Code 2012 and has been depleted for mining. The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong and above a 0.3 g/t gold cut-off grade at Rixen to reflect current commodity prices, operating costs and processing options. The Mineral Resources in Table 8.1 have been reported inclusive of the material used to generate Ore Reserves.

The cut-off grades used for reporting reflect the current and anticipated processing operations. Processing of the Manson's Lode and New Discovery ore and future processing of ore from Ketubong is or will be by vat leaching. The application of the lower cut-off grade at Rixen reflects the higher degree of oxidation and the proposed lower cost heap leach operation at this deposit.

Table 8.1 Sokor Project – Gold Mineral Resource statement as at 31 December 2014 (inclusive of Ore Reserves)

Deposit	Measured		Indicated		Inferred		Total	
	Tonnes (kt)	Grade (Au g/t)	Tonnes (kt)	Grade (Au g/t)	Tonnes (kt)	Grade (Au g/t)	Tonnes (kt)	Grade (Au g/t)
Manson's Lode	325	2.7	150	2.4	365	1.0	840	1.9
New Discovery	225	4.0	205	3.1	260	1.6	690	2.8
Ketubong	-	-	115	3.9	730	2.4	840	2.6
Rixen	-	-	6,285	1.2	2,155	1.2	8,440	1.2
Total	**550**	**3.2**	**6,755**	**1.3**	**3,505**	**1.4**	**10,810**	**1.5**

Note: Inconsistencies in totals are due to rounding

At Manson's Lode, elevated silver and base metal concentrations are associated with the gold mineralisation and are reported in Table 8.2 above a cut-off grade of 0.5 g/t gold. Additional base metal mineralisation is present, which is external and additional to the gold mineralisation interpretation, and this has been reported above a 3% lead and zinc (Pb+Zn) cut-off grade in Table 8.2

Table 8.2 Silver and base metal Mineral Resources at Manson's Lode as at 31 December 2014 (inclusive of Ore Reserves)

Cut-off grade	Measured				Indicated				Inferred				Total			
	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %
0.5 g/t Au	325	62	1.7	1.7	150	73	1.7	2.0	365	38	0.9	0.9	840	53	1.4	1.4
3% Zn+Pb	5	99	3.1	1.4	5	48	1.9	2.8	85	11	1.0	1.3	95	17	1.1	1.4
Total	**330**	**62**	**1.7**	**1.7**	**155**	**72**	**1.7**	**2.0**	**450**	**33**	**0.9**	**1.0**	**935**	**50**	**1.3**	**1.4**

Note: Inconsistencies in totals are due to rounding

The total Mineral Resource, inclusive of material used to generate Ore Reserves, is presented in Table 8.3. This has then been depleted for material used to generate Ore Reserves and the corresponding tabulation, exclusive of Ore Reserves, is presented in Table 8.4.

Table 8.3 Sokor Project, Malaysia – Mineral Resources as at 31 December 2014 (inclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.55	3.2	57	0.45	3.2	46	+1
Indicated	Gold	6.75	1.3	287	5.47	1.3	232	+34
Inferred	Gold	3.51	1.4	163	2.84	1.4	132	-17
Total	**Gold**	**10.81**	**1.5**	**506**	**8.76**	**1.5**	**410**	**+8**
Measured	Silver	0.33	62	659	0.27	62	534	-3
Indicated	Silver	0.16	72	360	0.13	72	291	+52
Inferred	Silver	0.45	33	473	0.37	33	383	+49
Total	**Silver**	**0.94**	**50**	**1,492**	**0.76**	**53**	**1,208**	**+21**
Measured	Lead	0.33	1.7	5,569	0.27	1.7	4,511	0
Indicated	Lead	0.16	1.7	2,628	0.13	1.7	2,129	+66
Inferred	Lead	0.45	0.9	4,252	0.37	0.9	3,444	+67
Total	**Lead**	**0.94**	**1.3**	**12,449**	**0.76**	**1.3**	**10,084**	**+28**
Measured	Zinc	0.33	1.7	5,487	0.27	1.7	4,444	-2
Indicated	Zinc	0.16	2.0	3,062	0.13	2.0	2,480	+112
Inferred	Zinc	0.45	1.0	4,459	0.37	1.0	3,612	+58
Total	**Zinc**	**0.94**	**1.4**	**13,007**	**0.76**	**1.4**	**10,536**	**+32**

Note: Inconsistencies in totals are due to rounding

Table 8.4 Sokor Project, Malaysia – Mineral Resources at December 2014 (exclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
Measured	Gold	335	3.1	32	270	3.1	27	-18
Indicated	Gold	2,710	1.3	110	2,210	1.3	88	+115
Inferred	Gold	1,680	1.1	61	1,370	1.1	50	-69
Total	**Gold**	4,7325	1.4	203	3,850	1.4	165	-29

8.1.5. COMPARISON WITH DECEMBER 2013 MINERAL RESOURCE

As at 31 December 2013, the total Measured, Indicated and Inferred gold resources for the Sokor Project above a 0.3 g/t gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong (exclusive of stockpiles and inclusive of material used to generate Ore Reserves) was 9,140 kt at 1.6 g/t gold, with contained gold of 465,000 ounces. The Manson's Lode Mineral Resources contain silver, lead and zinc and, as at 31 December 2013, this comprised 650 kt with an average grade of 58 g/t silver, 1.5% lead and 1.5% zinc. The 2013 Mineral Resources have been subdivided by resource category below in Table 8.5 .

Table 8.5 Sokor Project, Malaysia – Mineral Resource as at December 2013 (inclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC		
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)
Measured	Gold	0.53	3.3	55	0.43	3.3	45
Indicated	Gold	4.64	1.4	210	3.76	1.4	170
Inferred	Gold	3.97	1.5	200	3.22	1.5	160
Total	**Gold**	**9.14**	**1.6**	**465**	**7.41**	**1.6**	**375**
Measured	Silver	0.33	64	680	0.27	64	550
Indicated	Silver	0.16	48	235	0.13	48	190
Inferred	Silver	0.16	60	315	0.13	60	260
Total	**Silver**	**0.65**	**58**	**1,230**	**0.53**	**58**	**1,000**
Measured	Lead	0.33	1.7	5,590	0.27	1.7	4,530
Indicated	Lead	0.16	1.0	1,580	0.13	1.0	1,280
Inferred	Lead	0.16	1.6	2,550	0.13	1.6	2,070
Total	**Lead**	**0.65**	**1.5**	**9,720**	**0.53**	**1.5**	**7,880**
Measured	Zinc	0.33	1.7	5,620	0.27	1.7	4,550
Indicated	Zinc	0.16	0.9	1,440	0.13	0.9	1,170
Inferred	Zinc	0.16	1.7	2,820	0.13	1.7	2,290
Total	**Zinc**	**0.65**	**1.5**	**9,880**	**0.53**	**1.5**	**8,010**

Since the Mineral Resource was reported as at 31 December 2013, drilling data from 98 holes drilled at Rixen, Manson's Lode and New Discovery were incorporated into the updated Mineral Resource estimate.

At Rixen, this drilling extended the resource to the south and to the north-east. The 2013 Mineral Resource estimate had a 350 m gap which has now been infilled. After depletion for mining at Rixen during 2014, the additional drilling has increased the Indicated Mineral Resource tonnage by 51% and decreased the average grade by 5%, with an overall increase of 43% in contained gold. The increase in Indicated Resources has been achieved by extension of the mineralisation along strike and infill drilling, which has improved the confidence in parts of the resource and has moved Inferred Mineral Resources into Indicated Mineral Resources. Consequently, the Inferred Mineral Resource tonnage has decreased by 26% and the average grade has decreased by 10%, with an overall decrease of 33% in contained gold. The total Mineral Resource tonnage has increased by 19% and the average grade has decreased by 8%, with an overall increase of 8% in contained gold.

At Manson's Lode, the 2014 drilling has extended the Mineral Resource along strike to the north-east and at depth within the south-western area of the deposit. This drilling significantly increased the Inferred Mineral Resources with material with a lower average grade (1.0 g/t gold, compared to 1.7 g/t gold in 2013). The Inferred Mineral Resource tonnage of Manson's Lode increased by 172% and the average grade decreased by 37%, with an overall increase of 70% in contained gold. The additional drilling increased the Measured and Indicated Resource tonnages by 2%. The total Mineral Resource tonnage of Manson's Lode increased by 41% and the average grade decreased by 20%, with an overall increase of 13% in contained gold.

At New Discovery, a deep hole (ZNK4-11 - down-hole depth of 326.5 m) was drilled to the east which intersected mineralisation at depth and extended the mineralisation down-dip. The mineralisation interpretation was amended and there was an increase in the Inferred Mineral Resource tonnage of 19% and a decrease in the average grade of 7%, with an overall increase of 10% in contained gold. There were small improvements to the Measured Resource and a consequent reduction to the Indicated Mineral Resource. The total Mineral Resource tonnage of New Discovery increased by 8% and the average grade decreased by 6%, with an overall increase of 2% in contained gold.

As at 31 December 2014, the total Measured, Indicated and Inferred gold resources for the Sokor Project (above a 0.3 g/t gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong) is 10,810 kt at 1.5 g/t gold with contained gold of 506,000 ounces

(inclusive of material used to define Ore Reserves). Manson's Lode Mineral Resources contain additional silver, lead and zinc Mineral Resources of 935 kt with an average grade of 50 g/t silver, 1.3% lead and 1.4% zinc. The share of the Mineral Resource attributable to CNMC is 81% and the figures are summarised in Table 8.3.

Compared to the 31 December 2013 Mineral Resource estimate, there has been an increase in gold Mineral Resources of 1,670 kt at 0.7 g/t gold. This represents an increase of 8% in contained gold in the Mineral Resource. The increased tonnage at Manson's Lode, of 288 kt, has an average grade of 28 g/t Ag, 1.0% Pb and 1.1% Zn with contained metal of 258,000 ounces of silver, 2,720 t of lead and 3,120 t of zinc.

8.2. ORE RESERVE ESTIMATION

The Ore Reserve estimates as stated in this document have been reported in accordance with the guidelines of the JORC Code, 2004 edition for the Manson, and New Discovery lodes, and in accordance with the guidelines of the JORC Code, 2012 edition for the Rixen deposit. Any inconsistencies within the tables may be attributed to the JORC requirement to report to an appropriate number of significant figures, and as such will be due to rounding.

The reason for the split in reporting Ore Reserves between 2004 and 2012 versions is that only Rixen was actively mined during 2014, and there have been no material changes to the previously reported Ore Reserves for Manson's Lode and New Discovery. Minimal additional exploration work was undertaken at the Manson's Lode and New Discovery deposits, with preliminary metallurgical testwork being undertaken but not finalised, during the reporting period. Additional testwork and studies are currently in progress and are expected to be completed during 2015; these should support future Ore Reserves being reported according to JORC 2012. The additional testwork will be supported by the compilation of a feasibility study to support the JORC 2012 reclassification.

The reporting of the Ore Reserve estimates below is laid out such that each deposit is reported and discussed individually in its own section, with a combined estimate reported at the end of Section 8.3.

Where changes in ounces as a percentage are quoted, this refers to the change in ounces attributable to CNMC, not the original gross value, and are based upon the rounded figures instead of the detailed base data.

8.2.1. MANSON'S LODE PIT ORE RESERVE

Between the period of 1 January 2014 and 31 December 2014, no mining activity occurred at Manson's Lode. The Ore Reserve has decreased marginally due to a lower commodity price used and hence a higher cut-off grade.

Secondary elements have not been included within this Ore Reserve estimate, nor has the impact on either credits or penalties for the presence of other elements and contaminants been included within the cost model and cut-off grade calculations. Metallurgical testwork was commenced for lead and zinc recoveries from previously stockpiled material from the Manson's Lode. Further testwork and study work will be progressed during 2015, to assist with the upgrade and reclassification of the Manson's Lode to meet the JORC 2012 Ore Reserve reporting criteria and this will now include the zinc and lead minerals in addition to the gold and silver.

The Manson's Lode pit Ore Reserve is reported above a 1.4 g/t gold cut-off grade, using 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,100 per ounce. The 2014 Ore Reserve is quoted in Table 8.6 with the 2014 Mineral Resource (additional to the Ore Reserve) presented below.

Table 8.6 Manson's Lode Pit Ore Reserve and Mineral Resource (additional to Ore Reserves) as at 31 December 2014

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	105	3.4	12	85	3.4	9	
Probable	Gold	12	3.1	1	9	3.1	1	
Total	**Gold**	**120**	**3.4**	**13**	**95**	**3.4**	**10**	**-3.5**
RESOURCES								
Measured	Gold	280	2.6	24	230	2.6	19	+57
Indicated	Gold	60	0.9	2	50	0.9	1	-82
Inferred	Gold	130	1.7	7	110	1.7	6	+619
Total	**Gold**	**480**	**2.1**	**32**	**390**	**2.1**	**26**	**+22**

Notes:

- *Ore Reserves reported as per the JORC Code 2004 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for Manson's Lode is 1.4 g/t gold*
- *Gold price used for cut-off calculation is US$1,100 /oz*
- *No Inferred material is included in the Ore Reserve*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution.*

COMPARISON WITH 2013 ORE RESERVES ESTIMATE – MANSON'S LODE

The variance between the 2013 and 2014 Ore Reserve estimation is due entirely to a higher cut-off grade as a result of a lower gold price. No other modifying factors have been adjusted on the Manson's Lode pit Ore Reserve between 2013 and 2014. The previous Ore Reserve was reported as per the JORC Code 2004 edition. Figure 8.5 and Figure 8.4 show, respectively, the differences in tonnes and metal between the 2013 and 2014 Ore Reserve figures.

Figure 8.3 Waterfall chart showing variance in 2013 and 2014 Ore Reserve estimate for Manson's Lode (ore tonnes)

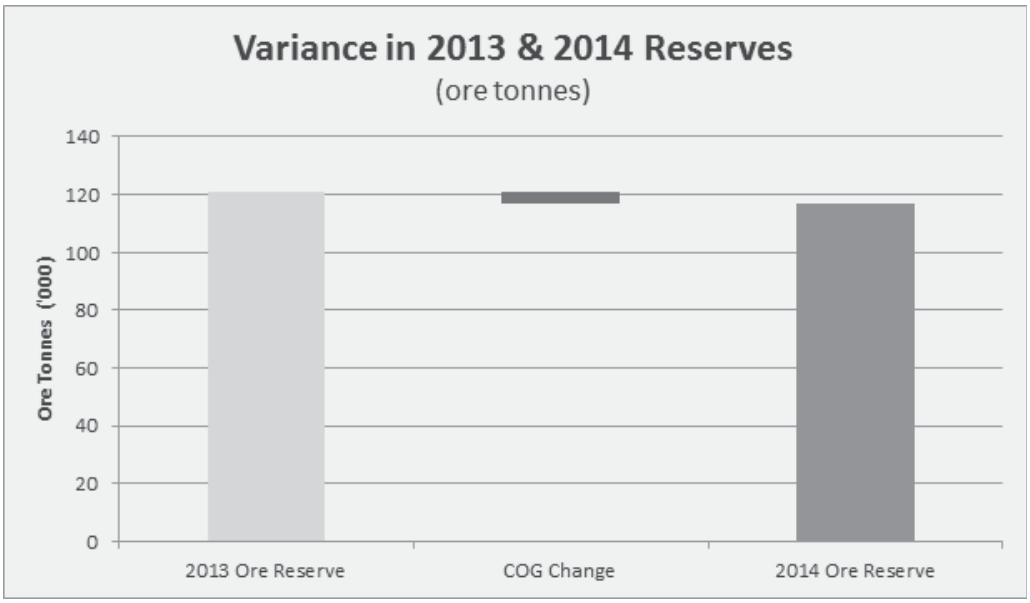
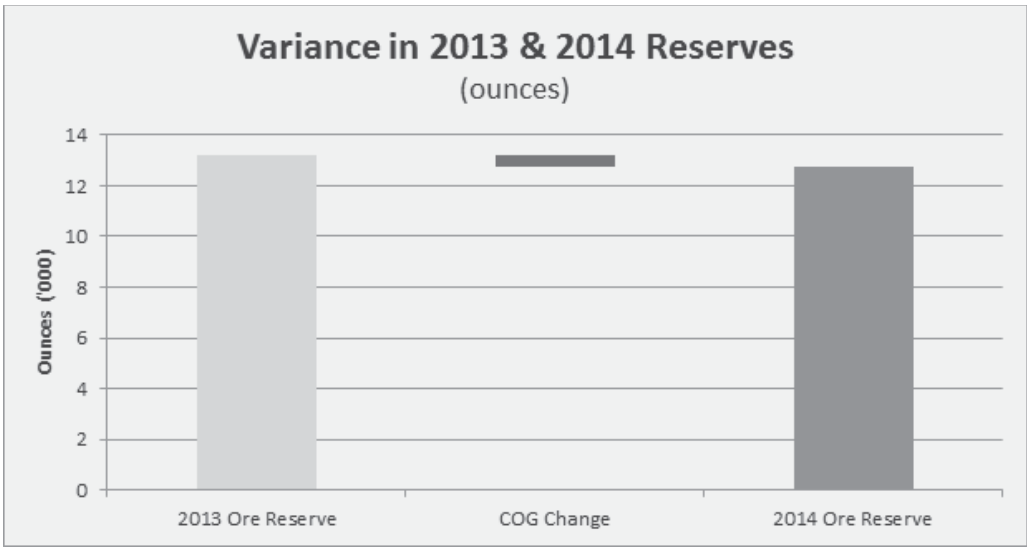


Figure 8.4 Waterfall chart showing variance in 2013 and 2014 Ore Reserve estimate for Manson's Lode (Au ounces)



8.2.2. NEW DISCOVERY PIT ORE RESERVE

During the reporting period there were no material mining activities at New Discovery. The New Discovery deposit is considered an inactive mining area at this time, with small scale trial-mining undertaken on an ad-hoc basis as part of an ongoing exploration and metallurgical testwork process.

The New Discovery Pit Ore Reserve estimate is reported above a 0.5 g/t gold cut-off grade, 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,100 per ounce. The resultant Ore Reserve for the New Discovery pit is reported below in Table 8.7 and is applicable for 2014.

Table 8.7 New Discovery Pit Ore Reserve and Mineral Resource (additional to Ore Reserves) as at 31 December 2014

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	81	3.8	11	66	3.8	9	0
Probable	Gold	65	3.0	7	52	3.0	5	0
Total	**Gold**	**150**	**3.5**	**17**	**120**	**3.5**	**14**	**0**
RESOURCES								
Measured	Gold	135	4.1	18	110	4.1	14	0
Indicated	Gold	140	3.3	15	115	3.3	12	0
Inferred	Gold	220	1.8	12	175	1.8	10	0
Total	**Gold**	**490**	**2.9**	**45**	**400**	**2.9**	**37**	**0**

Notes:

- *Ore Reserves reported as per the JORC Code 2004 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for New Discovery lode is 0.5 g/t gold*
- *Gold price used for cut-off calculation is US$1,100 /oz*
- *No Inferred material is included in the Ore Reserve*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution.*

COMPARISON WITH 2013 ORE RESERVE ESTIMATE – NEW DISCOVERY

A higher cut-off grade was used for the 2014 Ore Reserve due to a lower gold price (0.5 g/t gold for 2014 versus 0.4 g/t gold for 2013). No other modifying factors have been adjusted on the New Discovery Pit Ore Reserve between 2013 and 2014 and, as such, the variance year on year is less than 0.02%. Given the requirement under the JORC Code to report to an appropriate number of significant figures, the New Discovery Ore Reserve for 2014 remains unchanged from that reported in 2013.

8.2.3. RIXEN PIT ORE RESERVE

Between the period of 1 January 2013 and 31 December 2014, mining activities occurred at Rixen. CNMC reported to Optiro that for the period approximately 1,362,000 tonnes of ore was removed from the Rixen Pit; however, accurate reporting as to the precise ore tonnes, grade and amount of waste removal was not available, and hence this information has been considered in conjunction with surveyed data and the 2014 depleted block model.

With the information available to Optiro, a detailed reconciliation of actual mined against the depleted model could not be completed, therefore this Ore Reserve estimate has been compiled solely on the basis of the depleted Mineral Resource block model against the pit design and working face surveys as of the 31 December 2014.

The Rixen Pit Ore Reserve estimate is reported above a 0.4 g/t gold cut-off grade, 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,100 per ounce. The 2014 Ore Reserve estimate is quoted in Table 8.8.

Table 8.8 Rixen Pit Ore Reserve and Mineral Resource (additional to Ore Reserves) as at 31 December 2014

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	0	0	0	0	0	0	0
Probable	Gold	3,862	1.3	157	3,128	1.3	127	+5.4
Total	**Gold**	**3,862**	**1.3**	**157**	**3,128**	**1.3**	**127**	**+5.4**
RESOURCES								
Measured	Gold	0	0	0	0	0	0	0
Indicated	Gold	2,441	1.1	85	1,977	1.1	68	+325
Inferred	Gold	1,432	1.0	48	1,160	1.0	39	-60
Total	**Gold**	**3,873**	**1.1**	**133**	**3,137**	**1.1**	**107**	**-6**

Notes:

- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for Rixen lode is 0.4 g/t gold*
- *Gold price used for cut-off calculation is US$1,100 /oz*
- *No Inferred material is included in the Ore Reserve*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution.*

COMPARISON WITH 2013 ORE RESERVES ESTIMATE - RIXEN

The variance between the 2013 and 2014 Ore Reserve estimation is due to increased Mineral Resources, depletion by mining activities and, the adoption of a reduced cut-off grade (as result of the gold price at US$1,100 per ounce and lower operating cost base). No other modifying factors have been adjusted on the Rixen Pit Ore Reserve between 2013 and 2014. The previous Ore Reserve was reported as per the JORC Code 2012 edition.

The operating cost base used for the 2014 Ore Reserves was based on the actual (weighted) cost base as reported to Optiro over the 2013 and 2014 production years. It should be noted that there has been a significant ramp up in production at Rixen during 2014, and this is now reflected in the lower actual cost base.

Pit surveys were taken for the end-of-reporting period of 31 December 2014, and these formed the basis of the depletion model. These contradicted some portions of the 2013 end of year survey. The 2014 survey was deemed more accurate and was used for all reporting purposes.

CNMC has reported to Optiro that for the period until 31 December 2014, 1,362 kt of material has been extracted.

The variation between the claimed mined tonnes and the surveyed depletion of the Mineral Resource/Ore Reserve is attributable to dilution occurring during the mining phase, combined with the addition of material to the ore claimed through operational grade control work and ore loss through operational issues.

Optiro has taken a prudent and conservative approach to account for the lack of accurate and timely production data provided, and assumed that the Ore Reserve portion was depleted prior to 31 December 2014.

As no detailed reconciliation data was provided to Optiro with respect to mine production, this Ore Reserve estimate (Table 8.9) has been calculated solely on the evaluation results from the pit design using the updated and depleted block model created as part of this Ore Reserve report.

Figure 8.5 and Figure 8.6 show, respectively, the differences in tonnes and metal between the 2013 and 2014 Ore Reserve figures.

Figure 8.5 Waterfall chart showing variance in 2013 and 2014 Ore Reserve estimate for Rixen (ore tonnes)

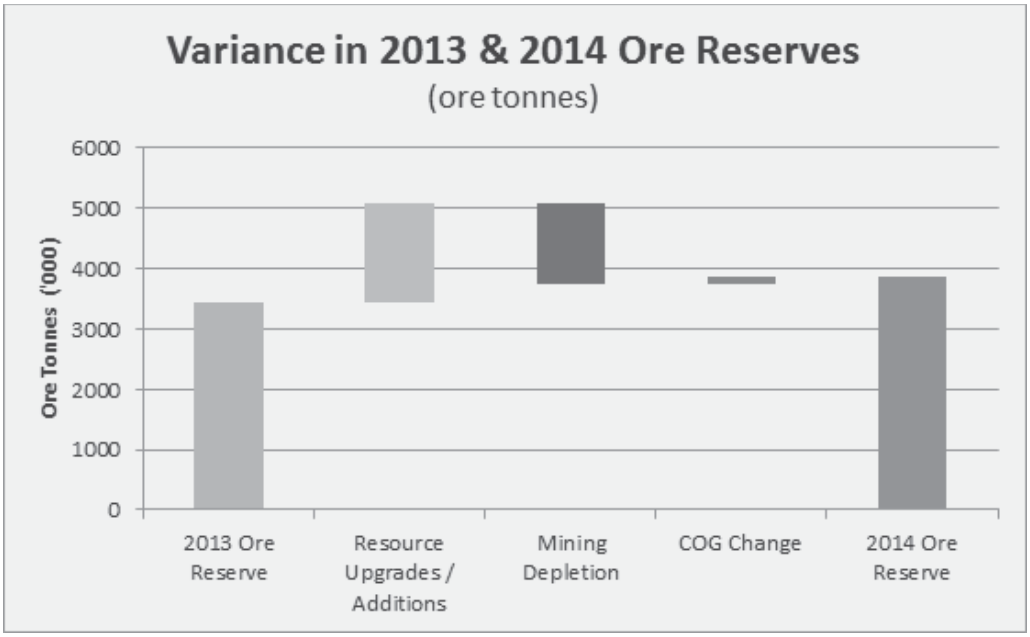
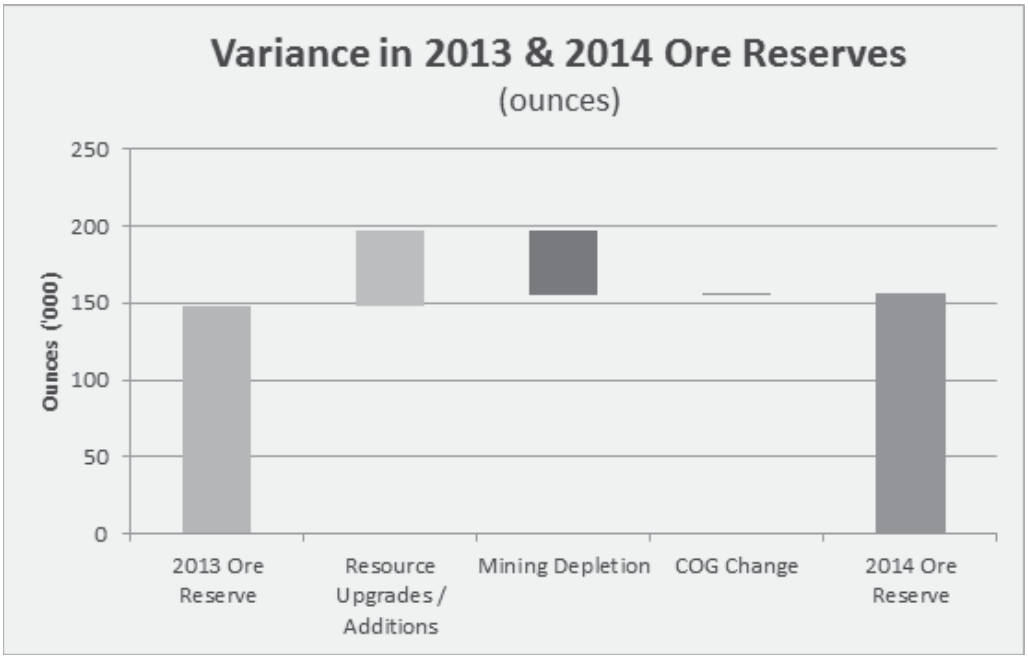


Figure 8.6 Waterfall chart showing variance in 2013 and 2014 Ore Reserve estimate for Rixen (gold ounces)



8.2.4. KETUBONG

No Ore Reserve estimate was calculated or reported for the Ketubong deposit as there was no activity related to that deposit during 2014.

8.3. STATEMENT OF SOKOR MINERAL RESOURCES AND ORE RESERVES

The combined Ore Reserve estimate for Manson's Lode, New Discovery and Rixen deposits has been calculated and is shown in Table 8.9, accompanied by the corresponding Mineral Resource tabulation (reported exclusive of Ore Reserves).

Table 8.9 Combined Sokor Project Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (additional to Ore Reserves at Manson's Lode, New Discovery, Rixen and Ketubong) as at 31 December 2014

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	186	3.6	23	151	3.6	18	0
Probable	Gold	3,939	1.3	165	3,189	1.3	133	+5
Total	**Gold**	**4,125**	**1.4**	**188**	**3,341**	**1.4**	**151**	**+5**
RESOURCES								
Measured	Gold	335	3.1	32	270	3.1	27	-18
Indicated	Gold	2,711	1.3	110	2,207	1.3	88	+115
Inferred	Gold	1,682	1.1	61	1,370	1.1	50	-69
Total	**Gold**	**4,728**	**1.4**	**203**	**3,847**	**1.4**	**165**	**-29**

Notes:

- *Ore Reserves for Rixen Lode reported as per the JORC Code 2012 edition*
- *Ore Reserves for New Discovery and Manson's Lode reported as per the JORC Code 2004 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for Rixen lode is 0.4 g/t gold*
- *Cut-off grade for New Discovery lode is 0.5 g/t gold*
- *Cut-off grade for Manson's Lode is 1.4 g/t gold*
- *Gold price used for cut-off calculation is US$1,100 /oz for all lodes*
- *No Inferred material is included in the Ore Reserve*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution.*

9. PLANNED EXTRACTION AND PROCESSING METHOD

9.1. INFRASTRUCTURE

9.1.1. POWER AND WATER SUPPLY

Power to the operation has previously been provided by three on-site diesel generators. Two generators of 400 kW and 240 kW capacity provide the bulk of the power requirements, with a 160 kW unit available as a stand-by. Small portable generators provide power to living quarters. In 2013, an additional six diesel generators were added to provide additional power generation for the expanded heap leach operations.

The project site is in an area of high, consistent rainfall. Water is sourced from local streams for use in mining and processing. Potable water is trucked to the site.

9.2. MINE SITE FACILITIES

CNMC has constructed offices, accommodation camp, assay laboratory and a permanent equipment maintenance facility on the site. Communications are provided via a satellite phone system. Telephone, fax and data transmission facilities are provided.

9.3. ENVIRONMENTAL AND COMMUNITY ISSUES

Optiro understands that BDA reviewed the project's Environmental Impact Assessment 2008, 2009 and Environmental Management Plan 2010. The review focussed on environmental aspects and social/community issues which are considered a material part of the project and which may have implications for project feasibility, costs and timing. Optiro understands that these have not changed since BDA's review in 2011 and the summary below is from the BDA report (BDA, 2011a)

9.3.1. ENVIRONMENTAL IMPACT ASSESSMENT

Environmental approvals for the project include submission of an Environmental Impact Assessment in January 2008 and a supplementary EIA report in March 2009, with approval received in June 2009. An Environmental Management Plan was submitted in February 2010 and an EMP – Additional Information report was submitted in March 2010, with approval received in April 2010. The EIA and EMP cover both heap leach and pond (vat) leach processing of gold ore at the Sokor mine site.

The project mining and environmental approvals are granted by the Kelantan State Department of Environment (DOE). The EIA approval was received in June 2009 with approval conditions stipulated, whilst the EMP approval was received in April 2010. The Mining Scheme approval was obtained in January 2010 and is subject to initial mine production not exceeding 300 ktpa of mined ore. This condition will be relaxed on submission to government of a full feasibility study and mine plan directed at expanding the project to include treatment of the primary gold sulphide mineralisation using a carbon in pulp process.

As part of the environmental investigations undertaken to date, potential project impacts to physical and biological resources have been assessed to identify key environmental risks that may arise from the construction, operation and eventual mine closure of the Sokor Project. Formal assessment, documentation and communication of potential project-related impacts, including the anticipated scope, magnitude, extent and duration, have been completed in conformance with the Kelantan State permitting process, including the DOE requirements and requirements under the Environmental Quality Act 1974. The information supplied under the Supplementary EIA was in response to further information requests from the DOE and the Kelantan State Minerals and Geoscience Department.

The EIA reports were prepared by Puncak Moriah Engineering Sdn. Bhd., whilst the EMP document was prepared by EQM Ventures Sdn. Bhd. The Sokor Mining Schemes Report was prepared by CMNM Mining Consultant Engineer, KF Lee Mining Consultant & Surveyor.

9.3.2. ENVIRONMENTAL PROTECTION AND MITIGATION MEASURES

CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures which have been implemented. These potential impacts and CNMC mitigation measures include:

- Site clearing impacting on downstream water quality – mitigation measures include the use of silt traps and runoff barriers, retention of vegetation, vegetation removal to follow natural contours to maximise effects of silt traps.
- Soil erosion and dust emissions resulting from earthmoving activities – mitigation measures include revegetation to control runoff and soil loss, water spraying of mine roads and trafficked areas to suppress dust emissions and provision of personal protection equipment to provide protection from dust and noise.
- Biomass waste and other waste disposal causing air pollution, fire hazard, unhealthy environment – mitigation measures include no burning of biomass waste allowed on site, spoils and waste materials to be buried on-site in a designated 'fill' area, properly designed spoil piles surrounded by soil containment berms and biodegradable waste to be left in-situ to decompose naturally.
- Wastewater generation and disposal impacting on water quality – mitigation measures include provision of suitable sanitation facilities and potable water supply, solid waste to be recycled and composted of disposed in secure areas designed in accordance with Department of Environment of Malaysia guidelines.
- Chemicals and hazardous material use impacting on water quality – mitigation measures include prevention of leakage from tailings vats by installing water proofing materials to inhibit seepage, conducting regular maintenance of vats, engagement of Kualiti Alam (a Federal Government licensed toxic waste collector) to handle all acids and hazard chemicals resulting from the operations and provision of proper safe and secure storage facilities located away from incompatible substances that may generate heat, fire, gas or explosion.
- Traffic associated with the project impacting on air quality, noise and road safety – mitigation measures include provision of sufficient width to access roads, limiting speed of vehicles, restricting entry to active mining areas to project vehicles only.
- Mine closure impacting on water quality, employment opportunities, development opportunities, loss of environmental values – mitigation measures include developing an appropriate Mine Closure and Rehabilitation Plan which includes appropriate systems for handling site storm water runoff, compacting and sealing potentially acid-generating waste rock, closure and covering tailings dams, site re-vegetation, employee training and multi-skilled experience which is transferable to other mining operations or other sectors of employment.

9.3.3. AIR QUALITY AND NOISE

Background air quality and noise were measured in and around the Sokor Project area in 2007 as part of baseline monitoring for environmental assessment purposes. In general, ambient air quality and noise levels in areas sampled in the project area are within Government of Malaysian ambient standards.

9.3.4. SURFACE HYDROLOGY

Based on topographical information, there are numerous streams which pass through the Sokor mine site area from east to west, flowing through Sg Tapis, Sg Amang, Sg Sejana, Sg Liang and Sg Ketubong, which eventually discharge into the Sg Pergau.

Surface water baseline evaluations have previously been conducted in the Sokor Project area as part of the environmental assessment process.

Baseline water quality analysis showed that the water quality in the project area is generally good and the parameter levels comply with the limits of Class III of the Interim National River Water Quality Standard for Malaysia and Standard B of the Malaysian Environmental Quality (Sewage & Industrial Effluents) Regulations, 1979.

9.3.5. WATER MANAGEMENT

Given the project area's high rainfall, water management is a significant issue for the project so as to minimise any potential downstream impacts.

The mine and processing plant are operated as a closed-loop circuit where no water from the site operations discharges to nearby surface waters. All process water from the plant area is to be channelled to the tailings storage facility while any excess water from the tailings storage facility (TSF) is recycled to the plant's processing circuits.

The TSF is designed to operate with a minimum freeboard of 1.5 m and is surrounded by berms. The design capacity is at least twice the actual design capacity of all water from the mineral processing circuit and has also been designed to accommodate the recorded maximum rainfall event.

The berms are designed to prevent overflow from discharging from the TSF and will also preclude rainfall runoff from entering the TSF. Any stormwater and water collected from the mine pits is channelled to a sedimentation pond (i.e. environmental control pond), which is designed to provide a retention time of 48 hours.

Discharge from the sedimentation control pond is via a spillway. The mine has been developed with minimum disturbance to streams and creeks in the area. Where this is unavoidable, silt traps and sediment control practices are to be used to prevent any inflow of sediment to surface water. Surface runoff from the workshop area and other vehicle service areas is channelled to an oil/water separator device prior to the water being discharged.

Discharge of waste water from the sewerage system, domestic waste water and rainwater runoff from on-site facilities such as workshops will be controlled so as not to impact on surrounding surface waters.

9.3.6. TAILINGS MANAGEMENT

Originally it was proposed that the project would commence using alluvial and heap leach methods to develop the mine; however, crushed ore is currently being batch processed using the previously installed vat leaching process as well as the more recently commissioned heap leach circuit.

Neither BDA nor Optiro have been supplied with any details of the design of these plants, any expansion details on proposed plant process ponds, or any site water balance data. BDA and Optiro note that it is prudent that any heap leach system (besides provisioning for process ponds – barren and pregnant solution ponds) provides a stormwater (safety) pond with sufficient capacity to accommodate the local maximum rainfall event. Such a pond will need to accommodate runoff from the entire process plant area, including the process ponds and heap leach area. A cyanide detoxification system will likely be necessary to handle increased rainfall on the heap leach area during the monsoon period and to provide for decommissioning of the heap leach structures and to make safe the process solutions once the heap leach system is closed. The EMP contains limited details on three possible cyanide detoxification methods; however, the information provided is considered preliminary, as no particular detoxification method has yet been selected.

The EIA Supplementary report contains design details and environmental protection measures to minimise the potential for water pollution. It is proposed that no solutions are to be discharged from the stormwater (safety) pond and that the cyanide content of water in the pond will be constantly monitored to ensure it remains below 0.1 mg/L.

All ponds, channels and impounding bunds are planned to be constructed with the required minimum freeboard and be HDPE-lined for protection against erosion and potential groundwater contamination.

The small TSF will store tailings from the current vat leaching system and this is still being utilised for this process. A new tailings storage facility has been built as part of the heap leach processing facility.

9.3.7. ENVIRONMENTAL MONITORING

The approved Environmental Management Plan contains details concerning the environmental monitoring requirements stipulated under the Government approval. They include requirements for the monitoring and reporting of air quality, noise and water quality.

An Environmental Audit process is set out in the Environmental Management Plan.

9.3.8. REHABILITATION

It is proposed that where possible, any disturbed areas will be progressively rehabilitated; however, there are some areas such as the process plant areas which cannot be rehabilitated until such time as the mine is closed and the plant is decommissioned.

An Erosion and Sediment Control Plan is set out in the Environmental Management Plan, together with other specific pollution control and occupational health and safety plans.

9.3.9. SOCIAL ISSUES

There is a possibility that the Sokor Project may encroach into fishing areas, which may impact on revenue and livelihoods for the members of the local communities who use the area. Consequently, local dissatisfaction with the project may arise if access to fish resources is restricted.

It is expected that the Sokor Project will create employment opportunities for residents of the area. In the communities surveyed, the residents expressed the desire to seek work at the site for both skilled and unskilled work opportunities.

CNMC has made substantial efforts to integrate its project activities with the local communities and is assisting them in social and economic development programmes. It is providing the local community with new employment opportunities, training and skills development for those staff employed in CNMC's mining activities and has broadened the economic and commercial base for local businesses, contributing to economic growth in the region. In addition it provides opportunities for business investors to invest in Kelantan.

The main negative social impact that can occur at mine closure is the loss of jobs resulting from the cessation of mining. CNMC's proposed mitigation measure is to ensure that the workforce that has been employed will be fully trained with multi-skilled experience that is easily transferable at the time of mine closure, thus enabling potential further employment in other sectors.

10. FINANCIAL ANALYSIS

The current production schedule was updated by Optiro to reflect the depletion due to mining at Rixen. The schedule (Table 10.1) is based on 40 ktpa production from both Manson's Lode and New Discovery and the balance was made up by Rixen whilst maintaining roughly the 2014 production profile. Whilst this mining schedule is adequate for an Ore Reserves estimate, Optiro recommends that CNMC completes a detailed life of mine schedule combining all ore sources, for accurate reporting of tonnes and grade. This mining schedule has been authorised for use by CNMC.

Table 10.1 Rixen, New Discovery and Manson's Lode high level mining schedule

Source	Units	Year					Total
		2015	2016	2017	2018	2019	
Rixen							
Waste	kt	4,737	4,737	4,737	4,737	937	19,887
Total ore	kt	920	920	920	920	182	3,862
HL ore	kt	920	920	920	920	182	3,862
CIL ore	kt	-	-	-	-	-	-
HL ore grade	g/t	1.26	1.26	1.26	1.26	1.26	1.26
CIL ore grade	g/t	-	-	-	-	-	
Gold mined	koz	37	37	37	37	7	156
Manson's Lode							
Waste	kt	48	48	44	-	-	140
Total ore	kt	40	40	37	-	-	117
HL ore	kt	-	-	-	-	-	-
CIL ore	kt	40	40	37	-	-	117
HL ore grade	g/t	-	-	-	-	-	
CIL ore grade	g/t	3.39	3.39	3.39	-	-	3.39
Gold mined	koz	4	4	4	-	-	13
New Discovery							
Waste	kt	95	95	95	71	-	357
Total ore	kt	40	40	40	30	-	150
HL ore	kt	40	40	40	30	-	150
CIL ore	kt	-	-	-	-	-	-
HL ore grade	g/t	3.50	3.50	3.50	3.50	-	3.50
CIL ore grade	g/t	-	-	-	-	-	
Gold mined	koz	5	5	5	3	-	17
Total movement							
Waste	**kt**	**4,881**	**4,881**	**4,877**	**4,809**	**937**	**20,384**
Total ore	**kt**	**1,000**	**1,000**	**997**	**950**	**182**	**4,129**
HL ore	**kt**	**960**	**960**	**960**	**950**	**182**	**4,012**
CIL ore	**kt**	**40**	**40**	**37**	**-**	**-**	**117**
HL ore grade	**g/t**	**1.35**	**1.35**	**1.35**	**1.33**	**1.26**	**1.34**
CIL ore grade	**g/t**	**3.39**	**3.39**	**3.39**	**-**	**-**	**3.39**
Gold mined	**koz**	**46**	**46**	**46**	**41**	**7**	**186**

10.1. CAPITAL AND OPERATING COSTS

Capital and operating costs have been estimated by CNMC. Optiro understands that there has been no change to the previous year estimated costs and that CNMC plans to review the costs as part of further study work to be under taken during 2015.

10.2. OPERATING COSTS

The operating costs used to determine the economic viability of this Ore Reserve estimate have been provided to Optiro by CNMC. Whilst some actual production and processing costs have been recorded, and are lower than the study applied costs, Optiro has opted to use a combination of the current costs and the original cost projections for reasons of conservatism and consistency over variable recorded costs. The mining costs used are considered in line with current operational expectations and actuals. A revised forecast gold price of US$1,100 per ounce has been applied at the request of CNMC. The unit operating costs and cut-off grade calculations used are tabulated below in Table 10.2.

Table 10.2 Mining unit costs and cut-off grade

	Units	Rixen	Manson's Lode	New Discovery
Mining and Processing costs				
Ore mining cost		0.88	3.38	2.65
Stripping cost		0.88	0.88	0.88
Processing cost	US$/t	6.37	36.79	13.98
Cost	US$/t ore	7.19	36.79	13.98
Revenue and Selling costs				
Rehabilitation cost	US$/t ore	-	-	-
Selling cost	US$/g	0.05	0.59	0.59
Royalty	%		8%	8%
	US$/g	2.95	2.83	2.83
Total sale cost	US$/g	3.00	3.42	3.42
Gold price	US$/oz	1,100	1,100	1,100
	US$/g	35.37	35.37	35.37
Final sale price	US$/g	32.37	31.95	31.95
Mining recovery	%	95%	95%	95%
Process recovery	%	65.0%	85.0%	86.8%
Recovered revenue	$/g	20.05	25.80	26.34
Marginal cut-off	**g/t**	**0.4**	**1.4**	**0.5**

10.3. ECONOMIC EVALUATION

The economic evaluation of the Ore Reserves for the Sokor Project shows that the Net cashflow from the operation is estimated to be $78.8 M, with a Net Present Value of $63 M (based on a 10% discount rate).

Based on the economic evaluation undertaken by Optiro, Optiro is able to demonstrate and is satisfied that there is a positive financial outcome for the Manson's Lode, Rixen and New Discovery deposits. No financial analysis has been completed for the Ketubong deposit and thus no Ore Reserves have been stated.

11. INTERPRETATION AND CONCLUSIONS

The geology and mineralisation controls at Sokor are reasonably well understood, with mineralisation being both structurally and lithologically controlled. The Manson's Lode and New Discovery deposits are both well defined. The 2014 drilling has extended the mineralisation at Manson's Lode along strike to the north-east and at depth and has intersected high base metal concentration in the north-east. The one deep drillhole at New Discovery intersected mineralisation down-dip, in an orientation that is consistent with the deeper mineralisation intersected at Ketubong. Both New Discovery and Ketubong remain open at depth and warrant additional drill testing. Drilling to the north of Ketubong intersected mineralisation at surface and at around 140 m depth: this area warrants further testing.

The 2014 drilling programme has extended mineralisation to the north and south of Rixen. Sparse drilling to the south of Rixen indicates potential for further extensions to the mineralisation.

To date, CNMC has focussed its exploration on the known prospects within the Sokor Block and hence there are a number of areas within the concession that have been subjected to little or no exploration; the surrounding exploration licence also has not been subjected to any systematic investigation. These areas are prospective for gold and base metal mineralisation and CNMC plans to expand its exploration programme in the future to assess these areas and also in the surrounding exploration licence.

There is considerable potential remaining in the Sokor Block and surrounding exploration licence to locate additional gold resources; however, this will require a higher rate of drilling than CNMC has completed in the past.

From an operational perspective, Optiro recommend that CNMC continues to improve the rigour that has been applied to the recording and reconciliation of operating activities during 2014. Accurate reporting of mining locations and material movements on to and off of stockpiles and leach pads will provide CNMC with greatly improved production tracking and enable meaningful reconciliation of actual against planned mine performance in terms of both tonnes and grade profiles.

The above recording should continue to be supported by accurate face and stockpile surveys on a monthly basis to provide a spatial basis of reconciliation against the reported physicals. The implementation of these processes would eliminate unaccounted for material movements and significantly streamline end of period reporting requirements. Optiro notes that there has been good improvement in this aspect of operations on site during 2014.

On a similar note, the movement of material from stockpiles to leach pads was recorded during 2014. Optiro recommends additional details are recorded going forwarded to ensure that CNMC has a more detailed basis for reconciling the performance of the leach circuits. Without recording this additional information from the leach circuits, the basis for reconciling how that process has performed during the month is sub-optimal. Optiro commends CNMC on the work initiated during 2014 in this regard.

The above operational processes are considered to be essentials for a single-source mining and processing operation. With the potential for multiple ore sources to be mined concurrently at Sokor, the requirement for accurate and rigorous reporting processes is multiplied to ensure that operational performance is recorded on an appropriate basis.

In summary, Optiro notes the improved progress in recording of the operational performance of the Sokor Project. Optiro supports CNMC's desire and actions to continue implementing a more formalised and structured production recording and reporting process, as was commenced during 2014.

12. RECOMMENDATIONS

Optiro has the following recommendations with respect to the data used for the Mineral Resource estimate at the Sokor Project:

- Geological logging is based on standardised codes and that separate codes are used to record lithology, alteration and mineralisation
- QA/QC procedures should be improved by analysis of blind duplicate samples at a rate of one sample per 25 samples. It would be best to resubmit coarse rejects rather than quarter core. Blank samples need to be inserted at a rate of one sample per 25 samples.
- QA/QA data must be reviewed as it becomes available and issues resolved with the laboratory.
- Significant differences between the topographical surface data and the drillhole collars surveys need to be resolved
- Pit survey pick-ups should be completed on a regular basis (at least at the end of each quarter) and the Mineral Resource models should be reconciled against production.

Optiro has the following recommendations with respect to the data used for the Ore Reserve estimate at the Sokor Project:

- A detailed life-of-mine schedule should be updated with the depleted Rixen Ore Reserve and accounting for mining activities that have occurred
- Detailed 3D topographic surfaces for each deposit should be developed to produce an accurate "as-mined" point of reference for each deposit. The current depletion surfaces are lacking in detail and spatial alignment accuracy
- As more accurate actual costs are now established, the cut-off grade should be re-calculated and used in the life-of-mine schedule and future mine planning and Ore Reserves reporting
- Ongoing recording of monthly operational production figures should occur, supported by appropriately detailed daily tracking of mining and processing activities including records of material source and destination locations; this reporting has improved during 2014
- Surveys of mining face positions and stockpile profiles should occur, preferably on a monthly basis, but as a minimum on a quarterly basis to facilitate effective reconciliation between all stages of the operation from the resource block model through to gold produced
- Training of production staff should be implemented to ensure that continuity of production tracking and reporting is maintained whilst staff are absent from site.

13. REFERENCES

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14. GLOSSARY

Term	Explanation
Alteration	A change in mineralogical composition of a rock through reactions with hydrothermal fluids, temperature or pressure changes.
Base metals	Non-ferrous (other than iron and alloys) metals excluding precious metals. These include copper, lead, nickel and zinc.
Bedrock	The solid rock lying beneath superficial material such as gravel or soil.
Bulk density	The mass of many particles of the material divided by the volume they occupy. The volume includes the space between particles as well as the space inside the pores of individual particles.
Cut-off grade	The grade that differentiates between mineralised material that is economic to mine and material that is not.
Diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
Fault	A fracture in rock along which displacement has occurred.
Indicated Mineral Resource	An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred Mineral Resource	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.
JORC Code	The JORC Code provides minimum standards for public reporting to ensure that investors and their advisers have all the information they would reasonably require for forming a reliable opinion on the results and estimates being reported. The current version is dated 2004.
Metallurgy	Study of the physical properties of metals as affected by composition, mechanical working and heat treatment.
Measured Mineral Resource	A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are spaced closely enough to confirm geological and grade continuity.
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.
Ordinary kriging	A geostatistical estimation method relying upon a model of spatial continuity as defined in a variogram.
Ore	Mineralised material which is economically mineable at the time of extraction and processing.
Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Oxidation	The addition of oxygen to the metal ion, generally as a result of weathering.
Recovery	Metallurgical: The percentage of metal that can be recovered given the limitations of the processing equipment.
Stripping	Open pit mining term relating to the removal of uneconomic waste material to expose ore. Metallurgical term relating to the removal of copper from the organic phase in the solvent extraction process.
Top cut	A process that reduces the effect of isolated (and possible unrepresentative) outlier assay values on the estimation.
Transitional	The partially oxidised zone between oxidized and fresh material.
Volcanics	Sequence of strata formed from an erupting volcano.

Appendix A

JORC Code, 2012 Edition – Table 1 reporting

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Drill cores were photographed and logged by geologists. Core identified as having potential for mineralisation was marked up for sampling. • Half core samples were selected for analysis and quarter core samples were used for quality assurance and quality control analysis. • The 2014 sample intervals range from 0.2 m to 2.23 m with an average interval of 1.24 m. • Samples were packed by experienced site personnel and sent to SGS (Malaysia) Sdn. Bhd. laboratory in Kuala Lumpur, Malaysia. • All sample preparation and assay were undertaken by (Malaysia) Sdn. Bhd. laboratory in Kuala Lumpur, Malaysia. • Gold analyses of the 2014 samples were by fire assay with atomic absorption spectrometry (AAS) finish of a 30 g sample, with a detection limit of 0.01 g/t gold (method FAA303). • Ag, Cu, Pb and Zn were analysed by a four acid digest using SGS method AAS43B.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Triple tube diamond core drilling - fully drilled with diamond bit without RC pre-collar. • Core diameter varies from 122 mm, 96 mm to 76 mm with depth.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core sample recovery recorded in logging sheet and recovery results assessed by geologists. • Statistical analysis indicates there is no relationship between recovery and grade.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• All drillholes were logged by geologists. • Logging data recorded includes interval from and to, colour, major mineral composition,

Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	texture and structure, mineralisation and lithology types. • Cores were photographed. • All samples that were identified as having potential mineralisation were assayed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core samples were logged and intervals for analysis were marked-up by CNMC geologists. • Core samples were cut into half and collected by experienced CNMC personnel. • 2014 sample intervals range between 0.2 m to 2.23 m with an average interval of 1.24 m. • Quarter core samples were used for quality assurance and quality control analysis.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All samples were dispatched to independent laboratory SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia. • CNMC's procedures for 2014, included the submission of blind duplicate samples at a rate one sample per 80 samples, and one per 30 samples for standards. Blanks were not submitted. • 69 duplicate pulp samples were submitted to ALS Minerals laboratory in Perth, Australia for analysis. • The five standard samples are from Geostats Pty Ltd. • Analysis by Optiro indicates moderate levels of precision and generally acceptable results from the standards.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• A twin hole was drilled at New Discovery during 2013. This confirmed the mineralised intersection within the upper part of the ore body. • The data from the 2014 drilling programme was imported by Optiro from the Excel spread-sheets compiled by CNMC. • Signed copies of the assay certificates were used by Optiro to verify the assay data for 20% of the database. • Data validation included checking for out of range assay data and overlapping or missing intervals. • Below detection values were set to half the

Criteria	JORC Code explanation	Commentary
		detection limit.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drillhole collar locations (easting, northing and elevation) are surveyed by geologists after hole completion using SOUTH Polaris 9600 Static GPS accurate to within +/-10 cm, or GARMIN GPSmap 60CSx accurate to within +/-7 m. • Grid system used is Malaysian National Grid (MNG). • A detailed topographical surface has been defined over a 7 km^2 area that covers the four deposits. Contour intervals are at 5 m intervals and points along the contour lines are generally at intervals of around 10 m. This data was used to generate a DTM for the resource estimate. • Drillhole collars were pressed to the DTM. Differences of up to 24 m were noted between the drillhole collar elevation and the topography.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• During 2014, data from 98 additional vertical and inclined drillholes for a total of 13,252 m were incorporated into the database. • Drillhole spacing and drill section spacing averaged 50 m depending on location, access and ground conditions. • Data obtained is sufficient to establish the degree of geological and grade continuity. • Samples are not composited for analysis. Downhole compositing is applied for Mineral Resource estimation.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drill sections are oriented mine grid north-south and parallel to the strike of the deposit. • Most holes were drilled on section. • Vertical and inclined holes have been drilled, depending on the orientation of the lithology and mineralisation. • The orientation of drilling is considered adequate for an unbiased assessment of the deposit with respect to interpreted structures and controls on mineralisation.
Sample security	• *The measures taken to ensure sample security.*	• The 2014 drill core samples were packed on site by CNMC personnel and dispatched by road freight to SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia. • All sample preparation and assaying was completed under the supervision of SGS laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Optiro visited the Sokor project during December 2011. Review of the sampling techniques did not record any material issues.

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Ulu Sokor area is covered by numerous exploration, mining and general purpose tenements which supporting the on-going gold ore mining operation. • Mining Lease ML 2/2008 Lot 2014 is held by CMNM Mining Group Sdn Bhd; a subsidiary of CNMC Goldmine Holdings Ltd. • Exploration licence EL 2/2006 has expired and is in the process of being renewed by CNMC Goldmine Holdings Ltd through its subsidiary MCS Mining Group Sdn. Bhd.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Ulu Sokor area has a long history of gold prospecting and small scale alluvial and hard rock mining since 1900s, by Duff Development Company Ltd, Eastern Mining and Metals Company, Asia Mining Sdn Bhd, and TRA Mining (Malaysia) Sdn Bhd. • BDA (Behre Dolbear Australia Pty Ltd) had provided an independent assessment of technical aspects on this project.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Ulu Sokor is located in the Central Belt of Peninsular Malaysia. Gold mineralisation is located towards the middle of Central Belt and is associated with the intersection of two major north-south trending structures with northeast to northwest trending secondary structures. • Gold mineralisation at Ulu Sokor is both lithologically and structurally controlled. It is generally hosted in acid to intermediate tuffaceous rocks and in carbonate-rich rocks. High grade gold mineralisation is typically associated with intense shearing and brecciation, veining and pervasive alteration. • Three deposits have been defined within the southern area (Manson's Lode, New Discovery Lode and Ketubong) and a fourth deposit (Rixen) is located within the northern area of the tenement. • Gold at Manson's Lode is strongly associated with pyrite, chalcopyrite, galena and sphalerite. • New Discovery and Ketubong are located within the same mineralised zone and have a combined strike length of 900 m, an across strike extend of 250 m and extends up to 180 m. • Manson's Lode is located to the east of New Discovery and extends along strike for 750 m. • Rixen is located 3 km north of Ketubong and extends along strike for 1,900 m.

Criteria	JORC Code explanation	Commentary
Drillhole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.*	• Not applicable – drilling was designed for resource definition.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable – drilling was designed for resource definition.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable – drilling was designed for resource definition.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable – drilling was designed for resource definition.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable – drilling was designed for resource definition.
Other substantive exploration	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological*	• Not applicable – drilling was designed for resource definition.

Criteria	JORC Code explanation	Commentary
data	*observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Future resource definition drilling is planned within the area between Rixen and Ketubong to further extend known mineralised zones, and to explore for additional mineralised zones within the Sokor project area.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Data entry by site geologist, checked by geological supervisor and additional checking and validation by resource geologist. • Data validation included checking for out of range assay data and overlapping or missing intervals
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Site visit undertaken during December 2011 by Optiro (Competent Person for the Mineral Resource estimate). • During site visit geological logging, sampling techniques and procedures were reviewed.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• The level of confidence in the interpretations of the mineralised horizons is reflected by the Mineral Resource classification. • In general infill drilling has confirmed the mineralisation interpretations. • Previous mining of near surface, high grade ore has occurred at Manson's Lode and the pit has been backfilled with mineralised material of lower grades from Manson's Lode. • Geological interpretation has been defined by diamond drilling. Mineralisation interpretation was based on a nominal 0.3 g/t gold cut-off grade and were completed along drill sections, typically at spacings of 20 m and 50 m. The interpretations were triangulated to form 3D solids (mineralisation domains). • Additional base metal mineralisation was interpreted at Manson's Lode based on a nominal 3% Pb+Zn cut-off grade. • All available geological data used to interpret the mineralisation and to differentiate between mineralisation within eluvial/alluvial, backfill

Criteria	JORC Code explanation	Commentary
		and bedrock. overlying • Mineralised domains were interpreted for the backfill material (at Manson's Lode), alluvial and eluvial mineralisation, and bedrock mineralisation that occurs sub-parallel to the lithology and is structurally controlled in the vicinity of the Ketubong-Rixen fault zone. • Where possible, a base of oxidation surface has been interpreted.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• At Manson's Lode the mineralisation strikes northeast-south west and has a relatively flat orientation. It is 750 m along strike and 150 m across strike and extends from surface to a depth of 80 m. • At New Discovery the mineralisation strikes north-south and dips approximately 25° to the east. It is 180 m along strike by 250 m across strike. Mineralisation extends from surface to a depth of approximately up to 180 m. • At Ketubong the mineralisation strikes north-south and dips approximately 50° to the east. It is 520 m along strike by 200 m down dip. Mineralisation extends from surface to a depth of approximately 200 m. • At Rixen the mineralisation strikes north-south and dips approximately 20° to the east. It is 1,900 m along strike by 300 m across strike. Mineralisation extends from surface to a depth of approximately 200 m.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.*	• Drillhole sample data was flagged using domain codes generated from three dimensional mineralisation domains and oxidation surfaces. • Sample data was composited to a 1.5 m downhole length. • The influence of extreme sample distribution outliers was reduced by top-cutting. The top-cut levels were determined using a combination of top-cut analysis tools (grade histograms, log probability plots and CVs). • Directional variograms were modelled using a normal score transformation. Mineralisation continuity was interpreted from variogram analyses to have an along strike range of 60 m to 80 m within the alluvial/eluvial and backfill material, and 40 m to 160 m within the bedrock mineralisation. • Kriging neighbourhood analysis was performed in order to optimise the block size, search distances and sample numbers. • Grade estimation was into parent blocks of 10 m by 10 m at Manson's Lode, New Discovery and Ketubong, and 10 m by 20 m at Rixen, on 2 m benches. • Block grade estimation was carried out using ordinary kriging at the parent block scale. Three estimation passes were used for all domains;

Criteria	JORC Code explanation	Commentary
	• *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	the first search was based upon the variogram ranges for each domain in the three principal directions; the second search was typically two times the first search in all directions, and the third search was four or five times the initial search, with reduced sample numbers required for estimation. • Over 80% blocks at Manson's Lode and Rixen and over 75% of the blocks at New Discovery were estimated in the first pass. • The estimated block model grades were visually validated against the input drillhole data and comparisons were carried out against the declustered drillhole data and by easting, northing and elevation slices.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• The tonnages are estimated on a dry basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong and above a 0.3 g/t gold cut-off grade at Rixen, to reflect current commodity prices, operating costs and processing options • Base metal Mineral Resources at Manson's Lode, in addition to the gold Mineral Resources, are reported above a 3% Pb+Zn cut-off grade.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• Planned extraction is by open pit mining. Mining factors such as dilution and ore loss have not been applied.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be*	• No metallurgical assumptions have been built into the Mineral Resource models.

Criteria	JORC Code explanation	Commentary
	reported with an explanation of the basis of the metallurgical assumptions made. •	
Environmen-tal factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures are being implemented.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Representative sections of core of 0.2 m were selected and weighted in water and air. • Average bulk density values for oxide and fresh material at New Discovery, Ketubong and Rixen deposits were calculated using measurements from 87 sections of diamond core. • Density measurements were obtained from 23 sections of core from Manson's Lode. An ordinary least squares model was developed that was used to determine the density from the silver, lead and zinc contents. • Average bulk density values for the eluvial/alluvial and back fill material was determined from measurements of material from 41 test pits.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Mineral Resources have been classified on the basis of confidence in geological and grade continuity using the drilling density, geological model, modelled grade continuity and conditional bias measures (kriging efficiency). • Measured Mineral Resources have been defined at Manson's Lode and New Discovery generally in areas of 20 m by 20 m drill spacing. • Indicated Mineral Resources have been defined generally in areas of 40 m by 40 m drill spacing. • Inferred Mineral Resources have been defined generally in areas of 80 m by 80 m drill spacing, at depths of over 60 m below the topographical surface and where the confidence in the block estimate (as measured by the kriging efficiency) is low.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The estimation parameters and Mineral Resource models were peer reviewed by Optiro staff.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The assigned classification of Measured, Indicated and Inferred reflects the Competent Person's assessment of the accuracy and confidence levels in the Mineral Resource estimate. • The confidence levels have been assigned to quarterly production volumes.

SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• The Mineral Resource estimate used for the Rixen deposit is classified as a JORC 2012 Mineral Resource Statement, and was completed by Mrs Christine Standing of Optiro on behalf of CNMC. • The Mineral Resource estimates used for the New Discovery and Manson's Lode deposits are classified as JORC 2004 Mineral Resource Statements, and were completed by Mrs Christine Standing of Optiro on behalf of CNMC. The Mineral Resource has been upgraded to JORC 2012, but Ore Reserve work cannot be undertaken on this Mineral Resource as Pre-feasibility study work has been completed on the two deposits. • The Mineral Resources are reported exclusive of the Ore Reserves and are as stated in this report.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken*	• A site visit was previously undertaken in May 2012 by Mr Andrew Law (the Competent Person for the Ore Reserve estimate).

Criteria	JORC Code explanation	Commentary
	indicate why this is the case.	
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• Mineral Resources have been converted to Ore Reserves on the basis of the existing operational status of the deposits and historical records. • As the mine is currently operating, no additional studies have been completed to support this Ore Reserve estimate. The mine has current, optimised mine plans in place, and material modifying factors have been derived on the basis of operational data.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Cut-off grades have been calculated based on forecast mined gold grades, recovery and dilution parameters, mining and processing costs and forecast commodity pricing.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• The methods and assumptions used in converting Mineral Resources to Ore Reserves are based on operating parameters from the mines. The mines have appropriate current designs developed from previous optimisation processes. • The open pit mining methods selected for the CNMC mines have been selected to best address the operational requirements of the deposit characteristics, and have been in effect since the commencement of mining operations in 2010. • Assumptions made regarding geotechncial constraints have been developed based on operating knowledge of the existing mines. • The assumptions made for pit optimisation have been based on known operating conditions from the exiting mines. • Mining dilution of 5% has been used. • Mining recovery of 95% has been used. • No minimum mining widths have been applied • Inferred Mineral Resources have not been included in any Ore Reserve figures reported. • As an operating mine, all infrastructure requirements are already in place for the applied mining methods.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery*	• Heap leaching and vat leaching are currently being used at the Sokor Project. These methods have been selected based on the prevailing ore characteristics. • The two leaching methods are well-tested and do not represent an untried processing strategy. • Metallurgical testwork has been carried out on samples from across the project area to confirm the appropriateness of the leaching

Criteria	JORC Code explanation	Commentary
	factors applied. • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	processing methodologies. No metallurgical domaining has been applied within specific mine areas. Recovery factors have been applied on a mine by mine basis. • No assumptions or allowances have been made for deleterious elements. • A pilot scale test of the heap leach process was undertaken during 2012 to confirm the suitability of that process for the Rixen ore. The size (approx. 90 kt) of the trial was considered representative for the Rixen deposit. • There are no specifications applied to the mine production.
Environmen-tal	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures are being implemented.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• The Sokor Project is currently in operation and all required infrastructure is in place.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• There are no projected major capital costs projected for the project as all construction is complete and the operating fleet is a mix of owner and contracted equipment. • Operating cost data has been provided by CNMC. • No allowances have been made for deleterious elements. • Metal pricing has been provided by CNMC based on current market forecasts and existing sales agreements. • All costs have been provided in US dollars with no conversions used. • Transport charges have been provided by CNMC. • Treatment and refining charges have been based on site data provided by CNMC. • A gold royalty of 5% of gross revenue is payable to the Kelantan State Government (KSG) and an additional tribute payment of 3% of gross revenue is payable to the Kelantan State Economic Development Corporation (KSEDC). CNMC holds an 81% share in the production from the project.

Criteria	JORC Code explanation	Commentary
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• As an operating project, all revenue factors have been derived from operating data. • Commodity pricing assumptions have been provided by CNMC based on gold price forecasts and existing sales arrangements.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Bullion produced is currently sold on the spot market to local buyers. There are currently no prevailing supply or demand constraints in the local gold industry. No constraints are anticipated over the production period for the project. • The local gold market is not considered to present any competitor risk given the relatively low volume of bullion to be produced by the project. • The forecast gold price used in preparation of this statement is considered to be an appropriate sales baseline for the production period applied.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• No detailed economic analysis has been completed by Optiro as the project is already in operation and demonstrates an economically viable project. • No assumptions or inputs have been applied in an NPV analysis.
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• There are no existing impediments to the licence to operate for the project.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No identifiable naturally occurring risks have been identified to impact the Ore Reserves. • There are no material legal agreements or marketing arrangements in place for the project at this time. • Government agreements include: Mining right ML 2/2008 Exploration right EL 2/2006.

Criteria	JORC Code explanation	Commentary
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• Mineral Resources converted to Ore Reserves as per JORC2004 and 2012 guidelines, i.e. Measured to Proven, Indicated to Probable. No downgrading in category has occurred for this project. • The result reflects the Competent Person's view of the deposit. No Measured Mineral Resources have been converted to Probable Ore Reserves.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• The Ore Reserve has been calculated by Independent consultants Optiro and internal peer review undertaken.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Relative accuracy and confidence calculations have not been conducted for the Ore Reserve. • Current and past production and reconciliation data has been used throughout the Ore Reserve estimations.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2015

Issued and paid-up capital	:	S$23,335,633
Number of shares	:	407,693,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2	0.13	11	0.00
100 - 1,000	22	1.43	16,318	0.00
1,001 - 10,000	526	34.18	4,079,399	1.00
10,001 - 1,000,000	952	61.86	62,646,100	15.37
1,000,001 AND ABOVE	37	2.40	340,951,172	83.63
TOTAL	1,539	100.00	407,693,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	INNOVATION (CHINA) LIMITED	106,987,500	26.24
2	DBSN SERVICES PTE. LTD.	52,662,500	12.92
3	NG ENG TIONG	41,216,000	10.11
4	CITIBANK NOMINEES SINGAPORE PTE LTD	18,139,572	4.45
5	RAFFLES NOMINEES (PTE) LIMITED	16,464,500	4.04
6	SBS NOMINEES PTE LTD	15,000,000	3.68
7	XU DEHAN	10,366,925	2.54
8	CHUA TEO LENG	9,265,000	2.27
9	LIN SHIHUA	6,132,075	1.50
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,967,000	1.46
11	LIM PENG LIANG DAVID LLEWELLYN	5,665,000	1.39
12	LIM YEAN LENG	4,869,000	1.19
13	UOB KAY HIAN PRIVATE LIMITED	4,423,000	1.08
14	CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,610,600	0.89
15	DBS NOMINEES (PRIVATE) LIMITED	3,591,100	0.88
16	LEE JING YI	3,221,000	0.79
17	YEO HUNG HEE BENJAMIN	2,702,000	0.66
18	BUSS CONSULTING PTE LTD	2,600,000	0.64
19	LIM KENG HOCK JONATHAN	2,203,100	0.54
20	LING SIOW MENG	2,068,100	0.51
	TOTAL	317,153,972	77.78

Statistics of Shareholdings
List of Substantial Shareholders as at 18 March 2015

As shown in the Company's Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Innovation (China) Limited[(1)]	106,987,500	26.242	–	–
Ng Eng Tiong	56,366,400	13.826	–	–
Messiah Limited[(2)]	52,662,500	12.917	–	–
Professor Lin Xiang Xiong @ Lin Ye[(1)]	1,100,000	0.270	106,987,500	26.242
Choo Chee Kong[(2)]	205,000	0.050	52,662,500	12.917
Lim Kuoh Yang[(1)]	–	–	108,087,500	26.512
Tan Swee Ngin[(1)]	–	–	106,987,500	26.242
Lim Sok Cheng Julie[(2)]	–	–	52,662,500	12.917

Notes:-

(1) Innovation (China) Limited is a private investment holding company incorporated in Hong Kong whose shareholders are Professor Lin Xiang Xiong @ Lin Ye (65%) and his wife, Tan Swee Ngin (35%). Lim Kuoh Yang is the son of Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin. As such, Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin are deemed interested in all the shares held by Innovation (China) Limited by virtue of their respective interests in Innovation (China) Limited and Lim Kuoh Yang is deemed interested in all the shares deemed to be held by Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin under Section 7 of the Companies Act.

(2) Messiah Limited is a private investment holding company incorporated in the British Virgin Islands whose shareholders are Choo Chee Kong (51%) and his wife, Lim Sok Cheng Julie (49%). As such, Choo Chee Kong and Lim Sok Cheng Julie are deemed to be interested in all the shares held by Messiah Limited under Section 7 of the Companies Act. The shares of Messiah Limited are registered in the name of DBSN Services Pte Ltd.

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

Based on the information provided to the Company as at 18 March 2015, approximately 46.70% of the Company's issued ordinary shares are held in the hands of the public. Hence, Rule 723 of the Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of CNMC GOLDMINE HOLDINGS LIMITED (the "**Company**") will be held at 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455 on Tuesday, 28 April 2015 at 3.00 pm for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited accounts for the financial year ended 31 December 2014 together with the Reports of the Directors and the Independent Auditors, and the Statement by the Directors.

Resolution 2

2. To declare a final one-tier tax exempt dividend of S$0.0015 per ordinary share and a special one-tier tax exempt dividend of S$0.00225 per ordinary share for the financial year ended 31 December 2014.

Resolution 3

3. To re-elect Mr Lim Kuoh Yang who is retiring by rotation pursuant to Article 89 of the Company's Articles of Association (the "**Articles**") and who, being eligible, offers himself for re-election as a Director.

Resolution 4

4. To re-elect Ms Gan Siew Lian who is retiring by rotation pursuant to Article 89 of the Articles and who, being eligible, offers herself for re-election as a Director.

   *Ms Gan Siew Lian will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Board considers her to be independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) (the "**Catalist Rules**").*

Resolution 5

5. To approve the payment of Directors' fees of up to S$168,000 for the financial year ending 31 December 2015 to be paid quarterly in arrears.

Resolution 6

6. To re-appoint KPMG LLP as the Company's Independent Auditors and to authorise the Directors to fix their remuneration.

7. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

Resolution 7

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "Authority to allot and issue shares

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and the Listing Manual (Section B: Rules of Catalist) (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the directors of the Company (the "**Directors**") to:-

   (A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

(1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this authority is given, after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see Explanatory Note (i)]

Resolution 8

9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-

"Authority to allot and issue shares pursuant to the CNMC Performance Share Plan

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the directors of the Company (the "**Directors**") be authorised and empowered to grant awards in accordance with the provisions of the CNMC Performance Share Plan (the "**Share Plan**") and to allot and issue from time to time such number of shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of the awards under the Share Plan, provided that the aggregate number of new Shares which may be issued pursuant to the vesting of awards under the Share Plan, when added to the number of new Shares issued and issuable in respect of all awards granted under the Share Plan and any other share-based incentive scheme of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) from time to time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is earlier."

[see Explanatory Note (ii)]

Resolution 9

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Share purchase mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or, as the case may be, any other securities exchange on which the shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means not more than 10% of the issued ordinary Shares (excluding any Shares held as treasury shares) of the Company as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase : 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase : 120% of the Average Closing Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[see Explanatory Note (iii)]

BY ORDER OF THE BOARD

LIM KUOH YANG
Chief Executive Officer
Singapore
13 April 2015

Explanatory Notes:

(i) Under the Catalist Rules, a share issue mandate approved by shareholders as a ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the issued share capital of the issuer (excluding treasury shares) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the issued share capital of the issuer (excluding treasury shares).

The Directors are of the opinion that the proposed share issue mandate will enable the Company to respond faster to business opportunities and to have greater flexibility and scope in negotiating with third parties in potential fund raising exercises or other arrangements or transactions involving the capital of the Company.

Ordinary Resolution 7, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

(ii) Ordinary Resolution 8, if passed, will empower the Directors to grant awards under the Share Plan and to allot and issue Shares pursuant to the vesting of the awards under the Share Plan, provided that the aggregate number of new Shares which may be issued under the Share Plan, when added to the number of Shares issued and issuable in respect of all awards granted under the Share Plan and any other share-based incentive scheme of the Company for the time being in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time.

(iii) Ordinary Resolution 9, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the Letter to Shareholders which is enclosed with the Company's Annual Report, as an Addendum.

Notes:

(1) A member of the Company entitled to attend and vote at the AGM may appoint not more than two (2) proxies to attend and vote instead of him.

(2) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(3) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(4) The instrument appointing a proxy must be deposited at the registered office of the Company at 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455 not less than 48 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CNMC GOLDMINE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201119104K)

ANNUAL GENERAL MEETING
PROXY FORM

I/We _____ (Name)

of _____ (Address)
being a member/members of CNMC GOLDMINE HOLDINGS LIMITED (the "Company") hereby appoint:-

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%) (Note 3)

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%) (Note 3)

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 on Tuesday, 28 April 2015 at 3.00 pm and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:-	For	Against
	Ordinary Business		
1.	Audited accounts for financial year ended 31 December 2014 together with the Reports of the Directors and the Independent Auditors, and the Statement by the Directors		
2.	Declaration of one-tire tax exempt final and special dividends		
3.	Re-election of Mr Lim Kuoh Yang as Director of the Company		
4.	Re-election of Ms Gan Siew Lian as a Director of the Company		
5.	Payment of Directors' fees of S$168,000 for financial year ending 31 December 2015 to be paid quarterly in arrears		
6.	Re-appointment of KPMG LLP as auditors of the Company		
	Special Business		
7.	General authority to allot and issue shares		
8.	Authority to allot and issue shares pursuant to the CNMC Performance Share Plan		
9.	Share purchase mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolution as set out in the Notice of the AGM.)

Dated this _____ day of _____ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

_____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

4. This proxy form must be deposited at the registered office of the Company at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 not less than 48 hours before the time set for the AGM.

5. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

7. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

8. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2015.

IN FY2014, REPORTED PROFIT AFTER TAX OF US$15,320,133.

CNMC


www.cnmc.com.hk
TEL: +65 6220 4621 FAX: +65 6220 1270
745 Toa Payoh Lorong 5 #04-01 The Actuary
Singapore 319455

ADDENDUM DATED 13 APRIL 2015

This Addendum is circulated to shareholder of CNMC Goldmine Holdings Limited (the "**Company**") together with the Company's annual report. Its purpose is to provide Shareholders with the relevant information relating to, and seek Shareholder to approve the proposed adoption of the Share Buy Back Mandate to be tabled at the Annual General Meeting to be held on 28 April 2015, at 3.00 p.m. at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

This Addendum has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Addendum. The Sponsor has also not drawn on any specific technical expertise in its review of this Addendum.

This Addendum has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Addendum, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Addendum.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201119104K)

ADDENDUM IN RELATION TO THE PROPOSED ADOPTION OF THE SHARE BUY BACK MANDATE

CONTENTS

DEFINITIONS

For the purpose of this Addendum, the following definitions have, where appropriate, been used:

"**ACRA**"	:	Accounting and Corporate Regulatory Authority
"AGM"	:	The annual general meeting of the Company to be convened and held at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 on 28 April 2015 at 3.00pm, notice of which is set out on pages 160 to 164 of the Annual Report
"Approval Date"	:	Has the meaning ascribed to it in Section 1.3.1 of this Addendum
"**Articles**"	:	The Articles of Association of the Company, as amended from time to time
"Associates"	:	(a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Average Closing Price"	:	Has the meaning ascribed to it in Section 1.3.4 of this Addendum
"Board"	:	The board of Directors of the Company for the time being
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	CNMC Goldmine Holdings Limited
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over a company
"Directors"	:	Directors of the Company for the time being

"EPS"	:	Earnings per Share
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	23 March 2015, being the latest practicable date prior to the printing of this Addendum
"Listing Manual"	:	The SGX-ST Listing Manual Section B: Rules of the,Catalist, as amended, varied or supplemented from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	:	Has the meaning ascribed to it in Section 1.3.3 of this Addendum
"Maximum Price"	:	Has the meaning ascribed to it in Section 1.3.4 of this Addendum
"Memorandum"	:	The Memorandum of Association of the Company
"NTA"	:	Net tangible assets
"Off-Market Purchase"	:	Has the meaning ascribed to it in Section 1.3.3 of this Addendum
"Relevant Period"	:	The period commencing from the date the last AGM was held or was required by law to be held before the resolution relating to the Share Buy Back Mandate is passed, and expiring on the date the next AGM is or required by law to be held, whichever is the earlier, after the said resolution is passed
"Securities Account"	:	Securities accounts maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Buy Back"	:	The buy back of Shares by the Company pursuant to the terms of the Share Buy Back Mandate
"Share Buy Back Mandate"	:	The proposed mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in Section 1 of this Addendum
"Shareholders"	:	Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term"**Shareholders**" shall in relation to such Shares mean the Depositors whose securities accounts with CDP are credited with the Shares
"Substantial Shareholder"	:	A person who holds directly or indirectly 5% or more of The issued voting shares in the capital of the Company
"Shares"	:	Ordinary shares in the capital of the Company
"SIC"	:	The Securities Industry Council
"Subsidiaries"	:	The subsidiaries of a company (as defined in Section 5 of the Companies Act) and "**subsidiary**" shall be construed accordingly
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as varied or supplemented from time to time

Currencies and others

"US$", "$" and **"cents"**	:	United States dollars and cents, respectively
"S$", "$" and **"cents"**	:	Singapore dollars and cents, respectively
"%" or **"per cent"**	:	Per centum or percentage

The terms "**Depositor**", "**Depository Register**" and "**Depository Agent**" shall have the meanings ascribed to them respectively by Section 130A of the Companies Act. The term "**treasury shares**" shall have the meaning ascribed to it in Section 4 of the Companies Act.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

Words importing persons include corporations.

Any reference to a time of a day in this Addendum is a reference to Singapore time unless otherwise stated.

Any term defined under the Companies Act or Listing Manual, or any statutory modification thereof and used in this Addendum shall, where applicable, have the same meaning ascribed to it under the Companies Act or the Listing Manual, or such modification thereof, as the case may be, unless otherwise provided.

CNMC GOLDMINE HOLDINGS LIMITED

(Incorporated in Singapore on 11 August 2011)
(Company Registration No.: 201119104K)

Directors:

Mr. Professor Lin Xiang Xiong @ Lin Ye (Executive Chairman)
Mr. Choo Chee Kong (Executive Vice Chairman)
Mr. Lim Kuoh Yang (Chief Executive Officer)
Mr. Kuan Cheng Tuck (Lead Independent Director)
Mr. Tan Poh Chye Allan (Independent Director)
Ms. Gan Siew Lian (Independent Director)

Registered Office:

745 Toa Payoh
Lorong 5,
#04-01 The Actuary,
Singapore 319455.

13 April 2015

To: The Shareholders of CNMC Goldmine Holdings Limited

Dear Shareholder,

1. THE PROPOSED ADOPTION OF THE SHARE BUY BACK MANDATE

1.1 Introduction

Reference is made to the notice of AGM dated 13 April 2015 ("**Notice of AGM**") of the Company convening the AGM.

The proposed Ordinary Resolution 9 in Notice of AGM relates to the adoption of a Share Buy Back Mandate to authorise the Directors of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company on the terms of the Share Buy Back Mandate.

The purpose of this Addendum is to provide Shareholders with relevant information relating to and explain the rationale for the Share Buy Back Mandate to be tabled at the AGM.

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Manual, the Memorandum and Articles and such other laws and regulations as may for the time being be applicable.

If approved, the Share Buy Back Mandate will take effect from the date of the AGM and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held, unless prior thereto, Share Buy Backs are carried out to the full extent mandated or the Share Buy Back Mandate is revoked or varied by the Company in a general meeting. The Share Buy Back Mandate will be put to Shareholders for renewal at each subsequent AGM of the Company.

The Sponsor and SGX-ST assumes no responsibility for the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Addendum. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

1.2 Rationale

The Directors are of the view that a share buy back, conducted at an appropriate price level, may enhance the return on equity of the Group and increase Shareholders' value. Share buy backs are a cost-efficient and effective method of returning to the Shareholders surplus cash over and above the Company's ordinary capital requirements, and provide the Directors greater flexibility over the Company's capital structure with a view to enhancing the earnings and/or NTA value per Share.

The Directors are also of the view that share buy backs may help mitigate the effect on the Company's share price which may be caused by short-term market volatility or speculative activities as well as bolster the confidence of Shareholders.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases via market purchases or off-market purchases, after taking into account the amount of cash available and the prevailing market conditions. The Directors do not propose to carry out Share Buy Backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the capital expenditure and the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

1.3 Terms of the Share Buy Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy Back Mandate are summarised below:

1.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the AGM at which the Share Buy Back Mandate is approved (the "**Approval Date**") (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered excluding any treasury shares that may be held by the Company from time to time). Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

For illustrative purposes only, assuming that the Company has 407,693,000 Shares as at the date of the AGM (being the number of Shares as at the Latest Practicable Date excluding treasury shares and assuming no change in the number of Shares on or prior to the date of the AGM), not more than 40,769,300 Shares may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate.

1.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the Share Buy Backs are carried out to the full extent mandated; or

(c) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked by the Shareholders in general meeting.

The Share Buy Back Mandate may be renewed at each annual general meeting or other general meeting of the Company. When seeking the approval of Shareholders for such renewal, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buy Back Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

1.3.3 Manner of purchase of Shares

Purchases of Shares may be made by way of, *inter alia*:

(a) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Listing Manual, the Companies Act, the Memorandum and Articles, as they may consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must satisfy all of the following conditions:

(a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same, except that there shall be disregarded:

    (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

    (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

    (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share Buy Back;

(d) the consequences, if any, of Share Buy Backs by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the Share Buy Back, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) details of any Share Buy Back made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

1.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Share over the last five (5) consecutive Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period.

"**date of making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

1.4 Status of purchased Shares under the Share Buy Back Mandate

Under Section 76B of the Companies Act, a Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

1.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

1.5.1 Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

In the event that the number of treasury shares held by the Company exceeds 10% of the total number of issued Shares, the Company shall dispose of or cancel the excess Shares within six (6) months of the day on which such contravention occurs, or such further period as the ACRA may allow.

1.5.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

1.5.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employee's share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Pursuant to Rule 704(31) of the Listing Manual, the Company will immediately announce any sale, transfer, cancellation and/or use of treasury shares. Such announcement may include the following:

(i) date of the sale, transfer, cancellation and/or use;

(ii) purpose of such sale, transfer, cancellation and/or use;

(iii) number of treasury shares sold, transferred, cancelled and/or used;

(iv) the number of Shares before and after such sale, transfer, cancellation and/or use;

(v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

1.6 Sources of funds for Share Buy Back

The Company may only apply funds legally available for the purchase or acquisition of Shares in accordance with the Articles and the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase its own Shares out of capital, as well as from its distributable profits, provided that:

(a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the 12 months immediately following the purchase; and

(b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

Further, for the purposes of determining the value of a contingent liability, the Directors or managers of the Company may take into account the following:

(a) the likelihood of the contingency occurring; and

(b) any claim the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company intends to use internal resources and/or external borrowings and/or a combination of both to finance purchases of Shares pursuant to the Share Buy Back Mandate.

The Directors do not propose to exercise the Share Buy Back Mandate in a manner and to such extent that the Group's working capital, current dividend policy and/or ability to service its debts would be adversely affected.

1.7 Financial effects of the Share Buy Back Mandate

The financial effects on the Company and the Group arising from purchases or acquisition of Shares which may be made pursuant to the Share Buy Back Mandate will depend on, *inter alia, the* aggregate number of shares purchased or acquired, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the price paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014, are based on the following principal assumptions:

(a) the purchase or acquisition of Shares pursuant to the Share Buy Back Mandate had taken place on 1 January 2014 for the purpose of computing the financial effects on the EPS of the Group and the Company;

(b) the purchase or acquisition of Shares pursuant to the Share Buy Back Mandate had taken place on 1 January 2014 for the purpose of computing the financial effects on the Shareholders' equity, NTA per Share, gearing and current ratio of the Group and the Company; and

(c) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buy Back Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

1.7.1 Purchase or acquisition out of capital or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased. Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of the Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

1.7.2 Number of Shares acquired or purchased

For illustrative purposes only, on the basis of 407,693,000 Shares (excluding treasury shares) in issue as at the Latest Practicable Date, and assuming no change in the number of Shares on prior to the date of the AGM, the purchase by the Company of 10% of its issued Shares (excluding treasury shares) will result in the purchase or acquisition of 40,769,300 Shares.

1.7.3 Maximum Price paid for Shares acquired or purchased

In the case of Market Purchases by the Company:

Assuming the Company purchases or acquires 40,769,300 Shares, representing 10% of its issued Shares, at the Maximum Price of S$0.255 for one (1) Share (being the price equivalent to 5% above the average of the closing market prices of the Shares over the five (5) Market Days on the SGX-ST which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 40,769,300 Shares is S$10.40 million.

In the case of Off-Market Purchases by the Company:

Assuming the Company purchases or acquires 40,769,300 Shares, representing 10% of its issued Shares, at the Maximum Price of S$0.290 for one (1) Share (being the price equivalent to 20% above the average of the closing market prices of the Shares over the five (5) Market Days on the SGX-ST which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 40,769,300 Shares is S$11.82 million.

1.7.4 Illustrative financial effects

For illustrative purposes only, and on the basis of the assumptions set out below, the financial effects of the:

(i) acquisition of Shares by the Company pursuant to the Share Buy Back Mandate by way of purchases made out of capital and held as treasury shares;

(ii) acquisition of Shares by the Company pursuant to the Share Buy Back Mandate by way of purchases made out of capital and cancelled; and

(iii) dividend of US$7,000,000 had been declared and paid from the subsidiary to the Company prior to the purchase of Shares.

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2014 are set out in the sections below.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buy Back Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Buy Back Mandate by way of purchases made out of capital are set out in this Addendum.

(i) Market Purchases of 40,769,300 Shares out of capital

	Group			Company		
As at 31 December 2014	**Before the Share Buy back**	**After the Share Buy back**		**Before the Share Buy back**	**After the Share Buy back**	
		Held as Treasury Shares	**Cancelled**		**Held as Treasury Shares**	**Cancelled**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Share capital	18,032	18,032	10,173	18,032	18,032	10,173
Reserves	7,127	7,127	7,127	(1,962)	5,038	5,038
Treasury shares	–	(7,859)	–	–	(7,859)	–
Shareholder's Equity	25,159	17,300	17,300	16,070	15,211	15,211
Total equity	27,812	19,953	19,953	16,070	15,211	15,211
NTA(1)	25,159	17,300	17,300	16,070	15,211	15,211
Current Assets	13,755	5,896	5,896	8,712	7,853	7,853
Current Liabilities	4,301	4,301	4,301	847	847	847
Working Capital	9,454	1,595	1,595	7,865	7,006	7,006
Net Cash	12,091	4,232	4,232	2,024	1,165	1,165
Profit attributable to shareholders	12,243	12,243	12,243	2,384	9,384	9,384
Number of shares issue ('000)	407,693	366,924	366,924	407,693	366,924	366,924
Financial Ratios						
NTA per share(2)						
- US cents	6.17	4.71	4.71	3.94	4.15	4.15
- SG cents(3)	8.16	6.23	6.23	5.21	5.49	5.49
Net Cash(4) (times)	0.48	0.24	0.24	0.13	0.08	0.08
Current Ratio(5) (times)	3.20	1.37	1.37	10.29	9.27	9.27
Basic EPS(6)						
US cents	3.00	3.34	3.34	0.58	2.56	2.56
SG cents(7)	3.91	4.35	4.35	0.76	3.34	3.34

Notes:

(1) NTA represents total assets less total liabilities and non-controlling interests

(2) NTA per share is based on 407,693,000 Shares and 366,923,700 Shares for Before Share Buy Back and After Share Buy Back respectively

(3) NTA per share translated at an exchange rate of USD/SGD 1.3229

(4) Net cash/gearing times is computed by dividing net cash/(debt) with NTA.

(5) Current Ratio is computed by dividing current assets with current liabilities

(6) EPS is based on 407,693,000 Shares and 366,923,700 Shares for Before Share Buy Back and After Share Buy Back, assuming that the Share Buy Back took place on 1 January 2014

(7) EPS translated at an exchange rate of USD/SGD 1.3038

(ii) Off-Market Purchases of 40,769,300 Shares out of capital

As at 31 December 2014	Group			Company		
	Before the Share Buy back	After the Share Buy back		Before the Share Buy back	After the Share Buy back	
		Held as Treasury Shares	Cancelled		Held as Treasury Shares	Cancelled
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Share capital	18,032	18,032	9,095	18,032	18,032	9,095
Reserves	7,127	7,127	7,127	(1,962)	5,038	5,038
Treasury shares	–	(8,937)	–	–	(8,937)	–
Shareholder's Equity	25,159	16,222	16,222	16,070	14,133	14,133
Non-controlling interests	2,653	2,653	2,653	–	–	–
Total equity	27,812	18,875	18,875	16,070	14,133	14,133
NTA[1]	25,159	16,222	16,222	16,070	14,133	14,133
Current Assets	13,755	4,818	4,818	8,712	6,755	6,755
Current Liabilities	4,301	4,301	4,301	847	847	847
Working Capital	9,454	517	517	7,865	5,928	5,928
Net Cash	12,091	3,154	3,154	2,024	87	87
Profit attributable to shareholders	12,243	12,243	12,243	2,384	9,384	9,384
Number of shares issue ('000)	407,693	366,924	366,924	407,693	366,924	366,924
Financial Ratios						
NTA per share[2]						
- US cents	6.17	4.42	4.42	3.94	3.85	3.85
- SG cents[3]	8.16	5.85	5.85	5.21	5.09	5.09
Net Cash/(Gearing)[4] (times)	0.48	0.19	0.19	0.13	0.01	0.01
Current Ratio[5] (times)	3.20	1.12	1.12	10.29	8.00	8.00
Basic EPS[6]						
US cents	3.00	3.34	3.34	0.58	2.56	2.56
SG cents[7]	3.91	4.35	4.35	0.76	3.34	3.34

Notes:

(1) NTA represents total assets less total liabilities and non-controlling interests

(2) NTA per share is based on 407,693,000 Shares and 366,923,700 Shares for Before Share Buy Back and After Share Buy Back respectively

(3) NTA per share translated at an exchange rate of USD/SGD 1.3229

(4) Net cash/gearing times is computed by dividing net cash/(debt) with NTA

(5) Current Ratio is computed by dividing current assets with current liabilities

(6) EPS is based on 407,693,000 Shares and 366,923,700 Shares for Before Share Buy Back and After Share Buy Back, assuming that the Share Buy Back took place on 1 January 2014

(7) EPS translated at an exchange rate of USD/SGD 1.3038

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the financial year ended 31 December 2014 and is not necessarily representative of future financial performance.

Although the Share Buy Back Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

1.8 Listing status of the Shares

The Listing Manual requires a listed company to ensure that at least 10% of its issued shares excluding treasury shares must be held by public shareholders. As at the Latest Practicable Date, approximately 46.69% of the issued Shares are held by public Shareholders. As at the Latest Practicable Date and assuming the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buy Back Mandate, approximately 40.77% of the issued Shares will be held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buy Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

1.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

1.9.1 Obligation to make a take-over offer

Under Appendix 2 of the Take-over Code, an increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a Share Buyback by the Company will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code ("**Rule 14**"). Consequently, a Shareholder or group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company, and become obligated to make a take-over offer for the Company under Rule 14 of the Take-over Code.

1.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

(a) a company with its parent company, subsidiaries, its fellow subsidiaries, associated companies of any foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions of that individual, companies controlled by any of the foregoing persons or entities, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons or entities for the purchase of voting rights.

For this purpose, a company is an "associated company" of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first mentioned company.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

1.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a takeover offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company pursuant to the Share Buy Back Mandate.

1.9.4 Application of the Take-over Code

As at the Latest Practicable Date, the interests of the Directors in the Shares, and the interests of the Substantial Shareholders in the Shares, are as follows:

	Direct interest	%	Deemed interest	%
Directors				
Professor Lin Xiang Xiong @ Lin Ye[(1)]	1,100,000	0.27	106,987,500	26.24
Lim Kuoh Yang[(1)]	–	–	108,087,500	26.51
Choo Chee Kong[(2)]	205,000	0.05	52,662,500	12.92
Substantial shareholder				
Innovation (China) Limited[(1)]	106,987,500	26.24	–	–
Ng Eng Tiong	56,366,400	13.83	–	–
Messiah Limited[(2)]	52,662,500	12.92	–	–

Notes:

(1) Innovation (China) Limited is a private investment holding company incorporated in Hong Kong whose shareholders are Professor Lin Xiang Xiong @ Lin Ye (65%) and his wife, Tan Swee Ngin (35%). Lim Kuoh Yang is the son of Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin. As such, Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin are deemed interested in all the shares held by Innovation (China) Limited by virtue of their respective interests in Innovation (China) Limited and Lim Kuoh Yang is deemed interested in all the shares held by Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin under Section 7 of the Companies Act.

(2) Messiah Limited is a private investment holding company incorporated in the British Virgin Islands whose shareholders are Choo Chee Kong (51%) and his wife, Lim Sok Cheng Julie (49%). As such, Choo Chee Kong and Lim Sok Cheng Julie are deemed to be interested in all the shares held by Messiah Limited under Section 7 of the Companies Act. The shares of Messiah Limited are registered in the name of DBSN Services Pte Ltd.

As at the Latest Practicable Date, Innovation (China) Limited ("**Innovation**") is the controlling shareholder of the Company holding 106,987,500 shares, representing 26.24% interest in the issued and paid-up share capital of the Company. Professor Lin Xiang Xiong @ Lin Ye, the Executive Chairman of the Company, is also the director of Innovation and has a 65.00% direct interest in Innovation. Tan Swee Ngin, wife of Professor Lin Xiang Xiong @ Lin Ye, is a director of Innovation and holds the remaining 35% of the total issued and paid-up share capital of Innovation. Professor Lin Xiang Xiong @ Lin Ye is a shareholder of the Company holding 1,100,000 Shares representing 0.27% of the issued and paid-up share capital of the Company. Tan Swee Ngin has no direct shareholding interests in the Company. Lim Kuoh Yang, the Executive Director and the Chief Executive Offer of the Company, is the son of Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin. He does not hold any Share in the Company directly.

Definition 1(b) of the Code provides that a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) will be presumed to be persons acting in concert with each other unless the contrary is established. Accordingly, Innovation, Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin (both being directors of Innovation) and Lim Kuoh Yang (being a close relative of Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin) are presumed persons acting in concert with each other pursuant to the Take-over Code (collectively the "**Concert Parties 1**"), unless the contrary is established.

As at the Latest Practicable Date, Concert Parties 1 collectively hold an aggregate of 108,087,500 Shares representing approximately 26.51% of the total number of issued Shares of the Company.

As at the Latest Practicable date, Messiah Limited ("**Messiah**") is a substantial shareholder of the Company holding 52,662,500 shares, representing 12.92% interest in the issued and paid-up share capital of the Company. Choo Chee Kong, the Executive Vice Chairman of the Company, is also director of Messiah and has a 51.00% direct interest in Messiah. Lim Sok Cheng Julie, wife of Choo Chee Kong, is also a director of Messiah and holds the remaining 49% of the total issued and paid-up share capital of Messiah. Choo Chee Kong is a shareholder of the Company holding 205,000 Shares representing 0.05% of the issued and paid-up share capital of the Company. Lim Sok Cheng Julie has no direct shareholding interests in the Company.

Definition 1(b) of the Code provides that a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) will be presumed to be persons acting in concert with each other unless the contrary is established. Accordingly, Messiah, Choo Chee Kong and Lim Sok Cheng Julie (both being directors of Messiah) are presumed persons acting in concert pursuant to the Take-over Code (collectively the "**Concert Parties 2**"), unless the contrary is established.

As at the Latest Practicable Date, Concert Parties 2 collectively hold an aggregate of 52,867,500 Shares representing approximately 12.97% of the total number of issued Shares of the Company.

For illustrative purposes only, assuming that the Company purchases 40,769,300 Shares, the Company chooses to (i) reduce its issued share capital by cancellation of 40,769,300 Shares purchased or (ii) transfer the 40,769,300 Shares purchased to its treasury and there is no other change in the number of Shares held by the Directors and Substantial Shareholders:

	Direct interest	**%**	**Deemed interest**	**%**
Directors				
Professor Lin Xiang Xiong @ Lin Ye	1,100,000	0.30	106,987,500	29.16
Lim Kuoh Yang	–	–	108,087,500	29.46
Choo Chee Kong	205,000	0.06	52,662,500	14.35
Substantial shareholder				
Innovation (China) Limited	106,987,500	29.16	–	–
Ng Eng Tiong	56,366,400	15.36	–	–
Messiah Limited	52,662,500	14.35	–	–

Save as disclosed above, none of the Directors and Substantial Shareholders or their respective associates has any interest, direct or indirect, in the Share Buy Back Mandate.

Based on the Substantial Shareholders' notifications received by the Company as at the Latest Practicable Date, neither Concert Parties 1 nor Concert Parties 2, and none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the share purchase or acquisitions by the Company pursuant to the Share Buy-Back Mandate.

1.10 Taxation

(a) Company's Treatment

Under Section 10J of the Singapore Income Tax Act (Cap 134), where a company is a tax resident in Singapore purchases or otherwise acquires shares issued by it from any shareholder of the company and such shares are deemed cancelled under Section 76B of the Companies Act by way of a Market Purchase or an Off-Market Purchase, to the extent that the payment for the share purchase is made out of the contributed capital of the company, such payment should not be regarded as a payment of dividend by the company to the shareholders, and an amount equal to the payment shall be debited to the contributed capital account kept by the company. However, to the extent that the payment for the share purchase is not made out of the contributed capital of the company, such payment should be deemed to be a dividend paid by the company on the date of the payment.

As the Company is a tax resident in Singapore for Singapore income tax purposes and is under the one-tier corporate tax regime, to the extent that the payment for the share purchase is not made out of the contributed capital of the Company, the payment should be deemed as a dividend paid by the Company on the date of the payment and the dividend should be treated as a tax exempt (1-tier) dividend.

(b) Shareholder's Treatment

From a shareholder's perspective, the tax treatment of the receipt from a share purchase would depend on whether the sale is by way of a Market Purchase or an Off-market Purchase. A sale by a shareholder of his shares through a normal ready market counter will be treated like any other sale made on the SGX-ST, and not as a dividend. Whether the proceeds from such a sale are taxable in the hands of the shareholder will depend on whether such proceeds are receipts of an income or a capital nature.

Proceeds received in an Off-Market Purchase effected by way of an equal access scheme as defined in Section 76C of the Companies Act will be treated as a receipt of a dividend in the hands of the shareholder if the payment for the share buy-back is not made out of the contributed capital of the company. In the case where the consideration received pursuant to the share buy-back is treated as a tax exempt (1-tier) dividend in the hands of a shareholder, the dividend should be exempt from Singapore income tax in the hands of that shareholder (both resident and non-resident) in Singapore. Accordingly, no deduction of the cost of the shares sold will be allowed, but the cost base will be apportioned among the remaining shares.

Shareholders should note that the foregoing is not regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Share Purchase Mandate.

Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisors.

1.11 Interested Persons

The Company is prohibited from knowingly buying Shares on the Official List of SGX-ST from an interest person, that is, a Director, the chief executive of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

1.12 Reporting requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve the proposed Share Buy Back Mandate, the Directors shall lodge a copy of the relevant Shareholders' resolution with ACRA.

The Directors shall lodge with ACRA a notice of share purchase within thirty (30) days of a share purchase. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form.

1.13 Listing Manual

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day on which Market Purchase was made; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement currently requires the inclusion of details of, *inter alia*, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable. Such announcement will be made in the form prescribed by the Listing Manual.

1.14 No purchases during price-sensitive developments

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buy Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases during the period of two (2) weeks and one (1) month immediately preceding the announcement of the Company's quarterly results and the annual (full-year) results respectively.

2. ACTION TO BE TAKEN BY SHAREHOLDERS

The AGM will be held at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 on 28 April 2015 at 3.00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification the Ordinary Resolution as set out in the Notice of AGM.

Shareholders who are unable to attend the AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455, not later than forty-eight (48) hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes in place of the proxy if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Division 7A of Part IV of the Companies Act at least forty-eight (48) hours before the AGM.

3. DIRECTORS' RECOMMENDATIONS

The Directors, having carefully considered the terms and rationale of the Share Buy Back Mandate, are of the opinion that the proposed adoption of the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the Ordinary Resolution relating to the proposed adoption of the Share Buy Back Mandate to be proposed at the AGM to be held on 28 April 2015.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed Share Buy Back Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

5. DOCUMENTS FOR INSPECTION

A copy of the following documents may be inspected at the registered office of the Company at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455, during normal business hours from the date of this Addendum up to and including the date of the AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2014; and

(b) the Memorandum and Articles .

Yours faithfully
For and on behalf of the Board of Directors of
CNMC Goldmine Holdings Limited

Mr. Lim Kuoh Yang
Chief Executive Officer