



PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF KELGOLD MINING SDN. BHD.

1. INTRODUCTION

The board of directors (the “**Board**”) of CNMC Goldmine Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a shares sale agreement (the “**SSA**”) on 18 March 2017 with Lee Beng Huat, Gan Geak Ean@Gan Geek Chean, Khor Pho Juan and Mahesan Bin Mohamed (collectively, the “**Vendors**”) to acquire 4 ordinary shares of KelGold Mining Sdn. Bhd. (“**KelGold**”), representing 100% of the issued and paid-up share capital of KelGold (the “**Proposed Acquisition**”) and a tribute agreement with SY Kelgold Venture Sdn Bhd (“**SY Kelgold**”).

The Vendors and SY KelGold are independent third parties and are not related, whether directly or indirectly, to the Company and/or its Directors, controlling shareholders or their respective associates.

2. INFORMATION ON KELGOLD

KelGold has obtained rights to explore iron ore, gold and/or other minerals in an area of approximately 1,550 hectares (or 15.5 square kilometres)(“**Land 1**”) that expires in 2019 and is in the midst of renewing its rights to explore gold and/or other minerals in an area of approximately 870 hectares (or 8.7 square kilometres)(“**Land 2**”) in the state of Kelantan, Malaysia.

KelGold is currently in a net liability position of approximately RM0.05 million based on its latest audited financial statements as at 30 June 2015 (“**FY2015**”). Notwithstanding the aforesaid net liability position, the Proposed Acquisition has significant potential based on geological information so far available and there is strategic synergy with the Company due to the geographic proximity of Land 1 and Land 2 to the Group’s existing Sokor project.

3. RATIONALE OF THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group’s corporate strategy to explore opportunities in the acquisition and development of other mining projects in Malaysia.

4. PURCHASE CONSIDERATION

The purchase consideration for the Proposed Acquisition (the “**Consideration**”) shall be RM2,500,000, payable in cash as follows:

- (a) RM750,000 upon the execution of the SSA and transfer of the entire issued and paid-up share capital of KelGold to the Company;

- (b) RM750,000 within 14 days upon the mining license for Land 1 being obtained and the execution of a valid and satisfactory deed of assignment of the said mining licence to KelGold;
- (c) RM500,000 within 14 days upon the exploration licence for Land 2 being renewed and obtained from the relevant authority; and
- (d) RM500,000 within 14 days upon the mining license for Land 2 being obtained and the execution of a valid and satisfactory deed of assignment of the said mining licence to KelGold.

The Company will also be making a tribute payment of 2.5 % gross on the sale of gold extracted from the Land 1 and Land 2 on top of the prevailing royalty fee of 10% and additional tribute payment of 6% to Yayasan Kelantan Darulnaim.

The Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the recent in-house exploration reconnaissance data on Land 1 and Land 2. As at the date of this announcement, no formal or third party valuation of KelGold has been carried out. Upon completion of the Proposed Acquisition, the Company will commence detailed geological exploration surveys with the objective of assessing mineral resource and ore reserve potential in Land 1 and Land 2 in accordance with the standards prescribed by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC).

5. CONDITIONS PRECEDENT

The completion of the SSA is subject to the fulfilment (or waiver of), *inter alia*, the following conditions by 18 September 2017 or an extended period of three months thereon:

- (a) completion by the Company and/or its professional advisers of all legal, commercial and financial due diligence investigations on KelGold and the results of such due diligence being satisfactory to the Company in the Company's sole and absolute discretion;
- (b) the Company being satisfied in its sole and absolute discretion, that KelGold has been carrying on its business in a satisfactory manner and in its usual course and that all material approvals and consents required for the ordinary course of business of KelGold, including among others, the concessionary rights for the exploration, mining, extraction and removal of gold and other minerals at Land 1 and Land 2 within the State of Kelantan has been obtained, renewed and as at the date of completion of the Proposed Acquisition (the "**Completion Date**"), remain valid and effective;
- (c) no event occurrence, change or effect shall have occurred on or prior to Completion Date that would in the sole and absolute discretion of the Company have a material adverse effect on KelGold;
- (d) a written declaration from the directors of KelGold in the form satisfactory to the Company that, as at the Completion Date, KelGold is free of any debt or liability of any nature whatsoever, whether actual, contingent or otherwise, other than debts that have arisen in the ordinary course of business such as trade payables and sundry debts; and
- (e) any other relevant approval(s) or waiver(s) by the relevant governmental and regulatory authorities to or of the SSA, and/or the sale and purchase of the 4 ordinary shares in KelGold upon the terms and conditions of the SSA, if the Company determines that it is/ they are necessary or if it is/they are required by the relevant authorities.

In the event any of the conditions set forth is not fulfilled or complied with to the satisfaction of the Company, then unless so waived or time is extended for the due performance of any conditions remaining to be fulfilled or complied with, the SSA shall be terminated and no party shall have any further rights against the others, save to the extent that any right shall have accrued to the relevant party.

6. RELATIVE FIGURES UNDER CATALIST RULE 1006

The relative figures computed on the relevant bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual: Section B: Rules of Catalist (the “**Catalist Rules**”) in respect of the Proposed Acquisition and based on the unaudited financial statements of the Group for the financial year ended 31 December 2016 (“**FY2016**”) are as follows:

Rule 1006	Base	Relative figure
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable
(b)	The net loss ⁽¹⁾ attributable to the assets acquired, compared with the Group's net profit ⁽¹⁾ .	n/m ⁽²⁾
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	0.48% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable

Notes:-

(1) “net profits or loss” means the profit or loss (as the case may be) before income tax, minority interests and extraordinary items.

(2) n/m – Not material. KelGold has yet to commence operations. As such, the net loss attributable to KelGold of US\$111 for FY2015 as compared to the net profit of the Group of US\$12.31 million for the unaudited financial statements for FY2016 is not material.

(3) Computed based on the Consideration of RM2,500,000 (equivalent to approximately S\$791,250) and the Company's market capitalisation of S\$163.32 million based on its 407.29 million shares and the volume weight price of S\$0.4010 for the Company's shares on 17 March 2017, being the market day preceding the date of the Agreement.

As the relative figure computed on the bases set out in Catalist Rules 1006(c) above does not exceed 5.0%, the Proposed Acquisition constitutes a non-discloseable transaction under Chapter 10 of the Catalist Rules.

Upon completion of the transfer of all the entire issued and paid-up share capital of KelGold to the Company, KelGold will become a subsidiary of the Company.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will be funded by internal resources and is not expected to have a material impact on the Group's net tangible assets per share and earnings per share for the financial year ending 31 December 2017.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company (save through his shareholding in the Company, if any) has any interest, direct or indirect, in the Proposed Acquisition.

9. FURTHER ANNOUNCEMENTS

Further announcements on the Proposed Acquisition will be made in due course as and when appropriate.

By Order of the Board

Lim Kuoh Yang
Chief Executive Officer

20 March 2017

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.

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.