



CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

(Company Registration No.: 201119104K)

Unaudited Financial Statement and Dividend Announcement For the Third Quarter Ended 30 September 2016

*This announcement has been prepared by CNMC Goldmine Holdings Limited (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 announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2016 US\$ (Unaudited)	30 September 2015 US\$ (Unaudited)	Increase/ (Decrease) %	30 September 2016 US\$ (Unaudited)	30 September 2015 US\$ (Unaudited)	Increase/ (Decrease) %
Revenue	8,454,845	9,947,896	(15.0)	29,483,058	27,171,509	8.5
Other operating income	1,818	602	202.0	880,125	16,148	n.m.
Changes in inventories	33,799	(217,468)	n.m.	(346,844)	(289,970)	19.6
Amortisation and depreciation	(1,209,010)	(965,164)	25.3	(3,555,040)	(2,811,926)	26.4
Employee benefits expenses	(796,226)	(542,333)	46.8	(2,319,247)	(1,578,818)	46.9
Key management remuneration	(671,405)	(541,582)	24.0	(1,980,521)	(1,656,189)	19.6
Marketing and publicity expenses	(373,834)	(109,490)	241.4	(430,045)	(193,805)	121.9
Office and administration expenses	(46,489)	(33,190)	40.1	(172,644)	(206,865)	(16.5)
Professional fees	(145,744)	(146,023)	(0.2)	(406,369)	(466,563)	(12.9)
Rental expense on operating lease	(226,133)	(212,913)	6.2	(719,171)	(647,967)	11.0
Royalty and tribute fee expenses	(901,779)	(740,651)	21.8	(2,453,921)	(2,033,648)	20.7
Site and factory expenses	(1,329,910)	(1,239,953)	7.3	(4,072,154)	(4,072,029)	0.0
Travelling and transportation expenses	(90,936)	(33,250)	173.5	(190,203)	(137,189)	38.6
Other operating expenses	(461,789)	(2,837,515)	(83.7)	(101,730)	(3,712,199)	(97.3)
Results from operating activities	2,237,207	2,328,966	(3.9)	13,615,294	9,380,489	45.1
Finance income	305,799	126,670	141.4	753,152	326,841	130.4
Finance costs	(493)	(2,220)	(77.8)	(1,604)	(7,875)	(79.6)
Net finance income	305,306	124,450	145.3	751,548	318,966	135.6
Profit before tax	2,542,513	2,453,416	3.6	14,366,842	9,699,455	48.1
Tax expenses	(295,941)	(73,604)	302.1	(662,320)	(354,077)	87.1
Profit for the period	2,246,572	2,379,812	(5.6)	13,704,522	9,345,378	46.6
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from consolidation of foreign subsidiaries	(5,612)	(42,720)	(86.9)	10,285	(64,445)	n.m.
Total comprehensive profit for the period	2,240,960	2,337,092	(4.1)	13,714,807	9,280,933	47.8
Profit attributable to:						
Owners of the Company	1,764,808	1,829,887	(3.6)	11,024,172	7,399,936	49.0
Non-controlling interests	481,764	549,925	(12.4)	2,680,350	1,945,442	37.8
Profit for the period	2,246,572	2,379,812	(5.6)	13,704,522	9,345,378	46.6
Total comprehensive income attributable to:						
Owners of the Company	1,760,114	1,794,150	(1.9)	11,032,777	7,346,024	50.2
Non-controlling interests	480,846	542,942	(11.4)	2,682,030	1,934,909	38.6
Total comprehensive income for the period	2,240,960	2,337,092	(4.1)	13,714,807	9,280,933	47.8

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2016 US\$ (Unaudited)	30 September 2015 US\$ (Unaudited)	Increase/ (Decrease) %	30 September 2016 US\$ (Unaudited)	30 September 2015 US\$ (Unaudited)	Increase/ (Decrease) %
Profit for the period/year is stated after charging/(crediting) the following:						
Finance costs	493	2,220	(77.8)	1,604	7,875	(79.6)
Amortization and depreciation	1,209,010	965,164	25.3	3,555,040	2,811,926	26.4
Property, plant and equipment written off	-	2,716	(100.0)	100,070	3,159	n.m.
Gain on disposal of property, plant and equipment	-	-	-	-	(8,030)	(100.0)
Loss/(Gain) on foreign exchange						
- Unrealised	484,053	2,717,291	(82.2)	(836,176)	3,682,350	n.m.
- Realised	(22,894)	66,588	n.m.	(36,426)	25,918	n.m.

n.m. -- not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 September 2016 US\$ (Unaudited)	31 December 2015 US\$ (Audited)	30 September 2016 US\$ (Unaudited)	31 December 2015 US\$ (Audited)
	ASSETS			
Non-current assets				
Exploration and evaluation assets	2,162,057	2,084,960	-	-
Mine properties	13,723,934	9,617,124	-	-
Property, plant and equipment	6,929,548	8,163,432	60,847	109,525
Investment in subsidiaries	-	-	8,306,587	8,306,587
Total non-current assets	22,815,539	19,865,516	8,367,434	8,416,112
Current assets				
Inventories	583,869	868,800	-	-
Trade and other receivables	2,468,867	832,096	12,221,229	8,469,129
Cash and cash equivalents	33,488,347	22,134,539	987,169	902,869
Total current assets	36,541,083	23,835,435	13,208,398	9,371,998
Total assets	59,356,622	43,700,951	21,575,832	17,788,110
EQUITY				
Share Capital	18,032,233	18,032,233	18,032,233	18,032,233
Treasury shares	(75,092)	(75,092)	(75,092)	(75,092)
Capital Reserve	2,824,635	2,824,635	-	-
Retained earnings/(Accumulated losses)	21,427,849	12,773,507	(3,014,895)	(1,228,256)
Translation reserves	(52,019)	(60,624)	-	-
	42,157,606	33,494,659	14,942,246	16,728,885
Non-controlling interest	6,955,725	4,551,057	-	-
Total equity	49,113,331	38,045,716	14,942,246	16,728,885
LIABILITIES				
Non-current liabilities				
Loans and borrowings	73,490	100,429	-	-
Deferred tax liabilities	1,412,858	1,249,649	-	-
Total non-current liabilities	1,486,348	1,350,078	-	-
Current liabilities				
Loans and borrowings	42,078	42,613	-	-
Trade and other payables	7,766,385	2,998,863	6,633,586	539,293
Accrued rehabilitation costs	666,483	326,635	-	-
Dividend payable	-	916,800	-	518,541
Current tax liabilities	281,997	20,246	-	1,391
Total current liabilities	8,756,943	4,305,157	6,633,586	1,059,225
Total Liabilities	10,243,291	5,655,235	6,633,586	1,059,225
Total equity and liabilities	59,356,622	43,700,951	21,575,832	17,788,110

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 30 September 2016		As at 31 December 2015	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
42,078	-	42,613	-

Amount repayable after one year

As at 30 September 2016		As at 31 December 2015	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
73,490	-	100,429	-

Details of any collateral

The Group's borrowings as at 30 September 2016 comprised finance lease liabilities, which were secured on the Group's motor vehicles. The net carrying amounts of the motor vehicles as at 30 September 2016 amounted to US\$78,244 (31 December 2015: US\$161,311).

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			
	Three Months ended		Nine Months ended	
	30 September 2016 US\$ (Unaudited)	30 September 2015 US\$ (Unaudited)	30 September 2016 US\$ (Unaudited)	30 September 2015 US\$ (Unaudited)
Operating activities				
Profit for the period	2,246,572	2,379,812	13,704,522	9,345,378
Adjustments for:				
Depreciation of property, plant and equipment	658,645	533,148	1,939,383	1,709,982
Amortisation of mine properties	550,365	432,016	1,615,657	1,101,944
Property, plant and equipment written off	-	2,716	100,070	3,159
Gain in disposal of property, plant and equipment	-	-	-	(8,030)
Finance income	(305,799)	(126,670)	(753,152)	(326,841)
Finance costs	493	2,220	1,604	7,875
Unrealised loss/(gain) on foreign exchange	484,053	2,717,291	(836,176)	3,682,350
Tax expense	295,941	73,604	662,320	354,077
Operating profit before working capital changes	3,930,270	6,014,137	16,434,228	15,869,894
Changes in working capital:				
Inventories	49,662	159,880	284,931	4,671
Trade and other receivables	(1,229,808)	1,376,683	(2,349,520)	(725,418)
Trade and other payables	787,845	(504,211)	1,191,566	391,913
Cash generated from operations	3,537,969	7,046,489	15,561,205	15,541,060
Tax paid	(345,426)	(331,139)	(346,263)	(334,227)
Finance income received	305,799	126,670	753,152	326,841
Finance costs paid	(493)	(2,220)	(1,604)	(7,875)
Net cash generated from operating activities	3,497,849	6,839,800	15,966,490	15,525,799
Investing Activities				
Purchases of property, plant and equipment	(213,790)	(655,364)	(880,578)	(1,969,187)
Proceeds from disposal of property, plant and equipment	-	-	-	8,030
Payment for exploration and evaluation assets, and mine properties	(654,641)	(345,981)	(821,534)	(887,625)
Net cash used in investing activities	(868,431)	(1,001,345)	(1,702,112)	(2,848,782)
Financing activities				
Dividend paid to equity holders of the Company	(608,088)	(534,157)	(2,888,737)	(2,154,829)
Dividend paid to non-controlling interests	(282,948)	(233,000)	(684,285)	(532,096)
Share buyback	-	(75,092)	-	(75,092)
Payment of finance lease liabilities	(12,418)	(11,565)	(37,184)	(57,950)
Net cash used in financing activities	(903,454)	(853,814)	(3,610,206)	(2,819,967)
Net increase in cash and cash equivalents	1,725,964	4,984,641	10,654,172	9,857,050
Cash and cash equivalents at beginning of the period	32,475,788	16,224,412	22,134,539	12,339,714
Effect of exchange rate fluctuations on cash held	(713,405)	(2,894,223)	699,636	(3,881,934)
Cash and cash equivalents in the statement of financial position	33,488,347	18,314,830	33,488,347	18,314,830

During the three months period ended 30 September 2016 (“3Q 2016”), the Group acquired property, plant and equipment at an aggregate cost of US\$213,790 compared to US\$750,470 for the corresponding three months period ended 30 September 2015 (“3Q 2015”). As at 30 September 2016, there were no amount outstanding for the acquisitions made in 3Q 2016, compared to a consideration of US\$95,106 remained unpaid as at 30 September 2015 for the acquisitions in 3Q 2015.

The Group also acquired exploration and evaluation assets, as well as mine properties in 3Q 2016 at an aggregate cost of US\$5,411,545 (3Q 2015: US\$945,310), of which US\$5,089,939 (3Q-2015: Nil) is in relation to the one-time 21-year mining lease extension processing fees and US\$128,345 (3Q 2015: US\$58,182) relates to accrued rehabilitation cost. As at 30 September 2016, a total consideration of US\$4,006,559 for the acquisitions made in 3Q 2016 had yet to be paid, compared to US\$541,147 as at 30 September 2015 for the acquisitions in 3Q 2015.

As at 30 September 2016, the Group’s cash and cash equivalents amounted to US\$33.49 million (30 September 2015: US\$18.31 million), comprising currencies denominated in MYR, SGD and USD. Please refer to item 8(b) on cash flows analysis for further details.

The Group has no bank loans.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group (Unaudited)	Share capital US\$	Treasury Shares US\$	Capital reserve US\$	Translation reserves US\$	Retained earnings US\$	Total attributable to equity holders of the Company US\$	Non-controlling interests US\$	Total equity US\$
Balance as at 1 January 2015	18,032,233	-	2,824,635	(15,899)	4,318,583	25,159,552	2,652,568	27,812,120
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	5,570,049	5,570,049	1,395,517	6,965,566
Other comprehensive income for the period								
Exchange difference	-	-	-	(18,175)	-	(18,175)	(3,550)	(21,725)
Total comprehensive income for the period	-	-	-	(18,175)	5,570,049	5,551,874	1,391,967	6,943,841
Transactions with owners, recognized directly in equity								
2014 Final and special dividend declared and paid	-	-	-	-	(1,158,409)	(1,158,409)	-	(1,158,409)
2015 First dividend declared by subsidiary to non-controlling interest	-	-	-	-	-	-	(233,330)	(233,330)
Total transaction with owners	-	-	-	-	(1,158,409)	(1,158,409)	(233,330)	(1,391,739)
Balance as at 30 June 2015	18,032,233	-	2,824,635	(34,074)	8,730,223	29,553,017	3,811,205	33,364,222
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	1,829,887	1,829,887	549,925	2,379,812
Other comprehensive income for the period								
Exchange difference	-	-	-	(35,737)	-	(35,737)	(6,983)	(42,720)
Total comprehensive income for the period	-	-	-	(35,737)	1,829,887	1,794,150	542,942	2,337,092
Transactions with owners, recognized directly in equity								
2015 First interim dividend declared and paid	-	-	-	-	(534,157)	(534,157)	-	(534,157)
Share buyback	-	(75,092)	-	-	-	(75,092)	-	(75,092)
Total transaction with owners	-	(75,092)	-	-	(534,157)	(609,249)	-	(609,249)
Balance as at 30 September 2015	18,032,233	(75,092)	2,824,635	(69,811)	10,025,953	30,737,918	4,354,147	35,092,065

Group (Unaudited)	Share capital	Treasury Shares	Capital reserve	Translation reserves	Retained earnings	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2016	18,032,233	(75,092)	2,824,635	(60,624)	12,773,507	33,494,659	4,551,057	38,045,716
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	9,259,364	9,259,364	2,198,586	11,457,950
Other comprehensive income for the period								
Exchange difference	-	-	-	13,299	-	13,299	2,598	15,897
Total comprehensive income for the period	-	-	-	13,299	9,259,364	9,272,663	2,201,184	11,473,847
Transactions with owners, recognized directly in equity								
2015 Final and special dividend declared and paid	-	-	-	-	(1,761,742)	(1,761,742)	-	(1,761,742)
2016 First dividend declared by subsidiary to non-controlling interest	-	-	-	-	-	-	(277,362)	(277,362)
Total transaction with owners	-	-	-	-	(1,761,742)	(1,761,742)	(277,362)	(2,039,104)
Balance as at 30 June 2016	18,032,233	(75,092)	2,824,635	(47,325)	20,271,129	41,005,580	6,474,879	47,480,459
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	1,764,808	1,764,808	481,764	2,246,572
Other comprehensive income for the period								
Exchange difference	-	-	-	(4,694)	-	(4,694)	(918)	(5,612)
Total comprehensive income for the period	-	-	-	(4,694)	1,764,808	1,760,114	480,846	2,240,960
Transactions with owners, recognized directly in equity								
2016 First interim dividend declared and paid	-	-	-	-	(608,088)	(608,088)	-	(608,088)
Total transaction with owners	-	-	-	-	(608,088)	(608,088)	-	(608,088)
Balance as at 30 September 2016	18,032,233	(75,092)	2,824,635	(52,019)	21,427,849	42,157,606	6,955,725	49,113,331

Company	Share capital US\$	Treasury shares US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 January 2015	18,032,233	-	(1,961,722)	16,070,511
Profit for the period	-	-	716,034	716,034
2014 Final and special dividend declared and paid	-	-	(1,158,409)	(1,158,409)
Balance as at 30 June 2015	18,032,233	-	(2,404,097)	15,628,136
Loss for the period	-	-	(200,923)	(200,923)
2015 First interim dividend declared and paid	-	-	(534,157)	(534,157)
Share buyback	-	(75,092)	-	(75,092)
Balance as at 30 September 2015	18,032,233	(75,092)	(3,139,177)	14,817,964
Balance as at 1 January 2016	18,032,233	(75,092)	(1,228,256)	16,728,885
Profit for the period	-	-	816,157	816,157
2015 Final and special dividend declared and paid	-	-	(1,761,742)	(1,761,742)
Balance as at 30 June 2016	18,032,233	(75,092)	(2,173,841)	15,783,300
Loss for the period	-	-	(232,966)	(232,966)
2016 First interim dividend declared and paid	-	-	(608,088)	(608,088)
Balance as at 30 September 2016	18,032,233	(75,092)	(3,014,895)	14,942,246

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Share capital (\$)	Share capital (US\$)
As at 30 September 2016 and 30 June 2016	407,293,000	22,890,024	18,032,233

As at 30 September 2016, the Company held 400,000 ordinary shares as treasury shares (30 September 2015: 400,000). The total number of issued shares of the Company (excluding treasury shares) as at 30 September 2016 and 30 September 2015 was 407,293,000.

Save as stated above, the Company did not have any outstanding options, convertible securities or treasury shares as at 30 September 2016 and 30 September 2015.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company As at 30 September 2016 (Unaudited)	Company As at 31 December 2015 (Audited)
Total number of issued shares	407,693,000	407,693,000
Treasury shares	(400,000)	(400,000)
Total number of issued shares, excluding treasury shares	<u>407,293,000</u>	<u>407,293,000</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. No treasury shares had been sold, transferred, disposed, cancelled or used in any other manner as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group adopted a number of new Financial Reporting Standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2016. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group			
	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2016	2015	2016	2015
Profit attributable to owners of the Company (US\$)	1,764,808	1,829,887	11,024,172	7,399,936
Weighted average number of ordinary shares	407,293,000	407,302,206	407,293,000	407,561,303
Basic earnings per ordinary share:				
- US cents	0.43	0.45	2.71	1.82
- SG cents ⁽¹⁾	0.59	0.63	3.72	2.56

Note:-

(1) Basic/diluted earnings per ordinary share translated at an exchange rate of USD/SGD 1.3740 and 1.4077 for period ended 30 September 2016 and 30 September 2015 respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**
(a) current period reported on; and
(b) immediately preceding financial year

	Group		Company	
	30 September 2016 (Unaudited)	31 December 2015 (Audited)	30 September 2016 (Unaudited)	31 December 2015 (Audited)
Net asset value (US\$) ⁽¹⁾	42,157,606	33,494,659	14,942,246	16,728,885
Number of shares at the end of the period	407,293,000	407,293,000	407,293,000	407,293,000
Net asset value per share:				
- US cents	10.35	8.22	3.67	4.11
- SG cents ⁽²⁾	14.10	11.62	5.00	5.81

Note:-

(1) Net asset value represents total assets less total liabilities and non-controlling interests.

(2) Net asset value per share translated at an exchange rate of USD/SGD 1.3620 and 1.4138 for period ended 30 September 2016 and 31 December 2015 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;

Revenue

Illustrated below is the summary of the financial performance of the Group for 3Q 2016 and the comparative financial performance for 3Q 2015:

	3Q 2016	3Q 2015	Increase / (Decrease) %
Production volume of fine gold (ounces)	6,284.68	8,304.67	(24.3)
Sales volume of gold (ounces)	6,284.68	8,304.67	(24.3)
Revenue – Total (US\$'000)	8,454.85	9,947.90	(15.0)
Average realised gold price (US\$/ounce)	1,345.31	1,197.87	12.3

The Group's revenue decreased 15.0% to US\$8.45 million in 3Q 2016 from US\$9.95 million in 3Q 2015. The fall was due to a decrease in the production and sales volume of fine gold and partly offset with an increase in average realised price of gold in 3Q 2016 compared to 3Q 2015.

The production and sales volume of fine gold decreased 24.3% to 6,284.68 ounces in 3Q 2016 from 8,304.67 ounces in 3Q 2015. This was a result of lower productivity due to the temporary stop work order ("SWO") which was made in connection with the State Government's review of the Company's application for Large Scale Operation status, received on 19 July 2016. The SWO, which was lifted on 25 July 2016, halted mining

operations for seven days. This significantly affected production and took the operation team another 14 days to reinstate the production process.

The average realised gold price increased 12.3% in 3Q 2016 compared to 3Q 2015.

Other income or expenses

In 3Q 2016, the Group recorded net other operating expenses of US\$0.46 million, compared to US\$2.84 million in 3Q 2015. This was due to an unrealised loss on foreign currency exchange of US\$0.48 million in 3Q 2016 compared to US\$2.72 million in 3Q 2015, arising mainly from Malaysian Ringgit (“MYR”)-denominated cash deposits. The unrealised loss on foreign currency exchange was mainly due to the depreciation of MYR against USD.

Operating expenses

Operating expenses comprised mainly costs incurred for changes in inventories, site and factory expenses, amortisation costs for mine properties, depreciation expenses for property, plant and equipment, rental expense on operating lease, royalty and tribute fees paid to the Kelantan State authorities, remuneration for employees and management, and other general administrative expenses.

Total operating expenses increased by US\$0.98 million to US\$5.76 million in 3Q 2016 from US\$4.78 million in 3Q 2015.

The increase was mainly due to the following:-

- Increase in depreciation and amortisation by US\$0.24 million. This was mainly due to higher amortisation of mine properties resulting from the one-time processing fee for the Sokor gold field project’s 21-year mining lease extension. This one-time processing fee will be amortised over the remaining period of the new lease, which expires on 31 December 2034.
- Increase in key management remuneration and employees’ compensation by US\$0.38 million, mainly due to the accrual of performance bonus for 3Q 2016 and annual increment of remuneration in January 2016;
- Increase in marketing and publicity expenses by US\$0.26 million, mainly due to contributions to the Kelantan State Government for its corporate social responsibility activities.

Non-FRS Performance Measures

The Group adopted adjusted operating costs per ounce, all-in sustaining costs per ounce and all-in costs per ounce as non-FRS performance measures in accordance with World Gold Council guidelines. The Company believes these performance measures more fully define the total costs associated with its gold production. However, these performance measures have no standardized meaning. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with FRS. The Company reports these measures on sales volume of fine gold.

Summarised below is the information on the Group's all-in sustaining costs and all-in costs in 3Q 2016 and 3Q 2015:

	US\$ / gold ounce sold		Increase / (Decrease) %
	3Q 2016	3Q 2015	
Sales volume of fine gold (ounces)	6,284.68	8,304.67	(24.3)
Mining related costs	399	283	41.1
Royalty and tribute expenses	96	89	7.4
Adjusted operating costs⁽¹⁾	495	372	33.1
General and administrative costs	95	71	33.8
Capital expenditure	6	45	(86.7)
All-in sustaining costs⁽²⁾	596	488	22.1
Capital exploration (non-sustaining)	9	42	(79.6)
Capital expenditure (non-sustaining)	28	34	(17.6)
Partial payment for the 21-year mining lease extension	95	-	100
All-in costs⁽³⁾	728	564	29.1

- (1) Adjusted operating costs include production costs such as mining production and maintenance costs, royalties, and operating costs such as storage, net of by-product credits. The increase of gold ounces sold resulted in lower cost per gold ounce sold as fixed costs portion remains constant. These costs may vary from quarter to quarter, depending on the seasonal or cyclical factors, including among others, rainy season and grade of gold extracted from the ore.
- (2) All-in sustaining costs include adjusted operating costs and sustaining capital expenditure, corporate general and administrative expenses, exploration expense, reflecting the full cost of gold production from current operations.
- (3) Include all-in sustaining costs and non-sustaining costs. Non-sustaining costs are costs incurred for the new operations and costs related to construction of the new production facility for the existing operations where these projects will materially increase production in future.

The all-in costs of US\$728 per ounce in 3Q 2016 were higher than the all-in costs of US\$564 per ounce in 3Q 2015. This was mainly due to the SWO, which resulted in lower sales of fine gold, higher operating costs in relation to the reinstatement of production after the SWO was lifted and recognition of partial one-time processing fee payment in relation to the extension of the Sokor mining lease to 31 December 2034.

Finance income and costs

Finance income and costs comprised interest income from fixed deposits and interest expense on finance lease. The Group generated net finance income of US\$0.31 million in 3Q 2016, mainly due to the interest income earned from placement of fixed deposit.

Tax expense

The main operating subsidiary of the Group, CMNM Mining Group Sdn Bhd ("CMNM"), was granted the Pioneer Status Incentive ("PSI") by the Malaysian Investment Development Authority in 2014. The PSI entitles the Group's Sokor gold field project (operated through CMNM) to 100% income tax exemption on its statutory income on gold dore bars for a period of five years from 1 July 2013 to 30 June 2018. The income tax expense arose mainly from a tax on interest income earned from placement of fixed deposit and withholding taxes accrued on management fees charged by the Company in 3Q 2016.

Profit after tax

For 3Q 2016, the Group's profit after tax declined 5.6% or US\$0.13 million to US\$2.25 million in 3Q 2016 from US\$2.38 million in 3Q 2015 due to the reasons stated above.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The comparative performance of the assets and liabilities listed below is based on financial statements as at 31 December 2015 and 30 September 2016.

Assets

Mine properties increased by US\$4.10 million to US\$13.72 million as at 30 September 2016 from US\$9.62 million as at 31 December 2015, mainly due to the capitalization of the one-time processing fees of US\$5.09 million for the 21-year mining lease extension, increase in rehabilitation costs of US\$0.32 million and drilling costs of US\$0.23 million. The overall increase was partially offset by amortization expenses of US\$1.62 million.

Property, plant and equipment decreased by US\$1.23 million to US\$6.93 million as at 30 September 2016 from US\$8.16 million as at 31 December 2015, mainly due to the depreciation of property, plant and equipment of US\$2.03 million and a write-off of US\$0.10 million for property, plant and equipment. The decrease was partly offset by the addition of property, plant and equipment of US\$0.90 million.

Inventories decreased by US\$0.29 million to US\$0.58 million as at 30 September 2016 from US\$0.87 million as at 31 December 2015 mainly due to a decline of US\$0.25 million work-in-progress, resulting from higher realization of the costs of work-in-progress.

Trade and other receivables increased by US\$1.64 million to US\$2.47 million as at 30 September 2016 from US\$0.83 million as at 31 December 2015. This was mainly due to an increase in trade receivables from US\$0.10 million as at 31 December 2015 to US\$1.73 million as at 30 September 2016. The Group subsequently received full payment for the balance of US\$1.73 million in early October 2016.

Liabilities

Total liabilities increased by US\$4.58 million to US\$10.24 million as at 30 September 2016 from US\$5.66 million as at 31 December 2015. The increase was mainly due to an amount of US\$4.02 million payable to the Kelantan State Authorities pertaining to the approval of the 21-year mining lease extension, rehabilitation cost of US\$0.34 million, an increase in accrued performance bonus of US\$0.79 million and current tax liabilities of US\$0.26 million.

The overall increase was partly offset by a decrease of US\$0.92 million in dividend payable, due to the Company's payment on 20 January 2016 of the 2nd interim dividend of S\$733,127 (equivalent to US\$518,541) for the financial year ended 31 December 2015 and the payment on 11 January 2016 of the 3rd interim dividend of US\$398,259 to non-controlling interests for the financial year ended 31 December 2015.

As at 30 September 2016, the Group had positive working capital of US\$27.78 million compared to US\$19.53 million as at 31 December 2015.

Cash flows

Net cash generated from operating activities amounted to US\$3.50 million in 3Q 2016 compared to US\$6.84 million in 3Q 2015. The net operating cash inflow was mainly due to an operating profit before working capital changes of US\$3.93 million, adjusted for working capital outflows of US\$0.39 million, mainly attributable to the decrease in inventories of US\$0.05 million, increase in trade and other receivables of US\$1.23 million and increase in trade and other payables of US\$0.79 million.

Net cash used in investing activities in 3Q 2016 amounted to US\$0.87 million, comprising payments to acquire property, plant and equipment as well as mine properties.

Net cash used in financing activities in 3Q 2016 amounted to US\$0.90 million. This was mainly for dividends of US\$0.61 million paid to equity holders of the Company and US\$0.28 million paid to non-controlling interests.

As at 30 September 2016, the Group had cash and cash equivalents of US\$33.49 million, up US\$15.18 million from US\$18.31 million as at 30 September 2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual results for 3Q 2016 are consistent with the commentary under paragraph 10 of the Company's announcement of the financial statements for the three months financial period ended 30 June 2016.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Having run up strongly for most of this year, gold prices have come off somewhat in recent months in anticipation of interest rate hikes by the US Federal Reserve, which will have its final monetary policy meeting for 2016 in December.

While higher interest rates could drive up the US dollar in the foreseeable future, potentially making gold less attractive, the Group believes the longer-term outlook for the precious metal is still positive.

The Group will continue to focus on increasing production and keeping costs down. With the mining lease for Sokor gold field recently extended until 2034, the Group can now better plan for long-term exploration and development of Sokor gold field. The proposed acquisition of 51% of Pulai Mining Sdn Bhd, which owns a brownfield mining project nearly four times the size of Sokor's, will also underpin the Group's long-term prospects.

The substantial rise in all-in cost of production during this quarter was due to the temporary stop-work order, which was an one-off event and partial recognition of the one-time processing fee payment in relation to the extension of the Sokor mining lease to 31 December 2034.

The Group expects its all-in cost of production for the next quarter to be markedly higher than in 3Q 2016, as it recognises the balance of the one-time processing fee payment in relation to the extension of the Sokor mining lease to 31 December 2034. In addition, the royalty fees will increase from 5% to 10% pursuant to the change in the regulations and the Group also expect the tribute fees may increase from 3% to 4%.

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year: Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable:

Not applicable.

(d) Books closure date:

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommend.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from its shareholders for IPT.

In 3Q 2016, the Group did not enter into any IPT of more than S\$100,000.

Additional Disclosure Required for Mineral, Oil and Gas companies**14a. Rule 705 (6)(a) of the Catalyst Listing Manual****i. Use of funds/cash for the quarter:-**

In 3Q 2016, funds/cash was mainly used for the following production activities, as compared to the projections:-

Purpose	Amount (US\$ million)	Amount (US\$ million)
	Actual Usage	Projected Usage
Exploration and evaluation activities	0.16	0.50
Payments for machinery purchased in current and prior periods	0.17	0.14
Payments for diesel and other production materials	1.11	1.42
Royalty and tribute fees to government	0.64	1.07
Rental of equipment	0.21	0.22
Upkeep of equipment and motor vehicles	0.20	0.25
General working capital	1.76	1.12
Total	4.25	4.72

ii. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:-

For the next immediate quarter (financial period from 1 October 2016 to 31 December 2016 ("4Q 2016")), the Group's use of funds/cash for production activities is expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.26
Payment for the 21-years mining lease extension	4.30
Payments for machinery purchased in current and prior periods	0.09
Payments for diesel and other production materials	1.25
Royalty and tribute fees to government	1.03
Rental of equipment	0.22
Upkeep of equipment and motor vehicles	0.20
General working capital	1.59
Total	8.94

The Group's exploration plans from 1 October 2016 to 31 December 2016 are as follows:-

(a) Geological Investigation

The geological investigation for the next quarter will focus on field reconnaissance and geological mapping on existing and potential new concessions. Currently the Geology Department is working on 2 concessions: Ulu Sokor area and Pulai Mining concession.

Ulu Sokor area:

- i) Investigation on silver-bearing black-colored soil distributed in the eastern part, trending north-south, from Amang river in the north to Taba river in the south.

Pulai mining concession:

- i) Reconnaissance on magnetite (iron) ore occurrence in the eastern block of Pulai mining concession and preparation for geophysics survey.
- ii) Investigate the potential of oxidised hard-rock gold deposit in the concession area especially Peninsula blocks.

Rock chip and float samples will be routinely collected and tested by the Group's in-house laboratory. The geological investigation points and drillhole collars will be accurately surveyed by Real Time Kinematic (RTK) satellite investigation, using *CHC X91* GNSS receivers.

(b) Diamond drilling program

Diamond core drilling will be fulfilled by Sinomine Resource Exploration Sdn. Bhd., using one diamond rig capable of drilling NQ drill core size to 1,000 meters in depth.

Drilling activity for 4Q 2016 will be temporarily halted until further notice. Geology Department will interpret the assay data and make adjustment before resuming drilling program.

14b. Rule 705 (6)(b) of the Catalist Listing Manual

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.

15a. Rule 705 (7)(a) of the Catalist Listing Manual

Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated;

In 3Q 2016, the Group capitalised a total of US\$0.08 million for exploration and evaluation expenditures activities carried out during the financial period.

The Group carried out the following exploration activities in 3Q 2016:-

(a) Geological Investigation

Ulu Sokor area:

A series of investigations were done on surrounding areas of Taba River and Amang River. A drillhole in Amang River and 7 drillholes in Taba River were carried out, respectively.

ZKF 101-6 drillhole was planted in New Found Lode to assist the production needs.

Pulai concession:

A few visits to Pulai concession were made, ranging from 2 days to a week, to assess the potential of magnetite (iron) ore mine and placer gold deposit, also to verify the authenticity and accuracy of previous geological workings.

Total of 316 rock chip samples were collected with the assistance from Pulai's geologists and 32 hand specimens were sent for petrographic identification.

(b) Drilling Program

8 drillholes were completed in 3Q 2016, with a total footage of 989.64 m. Drillholes details are shown in Table 1.

Table 1: Completed drillholes for 3Q 2016

Drillholes	Designed locations		Completed depths (m)
	Easting	Northing	
ZKF 101-6	443647	613136	210.48
ZKSA 22-2	445117	617573	95.81
ZKM 106-6	444749	613520	130.83
ZKM 104-3	444694	613489	74.43
ZKM 114-4	444936	613570	216.52
ZKM 114-5	444961	613526	94.38
ZKM 112-7	444918	613503	72.16
ZKM 110-4	444834	613568	95.03

(c) Half core sampling and analysis

A total of 417 half-core samples and 737 rock chip/ soil samples were analyzed by in-house laboratory, including 316 rock chip samples from Pulai concession and 12 rock chip samples from Jeli area.

15b. Rule 705 (7)(b) of the Catalist Listing Manual

Update on its reserves and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.

The Company had on 11 April 2016 despatched the qualified person's report on the updated mineral resource and ore reserve estimates as at 31 December 2015 ("QPR 2015") to update shareholders on its resource and reserve information. The QPR 2015 is contained in the Company's annual report for FY2015 ("AR 2015"). A soft copy of the AR 2015 is available for download on the SGXNET and the Company's website.

There were no material updates on the QPR 2015 as at 30 September 2016.

16. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the third quarter ended 30 September 2016 to be false and misleading in any material aspect.

17. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual

The Company has procured undertakings from all its directors and executive officers under Rule 720(1).

By Order of the Board

Lim Kuoh Yang
Chief Executive Officer

7 November 2016