ANNUAL REPORT 2018 年报

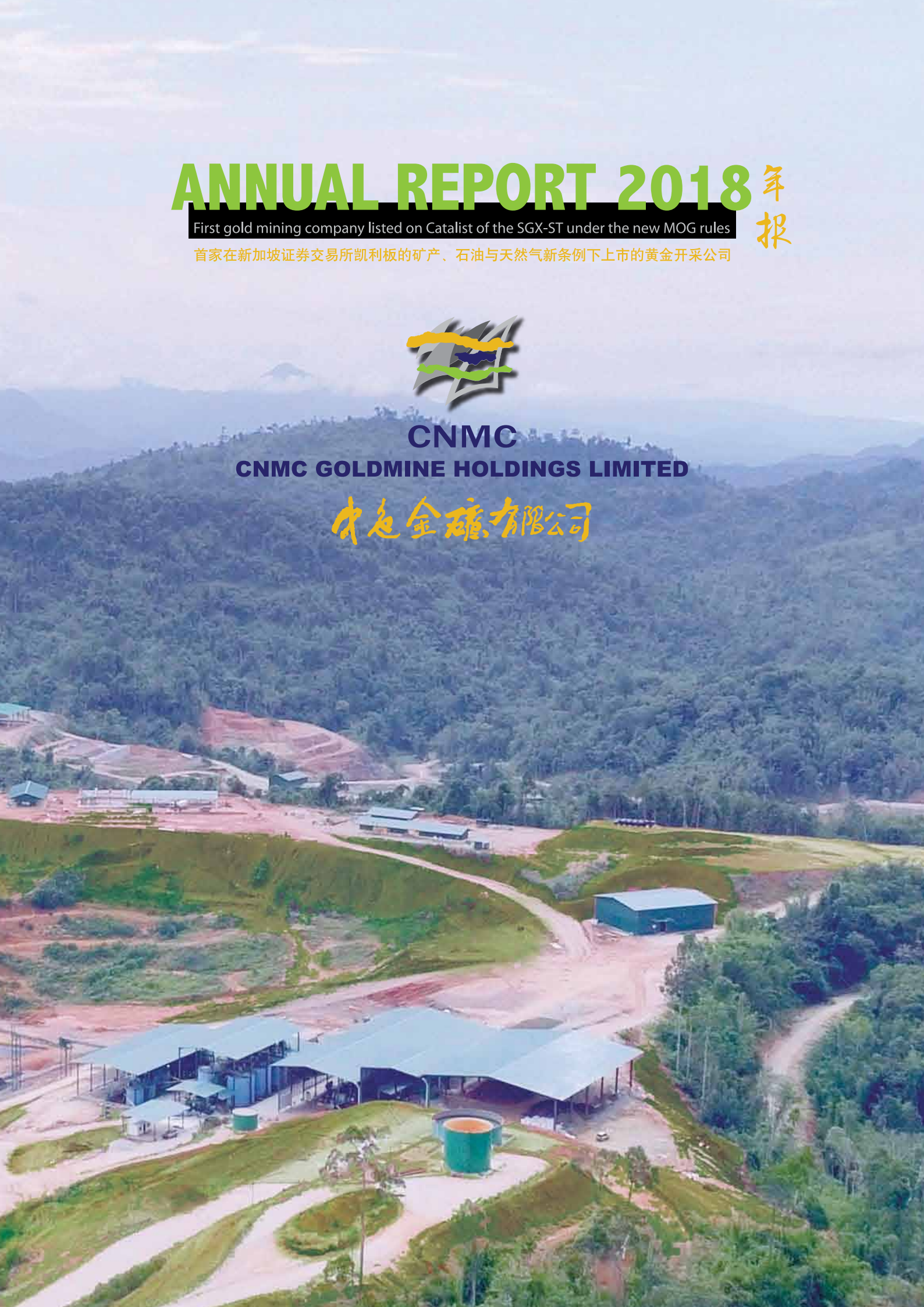
First gold mining company listed on Catalist of the SGX-ST under the new MOG rules

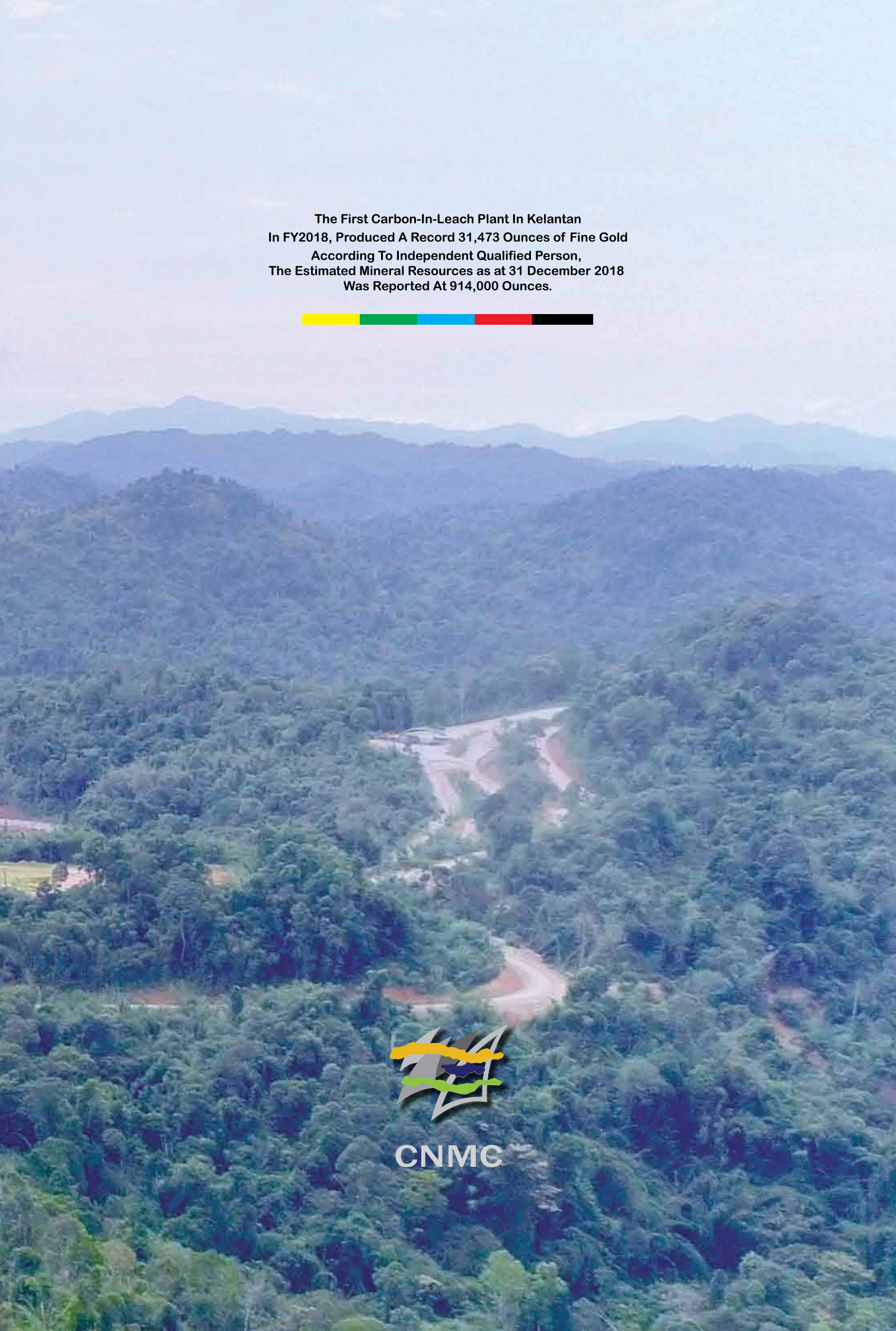
首家在新加坡证券交易所凯利板的矿产、石油与天然气新条例下上市的黄金开采公司

CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中色金矿有限公司





The First Carbon-In-Leach Plant In Kelantan
In FY2018, Produced A Record 31,473 Ounces of Fine Gold
According To Independent Qualified Person,
The Estimated Mineral Resources as at 31 December 2018
Was Reported At 914,000 Ounces.

CNMC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CNMC

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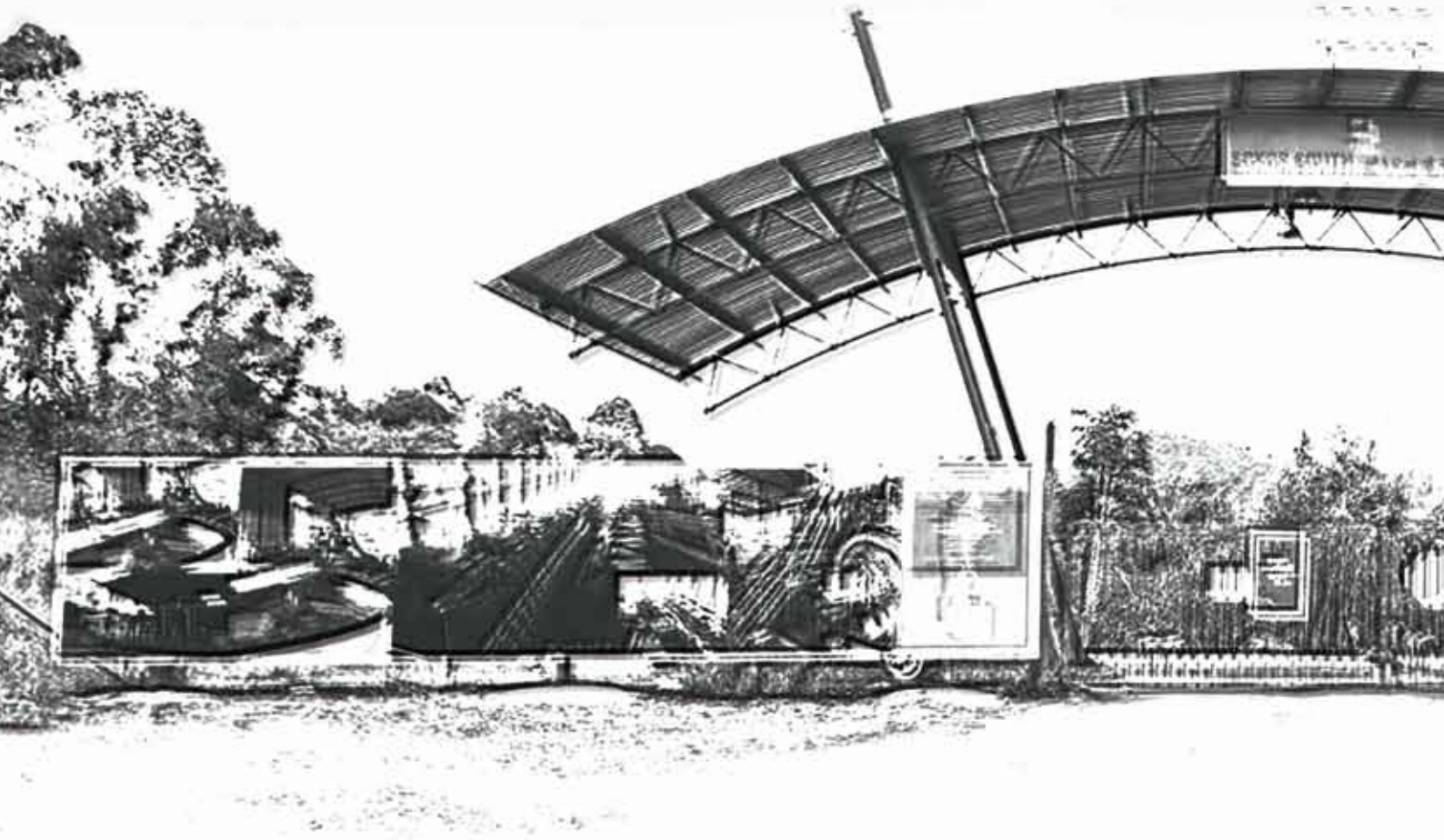


CONTENTS

政经震荡 唯金璀璨

一

世界二战在 1945 年落下帷幕以来，战胜与战败国家，莫不纷纷暂停歇息，养精蓄锐，候机待发与卧薪尝胆，重建家园与建设经济。日本，算是战败国的一面重新崛起旗帜，并在残垣废墟上重建家园与发展经济的代表！

二十世纪的百年岁月，对东、西方世界与政治制度，经济体系的不同信仰而产生了巨大的发展与建设上的落差。让人民深刻地感受到在人类社会里，究竟是更改、革新政治制度与调整经济策略（由政改到经改）而建设国家与富民强国，还是从经改到政改；致力发展经济，建设家园，提升民生，富民强国，然后再修宪调整政治体系。

二十世纪下半叶，世界上二个共产主义大国因分别以不同的“从政改到经改”以及“从经改到政改”的改革开放经济发展到调整政治体系苏联与中国在政、经改革二大不同方向与发展实践，证明了这二大社会主义，建设与民生发展的改革道路的巨大落差：前者分裂国土，自我削弱政经，而后者在原来的政治体系框架拼搏改革、创新，聚焦建设经济，改善民生，扶贫脱困，至终，富民强国，迅速提升综合势力：从经济、军事、外交，乃至社会建设、交通系统的全面发展，从而巩固了革新的具有特色的社会主义政治体系，从而在世界平台上自我重塑了国家形象与政经、外交的话语权，同时挑起大国对人类责任并为世界担当！

人类需要的是和平、平等、自由、民主，故任何政治与经济体系，若能从实践、实施发展中体现了上述，便是好政治与好经济策略！恰如邓小平的名言：“不管是白猫与黑猫，会抓老鼠的就是好猫！”。伟人名言，从朴素中洞察了人类需求与建设发展社会的驱动力！

二十世纪，可说是资本主义民主制度与社会主义共产制度二大政经体系的激烈斗争与角力时代！至终，前者战胜了后者而在地球政经版图上改变色彩与经济体系结构！但这并不代表着已“被更改”的政经体系的国度在社会建设与人民生活有着改变与提升！除了自力更生，自强不息，而坚持走自己政经道路与方向的东方大国 -- 中国之外，其他国家的改革成果并不彰显；至少，仍看不到“惊天动地”的业绩！

当我们回顾上个世纪的历史，看到二战结束后，北约冷战的终止、联合国的成立、教科文组织的诞生、世界贸易机构、世界卫生机构等等世界性机构与组织的创立，这意味着人类在历经两次世界大战洗礼与教训后，莫不深感“痛改前非”与“洗心革面”地迈向人类和平、和谐、和睦的康庄大道迈步。同时，重归到人类文明时代的理性思考并重塑世界未来！

公平、公正、平等、自由与民主是人类社会的普世价值观。处于不同的地域，不同种族与宗教信仰，无论传统与文化的差异，都一直朝向这条人文主义的道路迈进。因此，站在二十一世纪的今天，若我们必须给历史上的政、经、文评分时，就必须依托政治制度的多样性与多边主义，经济发展的全球化与互补及双赢分享，文化的多元一体的融合与揉和及相互吸纳而创新。这符合当今全人类生活、居住环境，精神感受的“金科玉律”标准从而裁判！

遗憾的是反顾人类历史，自二十世纪跨入到二十一世纪这近百年的世界演变，虽说民主制度的资本主义几乎彻底颠覆，并分解散布世界各地的共产制度的社会主义版图，但民主制度的资本主义并没改变、改善摆脱共产制度社会主义国家的人民生活素质与经济建设！反而暴露出民主制度资本主义的狰狞、虚伪、奸诈的真面目：军国主义、霸权主义、侵略主义……披上民主外套的环球侵略者！犹其是当今世界唯一的超级霸强国家——美国，在特朗普总统主导下推行“美国优先”的环球霸主地位政策，更印证了上述！

二

十四、五世纪到十九世纪，这四、五百年的日子，可说是西方世界独领风骚；因为，当摆脱了中世纪的教规教条的捆绑而通过“文艺复兴”的思想解放，人类心灵的翱翔而终创造了西方世界的政、经、文奇迹！领导世界数百年！

但，不幸的欧洲主义、欧洲中心主义与精神及文化思潮，至终在二战后让美国夺走了并取而代之！

人类历史的巨轮，在政、经、文这三股有形与无形的驱动下将朝向不同方向滚进！

“三十年河东，三十年河西。”

“盛久必衰，衰久必盛；合久必分，分久必合。”

这便是人类社会的朴素真理！

自然发展规律与人文演变规律，似乎在时空中有着奇妙般地联系与相通之处。当今世上唯一的超级强国，从未改变其既定的政策，为了政治版图的扩张与联盟，更为了其经济可持续性的发展而软性诉求地怀柔夺取或明目张胆地掠夺不一而足，造成了中东地区烽火不停，硝烟不息，社会动荡不安，人民离国外逃，国土分裂，种族分离，终导致在欧洲社会埋下种族仇恨，社会秩序地雷与宗教信仰的冲突。

而这一切冷血行动，只为了满足军火商的利益要求，乃至彰显超级强国的权威性与其领导世界不可侵犯的地位！

美国特朗普总统，似乎是美国历史上的异数，他的理智思想中的野蛮基因，似乎操控了他的言行举止，从而不停地提出一系列的反文明，反人道，反法律与规章制度，疯狂任性，恣意妄为地在二十一世纪人类平台上时魔爪乱舞，肆无忌惮地抨击、威胁他国，更以军国主义霸凌天下，对俄罗斯、阿富汗、伊朗、朝鲜的经济制裁，对中国发动的贸易关税战，乃至到世界贸易组织（WTO）告状拟撤除中国的会员国地位。一手独操世贸大权，捣搅了世界贸易体系，更肆意破坏了既定的经济体系与制度，单边独断地退出与俄罗斯签署的《中导条约》，扬言筹组太空军，大拨军费建设军备，激发了新时代的环球军备 竞赛，引发了环球地缘政治的不确定性及埋下了点燃战争引爆线！

犹有甚者，毅然退出《联合国人权理事会》，轻率地退出《联合国气候大会》（巴黎协定），不文明地引退了《联合国教科文组织》，趾高气扬地抨击联合国不支持美国的提案而扬言拒绝支付会费。。。等等。

相信，他在美国历史上将是“独一无二，绝无仅有”的绝唱者！因为他不明白，中华文化核心价值与理念中的“得道多助，失道寡助”，以及“多行不义，必遭天惩”的千古不移真理。

以史为鉴，借古喻今，为时不远乎！

特朗普总统，他是否有如一些专家，学者给予的评述而将成为民主制度资本主义的终结者？他能否双手埋葬了这世上唯一超强军国主义与霸权主义而名留千古？让时间与历史给予我们答案！

三

纵观上述的历史梳理与政治、社会制度简略引证，我们似乎看到另一种更适合这 21 世纪人类社会和平共处的政经制度与体系的“模糊影子”；弃糠粕存精华地从资本主义的民主制度与社会主义的共产制度中取舍，融合从而产生了新的政治经济主义与制度？！

今年的献词，似乎对人类历史与政治、经济着墨太多。但，系于集团核心业务是天然资源，尤其是贵重金属并与世界政经局势、浮沉兴衰有着息息相关。因故便不得不作一番反顾、梳理、展望并以史为鉴。

人类历史进程中，经常为了物资而引发战争。尤其是战略资源：诸如石油、天然气、有色金属与黑金属，尤其是金！它不但是人类心中的物质载体与寄托，更是纸钞印刷支撑与凭据。为此，集团在投资建设，扩展业务以及增产时必须洞察时势与政局，才能掌握到扩展机遇。

2018 年，因美国单边地掀起了贸易关税战而在全球范围内引发了经济海啸，掀起了狂浪巨涛。为本是晴空万里和风和日丽的全球经济，遍布上漫天乌云、愁雾，而世界第一经济体向第二经济体发动了狂烈的经济、贸易关税战役！这种冲动、失智的野蛮行为，不但罔顾事实，及深层次地对不同政治体系结构与经济结构的差异而冒然点燃贸易“战火”，至终不但两败俱伤，同时波及其余国度，捣乱了世界经济发展秩序，乃至证券市场。损人伤己，招惹人民唾弃！

经济震荡，唯金璀璨。

中色集团在 2018 年度，可说是再创历史新高！产量突破了 31,473 盎司。远比 2017 年度的 14,817 盎司远超翻倍，产值扬高至 3,954 万美元，远比去年的 1,915 万美元超出一倍。全年净利却因丹州资源税的倍增，政联伙伴的奉纳金也提高，以及香港上市一笔开支，矿区扩大建设，增加员工、设备厂房等，而相反降低。

但管理层有信心，2019 年将会阳光璀璨，呈现出骄人业绩！原因全泥氰化炭浆厂自 2018 年 5 月份纳入生产正轨以来，已通过了磨合期，故生产将平稳提升并按计划产量完成任务。一旦产量提升，则将会减轻成本。倘若今年第三或第四季度工业供电能按计划完成，建设与铺设的话，将会节约燃料成本为集团创利。浮选厂的投入与建设及运作，一旦启动，相信也将会为集团带来额外的收入。而这便是集团旗舰——索谷矿区今年的发展策略。

卡莱矿区，地质工作进展顺利，一旦相关管制部门批文按计划批复，以及生产可行性报告符合商业价格，则将投入生产。管理层将竭力把卡莱打造成第二个索谷，为集团创利。

普莱矿区，今年将重新启动地质找矿工程，一旦丹州矿务局把一些障碍协调妥当，并颁发相关证件后，相信，将会为普莱矿区带来生产曙光。

中色集团在吉兰丹州已跨入了 12 个年头：自 2007 年至今年。而 2018 年可说是集团的丰收年，喜事连连，屡创佳绩及储量的历史新高：

1. 丹州第一间全泥氰化炭浆厂 (CIL) 生产岩金。
2. 产量名列马来西亚金矿业前茅。
3. 最令人鼓舞的亮点是扣除 2018 年已开采后的储量，净增长约 6 吨（19 万盎司）。

中色集团索谷矿区的金元素储量按 Optiro 的 JORC Code 报告，已达 914,000 盎司。投资矿业，最大的亮点是储量， 一旦有了储量并具有工业品位与商业价值，是令人庆幸与雀跃的事件！尤其是一年之内增加近 6 吨黄金储量！这属于非常罕见的“意外”，简直是奇迹！

天道酬勤，得道多助。

老子的哲学思想，似乎印证并体现在中色金矿的奇迹般发展上！

道行天下，厚德载物！

林祥雄教授

中色金矿有限公司 执行主席
2019 年 3 月 6 日 凌晨

AMIDST POLITICS AND ECONOMIC TURMOIL, GOLD ALONE SHINES

ONE

Since the end of World War II in 1945, both the victor and vanquished have taken time to recharge, rebuild homes and develop their economies, waiting for the opportunity to rise again. Japan is a classic example of one which has risen from defeat to rebuild and become an economic powerhouse.

In the twentieth century, the different beliefs in political systems and economic models between the East and the West led to massive gaps in development. Societies reflected and considered various paths forward for humanity. One school of thought encourages countries to update and reform their political systems before market liberalisation so as to fully harness the creativity and productivity of its people. Another preaches the merits of prioritising economic reforms to bring tangible benefits for people before considering constitutional changes to political systems.

In the second half of the twentieth century, the then Soviet Union and China embraced different strategies to reform their economies and political systems. This led to vastly different results for the two biggest communist countries in the world. The experiment by the former resulted in a collapse of its political system and economy and the dissolution of the Soviet Union. The latter kept its focus on economic development and poverty elimination to build a prosperous and cohesive society for its people before making changes to its political framework. Through its own experiment, China has found a unique political and economic model which led to its rapid ascension to superpower status within a relatively short span of time.

Humanity needs peace, equality, freedom, and democracy. Therefore, if any political and economic system can embody the above, it makes a good political and economic strategy! Quoting Deng Xiaoping's famous saying: "It does not matter if the cat is black or white as long as it catches the mouse!" Great sayings, providing insights from simple truths into human needs and driving forces to build a society!

The twentieth century can be said to be a fierce struggle and wrestling era of the two major political and economic systems of democratic capitalism and the communist's socialism. In the end, the former defeated the latter and changed the landscape of political and economic system globally. But this does not necessarily mean that the countries with a changed political and economic system has indeed changed and improved their societies and people's lives! Other than China which took its own path and focus on self-reliance, other nations had not demonstrated significant achievements.

Since the end of World War II, we saw a proliferation of international and multipolar institutions and organisations such as the United Nations, UNESCO World Trade Organisation (WTO) and World Health Organisation (WHO).

When we review the last century, we saw the end of the Cold War in NATO, the establishment of the United Nations, the birth of UNESCO, the WHO and other international institutions and organizations.

These incidents showed, after the fire baptism and lessons of the two world wars, humanity felt the burning need to find a path towards peace and harmony for humankind after painful lessons from two world wars. It is imperative for rationality to prevail as we shape the future of humanity.

Fairness, justice, equality, freedom, and democracy are universal values of human society. Regardless of differences between traditions and cultures, different regions, races and religions have been moving towards this humanistic path. Therefore, standing today in the 21st century, if we must grade the politics, economics, and literature in history, we must rely on the diversity of political systems and multilateralism, the globalization and complementarity of economic development and the win-win culture, the integration of pluralism and innovation and mutual acceptance and innovation. This is in line with the gold standard of today's human living, environment, and spiritual needs.

Regrettably as humankind moved into the 21st century, market capitalism which had swept through most of the communist regimes did not result in marked improvement in people's quality of life or economic development. Instead, it reveals the destruction brought by greed, hypocrisy and treachery of untamed free market capitalism.

Militarism and hegemonism appear to be on the rise again as attested by the “America First” policy preached by the new US president.

TWO

For almost five centuries to the nineteenth century, the West has led the rest of the world. The Renaissance in Europe liberated human minds and spirits which led to unprecedented achievements in all areas including political, economics and the arts.

However, unfortunately these and Europeanism were taken over by the United States after World War II.

The giant wheel of human history was to be driven in different directions under the visible and invisible driving forces of politics, economics and arts!

The ups and downs of life are changing, impermanence and unpredictable.

Prolonged prosperity would inevitably lead to decline, prolonged decline would inevitably lead to prosperity; prolonged amalgamation would inevitably lead to separation, prolonged separation would inevitably lead to amalgamation.

This is the basic truth of humanity.

The laws of natural development and human evolution seem to have interesting connections and similarities across time and space. The current strongest nation in the world has never changed its established policy. With the intention of expanding its political reach and its alliance, as well as sustaining its economic development, its act has led to wars and unrest in the Middle East. Such social upheavals and the millions of refugees forced from their homelands have potentially sowed the seeds of hatred and conflicts underneath the social fabric of Europe.

All these brutal acts only serve the needs of arms dealers and maybe showcase the might of the superpower!

The incumbent Republican president seems to be an exception in the US history. His barbaric genes in his thoughts seems to manipulate his acts and led to a series of anti-civilization, anti-humanity, anti-law and rules, frenzied, and willfulness in the 21st century. He unscrupulously and arrogantly slammed and threatened other countries. Economic sanctions were imposed against Russia, Afghanistan, Iran, and North Korea. Trade war was started against China amidst threat to cancel China’s membership in the WTO. The blatant manipulation of the WTO to its interest threatens to destroy the established multilateral trade systems. By unilaterally and arbitrarily withdrawing from the "Intermediate-Range Nuclear Forces Treaty" signed with Russia and massively increasing military spending, these are likely to trigger another round of global arm race and add significant geopolitical uncertainties.

The United States have also taken unprecedented steps to withdraw from the UN Human Rights Council, the UN Climate Conference (Paris Agreement) and UNESCO. It even threatened to withhold financial contributions to the United Nations when its resolutions failed to garner support in the United Nations.

The legacy of the incumbent US President is likely to be much debated by historians. For he does not understand the core values and concepts of Chinese culture of “a just cause attracts much support, an unjust one finds little" and "much injustice acts must be punished with retributions".

Using history as example to make a point, the time will not be far!

Will he be the one who brought an end to the democratic capitalism as some academics predicts? Will the only superpower today be destroyed by him? Time and history will provide the answer.

THREE

Taking lessons from history and analyzing today's development, is there a better way forward than the unrestrained capitalism of a democratic system or socialism from communist system? There appears to be some fuzzy ideas to take the best from both systems to forge a new way which better suits the 21st century.

My statement this year seems to address more on human history, politics, and economy. However, the core business of the Group is natural resources, especially precious metals, which are closely related to global political and economic situation. For this reason, I have to look back, analyse and look forward by learning from history.

In the course of human history, wars were often fought over resources. In particular, strategic resources such as oil, natural gas, non-ferrous metals, and black metals, especially gold! It is not only the material desire and sustenance in the human heart but a key role as a store of value. Hence, the Group should gain insights from the current economic and political situation while strategising its investment, expansion and production plan, to maximise opportunities.

The 2018 trade war saga had triggered an economic tsunami on a global scale. This impulsive and demented barbaric behavior not only disregards the facts, but also ignites trade war based on differences between different political and economic systems. In the end, not only both parties lose, everyone else is hurt as markets and economies are disrupted. Hurting others and self, provoking anger amongst the people!

While economy is in turmoil, gold alone shines.

The Group had achieved its highest production output to-date of approximately 31,473 ounces in FY2018, more than double the FY2017 output of 14,817 ounces. Correspondingly, revenue rose to US$39.54 million, from US$19.15 million in FY2017. Net profit for the whole year fell due to an increase in resource taxes levied, increase in royalty payments, the cost of the listing expenses in Hong Kong and, the expansion of the Group's exploration and mining activities also led to an increase in employee headcounts and equipment purchase.

Barring any unforeseen circumstances, the management is cautiously optimistic that FY2019 will be a good year for the Group. The carbon-in-leach plant operation has stabilized since it was put into production in May 2018. Assuming the installation of a national grid power line can be completed within second half of this year, the projected reduction in diesel consumption could potentially reduce production cost which may in turn boost the Group's profitability in 2019. The construction and operation of the flotation plant dedicated to extracting other non-ferrous metal is targeted to increase earnings for the Group once it is launched. These are the development strategy for the group's flagship Sokor gold mine in 2019.

The Kelgold project's on-going exploration activities are progressing well and is expected to enter into the production phase following the completion of feasibility studies and after securing all necessary licenses and permits from all relevant authorities and departments. The management will strive to duplicate the success of Sokor gold mine at Kelgold.

The Pulai project is progressing well with its exploration planning and permits application and we envision that the Group will recommence geological exploration activities in 2019.

The Group has entered into its 12th year of operation in Kelantan since 2007. 2018 is a year of abundance for the Group, packed with good news and historically good results:

1. The completion of the very first Carbon-In-Leach Plant in Kelantan State

2. Gold production hits new high and potentially propel the Group to become the largest gold producing company in Malaysia in terms of fine gold production in 2018 among all Malaysian gold mining companies.

3. Achieved full year growth in our gold resources estimate of 190,000 ounces after it has been depleted for on-going mining activities.

According to Optiro's JORC Code report, the gold resources estimate of the Group has reached 914,000 ounces. The biggest upside to investing in mining is resource growth. There has been an overall increase of 26% in gold resources estimate for 2018 with the replacement of gold resources exceeding the depletion of gold resources through mining. This bodes well for the Group, especially so when our gold resources increased by nearly 6 tonnes within one year! Such a significant increase in resource estimate is not commonly seen!

The diligent gets much rewards. The righteous receives much help.

Laozi's philosophy seems to be confirmed and reflected in the miraculous development of the Group!

Rationality and reason will prevail. Morality will be embraced by all.

Professor Lin Xiang Xiong
Founder and Executive Chairman
CNMC Goldmine Holdings Limited
6 March 2019
Early dawn

林祥雄教授（右三）

中色金矿创办人暨执行主席。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。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。数十年以来，他“艺经并轨，道行天下”，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。

2013 年出版五大册画集（一套）、6 册文集与 4 册评论集。2017 年出版另 4 册评论集与 3 册文集（文集 9 册、评论集 9 册）。

自 1968 年至 1987 年在新加坡、泰国曼谷举行过 7 次个人画展。自 1990，1994，2013 三度被中华人民共和国文化部邀请并支援在中国北京、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，诸如：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。2017 年 12 月，中国艺术研究院艺术与人文高等研究院礼聘为高级研究员。

2013–2015 年，他把从艺 50 年的部分作品策划了为期三年的世界巡展。2013 年亚洲首展在北京中国美术馆举办。2015 年 5 月，他受邀在比利时卡齐尔森林博物馆（该博物馆被列入联合国教科文组织世界遗产名录）筹开了为期三个月的个人画展，该画展也被列为“2015 · 蒙斯欧洲文化之都”官方节目之一，作品展出后被广泛认可，饮誉欧洲。2016 年，在联合国教科文巴黎总部筹开了为期三周的《艺术为了和平》大型东西方艺术对话画展。2017 年 3 月初，林教授在法国参议院卢森堡宫与前波兰总统、诺贝尔和平奖获得者莱赫 · 瓦文萨展开一场“艺术为了和平”的历史性讨论。同时期，在马来西亚槟城成功组织策划了“‘一带一路’与东南亚 · 首届槟城论坛”。2017 年 8 月，在比利时列日市，配合联合国教科文组织、国际哲学与人文科学理事会举办了首届“世界人文大会”国际论坛，并发表了开幕致辞与主旨演讲。他是“艺术为了和平”、“文明对话”这两项全球性艺术活动的倡议者、推行者与实践者。

朱治光先生（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。

林国扬先生（右二）

是中色金矿的执行董事和总裁。林先生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超过 18 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（左一）

是中色金矿的首席独立董事及审计委员会主席。同时，关先生也是新加坡主板上市的 Green Build Technology Limited 以及凯利板上市的 Kori Holdings Limited 的独立董事。关先生在会计、审计以及财务咨询领域有超过 20 年的经验。他曾在 1994 年至 2004 年期间任职于新加坡及马来西亚多家国际会计师事务所。之后，关先生便成立并经营自己的财务咨询公司。关先生拥有新加坡南洋理工大学的会计学学士学位，英国伦敦大学的法律荣誉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。他也持有新加坡律师资格。

陈宝财先生（左二）

是中色金矿的独立董事及薪酬委员会的主席。陈先生是位执业律师，主要执业于企业融资领域。陈先生在 1994 年考取新加坡律师资格。现任新加坡主板上市的 Nico Steel Holdings 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-Guildhall 大学（现为 London Metropolitan University）法律硕士学位。陈先生也是 Gray's Inn 的讼务律师。

颜秀蓮女士（右一）

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 Galaxy Professional Services Limited (Galaxy Entertainment Group Limited 属下子公司) 之副总裁（变更管理），她曾任职于多家跨国公司，包括 Singtel、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。

PROFESSOR LIN XIANG XIONG (Third From Right) 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. In 2004, he was appointed as the chief advisor on Kelantan-China International Trade for the Kelantan State Government. For decades, he combines arts and economic endeavor in his strife with good ability to take on the world ; and his effort at fusing into one the multifaceted spiritual and material civilizations, has won him praises and universal acceptance.

In 2013, he published five volumes of his painting collections (one set), six volumes of essay collections and four volumes of Introduction of Lin's Art. In 2017, he published the other four volumes of art reviews and three volumes of essay collections (consist of nine volumes of essay collections and nine volumes of arts review).

From 1968 to 1987, he held seven solo exhibitions in Singapore and Bangkok, Thailand. 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 and Culture Society. In 2004, 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. In 2017, he was appointed as the Senior Research Fellow by Institute for Advanced Studies in Arts and Humanities, Chinese National Academy of Arts.

From 2013 to 2015, a 3-year world tour exhibition of a selection of his artworks over the past 50 years was held in various cities. In 2013, his first exhibition was held in the National Art Museum of China, Beijing. In May 2015, he was invited to hold a three-month solo art exhibition in Bois du Cazier, Belgium (listed as a UNESCO World Heritage Site). This exhibition was also listed as one of the official program of "Mons 2015, European Capital of Culture". With his first exhibition held in Europe, his artworks are widely recognized by the European public. In May 2016, a 3-week grand art exhibition of Professor Lin's works titled "Art for Peace", calling for dialogue on arts between the East and the West, was held in UNESCO headquarters, Paris. In March 2017, Professor Lin and Mr. Lech Walesa, the former President of Poland as well as the Nobel Laureate had a conversation on "Art for Peace" at the Senate, Luxembourg Palace, France. Meanwhile, "The First International Penang Forum - The Belt and Road Initiative and Southeast Asia'" was organized by Prof Lin and was successfully held in Penang, Malaysia. In August 2017, Prof Lin gave the opening and keynote speech in the "World Humanities Conference" which was co-held by UNESCO and the International Council for Philosophy and Humanistic Studies (CIPSH) at Liege, Belgium. Professor Lin is an advocate of the worldwide project "Art for Peace" and "Cultural Dialogue".

CHOO CHEE KONG (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.

LIM KUOH YANG (Second From Right) 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 18 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 (First From Left) is the Lead Independent Director and the Chairman of the Audit Committee of CNMC. He is also the independent director of Green Build Technology Limited (listed on Mainboard of the SGX-ST) and Kori Holdings Limited (listed on Catalist of the SGX-ST). 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 has since been managing his own business and financial consulting firms. 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, a member of the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors. He was also admitted to the Singapore Bar.

TAN POH CHYE ALLAN (Second From Left) is the Independent Director and Chairman of the Remuneration Committee of CNMC. He is a lawyer and practises in the field of corporate finance, regulatory and compliance laws. He was admitted to the Singapore Bar in 1994. He is also an independent director of Nico Steel Holdings Limited listed on Mainboard of the SGX-ST. 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-Guildhall University (now named as the London Metropolitan University). He is also a Barrister-at-law of Gray's Inn.

AVRIL GAN (First From Right) is the Independent Director and Chairman of the Nominating Committee of CNMC. She has over two decades of successful global corporate and consulting experience. She is currently a Vice President (Change Management) at Galaxy Professional Services Limited, part of the Galaxy Entertainment Group Limited, and has previously worked with companies including Singtel, 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.

南洋商報

中色金矿：25%太高

丹同意降低矿物税

只等批文 建新厂采金

丹大臣：照顧自然環境安全

中色金礦 礦業楷模

强制金矿公司贵金抵2%税

丹政府年获10公斤金条

政府稅收下調創造多贏

中色金礦 鑫華 聯手採金

簽署協議聯手發展

林祥雄：扶持華教

熱心教育難能可貴

中色金礦爭取成功

礦務稅調至合理水平

香港主板上市

扩大股市交流网　体现矿业价值

中色金矿盼今年香港上市

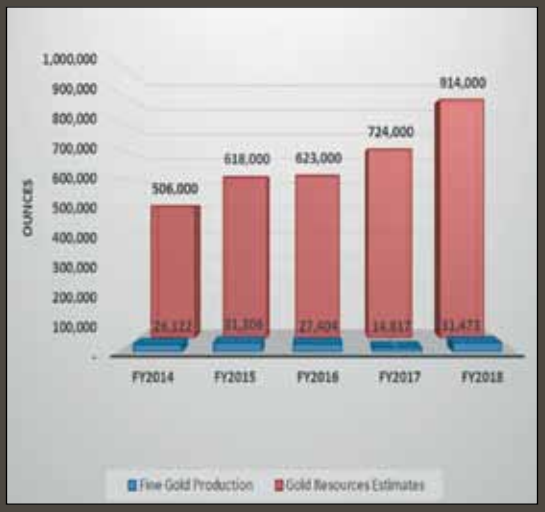
林祥雄：最好发展基地

香港上市能提升公司价值

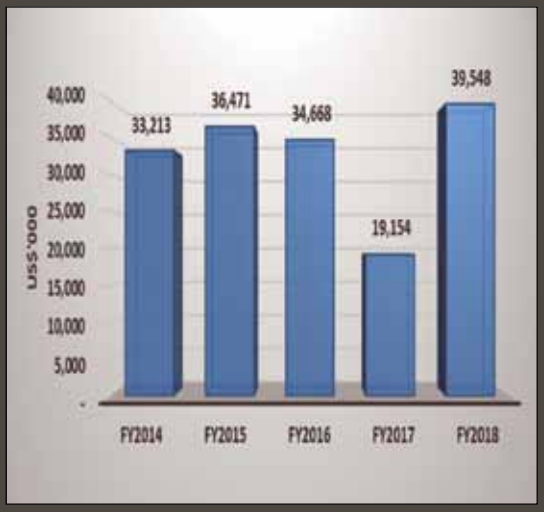

东三角
丹州年税收料增1890万
CNMC
中色金礦有限公司
40,000
35,000
30,000
25,000
33,213
36,471
34,668
19,154
39,548
東海岸
唤醒關心下一代教育
中色金礦扶貧濟困活動
林祥雄：築建綠色礦區
谁说只有金找人？
中色金矿与鑫海矿装联手
索谷矿场全泥氰化产矿
生产能力强
技术机械完善
中色金礦有限公司
吉蘭丹首間全泥氰化炭漿選廠（CIL）
UNESCO
林祥雄：大马转折期
应予首相更多时间治国
中色金矿年度扶贫活动
唤醒关注下一代教育

FINANCIAL HIGHLIGHTS 2018

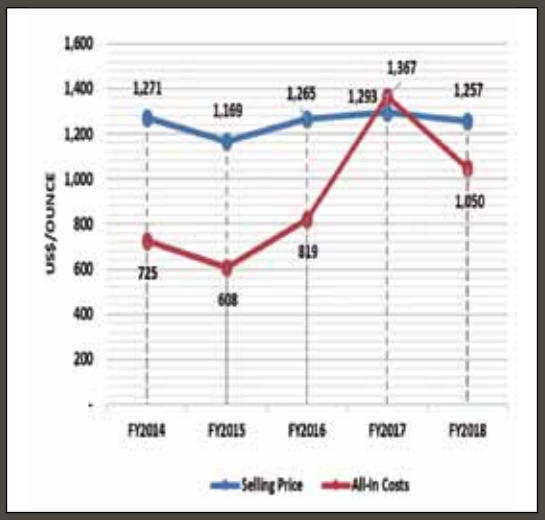
Gold Resources vs Gold Production



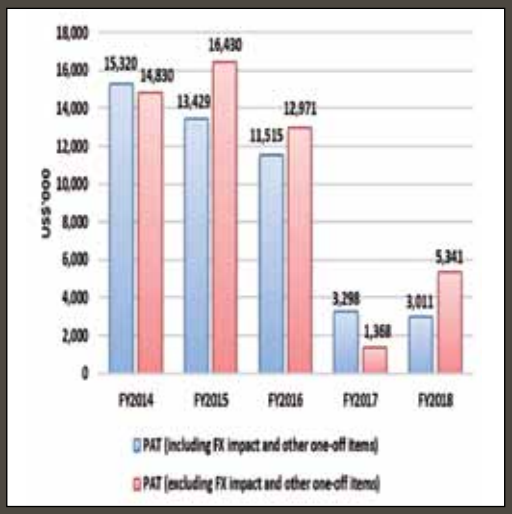
Revenue



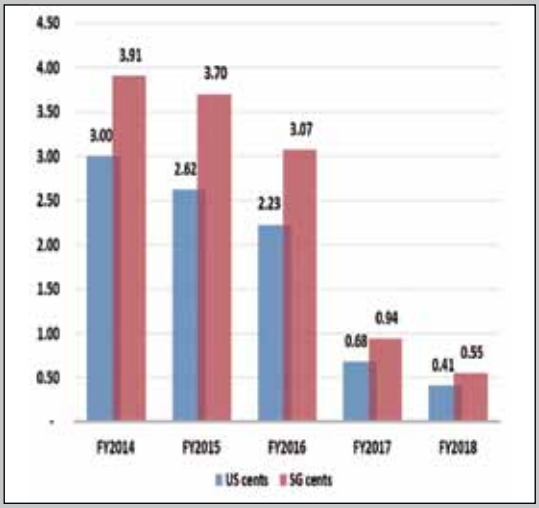
Selling Price vs All-in Costs of Fine Gold Sold



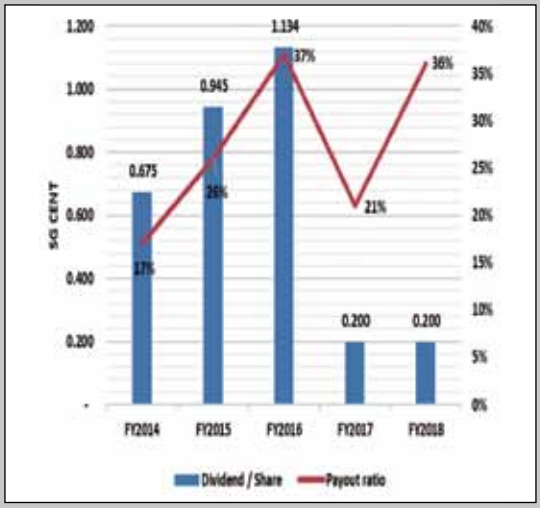
Profit After Taxation
(including and excluding FX impact and other one-off items)



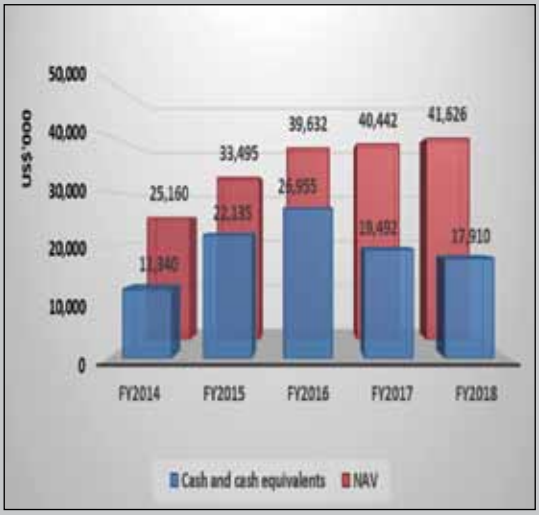
Earnings Per Share [1]



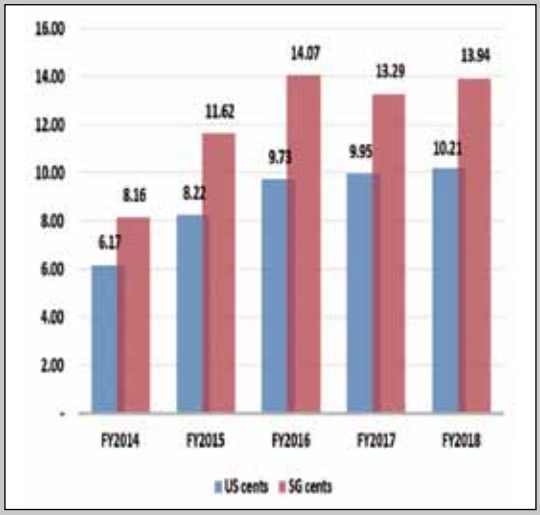
Dividend Per Share and Payout Ratio



Net Assets Value and Cash and Cash Equivalents



Net Asset Value Per Share [2]



[1] Based on an exchange rate of USD/SGD 1.3457, 1.3837, 1.3785, 1.4128 and 1.3038 for the financial year ended 31 December 2018, 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014, respectively.

[2] Based on an exchange rate of USD/SGD 1.3656, 1.3364, 1.4459, 1.4138 and 1.3229 as at 31 December 2018, 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014, respectively.

MILESTONES ACHIEVED IN 2018

25 April 2018

Entered into Joint Venture Agreement with Yayasan Kelantan Darulnaim ("YAKIN")

The Company's wholly-owned subsidiary Kelgold Mining Sdn. Bhd. entered into a joint venture agreement with YAKIN to carry out exploration works on approximately 1,550 hectares of land in Mukim Kalai, Kelantan, Malaysia.

2 May 2018

Official Opening of Carbon-In-Leach ("CIL") Plant

Kelantan's Chief Minister officiated the opening of the Company's CIL processing plant at Sokor gold mine in Kelantan, Malaysia. The CIL plant was completed in six months within a budget of RM25 million, and is the Group's third production facility at Sokor gold field. It can process approximately 500 tonnes of ore per day, with a recovery rate of up to 95% compared to approximately 65% for the Group's heap leach plant.

26 February 2019

Achieved Record Gold Production of 31,473 Ounces

In financial year 2018, the Group produced a record 31,473 ounces of fine gold, more than double of the Group's production in financial year 2017.

2 April 2019

Gold Resources Amounted to 17.91 Million Tonnes as at 31 December 2018

Gold resources amounted to 17.91 million tonnes at 1.6g/t gold grade as at 31 December 2018. This translated into 914,000 ounces of contained gold, representing a 26% increase compared to gold resources as at 31 December 2017.

OPERATIONS REVIEW

The primary focus of CNMC's operations in FY2018 was on increasing gold production and adding new mineral resources to its portfolio through continuous geo-exploration activities. The purpose of these geo-exploration activities was to replace depleted resources and find new resources for future gold production.

The Group's brand new carbon-in-leach ("CIL") plant at its flagship Sokor gold mine ("Sokor Project") in Malaysia's state of Kelantan began commercial production in May 2018. This facility propelled the Group's gold production in FY2018 to an all-time record high of 31,473.07 ounces of fine gold, more than double the 14,816.53 ounces produced in FY2017. In addition, construction of a brand new gold de-absorption and smelting facility located next to the CIL plant, to scale up operations and boost production efficiency, has been completed.

The Group has completed construction of the first of two new heap leach pads in FY2018 to replace three older ones. The new heap leach pad, which has since been put to use, is designed to hold mined ore for continuous leaching to enhance gold recovery. The second new heap leach pad will be built in FY2019. Together, they are expected to boost the Group's heap leaching capacity to 6.0 million tonnes of ore, from 2.8 million tonnes currently. When fully completed, the enhanced heap leaching system, which focuses on processing low-grade ore, is expected to yield better gold recovery as well as logistical cost savings. This is because there will not be any operational downtime as ore will be leached continuously without the need for it to be removed from the heap leach pads after being processed before new ore can be added.

The Group's ongoing exploration programme for the Sokor Project continues to yield positive results. It has been able to not only replenish resources depleted through mining but has also uncovered gold resources of a record 914,000 ounces as at 31 December 2018.

EXPLORATION

The Group completed 24 diamond holes with total drilling footage of 6,683.26 metres at the Sokor Project. The results were incorporated into a FY2018 Qualified Persons' Report by Australia-based mining services advisory firm Optiro Pty Ltd, CNMC's third-party independent resources and reserves estimation consultant.

The Group's exploration programme yielded positive results in terms of replenishing depleted resources at the Sokor Project. Taking into account the depletion from mining at Rixen, New Discovery, New Found and Ketubong, and based on the additional drilling during FY2018 within the Sokor Project, the mineral resources for gold increased by 26% or approximately 190,000 ounces. There was no change to the base metal and silver mineral resources at Manson's Lode as the focus for FY2018 exploration was to replace depleted gold resources and find new resources to expand gold production.

In the year under review, the Group completed 18 diamond drillholes and 34 exploration trenches in the northern section of the 15.5 km^2 exploration concession held by its 100%-owned Kelgold Mining Sdn Bhd ("Kelgold Project"). The Group also worked with consultants for exploration planning and execution for the 38.4 km^2 exploration and mining concessions held by its 51%-owned CNMC Pulai Mining Sdn Bhd ("Pulai Project").

OPERATIONS AND FINANCIAL REVIEW

MINERAL RESOURCES

As at 31 December 2018, the total Measured, Indicated and Inferred gold mineral resources for the Sokor Project (above a 0.17 g/t gold cut-off grade at Rixen and for oxide material at Ketubong, New Discovery and New Found and above a 0.5 g/t gold cut-off grade at Manson's Lode and for transitional and fresh rock at Ketubong, New Discovery and New Found) amounted to 17,907 kt at 1.6 g/t gold for 914,000 ounces of contained gold (inclusive of material used to define Ore Reserves).

Mineral resources at Manson's Lode contained additional silver, lead and zinc mineral resources of 1,410 kt with an average grade of 42 g/t silver, 1.6% lead and 1.7% zinc.

Compared to estimates as at 31 December 2017, there was an increase in gold mineral resource tonnage of 4,050 kt. The average gold grade of 1.6 g/t was the same as at 31 December 2017 and there was an overall increase of 26% in contained gold in the FY2018 mineral resources. There was no change to the base metal and silver mineral resources at Manson's Lode.

SOKOR PROJECT-MINERAL RESOURCE STATEMENT AS AT 31 DECEMBER 2018 (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	0.41	2.8	37	0.33	2.8	30	-25%
Indicated	Gold	9.22	1.5	438	7.47	1.5	355	56%
Inferred	Gold	8.27	1.7	439	6.70	1.7	355	12%
Total	**Gold**	**17.91**	**1.6**	**914**	**14.50**	**1.6**	**740**	**26%**
Measured	Silver	0.34	63	683	0.27	63	553	0%
Indicated	Silver	0.17	74	407	0.14	74	330	0%
Inferred	Silver	0.90	29	838	0.73	29	679	0%
Total	**Silver**	**1.41**	**42**	**1,928**	**1.14**	**42**	**1,562**	**0%**
Measured	Lead	0.34	1.5	5,058	0.27	1.5	4,097	0%
Indicated	Lead	0.17	1.5	2,560	0.14	1.5	2,074	0%
Inferred	Lead	0.90	1.7	15,407	0.73	1.7	12,480	0%
Total	**Lead**	**1.41**	**1.6**	**23,025**	**1.14**	**1.6**	**18,650**	**0%**
Measured	Zinc	0.34	1.9	6,370	0.27	1.9	5,160	0%
Indicated	Zinc	0.17	2.0	3,365	0.14	2.0	2,726	0%
Inferred	Zinc	0.90	1.5	13,770	0.73	1.5	11,154	0%
Total	**Zinc**	**1.41**	**1.7**	**23,505**	**1.14**	**1.7**	**19,039**	**0%**

The mineral resources estimates for the Sokor Project were prepared and classified by Optiro Pty Ltd in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The code is prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, December 2012 (the "JORC Code 2012").

OPERATIONS AND FINANCIAL REVIEW

ORE RESERVES

In terms of Ore Reserves, the Sokor Project registered a 33% decrease as at 31 December 2018 compared to 31 December 2017 largely due to mining depletion at Rixen as well as sufficient underground mining plans for Rixen did not yet exist as at 31 December 2018 to enable the conversion to Ore Reserves. The combined gold ore reserves estimate for Rixen, Manson's Lode and New Discovery is shown in the table below. Total Ore Reserves as at 31 December 2018 are reported in accordance with the JORC Code 2012.

COMBINED SOKOR PROJECT GOLD ORE RESERVES (MANSON'S LODE, NEW DISCOVERY AND RIXEN) AND MINERAL RESOURCES (AT MANSON'S LODE, NEW DISCOVERY AND NEW FOUND, RIXEN AND KETUBONG THAT ARE ADDITIONAL TO ORE RESERVES AT MANSON'S LODE, NEW DISCOVERY AND RIXEN) AS AT 31 DECEMBER 2018

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 (%)
Ore Reserves								
Proved	Gold	292	3.3	31	237	3.3	25	-24%
Probable	Gold	2,263	1.4	104	1,833	1.4	84	-35%
Total	**Gold**	**2,555**	**1.6**	**135**	**2,070**	**1.6**	**109**	**-33%**
Additional Mineral Resources								
Measured	Gold	116	1.1	4	94	1.1	3	-25%
Indicated	Gold	6,534	1.5	320	5,293	1.5	259	188%
Inferred	Gold	8,137	1.7	436	6,591	1.7	354	11%
Total	**Gold**	**14,785**	**1.6**	**760**	**11,977**	**1.6**	**616**	**49%**

Having succeeded in extracting high-grade ore and processing it into fine gold using the CIL plant, the Group is studying the possibility of doubling the production capacity of the current CIL plant as part of efforts to further boost production. The expanded CIL plant will focus on processing high-grade ore mainly on Rixen, one of five gold-deposit regions at the Sokor Project.

As part of ongoing efforts to reduce costs, the Group conducted feasibility studies on installing a national grid power line at Sokor to reduce dependence on diesel, one of its main mining consumables. A national grid power line at Sokor Project, if installed, will significantly reduce the Group's diesel consumption by reducing reliance on diesel generators.

The Group remains committed to the planned construction of a flotation plant at Sokor Project to process ore containing silver, lead and zinc so that it can diversify its mining portfolio to include the production and sale of these metals.

The Group will continue to place emphasis on exploration activities to continue replacing depleted resources, as well as increasing gold, silver, lead and zinc resources and reserves in the Sokor Project. It also plans to expedite exploration for gold at the Kelgold Project and resume exploration programmes for gold, iron ore and feldspar at the Pulai Project.

OPERATIONS AND FINANCIAL REVIEW

FINANCIAL REVIEW

REVENUE AND PROFITABILITY

The Group's revenue doubled, by 106.5% to US$39.55 million in FY2018 from US$19.15 million in FY2017. The surge was due to the significant increase in production and sales volume of fine gold. The production volume of fine gold increased by 112.4%, mainly due to contributions from the new carbon-in-leach ("CIL") plant, which began commercial production in May 2018. The increase in sales volume was moderated by a slight fall in the average realised gold price during FY2018.

The Group's profit after tax declined by 8.7% to US$3.01 million in FY2018 from US$3.30 million in FY2017, mainly due to expenses incurred for the Proposed Dual Listing on Stock Exchange of Hong Kong and the grant of performance shares to deserving employees. The profit offset was mitigated by the reversal of Pulai's tax penalty accrual which was previously provided for.

As a result, the Group's earnings per share decreased by 39.7% to 0.41 US cent in FY2018 from 0.68 US cent in FY2017.

ALL-IN-COSTS

In FY2018, all-in costs of US$1,050 per ounce were 23.2% lower than all-in costs of US$1,367 per ounce in FY2017. This was mainly due to economies of scale arising from the higher production and sales volume of fine gold, though partly offset by higher general and administrative costs and capital expenditure in non-sustaining operations.

FINANCIAL POSITION

The Group's net assets rose by US$1.2 million to US$41.6 million as at 31 December 2018 from US$40.4 million as at 31 December 2017. Net asset value per share increased to 10.21 US cents as at 31 December 2018 from 9.95 US cents over the comparative period.

As at 31 December 2018, the Group had cash and cash equivalents of US$17.9 million, a decrease from US$19.5 million as at the end of the previous year. The decrease was mainly due to the cash used in the construction of the CIL plant during the financial year.

The Group has no bank borrowings.

DIVIDENDS

For FY2018, the Group has proposed a final tax exempt dividend of S$0.0020 per share, subject to the approval of shareholders at the forthcoming annual general meeting.

INVESTOR RELATIONS

After a rough 2017 where we were affected by a lull in gold production due to below-average ore grades, 2018 marked our turnaround. We managed to produce substantially more gold after our carbon-in-leach ("**CIL**") plant began full commercial operation in May 2018. In fact, total output from our flagship 10km^2 Sokor gold mine in Kelantan reached an all-time high of 31,473 ounces of fine gold in 2018, more than double what we produced in the previous year.

Built within six months on a budget of less than RM25 million, the CIL plant boasts a gold recovery rate of up to 95%, well above the recovery rate of approximately 65% for our heap leach facility, which had been our main production plant since 2012. Including the CIL facility, our three production plants at Sokor are able to process all types of gold ore: high grade, low grade as well as muddier/clayey ore.

The pick-up in production was a point we sought to highlight in all our meetings and engagements with the investment community in 2018. We wanted investors to know that we have concrete plans to take this company to the next level and that we were not content with just a spike in gold production in 2018 after a dismal performance in the previous year.

PITCH TO INVESTORS

To this end, we unveiled various growth strategies that we believe will turn CNMC into a stronger mining company, one on a solid foundation that will endure the test of time. These strategies, some of which have already been put into motion, can be summed up as follows:

- Expanding gold production capacity;
- Further streamlining production operations to optimise costs and efficiency;
- Embarking on underground gold mining; and
- Developing a new income stream through the production and sale of silver, lead and zinc.

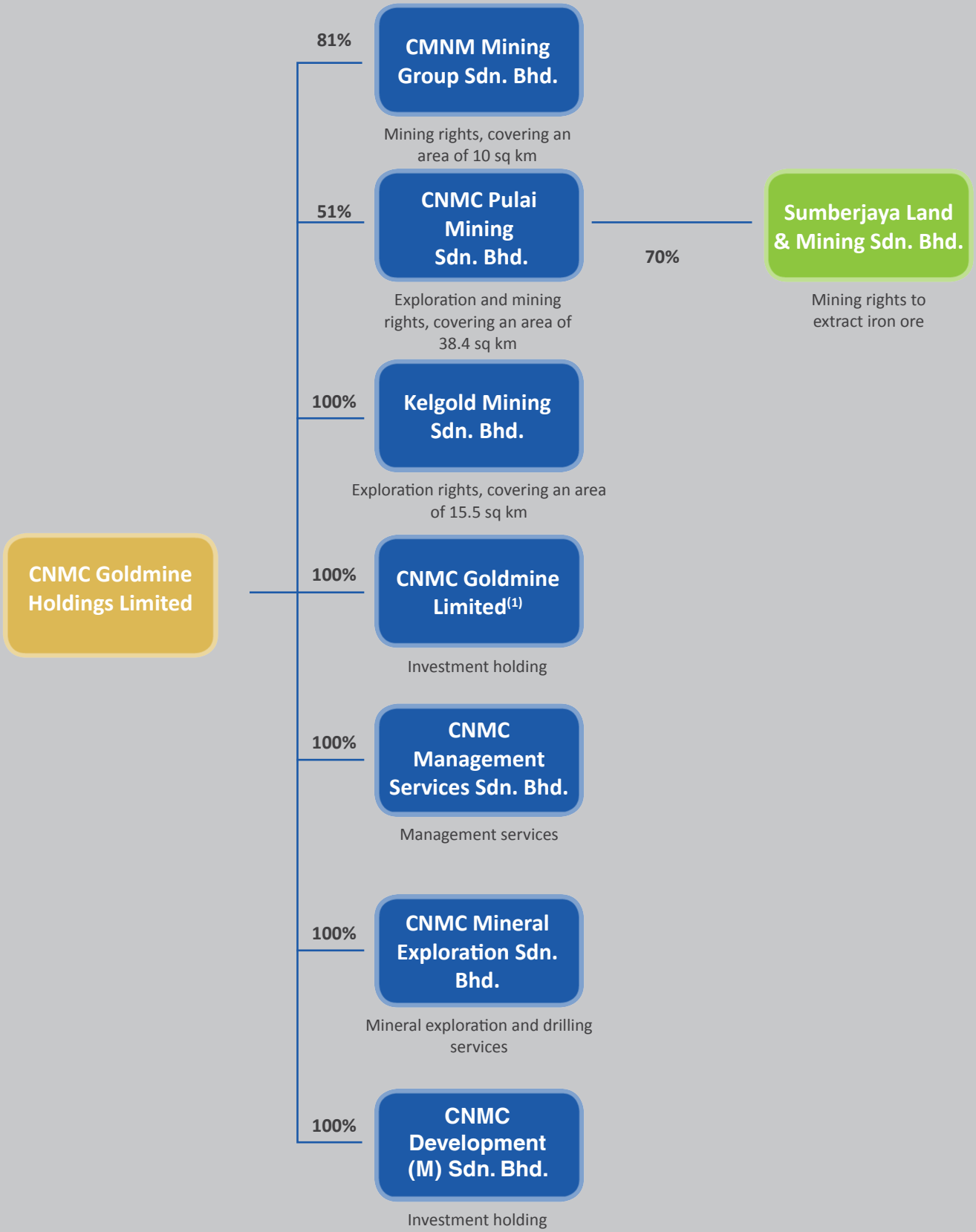
Guided by this blueprint, we shared with the investment community our expansion plans at our regular quarterly results briefings for analysts and fund managers and at regular dialogue sessions for retail shareholders.

We also reached out to dealers and trading representatives from a number of stockbroking houses through lunchtime talks at their premises such as with KGI Securities and Phillip Securities in March 2018 and Lim & Tan Securities in April 2018. We also had a meeting with mining and commodities analysts from DBS Group Holdings in January 2019.

RECOGNITION

In recognition of our efforts in regularly engaging the investment community, we were shortlisted by *IR Magazine* as a finalist for the category of "Best IR by an SGX Catalist Company" for 2018. The awards ceremony was held at the SGX Centre in December 2018.

GROUP STRUCTURE



Note : (1) Two dormant 80%-owned subsidiaries, CNMC-Nalata Mining Sdn. Bhd. and MCS Mining Group Sdn. Bhd., were voluntarily struck off in financial year 2018

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
Lead Independent Director

Tan Poh Chye Allan
Independent Director

Gan Siew Lian
Independent Director

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

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Company Registration No. 201119104K
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Fax:+65 6225 2230
Partner-in-charge: Koh Wei Peng
(Appointed with effect from the financial year ended 31 December 2015)

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Wee Mae Ann

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CNMC
CNMC

CNMC Goldmine Holdings Limited

SUSTAINABILITY REPORT FY2018

可持續報告

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愿景：天地人和 自然共处

使命：求索大地 关怀社群

宗旨：以人为本 兼济天下

OUR VISION

Harmony with heaven, earth and people.
Living peacefully with the environment.

OUR MISSION

To mine the earth. To mind social needs.

OUR CORE VALUE

To serve the world with humanitarianism.

ABOUT THIS REPORT

CNMC Goldmine Holdings Limited (hereafter referred to as "CNMC" or the Group") is pleased to present the Group's annual Sustainability Report (the "Report") covering the period from 1 January 2018 to 31 December 2018. CNMC has chosen the Global Reporting Initiative ("GRI") Standards which represent the global best practices for reporting on economic, environmental and social topics. This report is produced in accordance with the GRI Standards "Core" option and set out on the "Comply or Explain" basis under Listing Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

Detailed section reference with GRI Standards is found at the GRI Standards Content Index section of this report. Under Practice Note 7F and GRI guidelines, external assurance is not mandatory in the process of sustainability reporting. The Group's Sustainability Task Force has assessed that external assurance is not required.

This Report summarises the Group's key sustainability issues, its approach to managing them and its operating performance. The report focuses only on the Sokor goldmining project in Kelantan, Malaysia. CNMC's exploration projects, namely Pulai (under CNMC Pulai Mining Sdn Bhd) and Kelgold (under Kelgold Mining Sdn Bhd), are excluded from the scope of this Report as they have yet to generate any significant economic, environmental or social impact. Information on these two projects can be found on the Group's website and in the Annual Report 2018.

1 www.globalreporting.org
2 www.cnmc.com.hk

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SUSTAINABILITY STATEMENT OF TOP MANAGEMENT

On behalf of the Board of Directors (the "Board"), I am pleased to present CNMC's 2018 Sustainability Report.

As an established gold miner in Malaysia's Kelantan state, we are committed to sustainable mining, which we believe is essential for creating and preserving value for all stakeholders, including the local communities in the areas where we operate. Our sustainability practices were never compromised while we maintain the profitability of our business. We are committed to implementing best practices and benchmarking ourselves against industry standards, reporting our progress in a timely and transparent manner.

At our flagship Sokor goldmining project in Kelantan, we have invested substantial resources in our mining operations and in safeguarding the environment for the benefit of the local community. CNMC's environmental management practices and initiatives are approved by the Kelantan government and in compliance with local environmental laws and regulations.

The Board and management regard the work that has gone into putting together this Sustainability Report as useful and important for assessing the validity and effectiveness of the Group's sustainability practices. Reviewing the relevant environmental, social and governance factors on an annual basis will help us fine-tune our practices and closely align ourselves with global standards and stakeholder expectations.

Lim Kuoh Yang
Chief Executive Officer
CNMC Goldmine Holdings Limited

OUR SUSTAINABILITY STORY

Our Vision
Harmony with Heaven, Earth and people, living peacefully with the environment

Our Mission
To mine the Earth, to mind social needs.

Our Core Value
To serve the world with humanitarianism

Sustainable Mining
At CNMC, we are committed to mining gold in an environmentally and socially responsible manner. We carefully manage the impact of our operations on the surrounding environment and community to establish a sustainable gold production.

Sustainability Performance and Targets
The table below summarises our sustainability performance in FY2018 and targets for FY2019:

Environmental Performance in FY2018	
FY2018 Target	Performance Update
Zero incidents of environmental non-compliance	Achieved **zero** environmental non-compliance
Environmental Targets for FY2019	
FY2019 Target	Action Plan
Reduction in energy consumption	Upgrade and/or adjust equipment to increase energy efficiency Change in practices and operations Installation of national grid power line
Reduction in effluents and waste	Change in practices and operations
Zero spills	Conduct regular refresher training to staff to reinforce previously acquired knowledge and skill
Zero environmental non-compliance	Continue to engage with licensed third party environmental consultant approved by Department of Environment of Kelantan ("DOE") to conduct regular environmental monitoring and audit exercise
Social Targets for FY2018	
FY2018 Target	Performance Update
Zero workplace safety incidents	Four lost-day injuries
Social Targets for FY2019	
FY2019 Target	Action Plan
Zero workplace safety incidents	Conduct regular refresher training to staff to reinforce previously acquired safety knowledge and skill Ensure sufficient warning notices have been conspicuously displayed

GOVERNANCE AND STATEMENT OF THE BOARD

At CNMC, sustainability is prioritised at the board level. We have established a Sustainability Task Force ("STF") to implement and manage the Group's sustainability measures, and it reports to the Chief Executive Officer.

The Board incorporates sustainability issues into the strategic formulation of the Group. The Board with the assistance of the STF determines the material environmental, social and economic factors, and ensures that the factors identified are well-managed and monitored.

KEY STAKEHOLDER ENGAGEMENT

The Group actively engages in meaningful and productive dialogues with our stakeholders and we participate in various industry and government forums to keep abreast of any material stakeholder issues.
We identify key stakeholders as groups which have material impact or could potentially be impacted by our operations. The following table summarises our key stakeholders, engagement platforms and their key concerns.

Stakeholders	Engagement platforms	Key concerns	Read more in the following sections
Employees	• Performance appraisal system	• Workplace health and safety • Staff remuneration and benefits • Employee diversity • Training and development	• Our People, Our Assets
Community	• Engagement in community services and outreach programmes	• Social development • Community engagement	• Community Engagement
Governments and Regulators	• Annual reports • Sustainability reporting • Reports from third Party independent mining consultants	• Environmental impacts	• Environmental Responsibility
Suppliers	• Meetings • Enterprise development	• Local procurement • Workplace health and safety	• Health and Safety • Community Engagement

MATERIAL TOPICS AND BOUNDARIES

The Group's material topics are determined based on the principle of materiality to our internal and external stakeholders, as outlined in the Stakeholders Engagement section.

Material Topics	Boundaries (i.e. which segment, country or subsidiary, where applicable)
ECONOMIC	
GRI 202: Market Presence	Group-wide
GRI 203: Indirect Economic Impacts	
GRI 204: Procurement Practices	Malaysian entities
GRI 205: Anti-corruption	Group-wide
ENVIRONMENTAL	
GRI 302: Energy	Malaysian entities
GRI 303: Water	
GRI 304: Biodiversity	
GRI 305: Emissions	
GRI 306: Effluents and Waste	
GRI 307: Environmental Compliance	Group-wide
GRI 308: Supplier Environmental Assessment	Malaysian entities
SOCIAL	
GRI 401: Employment	Group-wide
GRI 403: Occupational Health and Safety	Malaysian entities
GRI 404: Training and Education	Group-wide
GRI 405: Diversity and Equal Opportunity	
GRI 406: Non-discrimination	
GRI 408: Child Labour	
GRI 413: Local Communities	
GRI 419: Socioeconomic Compliance	

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ETHICS AND INTEGRITY

Business Ethics and Anti-Fraud

CNMC is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, and to full and accurate disclosure in compliance with applicable laws, rules and regulations.

In line with this commitment, CNMC operates under a Code of Business Conduct and Ethics and takes a strong stance against fraudulent activities. The Group has an Anti-Fraud Policy and a Whistleblowing Policy in place. This value has been communicated during formal and informal communications to all employees, major suppliers and business partners. Any forms of fraudulent activities is escalated to the Whistleblowing Committee members.

In implementing its sustainable development programme, CNMC aims to achieve a balance between economic, environmental and social needs in all phases of its projects, and takes into consideration its employees, communities, shareholders and other key stakeholders. CNMC endeavours to ensure that its high standards are not compromised despite its current challenging operating environment.

During the reporting period, there were no cases of fraudulent activities at Sokor. Congruent with CNMC's zero tolerance policy, any confirmed incidents of corrupt practices will result in dismissal.

There were no instances of corruption involving any business partners and as such, there were no contracts that had to be terminated by CNMC or that could not be renewed. No public legal cases regarding corruption was brought against the Group or any of its employees during the reporting period.

CNMC targets to maintain zero cases of fraudulent activities or corruption cases in FY2019.

ENVIRONMENTAL RESPONSIBILITY

CNMC is committed to set standards of excellence in regard to environmental matters and we operate in strict compliance with local environmental laws and regulations. As a mining company, CNMC has a fundamental responsibility to carefully manage the impact of its operations on the environment. This responsibility covers every aspect of our activities, ranging from acquisition and development of land and concessions, operations, disposal of waste to rehabilitation.

CNMC aims to minimise its impact on the environment through:

- Effective environmental management across all aspects of its operations;
- Preventing, minimising, mitigating and remediating any adverse impact of its operations on the environment; and
- Achieving continuous improvement in environmental performance.

To complement CNMC's Environmental Policy and to enhance our environmental governance, Sokor has developed and implemented an Environmental Management Policy ("EMP") that is consistent with local requirements.

Energy and Emissions Management

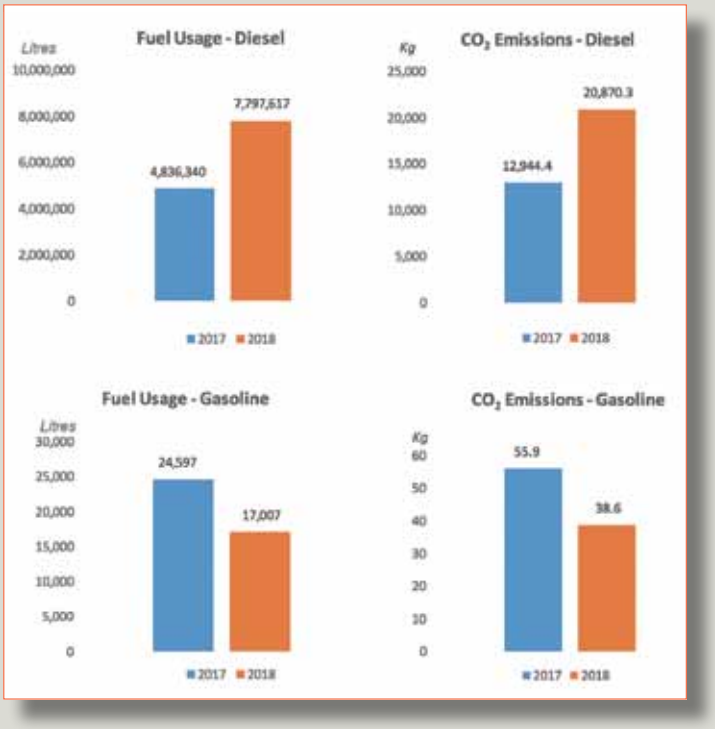
GRI 302-1, 305-2

As mining operations are energy intensive, the Group strives to operate sustainably by reducing our carbon footprint in our mining operations.

The energy CNMC uses for its operations is principally derived from fuel-fired electricity sources. The fuel used by vehicles on-site is predominantly diesel, although certain vehicles use petrol. In addition, emulsion is used as the explosive for onsite blasting, which is carried out by licensed sub-contractors.

At Sokor, energy is generated using a diesel-fuelled power plant. The Group has implemented numerous energy conservation and efficiency initiatives, including upgrading and adjusting equipment to increase energy efficiency, improving our practices and operations to reduce energy consumption and wastage and installing power lines under National Grid to reduce diesel consumption and energy loss. We also replaced our heap leach pads with two new permanent heap leach pads to eliminate the existing practice of having to remove the ore from leach pads after processing and moving it to mine tailing ponds for storage, thereby saving diesel consumption.

The total energy consumption (vehicle fuel and power generation) at Sokor for the reporting period was estimated at 78,131 MWh. All the energy consumed is generated from non-renewable sources. The increase of energy consumption in 2018 was primarily due to the commercialization of Sokor's third production facility, the carbon-in-leach ("CIL") plant.



In addition to fuel, CNMC used 309.6 tonnes of emulsion for blasting, which generated 52.6 tonnes of CO_2.

Water Management

GRI 303-1, 303-2

Water is critical for every aspect of the mine lifecycle and as such, sound water management is essential to maintaining operations. Sokor is located in a tropical climatic region with high seasonal rainfall.

CNMC endeavours to ensure the efficient, safe and sustainable use of water and the protection of water resources and ecosystems around its sites. Sokor has water management strategies in place and maintains its site water balance to ensure that the Group meets its water usage, supply and resource protection objectives.

Water used at Sokor is mainly supplied by rainfall runoff captured in water collection ponds. River water is only used when necessary, and the amount drawn is smaller than that formed in the collection ponds.

In addition, Sokor also stores water in water collection ponds on site to ensure sufficient capacity remains in the ponds to capture rainfall runoff from the mining and processing areas. It also recycles and reuses water to reduce the need to discharge operational water, minimising the potential impact that water discharge has on local communities and ecosystems. As such, no water is discharged to the environment unless necessary.

During operations at Sokor, rainfall run-off water captured in the ponds is used in the processing of gold ore. The water from the ponds is first treated after it is used before being discharged, if necessary. Comprehensive monitoring by a third party independent environmental consultant of the water quality in the local river systems is being undertaken upstream and downstream from Sokor.

A comprehensive surface and groundwater monitoring programme is implemented at Sokor. Water level measurements, water extraction and sampling are routinely recorded and collected by third party independent environmental consultant according to a monitoring schedule designed to meet regulatory requirements. Data are regularly assessed to identify any impacts of the operations on local water resources.

During the reporting period, no water bodies or associated ecosystems were significantly affected by the extraction of surface water at CNMC's operational site.

Biodiversity Preservation

GRI 304-2, 413-1

The biodiversity concerns for CNMC's operations involve water, air, flora, weeds, fauna, land use and rehabilitation, all of which are considered from the early stages of project development right through to operations and eventual closure.

Sokor incorporates biodiversity considerations into its environmental impact assessments. CNMC aims to conserve biodiversity by obtaining knowledge of local ecosystems. Prior to project development and

expansion projects, environmental baseline studies are conducted, potential impacts is assessed and environmental management plans and monitoring programmes are established, in order to minimise the impact on biodiversity over the life of the mine.

Sokor has a relatively low impact on biodiversity as it is located within a secondary forested area and most of its operation is carried out on leased land. Where impacts is unavoidable, rehabilitation measures are, or will be, undertaken to return disturbed land to a stable, self-sustaining landform compatible with the surrounding environment. For example, land is cleared using manual methods such as bulldozing and stacking of trees. By doing so, it prevents air pollution and preserves soil structure. We do not use fire to clear any areas.

CNMC has set aside a rehabilitation fund, wherever practicable, progressive rehabilitation of disturbed areas is conducted at Sokor's site. This includes planting grass and deploying trucks to water the roads. In addition, CNMC contributes to related government agencies to assist them in efforts to conserve biological diversity.

Effluents and Waste

GRI 306-2, 306-3

The main waste generated by CNMC's mining and processing operations is mineral waste, which includes waste rock and tailings. Waste rock is the overburden material that must be removed to enable access to the ore. Tailings are generated from the processing of ore and comprise mineral residue, process water and reagents.

All mineral waste remains on site and requires management to reduce its potential environmental impact. CNMC continuously reviews its waste management processes and identifies opportunities for improvement. For example, Sokor uses waste rocks to backfill its mines and fills roads with non-hazardous tailings.

At Sokor, waste rocks are removed to access the ore and then placed in waste rock dumps. The correct placement of waste rocks is important for cost and environmental considerations. A key consideration for the waste rock dumps is to establish a final stable landform that blends in with the surrounding landscape and is capable of supporting a self-sustaining ecosystem. Research has been conducted to determine the best location for the waste rock dumps, taking haulage costs and environmental issues into consideration.

The design of the dumps and the placement of waste rock also takes into consideration other factors such as the physical and geochemical properties of the waste rock and any low grade ore that may also be stockpiled. Geochemical studies have been undertaken on the waste rock and mineralised waste at Sokor, with the findings being considered in the dump design and operating procedures for waste rock management. Risks associated with the waste rock dumps have been identified and are included in the EMPs.

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Inadequate tailings management and facilities can lead to health and safety risks, community and environmental impacts. As such, tailings management continues to be a high priority for CNMC and there are measures to ensure that its tailings facilities are appropriately designed, operated and managed according to acceptable standards.

Qualified engineers have designed the tailing facilities to ensure that tailings are contained and that any potential environmental impact is minimised. Risks associated with the tailing facilities have been identified and included in the management plans.

The total volume of waste rocks and tailings produced during this reporting period and the previous period, and the area the facilities cover at the sites are shown in table below:

The increase in mineral waste generated in FY2018 was primarily due to the increase in ore processing which resulted in a 112.4% increase in fine gold production.

CNMC aims to avoid and minimise environmental incidents that may arise from its operations. In doing so, all incidents are recorded and full investigations are undertaken to ascertain the cause. Actions are then taken to avoid a repeat of such incidents.

Supplier Environment Assessment

GRI 308-1

CNMC subcontracts two non-critical operations (i.e. blasting and exploration drilling) to subcontractors. All mining and processing activities are conducted in house. Any environmental concerns are communicated directly to the subcontractors through regular reporting and communication channels.

Environmental Targets and Compliance
GRI 307-1

The Group strictly complies with local environmental laws and regulations where we operate. Managers are responsible for site-based performance and report directly to their General Managers. Regular on-site inspections conducted by a licensed third-party environmental consultant further promote good environmental practice at the site-level, taking into account the local operating environment.

Notably, the DOE had approved an updated supplementary Environmental Impact Assessment ("EIA") report prepared by CNMC in March 2016. An EMP which sets out the processes to ensure compliance with environmental regulations was subsequently approved by the DOE in June 2016.

CNMC recognises that environmental monitoring is an on-going obligation. To demonstrate its commitment to monitor environmental issues and assess their impact on a regular and timely basis, CNMC appointed I.Z. Environmind Sdn. Bhd. ("I.Z. Environmind") in December 2010, a licensed third-party environmental consultant approved by the DOE, as environmental advisors and consultants who work closely with CNMC and the DOE. I.Z. Environmind regularly monitors CNMC's activities to ensure it is compliant with all environmental regulations and is kept informed of any potential environmental risks or issue arising from its operations.

There was no incident of non-compliance with environmental laws and regulations in FY2018. In order to maintain strict environmental compliance and achieve our environmental targets in FY2019, we have reviewed our environmental performance in FY2018 and developed an action plan for FY2019.

Environmental Performance in FY2018	
FY2018 Target	Performance Update
Reduce fuel consumption and emissions	Gasoline consumption reduced by 31%
Zero incident of environmental non-compliance	Achieved **zero** environmental non-compliance
Environmental Targets for FY2019	
FY2019 Target	Action Plan
Reduce energy consumption and carbon emissions	Upgrade and/or adjust equipment to increase energy efficiency Change in practices and operations Installation of national grid power line
Zero leak of effluents and waste	Conduct regular maintenance and checks
Zero incident of environmental non-compliance	Continue to engage with licensed third party environmental consultant approved by DOE to conduct regular environmental monitoring and audit exercise

OUR PEOPLE, OUR ASSETS

The Group values the development of our employees and we seek to protect the wellbeing of our staff. We value the contributions of all our staff and we compensate them fairly, regardless of age or gender. We are fully committed to maintaining a safe and healthy work environment and achieve zero occupational health and safety incidents.

Workplace Health and Safety

GRI 403-2, 403-3

CNMC has adequate workplace safety policies which address the control environment, risk assessment, information and communication, control activities and monitoring of our core business processes. Our polices include the following measures:

- Ensure that our site disaster management procedures are regularly updated and emergency response teams are in place and well-trained
- Foster a safety culture within the workplace where employees take ownership of workplace safety; and
- Ensure that all health, safety and environment ("HSE") expectations are clearly communicated to all contractors and that their management systems are randomly and regularly audited;

We seek to continuously improve our safety policies and procedures, as well as the implementation of our safety measures. We endeavour to foster a safety culture that inculcates the mind-set that injuries are preventable, and we provide regular safety education and training to achieve this.

CNMC is committed to ensuring Sokor undergoes regular health and safety audits. During the reporting period, CNMC continued to review and strengthen key areas of its Occupational Health and Safety Policy. Mine personnel continue to receive training and further up skilling and broadened their safety and health knowledge to ensure a safer work environment.

In FY2018, there were four lost-time injuries resulting in an annual lost time injury frequency rate of 4.84. There were 180 days lost during the reporting period.

We understand that despite our best efforts, accidents do happen. As such, we have implemented Transport and Emergency Management Plans at Sokor with on-site Emergency Response Teams to address emergency procedures in case of incidents.

At Sokor, regular medical examinations are conducted pre-employment and annually for employees exposed to chemicals. The examinations are undertaken to monitor the health and wellbeing of employees, contractors and service providers, particularly with regard to their physical ability to undertake the work on site.

The number of medical examinations conducted during the reporting period are shown in the table below:

Type of Medical Examination	Sokor
Pre-Employment	147
During Employment	28
Post-Employment	0
Total	175

SR 22/29

CNMC places significant importance on employee health and wellness and collaborates with external health organisations, including the Ministry of Health Malaysia, to provide employee wellness screenings and counselling events on site.

Health insurance benefit is a condition of employment in Malaysia. At CMNC, the overall responsibility for the management of employee health and wellbeing rests with the HSE Manager, who coordinates related efforts, reviews new health programme initiatives and manages existing health programmes.

Employee Diversity

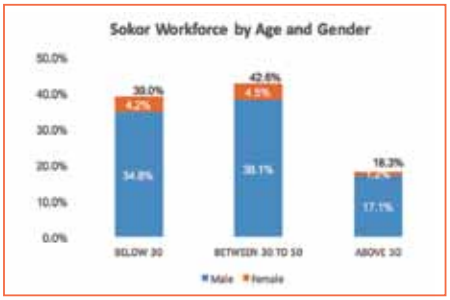
GRI 405-1

CNMC believes that diversity is essential to its business and prohibits discrimination on the basis of race, nationality, religion, gender, age, sexual orientation, disability, ancestry, social origin, political or other opinion, or any other bias. CNMC does not tolerate any form of racial, sexual or workplace harassment and values diversity within its workforce, and thus holds a commitment to the value of equality and treating one another with respect.

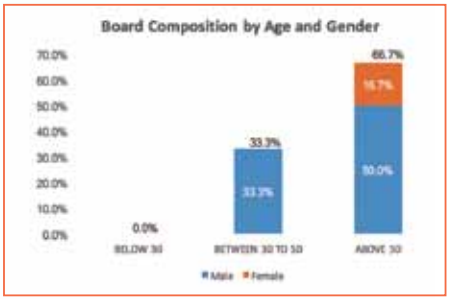
CNMC is conscious of the importance of ensuring a gender balance in its workforce and providing employment opportunities locally and regionally wherever possible.

Sokor's workforce consists of 333 employees and eight contractors. There is a low percentage of females employed at the mine site, as achieving gender parity continue to be a major challenge for the mining industry, given that most mining projects (including Sokor) are geographically remote and centre on shift work.

A breakdown of the workforce at Sokor is presented in the following chart:



CNMC's Board consists of six Directors, one of whom is a female.



We believe that having a female representation on the Board will steer us towards achieving gender parity in the future.

Employee Benefits and Development

GRI 202-1, 401-1, 401-2, 401-3, 404-1, 404-2, 404-3

The Group endeavours to build a high-retention workplace that is conducive for our employees to learn and grow. We implement and adhere to best practices regarding employee engagement, including fair remuneration, employee benefits, training and development programs, performance and career development reviews. We comply with local labour regulations, and our employees are remunerated above minimum wage.

CNMC has a Diversity Policy that documents its commitment to workplace diversity and recognises the benefits arising from the recruitment, development and retention of a talented, diverse and motivated workforce. CNMC's Board is responsible for reviewing all matters contained within the Diversity Policy.

CNMC seeks to develop the skills and expertise of its employees on a continuous basis through active employee relations, communication and learning. Employees have access to a variety of training options including conferences, short training courses, seminars and professional studies, which help to boost their skills and position them in good stead to take up challenges in the challenging business environment we operate in.

Regular review of the skills of our current workforce against future business requirements allow CNMC to take steps to train employees in the skills required for advancement.

During the reporting period, our employees in Malaysia participated in over 416 hours of training programme.

CNMC has also implemented training plans for local university students during the reporting period, providing internship and mentoring to local university students to help them develop their careers. We also sponsored one employee to further his studies at Open University Malaysia under our ongoing study assistance programme.

CNMC recognises that timely and effective performance evaluation empowers employees to give their best. As such, managers and their team members meet at least once a year to review their performance and clarify performance objectives.

We take responsibility for the well-being of our employees and provide them with adequate healthcare benefits. Our Singapore employees are entitled to Group personal accident and Group hospitalisation & surgical insurance, and our employees in Malaysia are entitled to medical reimbursements. In FY2018, there was no parental leave taken.

Our new hire rate in FY2018 was 43.8%, higher than 32.7% in FY2017, indicating our strategy and ability to attract diverse, qualified employees. Our turnover rate in FY2018 was 14.4%.

Workforce Targets and Compliance

GRI 406-1, 408-1, 419-1

The Group endeavours to be a socially responsible employer. CNMC has transparent mechanisms for reporting labour grievances, and these policies are communicated to all workers through dedicated training and visual materials, such as notices available widely at work sites.

There was no incident of discrimination or child labour in FY2018. During the reporting period, the Group was fined RM 6,000 under Section 10(C)[1] of the Factories and Machinery Act 1967. We have since taken appropriate measures to rectify and prevent recurrence by implementing a series of safety measures to ensure safe operation of the CIL Plant and to prevent any further risk of injuries. Our safety measures are as follows:

- Reconstruction of the work platform to prevent any risk of persons falling
- Sufficient warning notices conspicuously displayed at the work platform to bring attention to employees operating the plant
- Additional training(s) provided to employees regarding operation
- Circulation and implementation of safety policy and procedures

In order to achieve zero non-compliance with labour laws and regulations and our workforce targets in FY2019, we have reviewed the effectiveness of our workforce strategies in FY2018 and developed an action plan for FY2019.

In order to achieve zero non-compliance with labour laws and regulations and our workforce targets in FY2019, we have reviewed the effectiveness of our workforce strategies in FY2018 and developed an action plan for FY2019.

Workforce Performance in FY2018	
FY2018 Target	Performance Update
Zero occupational health and safety incidents	Four lost-day injuries
Zero discrimination incidents	Achieved **zero** incidents of discrimination on diversity matters
Zero incidents of non-compliance with labour regulations	Achieved **zero** incidents of non-compliance with labour regulations
Workforce Targets for FY2019	
FY2019 Target	Action Plan
Zero occupational health and safety incidents	Conduct regular refresher training to staff to reinforce previously acquired knowledge and skill
Zero incidents of non-compliance with labour regulations	Provide training to key staff to keep them updated on the latest labour regulations Conduct internal audit to ensure compliance

[1] Under Section 10(c) of the Factories and Machinery Act 1967, all floors, working levels, platforms, decks, stairways, passages, gangways, ladders and steps shall be of safe construction so as to prevent a risk of persons falling, and structurally sound so as to prevent a risk of collapse, and shall be properly maintained and kept, as far as reasonably practicable, free from any loose material and in a non-slippery condition

COMMUNITY ENGAGEMENT

Procurement Practices
GRI 203-2, 204-1

CNMC positively contributes to its communities by creating opportunities for local businesses to provide goods and/or services to its mines. We recognise local suppliers' rights to tender for contracts and is committed to building strong relationships with these local providers. In FY2018, 100% of our suppliers were locals.

The supply chain for mining and processing operations, such as those run by CNMC, is extensive and includes both direct and indirect suppliers to the mines. There are numerous suppliers for Sokor including consultants, contractors and sub-contractors, distributors of many materials required for mining and processing, manufacturers of various goods, primary producers for food supplies, and transport companies for materials and personnel.

CNMC is in favour of engaging local suppliers for the provision of goods and services, subject to the supplier's capacity to deliver to CNMC's specifications and on commercially acceptable terms and conditions. At Sokor, local and international procurement is managed through a purchasing procedure with priority given to local providers.

Local Communities
GRI 413-1

As a responsible corporate citizen, CNMC is committed to doing our part and giving back to the community. In FY2018, we made a total of RM 84,100 worth of donations, as well as a monthly donation of RM 2,000 to 20 students at Yuk Cheng Primary School.

Local Employment
GRI 202-2, 203-2

Other than engaging in local procurement and contributions, the Group has provided employment opportunities for the local community, where we made the conscientious choice to maximise the employment of locals in our operations. In FY2018, 87% of our Sokor workforce were locals. We will continue our efforts in supporting the generation of jobs for the local community in our operations.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SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	Stakeholder Engagement
2	Policies, Practices and Performance	Our Sustainability Story
3	Board Statement	Governance and Statement of the Board
4	Targets	Our Sustainability Story
5	Framework	About this Report

GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Note 7 to the Financial Statements
102-2	Activities, brands, products, and services	Operations and Financial Review, Group Structure
102-3	Location of headquarters	Corporate Information
102-4	Location of operations	Note 7 to the Financial Statements
102-5	Ownership and legal form	Note 7 to the Financial Statements
102-6	Markets served	Note 7 to the Financial Statements
102-7	Scale of the organisation	Operations and Financial Review, Employee Diversity
102-8	Information on employees and other workers	Employee Diversity
102-9	Supply chain	Procurement Practices
102-10	Significant changes to the organisation and its supply chain	No significant changes during FY2018
102-11	Precautionary Principle or approach	Corporate Governance Report
102-12	External initiatives	Sustainability Statement of Top Management
102-13	Membership of associations	None
102-14	Statement from senior decision-maker	Sustainability Statement of Top Management
102-15	Key impacts, risks, and opportunities	Sustainability Statement of Top Management, Our Sustainability Story
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Board of Directors, Corporate Governance Report
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic boundaries	About this Report

GRI Standards	Disclosure Content	Section Reference
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee Benefits and Development
202-2	Proportion of senior management hired from the local community	Local Employment
203-2	Significant indirect economic impacts	Procurement Practices, Local Employment
204-1	Proportion of spending on local suppliers	Procurement Practices
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training on anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
302-1	Energy consumption within the organisation	Energy and Emissions Management
303-1	Water withdrawal by source	Water Management
303-2	Water sources significantly affected by withdrawal of water	Water Management
304-2	Water reused and recycled	Biodiversity Preservation
305-2	Energy Indirect Greenhouse Gas Emissions (Scope 2)	Energy and Emissions Management
306-2	Waste by type and disposal method	Effluents and Waste
306-3	Significant spills	Effluents and Waste
307-1	Non-compliance with environmental laws and regulations	Environmental Targets and Compliance
308-1	New suppliers that were screened using environmental criteria	Supplier Environmental Assessment
401-1	New employee hires and employee turnover	Employee Benefits and Development
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits and Development
401-3	Parental Leave	Employee Benefits and Development
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workplace Health and Safety
403-3	Workers with high incidence or high risk of diseases related to their occupation	Workplace Health and Safety
404-1	Average hours of training per year per employee	Employee Benefits and Development
404-2	Programmes for upgrading employee skills and transition assistance programs	Employee Benefits and Development
404-3	Regular performance and career development review	Employee Benefits and Development
405-1	Diversity of governance bodies and employees	Employee Diversity
406-1	Incidents of discrimination and corrective actions taken	Workforce Targets and Compliance
408-1	Operations and suppliers at significant risk for incidents of child labour	Workforce Targets and Compliance
413-1	Operations with local community engagement, impact assessments, and development programs	Biodiversity Preservation Local Communities
419-1	Non-compliance with laws and regulations in the social and economic area	Workforce Targets and Compliance

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2018

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 practiced within the Company and its subsidiaries (the "**Group**"). We believe that good corporate governance principles and practices help to promote corporate transparency, accountability and integrity, whilst at the same time, protect and enhance shareholders' interests.

This Annual Report outlines the Company's corporate governance practices with specific reference to principles of the Code of Corporate Governance 2012 (the "**Code**") and takes into consideration the disclosure guide developed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in January 2015. Where applicable, deviations from the Code are explained.

1. BOARD MATTERS

The Board of Directors comprises:

Professor Lin Xiang Xiong @ Lin Ye (Chairman and Executive Director)
Mr Choo Chee Kong (Vice Chairman and Executive Director)
Mr Lim Kuoh Yang (Chief Executive Officer and Executive Director)
Mr Kuan Cheng Tuck (Lead Independent Director)
Mr Tan Poh Chye Allan (Independent Director)
Ms Gan Siew Lian (Independent Director)

A description of the background and profile of each director is presented in the "Board of Directors" and "Key information regarding Directors" sections on pages 14 and 62 of this Annual Report, respectively.

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.

Primary function of 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 and has the overall responsibility for reviewing its 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:

(a) to ensure that the necessary financial and human resources are in place for the Group to meet its objectives and to monitor the performance of the Management;

(b) to establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets; and

(c) to assume responsibilities for corporate governance.

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times the interests of the Company.

Delegation of authority by the Board

In recognition of the high standard of accountability to the Company's shareholders, the functions of the Board 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.

Directors' attendance at Board and Board committee meetings in FY2018

The Board meets at least four times a year. Additional meetings are convened as and when required.

The Company's Constitution (the "**Constitution**") allows Directors to participate in a Board meeting via telephonic conference. The number of Board and Board committee meetings held in the current financial year and the attendance of Directors during these meetings are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	1
		No. of meetings attended		
Directors				
Professor Lin Xiang Xiong @ Lin Ye	4	–	–	–
Choo Chee Kong	4	–	–	–
Lim Kuoh Yang	4	–	–	–
Kuan Cheng Tuck	4	4	1	1
Tan Poh Chye Allan	4(1)	4(1)	1	1
Gan Siew Lian	3(2)	3(2)	1	1

Notes:

(1) Attendance of one of four meetings were via telephone conference.
(2) Attendance of one of three meetings were via telephone conference.

Matters which require Board approval

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, material acquisitions or disposals of assets, major corporate policies on key areas of operations, corporate actions such as share issuance, declaration of interim dividends and proposal of final dividends, and interested person transactions.

Induction and training of Directors

The Company will conduct orientation programmes for 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 as prescribed by the SGX-ST within one year from his date of appointment to the Board. 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 FY2018.

At each Board meeting, the Directors will receive updates from the Management on the business and strategic developments of the Group, industry developments, analyst and media commentaries on matters related to the Company. The Directors may, at any time, visit the Group's mining sites in order to gain a better understanding of its business operations. Changes to regulations and accounting standards are monitored closely by the Management. During FY2018, the Directors were briefed by KPMG LLP on the developments in financial reporting standards and the changes that affect the Group.

The Company will arrange for 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 Directors of and encourages them to attend relevant training programmes conducted by the SGX-ST, Singapore Business Federation, Singapore Institute of Directors and other business and financial institutions and consultants.

In FY2018, the courses and seminars attended by some of the directors include Corporate Governance Code Briefing and Audit Committee Essentials (under Listed Entity Director Programme) conducted by Singapore Institute of Directors.

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.***

Independence

The Board consists of six Directors, of whom three are considered independent by the Board, namely Mr Kuan Cheng Tuck, Mr Tan Poh Chye Allan and Ms Gan Siew Lian. The Independent Directors therefore make up half of the Board.

The criterion of independence is based on the definition set out in the Code and Rule 406(3)(d) of the Catalist Rules. The Board considers an "independent" director to be one who has no relationship with the Company, its related companies, its shareholders with shareholdings of 10% or more of the total votes attached to all the voting shares in the Company, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. With three Independent Directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The Independent Directors have confirmed their independence and the Board has determined, taking into account the views of the NC, that all Independent Directors have satisfied the criteria of independence in accordance with the Code and Rule 406(3)(b).

The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment. None of the Directors holds more than two directorships in other listed companies.

Board size and 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, accounting, 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 three Independent Directors is particularly important in ensuring that all the strategies and objectives proposed by the Management are fully discussed and examined, and that they take into account the long term interests of the shareholders and the Group's employees.

During FY2018, the Independent Directors had met without the presence of Management. Where necessary, the Independent Directors will communicate to discuss matters related to the Group, including the performance of the Management.

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, with the assistance of the Company Secretary and in consultation with Management, sets the agenda for Board meetings and ensures that the said meetings are held as and when it is necessary and that the Directors 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 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. 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 contact through normal channels of 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.

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 and key terms of reference

The Company has established the NC to make recommendations to the Board on all board appointments. The NC comprises Ms Gan Siew Lian, Mr Kuan Cheng Tuck and Mr Tan Poh Chye Allan, all of whom are considered independent. The chairman of the NC is Ms Gan Siew Lian. The chairman of the NC is not associated with any substantial shareholder of the Company.

The key terms of reference of the NC include:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour), including, if applicable, as an Independent Director;

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

(c) to determine annually, whether a Director is independent, bearing in mind the guidelines of the Code and the requirements of the Catalist Rules;

(d) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his duties as a Director of the Company, having regard to the competing time commitments that are faced when serving on multiple boards;

(e) to decide how the Board's performance is to be evaluated and proposed an objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value; and

(f) to propose a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of 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 is interested.

Directors' time commitments and multiple directorships

The Board notes that none of the Directors holds more than two 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.

Process for selection and appointment of new directors

Where the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director. The NC has put in place a formal process which increases the transparency in identifying and evaluating the nominees for directors. The NC leads the process and makes recommendations to the Board as follows:

(a) the NC will evaluate the candidates according to an objective criteria for the assessment which includes the candidate's prior experience as a director of a listed company, expertise to contribute to the Group and its businesses, integrity, ability to commit time and effort to carry out duties and responsibilities effectively and decision-making skills;

(b) the NC may procure the assistance of independent third parties such as search consultants to source for potential candidates, if needed, and Directors are also encouraged to propose candidates based on their personal contacts to the Board for consideration;

(c) the NC will evaluate the skills, knowledge and experience of the Board and determine the role and the desirable competencies for a particular appointment and 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; and

(d) the NC then makes recommendations to the Board for approval.

Process for re-appointment of directors

Article 117 of the Constitution provides that at each annual general meeting, one third 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 122 of the Constitution, 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.

The NC has recommended to the Board that Prof Lin Xiang Xiong @ Lin Ye and Mr Choo Chee Kong 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.

Key information regarding Directors

Key information regarding the Directors, including their shareholdings in the Company, is set out on pages 14 and 77 of this Annual Report, respectively.

Mr Choo Chee Kong, the Vice Chairman and Executive Director of the Company, holds an indirect interest of less than 3% in the issued share capital of CNMC Pulai Mining Sdn. Bhd. Save as aforesaid, none of the Directors hold shares in the subsidiaries of the Company.

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	28 April 2016	None	None	None
Choo Chee Kong	20 September 2011	28 April 2016	None	None	None
Lim Kuoh Yang	11 August 2011	28 April 2018	None	None	None
Kuan Cheng Tuck	20 September 2011	28 April 2017	- Kori Holdings Limited - Green Build Technology Limited	- China Star Food Group Limited - CW Group Holdings Limited (listed on HKEx)	- KCT Consulting Pte. Ltd. (Director) - Kreston Consulting Pte. Ltd (Director)
Tan Poh Chye Allan	20 September 2011	28 April 2017	- Nico Steel Holdings Limited	- Affinity Energy and Health Limited (f.k.a. Algae.Tec Limited) - Novita Healthcare Limited (f.k.a. Avexa Limited) (Listed on ASX) - XYEC Holdings Co., Ltd.	- Allan Tan Law Practice
Gan Siew Lian	1 July 2012	28 April 2018	None	None	- Galaxy Professional Services Limited (Vice President)

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.

The Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with the applicable laws, and members of our Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board committees, and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The NC assesses the individual Directors' performance by completing an Individual Director Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors.

In view of the size and composition of the Board, the Board deems it unnecessary for the NC to assess the effectiveness of each Board committee.

The performance criteria 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.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Access to Information

Principle 6: In order to fulfil 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 Directors are provided with complete, adequate and timely information prior to Board and Board committee meetings and on an ongoing basis. The Directors have separate and independent access to the Management at all times. In addition, Directors may also liaise directly with 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 comprehensively understand the matters which are to be discussed. As a general rule, notices are sent to the Directors one week in advance of Board meetings, followed by the Board papers, in order for the Directors to be adequately prepared for the meetings.

The Management also regularly keeps the Board updated on the operational activities, project progress and development, and future prospects of the Group through 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. The Company Secretary attends all Board and Board committee meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. Where the Company Secretary is unable to attend any Board and Board committee 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. 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 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 makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director.

The RC comprises Mr Tan Poh Chye Allan, Mr Kuan Cheng Tuck and Ms Gan Siew Lian, all of whom are considered independent. The Chairman of the RC is Mr Tan Poh Chye Allan.

The key terms of reference of the RC include:

(a) to recommend to the Board a framework of remuneration for the Directors and key management personnel, and to determine specific remuneration packages for each executive Director and any CEO (or executive of equivalent rank). The RC shall cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind. If necessary, the RC shall seek expert advice inside and/or outside the Company on remuneration of all directors;

(b) to consider what compensation commitments the Directors' or key management personnel's contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance as well as to review and recommend to the Board the terms of renewal of the service contracts, bearing in mind that they should not be excessively long or contain onerous removal clauses; and

(c) to administer any long-term incentive schemes including share schemes which may be implemented by the Company, and to consider whether any Director should be eligible for benefits under such 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. In FY2018, no remuneration consultants were engaged.

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 personnels' 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 performances. 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, which is based on qualitative criteria (including leadership, people development, commitment, teamwork, current market and industry practices) and quantitative criteria (including production, profit after tax and relative financial performance of the Group to its industry peers).

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 own remuneration, terms and conditions of service, and the review of his 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 pages 68 and 78 for further details on the PSP. The PSP is administered by the Remuneration Committee. In FY2018, an aggregate of 2,782,500 shares were granted to the employees of the Group under the PSP on 5 June 2018, in recognition of their involvement and contributions to the Group. The PSP was subsequently terminated on 4 July 2018.

The Executive Directors have each entered into a service agreement with the Company, under which terms of their employment are stipulated. There are no excessively long or onerous removal clauses in these service agreements. 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. Either party may terminate the service agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six 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.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

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. Except as disclosed in this Annual Report, the Independent Directors do not receive any remuneration from the Company.

Disclosure on Remuneration

Principle 9: ***Every 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.***

After reviewing the industry practice and analysing the advantages and disadvantages of disclosing the Directors' remuneration in dollar terms, the Company believes that such disclosure would be prejudicial to its business interest, given the highly competitive environment of the industry.

The breakdown of the remuneration of the Directors and key management personnel for FY2018 is set out as below:

Remuneration of Directors for FY2018

Remuneration Band and Name of Director	Base/Fixed Salary	Director's Fees	Bonus	Total
Between S$1,750,000 and S$2,000,000 per annum				
Professor Lin Xiang Xiong @ Lin Ye	40%	–	60%	100%
Between S$750,000 and S$1,000,000 per annum				
Lim Kuoh Yang	44%	–	56%	100%
Between S$250,000 and S$500,000 per annum				
Choo Chee Kong	67%	–	33%	100%
Below S$250,000 per annum				
Kuan Cheng Tuck	–	100%	–	100%
Tan Poh Chye Allan	–	100%	–	100%
Gan Siew Lian	–	100%	–	100%

Remuneration of key management personnel

Remuneration Band and Name of key management personnel	Base/Fixed Salary	Bonus	Share-based Payment	Total
Between S$500,000 and S$750,000 per annum				
Lim Kwang Hui	26%	21%	53%	100%
Between S$250,000 and S$500,000 per annum				
Cheam Chee Chian	46%	43%	11%	100%
Kan Wai Khen	46%	43%	11%	100%
Below S$250,000 per annum				
Ang Kee Har	28%	50%	22%	100%

The annual aggregate remuneration paid to the four key management personnel of the Group (who are not directors or the CEO of the Company) in FY2018 was S$1,536,232. Given the size of the Group's operations, the Company had identified four key management personnel as above.

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

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

There were no employees who were the immediate family members of a Director or the CEO, whose remuneration exceeded S$50,000 in FY2018.

Performance Share Plan

The Company had in place the PSP which was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011. The PSP was terminated on 4 July 2018.

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 through 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:

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

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

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

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

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

The Group believes that with the PSP and any other share-based incentive scheme which the Group may adopt, the 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 has since 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.

As at the end of FY2018, no awards of shares have been granted under the PSP to directors or to controlling shareholders and their associates. However, an aggregate of 2,782,500 shares were granted to the employees of the Group under the PSP on 5 June 2018, in recognition of their involvement and contributions to the Group.

Details of awards of shares granted in FY2018 to employees who received 5% or more of the total shares available under the PSP are as follows:

Name of Employee	Number of shares granted during FY2018	Aggregate shares granted since commencement of PSP to 31 December 2018	Number of shares comprised in awards not vested as at 31 December 2018
Lim Kwang Hui	1,200,000	2,200,000	–
Yeap Kok Seng	810,000	1,680,000	–
Ang Kee Har	200,000	200,000	–
Cheam Chee Chian	168,000	168,000	–
Goh Lay Phin	168,000	168,000	–

The PSP was subsequently terminated on 4 July 2018.

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 Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, the Directors receive monthly management reports from the Management. Such reports keep the Directors informed of the Company's and the Group's performance, position and prospects and consist of profit and loss accounts, analysis of sales, operating profit compared against prior comparable periods, together with explanations for significant variances for the month and year-to-date.

The Board reviews and approves the financial results as well as any announcements before its release. 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 Board also ensures timely and full disclosure of material corporate developments to shareholders.

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.

The Board also communicates and discusses, as and when is required, changes in legislative and regulatory requirements, including requirements under the Catalist Rules, for instance, by establishing written policies where appropriate.

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.

Risk Management

The Group currently does not have a separate 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 the Directors and the AC. The Board is ultimately responsible for the Group's risk management.

The Company, together with the internal auditors, has formalised the Group's Risk Governance and Internal Control Framework Manual to facilitate the Board in identifying key operational, strategic, financial, compliance and information technology risks with reference to the Company's business goals, strategies and corporate philosophy. With the formalisation of the Group's Risk Governance and Internal Control Framework Manual, the Company's risk tolerance levels have been established and adopted, and the Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems. The internal auditors has also evaluated the effectiveness of the internal controls implemented to manage the identified risks based on the results of the risk assessment process executed.

Internal Controls

The effectiveness of the internal financial control systems and procedures are monitored by the Management. The Board acknowledges that it is responsible for the overall internal control framework, but also recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage and mitigate rather than eliminate the risk of failure to achieve business objectives. As such, the internal control framework can only provide only reasonable but not absolute assurance against material misstatement or loss, whether due to errors or frauds.

Apart from the above, the AC also commissions and reviews the findings of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. The Board reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls on an annual basis. In FY2018, RSM Ethos Pte Ltd was engaged to conduct reviews of the material internal controls and to test if the controls were properly implemented.

The Board has received assurance from the CEO and the CFO (a) that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2018 give a true and fair view of the Group's operations and finances; and (b) regarding the effectiveness of the Group's risk management and internal controls system.

Based on the assurance from the CEO and CFO referred to in the preceding paragraph, the framework of risk management and internal controls established and maintained by the Group, the review performed by the Management and the AC, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the AC, is satisfied that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2018.

Audit Committee

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

The AC comprises Mr Kuan Chen Tuck, Mr Tan Poh Chye Allan and Ms Gan Siew Lian, all of whom are Independent Directors. The chairman of the AC is Mr Kuan Cheng Tuck. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

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 in offering high standards of accountability to the shareholders. The AC will meet at least quarterly. The key terms of reference of the AC include:-

(a) to review with the external auditors the audit plans, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;

(b) to review with the internal auditors the internal audit plan and their evaluation of the adequacy of the Group's internal controls and accounting system;

(c) to review the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(d) to review the internal controls and procedures and ensure co-ordination between the external auditors and the Management, the assistance given by the Management to the external auditors and discuss problems and concerns, if any, arising from the interim and final audits;

(e) to review and discuss with the external auditors any suspected fraud or irregularity, or suspected 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;

(f) to review the scope and results of the internal audit procedures;

(g) to review and approve interested person transactions and review procedures thereof; and

(h) to consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the external auditors;

The AC has been given full authority to investigate any matter within its terms of reference and has full access to the cooperation of the Management. It also has full discretion to invite any Director or key management personnel 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 on 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 FY2018, the AC met four times with the external auditors and once without the presence of Management. These meetings enable the external auditors to raise issues encountered in the course of their work directly to the AC.

In FY2018, the AC, amongst other things, carried out the following:

(a) reviewed the quarterly, half-yearly and full year announcements, all material announcements and all related disclosures to 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 annual general meeting of the Company;

(e) reviewed the reports and findings from the internal auditors in respect of the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls; and

(f) reviewed the Group's interested person transactions 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 abovementioned whistle blowing 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 on a notice board at 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 whistle blowing 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 whistle blowing reports received in FY2018.

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 effective.

The AC selects and approves the appointment of the internal auditors. In FY2018, the Company appointed RSM Ethos Pte Ltd as its internal auditors to conduct reviews on material internal controls and to test if the controls are properly implemented. The internal auditors report 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 is staffed with 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 is satisfied that it is independent, effective and adequately resourced.

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 the Company's shareholders are treated fairly and equitably. 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 announced via SGXNET and published in the newspapers.

The Company also holds shareholders' dialogue sessions immediately after the announcement of its quarterly results announcement so that shareholders can seek further information on the Company's results.

In addition, the Company ensures that shareholders have the opportunity to participate in and vote at general meetings. Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters during the general meetings. The voting procedures are also explained to all the shareholders during these general meetings.

Registered shareholders who are unable to attend the general meetings are entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in section 181 of the Companies Act). A relevant intermediary may appoint more than two proxies to participate in shareholders' meetings, but each proxy must be appointed to exercise rights attached to a different share or shares held by such shareholder.

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

Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments as well as solicit and understand shareholders' views through:

(a) its quarterly investors' dialogue sessions, pre-annual general meeting conference organised in collaboration with Securities Investors Association; and

(b) its external investor relations team, WER1 Consultants Pte Ltd.

Dividend Policy

To reward shareholders, the Company is proposing a final dividend of S$0.002 per share for FY2018, 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 follows:

(a) 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

(b) 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 recommend or propose final dividends 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 dividends without the approval of the shareholders.

Shareholders and investors should note that all the foregoing statements, including the statements in the dividend policy mentioned above, are merely statements of the Company's present intention and shall not constitute a 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. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. For those who are not registered as shareholders of the Company, the Company may 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. OTHER INFORMATION

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. The "black-out" periods are one month prior to the announcement of the Company's full-year financial results and two 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.

Interested Person Transactions

There were no interested person transactions above S$100,000 entered into by the Group in FY2018.

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

Material Contracts

There were no material contracts of the Company and its subsidiaries involving the interests of any Director or controlling shareholders that are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees

For FY2018, the Company paid its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S$115,000.

Financial 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 2018.

In our opinion:

(a) the financial statements set out on pages 83 to 143 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, 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 (International); 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.

Directors

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

Professor Lin Xiang Xiong @ Lin Ye
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 children) in shares, debentures, warrants and 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 @ Lin Ye	1,100,000	106,987,500	1,629,900	106,987,500
Choo Chee Kong	205,000	50,662,500	205,000	50,662,500
Lim Kuoh Yang	–	108,087,500	20,000	108,617,400
CNMC Pulai Mining Sdn. Bhd.				
- ordinary shares				
Choo Chee Kong	–	52,500	–	52,500

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

Except as disclosed in this statement, 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 2019.

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.

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.

During the financial year, 2,782,500 shares were granted under the PSP to employees of the Group. No shares were granted under the PSP to controlling shareholders or their associates. Five participants received shares which in aggregate represented 5% or more of the total number of shares available under the PSP as follows:

Name of participant	Number of shares granted during financial year under review	Number of shares granted since commencement of PSP to end of financial year under review
Lim Kwang Hui	1,200,000	2,200,000
Yeap Kok Seng	810,000	1,680,000
Ang Kee Har	200,000	200,000
Cheam Chee Chian	168,000	168,000
Goh Lay Phin	168,000	168,000

Pursuant to a directors' resolution in writing dated 4 July 2018, the PSP was terminated on that date.

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 options.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement 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 Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "Catalist Rules") and the Code of Corporate Governance 2012.

The Audit Committee has held four meetings since the last directors' statement. 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 Catalist Rules).

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 Catalist Rules.

Auditors

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

On behalf of the Board of Directors

Professor Lin Xiang Xiong @ Lin Ye
Director

Choo Chee Kong
Director

29 March 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
CNMC Goldmine Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CNMC Goldmine Holdings Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 143.

In our opinion, the accompanying 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 Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Valuation of exploration and evaluation ("E&E") assets of US$9,843,698 (2017: US$8,929,713) (Note 4) and mine properties of US$14,071,703 (2017: US$14,049,323) (Note 5).</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Management is required to assess whether there are facts and circumstances indicating that they should test the E&E assets and mine properties for impairment.

This involves significant judgement in the review of impairment indicators. If impairment indicators are identified, impairment tests will involve the use of estimates and assumptions.</td><td>We reviewed the Group's assessment of whether there was any indication that the E&E assets and mine properties may be impaired.

For E&E assets, we checked the relevant licenses to determine whether the Group has the rights to conduct exploration activities. We also checked that the Group has the intention and financial ability to carry out exploration activities in the relevant exploration areas.

The Group has engaged external specialists to provide an estimate of the reserves at Sokor. We assessed the objectivity and competency of the external specialists and considered whether the latest estimate provided in March 2018 was indicative of impairment.</td></tr>
<tr><td colspan="2"><u>Our findings</u>

The judgement applied by management in determining whether there was any indication of impairment on E&E assets and mine properties was appropriate.

The external specialists belong to the Australasian Institute of Mining and Metallurgy and their report issued in March 2018 did not indicate triggers of impairment.</td></tr>
</table>

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Operations review, Qualified person's report and Statistics of Shareholding ('the Reports') which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors 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 Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

Auditors' responsibilities for the audit of the financial statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group			Company		
		31 Dec 2018 US$	31 Dec 2017 US$	1 Jan 2017 US$	31 Dec 2018 US$	31 Dec 2017 US$	1 Jan 2017 US$
Assets							
Exploration and evaluation assets	4	9,843,698	8,929,713	2,200,202	–	–	–
Mine properties	5	14,071,703	14,049,323	14,129,175	–	–	–
Property, plant and equipment	6	13,030,161	10,504,862	6,383,824	135,748	9,839	49,139
Interests in subsidiaries	7	–	–	–	11,450,251	12,050,251	8,306,587
Non-current assets		36,945,562	33,483,898	22,713,201	11,585,999	12,060,090	8,355,726
Inventories	8	2,008,247	1,013,129	660,183	–	–	–
Trade and other receivables	9	2,972,381	1,467,821	1,396,635	11,428,791	9,717,531	14,595,386
Cash and cash equivalents	10	17,910,184	19,491,957	26,954,685	167,479	82,383	289,721
Current assets		22,890,812	21,972,907	29,011,503	11,596,270	9,799,914	14,885,107
Total assets		59,836,374	55,456,805	51,724,704	23,182,269	21,860,004	23,240,833
Equity							
Share capital	11	18,032,233	18,032,233	18,032,233	18,032,233	18,032,233	18,032,233
Preference shares	11	2,800	2,800	–	–	–	–
Treasury shares	12	–	(200,845)	(75,092)	–	(200,845)	(75,092)
Reserves	13	3,148,287	3,104,244	2,755,183	(13,860)	–	–
Retained earnings/ (Accumulated losses)		20,442,393	19,504,023	18,919,936	(1,983,437)	(1,981,118)	(769,255)
Equity attributable to owners of the Company		41,625,713	40,442,455	39,632,260	16,034,936	15,850,270	17,187,886
Non-controlling interests	14	7,106,887	6,754,793	5,914,349	–	–	–
Total equity		48,732,600	47,197,248	45,546,609	16,034,936	15,850,270	17,187,886
Liabilities							
Loans and borrowings	15	722,937	628,507	57,689	–	–	–
Derivative financial instrument	16	27,222	154,686	–	–	–	–
Deferred tax liabilities	17	202,089	505,564	1,580,834	–	–	–
Non-current liabilities		952,248	1,288,757	1,638,523	–	–	–
Loans and borrowings	15	61,135	44,697	38,514	–	–	–
Accrued rehabilitation costs	18	1,009,174	863,249	602,198	–	–	–
Trade and other payables	19	7,189,033	5,560,072	2,791,469	7,147,333	6,009,734	5,489,579
Dividends payable		1,052,957	437,538	1,029,647	–	–	563,368
Current tax liabilities		839,227	65,244	77,744	–	–	–
Current liabilities		10,151,526	6,970,800	4,539,572	7,147,333	6,009,734	6,052,947
Total liabilities		11,103,774	8,259,557	6,178,095	7,147,333	6,009,734	6,052,947
Total equity and liabilities		59,836,374	55,456,805	51,724,704	23,182,269	21,860,004	23,240,833

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Note	2018 US$	2017 US$
Revenue		39,547,621	19,153,576
Other income	20	824,302	2,264,559
Changes in inventories of work in progress		210,650	208,703
Amortisation and depreciation	21	(5,037,246)	(3,564,993)
Employee benefits expenses		(4,530,629)	(2,716,707)
Key management remuneration		(3,341,632)	(1,768,918)
Marketing and publicity expenses		(623,413)	(554,553)
Office and administration expenses		(286,699)	(364,604)
Professional fees		(856,134)	(806,641)
Rental expense on operating lease		(1,785,562)	(1,130,893)
Royalty and tribute fee expenses		(5,146,631)	(2,570,941)
Site and factory expenses		(12,064,650)	(6,082,328)
Travelling and transportation expenses		(360,140)	(256,817)
Listing expenses		(1,986,197)	–
Other expenses	22	(430,839)	(24,563)
Total expenses		(36,239,122)	(19,633,255)
Finance income	23	550,532	770,597
Finance costs	23	(90,243)	(34,668)
Net finance income		460,289	735,929
Profit before tax		4,593,090	2,520,809
Tax (expense)/credit	24	(1,581,974)	777,244
Profit for the year	25	3,011,116	3,298,053
Profit attributable to:			
Owners of the Company		1,681,210	2,777,464
Non-controlling interests	14	1,329,906	520,589
Profit for the year		3,011,116	3,298,053
Earnings per share			
Basic and diluted (cents)	26	0.41	0.68

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018 US$	2017 US$
Profit for the year	3,011,116	3,298,053
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation of foreign subsidiaries	22,398	76,237
Other comprehensive income for the year, net of tax	22,398	76,237
Total comprehensive income for the year	3,033,514	3,374,290
Total comprehensive income attributable to:		
Owners of the Company	1,679,062	2,825,408
Non-controlling interests	1,354,452	548,882
Total comprehensive income for the year	3,033,514	3,374,290

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

Group	Note	Share capital US$	Treasury shares US$	Preference shares US$	Capital reserve US$	Translation reserve US$	Retained earnings US$	Total attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
At 1 January 2017		18,032,233	(75,092)	–	2,824,635	(69,452)	18,919,936	39,632,260	5,914,349	45,546,609
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	2,777,464	2,777,464	520,589	3,298,053
Other comprehensive income										
Exchange differences arising on consolidation of foreign subsidiaries		–	–	–	–	47,944	–	47,944	28,293	76,237
Total other comprehensive income		–	–	–	–	47,944	–	47,944	28,293	76,237
Total comprehensive income for the year		–	–	–	–	47,944	2,777,464	2,825,408	548,882	3,374,290
Transactions with owners, recognised directly in equity										
Distributions to owners										
Acquisition of subsidiaries with non-controlling interests	7	–	–	–	–	–	–	–	603,601	603,601
Issue of preference shares by subsidiary	11	–	–	2,800	301,117	–	–	303,917	71,290	375,207
Final dividends declared for year ended 31 December 2016	27	–	–	–	–	–	(2,142,896)	(2,142,896)	–	(2,142,896)
Dividends paid to non-controlling interests	27	–	–	–	–	–	–	–	(371,488)	(371,488)
Preference shares dividends declared by subsidiary for year ended 31 December 2017	27	–	–	–	–	–	(50,481)	(50,481)	(11,841)	(62,322)
Purchase of treasury shares	12	–	(125,753)	–	–	–	–	(125,753)	–	(125,753)
Total distributions to owners		–	(125,753)	2,800	301,117	–	(2,193,377)	(2,015,213)	291,562	(1,723,651)
Total transactions with owners		–	(125,753)	2,800	301,117	–	(2,193,377)	(2,015,213)	291,562	(1,723,651)
At 31 December 2017		18,032,233	(200,845)	2,800	3,125,752	(21,508)	19,504,023	40,442,455	6,754,793	47,197,248

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2018

Group	Note	Share capital US$	Treasury shares US$	Preference shares US$	Capital reserve US$	Translation reserve US$	Retained earnings US$	Total attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
At 1 January 2018		18,032,233	(200,845)	2,800	3,125,752	(21,508)	19,504,023	40,442,455	6,754,793	47,197,248
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	1,681,210	1,681,210	1,329,906	3,011,116
Other comprehensive income										
Exchange differences arising on consolidation of foreign subsidiaries		–	–	–	–	(2,148)	–	(2,148)	24,546	22,398
Total other comprehensive income		–	–	–	–	(2,148)	–	(2,148)	24,546	22,398
Total comprehensive income for the year		–	–	–	–	(2,148)	1,681,210	1,679,062	1,354,452	3,033,514
Transactions with owners, recognised directly in equity										
Distributions to owners										
Final dividends declared for year ended 31 December 2017	27	–	–	–	–	–	(617,974)	(617,974)	–	(617,974)
Dividends paid to non-controlling interests	27	–	–	–	–	–	–	–	(982,899)	(982,899)
Preference shares dividends declared by subsidiary for year ended 31 December 2018	27	–	–	–	–	–	(124,866)	(124,866)	(29,289)	(154,155)
Purchase of treasury shares	12	–	(360,535)	–	–	–	–	(360,535)	–	(360,535)
Treasury shares reissued pursuant to performance share plan	12	–	561,380	–	(13,860)	–	–	547,520	–	547,520
Striking off of subsidiaries		–	–	–	–	60,051	–	60,051	9,830	69,881
Total distributions to owners		–	200,845	–	(13,860)	60,051	(742,840)	(495,804)	(1,002,358)	(1,498,162)
Total transactions with owners		–	200,845	–	(13,860)	60,051	(742,840)	(495,804)	(1,002,358)	(1,498,162)
At 31 December 2018		18,032,233	–	2,800	3,111,892	36,395	20,442,393	41,625,713	7,106,887	48,732,600

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities			
Profit for the year		3,011,116	3,298,053
Adjustments for:			
Amortisation of mine properties	21	1,921,441	1,400,492
Depreciation of property, plant and equipment	21	3,115,805	2,164,501
Gain on disposal of property, plant and equipment		(135,026)	(251,560)
Interest expense		90,243	34,668
Interest income		(550,532)	(770,597)
Plant and equipment written off		117,927	–
Unrealised loss/(gain) on foreign exchange		232,875	(1,930,350)
Tax expense/(credit)		1,581,974	(777,244)
Equity-settled share-based payment transactions		547,520	–
Striking off of subsidiaries		69,881	–
Reversal of tax penalty estimate		(428,501)	–
Change in fair value of derivative financial instrument		(127,860)	–
		9,446,863	3,167,963
Changes in:			
- Inventories		(995,118)	(352,946)
- Trade and other receivables		(1,574,685)	41,970
- Accrued rehabilitation costs, and trade and other payables		(66,438)	263,720
Cash generated from operations		6,810,622	3,120,707
Interest received		550,532	770,597
Interest paid		(90,243)	(34,668)
Tax paid		(851,409)	(399,921)
Net cash generated from operating activities		6,419,502	3,456,715
Cash flows from investing activities			
Payment for exploration and evaluation assets, and mine properties		(1,533,703)	(1,870,899)
Proceeds from sales of property, plant and equipment		135,026	260,716
Purchase of property, plant and equipment		(5,071,105)	(5,375,693)
Acquisition of subsidiaries, net of cash required	7	–	(1,637,926)
Net cash used in investing activities		(6,469,782)	(8,623,802)
Cash flows from financing activities			
Purchase of treasury shares		(360,535)	(125,753)
Dividends paid to equity holders of the Company		(617,974)	(2,714,247)
Dividends paid to non-controlling interests		(374,680)	(468,787)
Payment of finance lease liabilities		(57,552)	(40,053)
Repayment of borrowings		–	(985,556)
Net cash used in financing activities		(1,410,741)	(4,334,396)
Net decrease in cash and cash equivalents		(1,461,021)	(9,501,483)
Cash and cash equivalents at 1 January		19,491,957	26,954,685
Effect of exchange rate fluctuations on cash held		(120,752)	2,038,755
Cash and cash equivalents at 31 December	10	17,910,184	19,491,957

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

During the year ended 31 December 2018, the Group acquired property, plant and equipment with an aggregate cost of US$5,828,163 (2017: US$6,505,364) of which US$185,081 (2017: US$Nil) were acquired by means of financial lease arrangements. As at 31 December 2018, a total consideration of US$571,977 (2017: US$1,129,671) was yet to be paid to third parties.

The Group also acquired exploration and evaluation assets and mine properties with an aggregate cost of US$2,929,021 (2017: US$2,981,465) of which US$358,784 (2017: US$195,454) was included in accrued rehabilitation costs (note 18). As at 31 December 2018, a total consideration of US$1,036,534 (2017: US$568,478) was 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 29 March 2019.

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 2018 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.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) has affected the reported financial position, financial performance and cash flows is provided in note 32.

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 SFRS(I) 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 amounts 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

2 Basis of preparation (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 SFRS(I), 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 fall into 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 the following notes:

- Note 16 – Derivative financial instrument
- Note 31 – Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, 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.

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 date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, 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.

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017.

(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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iii) 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.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) 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.

3.2 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 date are translated 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 translated 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 translation are generally 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 to occur 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 Significant accounting policies (cont'd)

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2018

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

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

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

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, derivative financial instrument, accrued rehabilitation costs, trade and other payables, and dividends payable.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) Hybrid financial instruments

Hybrid financial instruments issued by the Group comprise a convertible loan denominated in Malaysian Ringgit that can be converted to ordinary shares in a subsidiary at the option of the holder, where the number of shares to be issued is variable.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(vi) Hybrid financial instruments (cont'd)

The liability component of a hybrid financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The derivative component is recognised initially at the difference between the fair value of the hybrid financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a hybrid financial instrument is measured at amortised cost using the effective interest method. The derivative component is initially measured at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately to profit or loss.

(vii) 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.

Preference share capital

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Group's shareholders.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

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, accumulated amortisation 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;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

3 Significant accounting policies (cont'd)

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

(i) Recognition and measurement (cont'd)

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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) 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 run-of-mine 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.

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.

The estimated useful lives for the current and comparative years are as follows:

- mining rights 4 to 17 years
- producing mines Based on the rate of depletion of reserves

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 as an expense 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, unless it is included in the carrying amount of another asset. 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.

3 Significant accounting policies (cont'd)

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

(iii) Amortisation/Depreciation (cont'd)

The estimated useful lives for the current and comparative years are as follows:

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

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

3.5 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.

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.

3 Significant accounting policies (cont'd)

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

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

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.

(iii) 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".

3.6 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.

3.7 Inventories

Work in progress consists of gold contained in the ore on leaching yards/ponds and in circuit material within processing operation.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty 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.

Inventories are measured at the lower of cost and net realisable value. 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 estimated cost necessary to make the sale.

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 Significant accounting policies (cont'd)

3.8 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event had occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included 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 or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

Loans and receivables (cont'd)

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than 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. 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.

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 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.

3.9 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.

3 Significant accounting policies (cont'd)

3.9 Employee benefits (cont'd)

(iii) Share-based payment transactions

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.

3.10 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.

3.11 Revenue

(I) Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO.

3 Significant accounting policies (cont'd)

3.12 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.

3.13 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income; and
- interest expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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 Significant accounting policies (cont'd)

3.14 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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. The amount of current tax payable or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

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; and

- 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.

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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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 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 and share options granted to employees.

3.16 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.

3.17 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 33.

4 Exploration and evaluation assets

	Note	Group 2018 US$	Group 2017 US$
At 1 January		8,929,713	2,200,202
Expenditure incurred during the year		985,200	1,660,825
Acquisition of subsidiaries	7	–	4,834,259
Effect of movement in exchange rate		(71,215)	234,427
At 31 December		9,843,698	8,929,713

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.

4 Exploration and evaluation assets (cont'd)

Impairment of exploration and evaluation assets (cont'd)

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

- The term of exploration license 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 3.8(ii)).

5 Mine properties

	Mining rights	Producing mines	Total
	US$	US$	US$
Group			
Cost			
At 1 January 2017	6,303,850	13,499,056	19,802,906
Additions	371,750	948,890	1,320,640
At 31 December 2017	6,675,600	14,447,946	21,123,546
Additions	387,838	1,555,983	1,943,821
At 31 December 2018	7,063,438	16,003,929	23,067,367
Accumulated amortisation			
At 1 January 2017	659,679	5,014,052	5,673,731
Amortisation charge for the year	408,806	991,686	1,400,492
At 31 December 2017	1,068,485	6,005,738	7,074,223
Amortisation charge for the year	366,564	1,554,877	1,921,441
At 31 December 2018	1,435,049	7,560,615	8,995,664
Carrying amounts			
At 1 January 2017	5,644,171	8,485,004	14,129,175
At 31 December 2017	5,607,115	8,442,208	14,049,323
At 31 December 2018	5,628,389	8,443,314	14,071,703

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 up to 31 December 2034.

5 Mine properties (cont'd)

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 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.

Amortisation

The carrying amount of the mining rights 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

Group	Note	Buildings US$	Plant and equipment US$	Fixtures and fittings US$	Motor vehicles US$	Construction work in progress US$	Total US$
Cost							
At 1 January 2017		6,167,847	7,262,943	242,692	1,658,260	1,625,630	16,957,372
Acquisition of subsidiaries		–	16,092	24,575	10,423	–	51,090
Additions		73,827	1,910,947	–	–	4,520,590	6,505,364
Disposals/Written off		–	(1,022,735)	(20,387)	–	–	(1,043,122)
Reclassification		2,690,083	3,201,387	–	–	(5,891,470)	–
Effect of movement in exchange rate		–	21,249	8,529	10,789	233	40,800
At 31 December 2017		8,931,757	11,389,883	255,409	1,679,472	254,983	22,511,504
Additions		228,998	1,006,807	10,025	424,288	4,158,045	5,828,163
Disposals/Written off		(253,048)	(101,640)	–	(181,251)	–	(535,939)
Reclassification		2,660,067	550,224	–	–	(3,210,291)	–
Effect of movement in exchange rate		–	615	(1,343)	(2,821)	(96)	(3,645)
At 31 December 2018		11,567,774	12,845,889	264,091	1,919,688	1,202,641	27,800,083
Accumulated depreciation and impairment losses							
At 1 January 2017		3,053,176	5,790,086	235,697	1,494,589	–	10,573,548
Depreciation charge for the year		1,119,340	1,148,885	19,611	146,631	–	2,434,467
Disposals/Written off		–	(1,022,551)	(11,415)	–	–	(1,033,966)
Effect of movement in exchange rate		–	16,426	5,025	11,142	–	32,593
At 31 December 2017		4,172,516	5,932,846	248,918	1,652,362	–	12,006,642
Depreciation charge for the year		1,387,043	1,690,816	10,172	96,633	–	3,184,664
Disposals/Written off		(135,121)	(101,640)	–	(181,251)	–	(418,012)
Effect of movement in exchange rate		(36)	906	(1,383)	(2,859)	–	(3,372)
At 31 December 2018		5,424,402	7,522,928	257,707	1,564,885	–	14,769,922
Carrying amounts							
At 1 January 2017		3,114,671	1,472,857	6,995	163,671	1,625,630	6,383,824
At 31 December 2017		4,759,241	5,457,037	6,491	27,110	254,983	10,504,862
At 31 December 2018		6,143,372	5,322,961	6,384	354,803	1,202,641	13,030,161

6 Property, plant and equipment (cont'd)

The depreciation for the year is analysed as follows:

	Note	Group 2018 US$	Group 2017 US$
Depreciation for the year		3,184,664	2,434,467
Depreciation included in construction work in progress, and exploration and evaluation assets		(68,859)	(269,966)
Depreciation charged to profit or loss	21	3,115,805	2,164,501

	Plant and equipment US$	Fixtures and fittings US$	Motor vehicles US$	Total US$
Company				
Cost				
At 1 January 2017	21,900	172,077	155,316	349,293
Additions	3,888	–	–	3,888
At 31 December 2017	25,788	172,077	155,316	353,181
Additions	5,951	1,590	173,712	181,253
Disposals/Written off	–	–	(155,316)	(155,316)
At 31 December 2018	31,739	173,667	173,712	379,118
Accumulated depreciation and impairment losses				
At 1 January 2017	13,378	165,975	120,801	300,154
Depreciation charge for the year	4,868	3,805	34,515	43,188
At 31 December 2017	18,246	169,780	155,316	343,342
Depreciation charge for the year	4,705	2,386	48,253	55,344
Disposals/Written off	–	–	(155,316)	(155,316)
At 31 December 2018	22,951	172,166	48,253	243,370
Carrying amounts				
At 1 January 2017	8,522	6,102	34,515	49,139
At 31 December 2017	7,542	2,297	–	9,839
At 31 December 2018	8,788	1,501	125,459	135,748

Leased motor vehicles

The Group leases motor vehicles under a number of finance leases which secure lease obligations. At 31 December 2018, the carrying amount of leased motor vehicles was US$196,707 (2017: US$Nil).

7 Interests in subsidiaries

	Company 2018 US$	Company 2017 US$
Equity investments at cost	12,238,967	12,238,967
Allowance for impairment	(788,716)	(188,716)
	11,450,251	12,050,251

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	
	2018	2017
	US$	US$
At 1 January	188,716	188,716
Impairment loss recognised	600,000	–
At 31 December	788,716	188,716

Impairment on investment in subsidiary

During the year, the Company impaired its investment cost of US$600,000 in CNMC Goldmine Limited ("CNMC HK") to US$6,412,022 as the subsidiaries of CNMC HK were struck off during the year.

The following are the Company's subsidiaries:

	Company name	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group	
				2018	2017
				%	%
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. ("CNMC Development")	Investment holding company Currently dormant	Malaysia	100	100
[2]	CNMC Management Services Sdn. Bhd. (formerly known as MCS Tin Holdings Sdn. Bhd.) ("CNMC MS")	Non-mining related service provider	Malaysia	100	100
[2]	CNMC Mineral Exploration Sdn. Bhd. ("CNMC ME")	Mineral exploration and drilling service provider	Malaysia	100	100
[2]	CNMC Pulai Mining Sdn. Bhd. ("CNMC Pulai")	Exploration and mining of gold deposits	Malaysia	51	51
[2]	Kelgold Mining Sdn. Bhd. ("Kelgold")	Exploration and mining of gold deposits	Malaysia	100	100

7 Interests in subsidiaries (cont'd)

Company name	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group 2018 %	2017 %
Held by CNMC HK				
[2,3,4] MCS Mining Group Sdn. Bhd. ("MCS Mining")	Exploration and mining of gold deposits	Malaysia	–	80
[2,4] CNMC-Nalata Mining Sdn. Bhd. ("Nalata")	Exploration and mining of gold deposits	Malaysia	–	80
Held by CNMC Pulai				
[2] Sumberjaya Land & Mining Sdn. Bhd. ("SLM")	Exploration and mining of iron ore deposits	Malaysia	36	36

[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 the Group in MCS Mining was 80% as at 31 December 2017. This arrangement ceased upon the strike-off of MCS Mining.

[4] MCS Mining and Nalata were dormant during the year ended 31 December 2017, and voluntarily struck off during the year ended 31 December 2018.

Acquisition of subsidiaries

Year ended 31 December 2017

On 24 February 2017, the Group acquired 51% of the shares and voting interest in CNMC Pulai, a company incorporated in Malaysia authorised to mine for gold and other minerals in Kelantan for a total consideration of US$3,116,040. In connection with the acquisition, CNMC Pulai acquired 70% equity interest in SLM, a company incorporated in Malaysia primarily engaged in the business of iron ore exploration and mining for a total consideration of US$1,016,100. Although the Group owns less than half of SLM and less than half of the voting power of this entity, the management has determined that the Group controls this entity. The Group has control over SLM, on the basis that the remaining voting rights in the investee are widely dispersed, historical attendance at shareholder meetings shows that the Group has been able to control the outcome of voting, and that there is no indication that other shareholders exercise their votes collectively.

On 16 May 2017, the Group acquired 100% of the shares and voting interest in Kelgold, a company incorporated in Malaysia authorised to explore iron ore, gold and other minerals in Kelantan for a total consideration of US$401,225.

The acquisitions were accounted for as acquisitions of assets.

The acquisitions are in line with the Group's corporate strategy to explore opportunities in the development of other mining projects in Malaysia.

7 Interests in subsidiaries (cont'd)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition dates:

	Note	CNMC Pulai US$	Kelgold US$	Total US$
Exploration and evaluation assets	4	1,103,293	–	1,103,293
Property, plant and equipment	6	51,090	–	51,090
Trade and other receivables		220,955	–	220,955
Cash and cash equivalents		1,879,326	13	1,879,339
Non-controlling interest		(134,788)	–	(134,788)
Loans and borrowings		(1,279,096)	–	(1,279,096)
Trade and other payables		(1,491,824)	(68)	(1,491,892)
Current tax liabilities		(93,789)	–	(93,789)
Total identifiable net assets		255,167	(55)	255,112
Non-controlling interest		(468,813)	–	(468,813)
Exploration and evaluation assets arising from the acquisition of subsidiaries	4	3,329,686	401,280	3,730,966
Total purchase consideration		3,116,040	401,225	3,517,265
Less cash and cash equivalents of subsidiaries acquired		(1,879,326)	(13)	(1,879,339)
Net cash outflow on acquisition of subsidiaries		1,236,714	401,212	1,637,926

8 Inventories

	Group	
	2018 US$	2017 US$
Work in progress/Stockpile	917,068	706,417
Consumables	1,091,179	306,712
	2,008,247	1,013,129

In 2018, work in progress, stockpile and consumables recognised as an expense in profit or loss amounted to US$20,998,056 (2017: US$11,086,553).

9 Trade and other receivables

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Trade receivables	1,329,256	357,335	–	–
Amounts due from subsidiaries				
- trade	–	–	4,052,128	1,647,435
- non-trade	–	–	7,329,984	7,998,477
Other receivables	1,511,160	622,275	13,065	33,061
Deposits	109,848	461,025	18,247	18,645
	2,950,264	1,440,635	11,413,424	9,697,618
Prepayments	22,117	27,186	15,367	19,913
	2,972,381	1,467,821	11,428,791	9,717,531

9 Trade and other receivables (cont'd)

The outstanding trade receivables are not past due as at 31 December 2018. Based on historical trend, 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% (2017: 8.0%) per annum.

The Group and the Company's exposure to credit and currency risks are disclosed in note 31.

10 Cash and cash equivalents

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Cash at banks and in hand	2,025,622	2,869,945	167,479	82,383
Fixed deposits	15,884,562	16,622,012	–	–
Cash and cash equivalents in the statements of financial position/statements of cash flows	17,910,184	19,491,957	167,479	82,383

11 Share capital

	Group and Company	
	2018 Number of shares	2017 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 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.

11 Share capital (cont'd)

Performance shares (cont'd)

During the year, 2,782,500 (2017: Nil) shares were granted under the PSP to employees of the Group. No shares were granted under the PSP to controlling shareholders or their associates. Five (2017: Nil) participants received shares which in aggregate represented 5% or more of the total number of shares available under the PSP.

Pursuant to a directors' resolution in writing dated 4 July 2018, the PSP was terminated on that date.

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 2017 and 2018.

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

Non-redeemable preference shares

Pursuant to the shareholders' agreement dated 20 January 2017, a subsidiary of the Company, CMNM Mining Group Sdn. Bhd. ("CMNM Mining"), issued 15,000 preference shares to the Kelantan State Economic Development Corporation ("KSEDC"), a non-controlling shareholder, for an aggregate subscription price of approximately US$2,800 as part of a list of conditions for its mining lease extension up to 31 December 2034 (the "Preference Shares Issuance"). The preference shares are classified as equity as they are non-redeemable and dividend payments are discretionary.

12 Treasury shares

	Group and Company			
	2018		2017	
	No. of shares	US$	No. of shares	US$
At 1 January	(1,037,900)	(200,845)	(400,000)	(75,092)
Purchase of treasury shares	(1,744,600)	(360,535)	(637,900)	(125,753)
Treasury shares reissued under the Performance Share Plan	2,782,500	561,380	–	–
At 31 December	–	–	(1,037,900)	(200,845)

Treasury shares related to ordinary shares of the Company that is held by the Company.

During the year, 2,782,500 treasury shares with a carrying value of US$561,380 were reissued under the PSP (note 11). A deficit of US$13,860 which resulted from the re-issuance was recognised in capital reserve (note 13).

13 Reserves

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Capital reserve	3,111,892	3,125,752	(13,860)	–
Translation reserve	36,395	(21,508)	–	–
	3,148,287	3,104,244	(13,860)	–

Capital reserve

Pursuant to the share swap agreement dated 14 October 2011, the Company had 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 and the amount of paid up capital of CNMC HK at the date of acquisition, and the difference between the fair value of the preference shares for the Preference Shares Issuance as described in note 11 and the aggregate subscription price of preference shares at the date of issuance, and the deficit which resulted from the re-issuance of treasury shares under the Performance Share Plan as described in note 12.

The capital reserve as presented in the Company's financial statements represents the deficit which resulted from the re-issuance of treasury shares under the Performance Share Plan as described in note 12.

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	
			2018 %	2017 %
CMNM Mining Group Sdn. Bhd.	Malaysia	Gold mining	19	19
CNMC Pulai Mining Sdn. Bhd.	Malaysia	Gold mining	49	49
Sumberjaya Land & Mining Sdn. Bhd.	Malaysia	Gold mining	30	30

14 Non-controlling interests (cont'd)

The following summarises the financial information of CMNM Mining, based on its financial statements prepared in accordance with SFRS(I).

	CMNM Mining US$	Other individually immaterial subsidiaries US$	Intra-group elimination US$	Total US$
Group				
31 December 2018				
Revenue	39,618,218			
Profit and total comprehensive income for the year	6,386,639			
Attributable to NCI:				
- Profit for the year	1,213,461	119,133	(2,688)	1,329,906
- Other comprehensive income for the year	–	24,546	–	24,546
- Total comprehensive income for the year	1,213,461	143,679	(2,688)	1,354,452
Non-current assets	29,966,312			
Current assets	24,213,418			
Non-current liabilities	(329,408)			
Current liabilities	(19,028,761)			
Net assets	34,821,561			
Net assets attributable to NCI	6,782,226	324,661	–	7,106,887
Cash flows generated from operating activities	6,415,874			
Cash flows used in investing activities	(5,848,645)			
Cash flows used in financing activities (dividends to NCI: US$365,873)	(1,988,426)			
Net decrease in cash and cash equivalents	(1,421,197)			

	CMNM Mining US$	Other individually immaterial subsidiaries US$	Intra-group elimination US$	Total US$
Group				
31 December 2017				
Revenue	19,165,852			
Profit and total comprehensive income for the year	5,115,427			
Attributable to NCI:				
- Profit/(loss) for the year	971,931	(451,342)	–	520,589
- Other comprehensive income for the year	–	28,293	–	28,293
- Total comprehensive income/(loss) for the year	971,931	(423,049)	–	548,882
Non-current assets	27,384,080			
Current assets	22,555,944			
Non-current liabilities	(524,607)			
Current liabilities	(15,807,340)			
Net assets	33,608,077			
Net assets attributable to NCI	6,551,663	203,130	–	6,754,793
Cash flows used in operating activities	(479,022)			
Cash flows used in investing activities	(6,240,842)			
Cash flows used in financing activities (dividends to NCI: US$418,306)	(2,737,121)			
Net decrease in cash and cash equivalents	(9,456,985)			

15 Loans and borrowings

	Group	
	2018	2017
	US$	US$
Non-current		
Finance lease liabilities	127,319	19,043
Convertible loan	595,618	609,464
	722,937	628,507
Current		
Finance lease liabilities	61,135	44,697
Total loans and borrowings	784,072	673,204

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	Carrying amount
		%		US$	US$
Group					
At 31 December 2018					
Finance lease liabilities	Ringgit Malaysia ("RM")	2.4 to 3.0	2019 to 2023	204,649	188,454
Convertible loan	RM	5.00%	2022	595,618	595,618
				800,267	784,072
At 31 December 2017					
Finance lease liabilities	RM	2.4 to 3.0	2018 to 2019	66,052	63,740
Convertible loan	RM	5.00%	2022	609,464	609,464
				675,516	673,204

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 2018			
Within 1 year	68,213	7,078	61,135
After 1 year but within 5 years	136,436	9,117	127,319
	204,649	16,195	188,454
At 31 December 2017			
Within 1 year	46,764	2,067	44,697
After 1 year but within 5 years	19,288	245	19,043
	66,052	2,312	63,740

Convertible loan

	Group	
	2018 US$	2017 US$
Carrying amount of liability at 1 January	609,464	–
Issue of convertible loan	–	764,150
Conversion rights (note 16)	–	(154,686)
Effect of movement in exchange rate	(13,846)	–
Carrying amount of liability at 31 December	595,618	609,464

On 24 February 2017, the Group, through its subsidiary CNMC Pulai Mining Sdn. Bhd. ("CNMC Pulai"), issued a convertible loan which is unsecured and bears interest of 5.0% per annum with a principal amount of RM3,100,000 (US$609,464).

The main terms of the convertible loan are as follows:

(a) The aggregate principal amount is RM10,000,000 of which CNMC Pulai can further draw down RM6,900,000 of the convertible loan to be issued by the Company before 23 February 2022 (the "Maturity Date").

(b) The aggregate principal amount issued is convertible into ordinary shares of CNMC Pulai at the option of the lenders at a conversion price of 50% of independent valuation of the ordinary shares performed by an approved accounting firm, subject to a minimum valuation of RM130,000,000 and a maximum valuation of RM200,000,000 on the Maturity Date.

15 Loans and borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Equity			
	Finance lease liabilities	Convertible loan	Derivative financial instrument	Dividends payable	Treasury shares	Retained earnings	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Balance at 1 January 2017	96,203	–	–	1,029,647	(75,092)	18,919,936	5,914,349	25,885,043
Changes from financing cash flows								
Purchase of treasury shares	–	–	–	–	(125,753)	–	–	(125,753)
Dividends paid to equity holders of the Company	–	–	–	(571,351)	–	(2,142,896)	–	(2,714,247)
Dividends paid to non-controlling interests	–	–	–	(85,458)	–	–	(383,329)	(468,787)
Payment of finance lease liabilities	(40,053)	–	–	–	–	–	–	(40,053)
Repayment of borrowings	–	(985,556)	–	–	–	–	–	(985,556)
Total changes from financing cash flows	(40,053)	(985,556)	–	(656,809)	(125,753)	(2,142,896)	(383,329)	(4,334,396)
Changes arising from acquisition of subsidiaries	–	–	–	–	–	–	603,601	603,601
The effect of changes in foreign exchange rates	7,590	–	–	1,842	–	–	28,293	37,725
Other changes								
Liability-related								
Change in loans and borrowings	–	1,124,410	154,686	–	–	–	–	1,279,096
Change in trade and other payables	–	470,610	–	–	–	–	–	470,610
Dividend payable	–	–	–	62,858	–	–	–	62,858
Total liability-related other changes	–	1,595,020	154,686	62,858	–	–	–	1,812,564
Total equity-related other changes	–	–	–	–	–	2,726,983	591,879	3,318,862
Balance at 31 December 2017	63,740	609,464	154,686	437,538	(200,845)	19,504,023	6,754,793	27,323,399

15 Loans and borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities				Equity			
	Finance lease liabilities	Convertible loan	Derivative financial instrument	Dividends payable	Treasury shares	Retained earnings	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Balance at 1 January 2018	63,740	609,464	154,686	437,538	(200,845)	19,504,023	6,754,793	27,323,399
Changes from financing cash flows								
Purchase of treasury shares	–	–	–	–	(360,535)	–	–	(360,535)
Dividends paid to equity holders of the Company	–	–	–	–	–	(617,974)	–	(617,974)
Dividends paid to non-controlling interests	–	–	–	(374,680)	–	–	–	(374,680)
Payment of finance lease liabilities	(57,552)	–	–	–	–	–	–	(57,552)
Repayment of borrowings	–	–	–	–	–	–	–	–
Total changes from financing cash flows	(57,552)	–	–	(374,680)	(360,535)	(617,974)	–	(1,410,741)
The effect of changes in foreign exchange rates	(2,815)	(13,846)	396	8,807	–	–	24,546	17,088
Change in fair value	–	–	(127,860)	–	–	–	–	(127,860)
Other changes								
Liability-related								
Dividend payable	–	–	–	981,292	–	–	–	981,292
New finance leases	185,081	–	–	–	–	–	–	185,081
Total liability-related other changes	185,081	–	–	981,292	–	–	–	1,166,373
Total equity-related other changes	–	–	–	–	561,380	1,556,344	327,548	2,445,272
Balance at 31 December 2018	188,454	595,618	27,222	1,052,957	–	20,442,393	7,106,887	29,413,531

16 Derivative financial instrument

	Group	
	2018	2017
	US$	US$
At 1 January	154,686	–
Conversion rights recognised during the year (note 15)	–	154,686
Change in fair value	(127,860)	–
Effect of movement in exchange rate	396	–
At 31 December	27,222	154,686

During the year, the fair value of the derivative financial instrument decreased by US$127,860 (2017: US$Nil) due to a reduction in the equity value of the subsidiary which issued the convertible loan.

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

17 Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group	
	2018	2017
	US$	US$
Property, plant and equipment and mine properties	(490,544)	(505,564)
Accrued rehabilitation costs	288,455	–
	(202,089)	(505,564)

Movement in temporary differences during the year

	At 1 January 2017	Recognised in profit or loss (note 24)	At 31 December 2017	Recognised in profit or loss (note 24)	At 31 December 2018
	US$	US$	US$	US$	US$
Group					
Property, plant and equipment and mine properties	(1,580,834)	1,075,270	(505,564)	15,020	(490,544)
Accrued rehabilitation costs	–	–	–	288,455	288,455
Deferred tax liabilities	(1,580,834)	1,075,270	(505,564)	303,475	(202,089)

The unutilised tax losses do not expire under current tax legislation. The tax losses 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.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	Group	
	2018	2017
	US$	US$
Unutilised tax losses	4,151,478	2,112,037
Unabsorbed capital allowance	221,754	140,004
	4,373,232	2,252,041

18 Accrued rehabilitation costs

	Group	
	2018	2017
	US$	US$
Accrued rehabilitation costs	1,009,174	863,249

Included in the accrued rehabilitation costs is an amount of US$358,784 (2017: US$195,454) which are capitalised to mine properties during the year.

18 Accrued rehabilitation costs (cont'd)

The accrued rehabilitation costs approximates rehabilitation provision, which represents the present value of rehabilitation costs relating to the mine site and was 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 29 March 2019, management believes that there are no further obligations in respect to the accrued rehabilitation costs.

19 Trade and other payables

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Trade payables	973,191	1,072,948	40,597	51,338
Other payables	41,759	1,753	–	–
Amount due to a subsidiary (non-trade)	–	–	5,699,994	5,815,405
Amounts due to contractors	1,103,506	752,584	–	–
Accrued operating expenses	3,909,028	3,547,931	594,830	142,991
Remuneration and fees payable to key management	1,161,549	184,856	811,912	–
	7,189,033	5,560,072	7,147,333	6,009,734

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 31.

20 Other income

	Group	
	2018 US$	2017 US$
Gain on disposal on property, plant and equipment	135,026	251,560
Net foreign exchange gain	–	1,916,266
Reversal of tax penalty estimate	428,501	–
Change in fair value of derivative financial instrument	127,860	–
Others	132,915	96,733
	824,302	2,264,559

21 Amortisation and depreciation

	Note	Group 2018 US$	Group 2017 US$
Amortisation of mine properties	5	1,921,441	1,400,492
Depreciation of property, plant and equipment	6	3,115,805	2,164,501
		5,037,246	3,564,993

22 Other expenses

	Group 2018 US$	Group 2017 US$
Net foreign exchange loss on striking off of subsidiaries	69,881	–
Net foreign exchange loss - others	237,409	–
Plant and equipment written off	117,927	313
Others	5,622	24,250
	430,839	24,563

23 Finance income and costs

	Group 2018 US$	Group 2017 US$
Finance income		
Interest income on cash and cash equivalents	550,532	770,597
Finance costs		
Interest expenses on finance lease liabilities	(4,478)	(3,880)
Interest expenses on convertible loan	(85,765)	(30,788)
	(90,243)	(34,668)
Net finance income recognised in profit or loss	460,289	735,929

24 Tax expense/(credit)

	Note	Group 2018 US$	Group 2017 US$
Current tax expense			
Current year		1,906,954	311,481
Adjustment for prior years		(21,505)	(13,455)
		1,885,449	298,026
Deferred tax expense			
Origination and reversal of temporary differences		(314,420)	(278,290)
Adjustment for prior years		10,945	(796,980)
	17	(303,475)	(1,075,270)
Total tax expense/(credit)		1,581,974	(777,244)

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 2018 US$	Group 2017 US$
Reconciliation of effective tax rate		
Profit for the year	3,011,116	3,298,053
Total tax expense/(credit)	1,581,974	(777,244)
Profit excluding tax	4,593,090	2,520,809
Tax using Malaysian tax rate of 24% (2017: 24%)	1,102,342	604,994
Effect of tax rates in foreign jurisdictions	218,904	16,797
Pioneer Status Incentive	(923,045)	(1,275,652)
Non-deductible expenses	193,430	396,735
Under/(Over) provision in respect of prior years:		
- current tax expense	(21,505)	(13,455)
- deferred tax expense	10,945	(796,980)
Withholding tax	322,531	215,894
Current year losses for which no deferred tax asset is recognised	509,086	143,946
Others	169,286	(69,523)
	1,581,974	(777,244)

In 2014, CMNM Mining Group Sdn. Bhd. obtained the Pioneer Status Incentive ("PSI") 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 beginning 1 July 2013. The PSI expired on 30 June 2018.

As at 31 December 2018, the current tax payable and net deferred tax liabilities are US$839,227 (2017: US$65,244) and US$202,089 (2017: US$505,564) respectively.

25 Profit for the year

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

	Group	
	2018 US$	2017 US$
Audit fees paid/payable to:		
- auditors of the Company	176,517	136,464
- other auditors	40,117	17,972
Professional fees relating to dual listing exercise paid/payable to:		
- auditors of the Company	176,962	–
- other auditors	279,839	–
Non-audit fees paid/payable to:		
- auditors of the Company	8,173	3,980
- other auditors	31,046	26,183
Employee benefits expense		
Contributions to defined contribution plans	483,946	261,422
Equity-settled share-based payment transactions	486,511	–

26 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2018 was based on the profit attributable to ordinary shareholders of US$1,681,210 (2017: US$2,777,464) and a weighted-average number of ordinary shares outstanding of 406,843,216 (2017: 407,135,660).

The Group's weighted-average number of ordinary shares is calculated as follows:

	Group	
	2018 No. of shares	2017 No. of shares
Issued number of ordinary shares	407,693,000	407,693,000
Effect of own shares held	(849,784)	(557,340)
Weighted-average number of ordinary shares during the year	406,843,216	407,135,660

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the financial years ended 31 December 2018 and 2017.

27 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	
	2018 US$	2017 US$
Paid by the Company to owners of the Company		
Dividends on ordinary shares:		
- Final and special dividends for the year ended 2017: S$0.00200 (equivalent to US$0.00153) (2016: S$0.00734 (equivalent to US$0.00526)) per ordinary share	617,974	2,142,896

27 Dividends (cont'd)

For the year ended 31 December	Group	
	2018	2017
	US$	US$
Payable by a subsidiary to non-controlling interests		
Dividends on ordinary shares:		
- First interim dividends for the year ended 2018: RM42.00 (equivalent to US$10.0380) (2017: RM16.00 (equivalent to US$3.9104)) per ordinary share	982,899	371,488
Dividends on preference shares:		
- Preference dividends for the year ended 2018: RM42.00 (equivalent to US$10.0380) (2017: RM16.00 (equivalent to US$4.1547)) per preference share	29,289	11,841
	1,012,188	383,329

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	
	2018	2017
	US$	US$
Payable by the Company to owners of the Company		
- Final dividends for the year ended 2018: S$0.00200 (equivalent to US$0.001465) (2017: S$0.00200 (equivalent to US$0.001497)) per ordinary share	597,090	608,763

28 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.

28 Operating segments (cont'd)

Information about reportable segments

	Gold mining US$	Other operations US$	Inter-segment eliminations US$	Total US$
Group				
31 December 2018				
Total revenue from external customers	39,547,621	–	–	39,547,621
Interest income	621,123	340,332	(410,923)	550,532
Management fee	1,773,544	3,557,599	(5,331,143)	–
Interest expense	(501,166)	–	410,923	(90,243)
Amortisation and depreciation	(4,981,903)	(55,343)	–	(5,037,246)
Reportable segment profit before tax	7,350,978	821,857	(3,579,745)	4,593,090
Reportable segment assets	59,693,263	34,657,090	(34,513,979)	59,836,374
Capital expenditure*	8,620,464	181,252	(43,836)	8,757,880
Reportable segment liabilities	(24,444,261)	(12,392,555)	25,935,131	(10,901,685)
31 December 2017				
Total revenue from external customers	19,153,576	–	–	19,153,576
Interest income	792,517	550,058	(571,978)	770,597
Management fee	789,535	1,902,867	(2,692,402)	–
Interest expense	(616,512)	–	581,844	(34,668)
Amortisation and depreciation	(3,525,754)	(43,188)	3,949	(3,564,993)
Reportable segment profit before tax	2,792,074	1,268,966	(1,540,231)	2,520,809
Reportable segment assets	54,131,460	30,591,961	(29,266,616)	55,456,805
Capital expenditure*	9,482,942	3,888	–	9,486,830
Reportable segment liabilities	(19,491,319)	(8,394,916)	20,132,242	(7,753,993)

* 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	
	2018 US$	2017 US$
Assets		
Total assets for reportable segments	59,836,374	55,456,805
Unallocated assets	–	–
Consolidated total assets	59,836,374	55,456,805
Total liabilities for reportable segments	(10,901,685)	(7,753,993)
Unallocated liabilities	(202,089)	(505,564)
Consolidated total liabilities	(11,103,774)	(8,259,557)

Geographical segments

The operations of the Group are principally located in Malaysia.

Major customer

There is one (2017: one) major customer which accounts for 100% (2017: 100%) of the Group's revenue.

29 Commitments

(i) Capital commitments

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

	Group	
	2018 US$	2017 US$
Property, plant and equipment	2,187,483	13,562

(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	
	2018 US$	2017 US$
Within 1 year	122,993	108,781
After 1 year but within 5 years	129,405	2,551
	252,398	111,332

30 Related parties

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	
	2018 US$	2017 US$
Short-term employee benefits	2,849,475	1,570,911
Post-employment benefits	81,666	70,780
Share-based payments	277,811	–
Directors' fees	132,680	127,227
	3,341,632	1,768,918

Included in key management personnel compensation is remuneration of certain directors of the Company amounting to US$2,348,654 (2017: US$1,356,484). Director's remuneration includes salaries, bonuses, fees and other emoluments.

During the year, an amount of US$277,811 (2017: US$Nil) was paid to certain key management personnel under the Performance Share Plan (note 11).

31 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 which is an external service provider. 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

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

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.

The trade receivables of the Group arises from 1 debtor (2017: 1 debtor) that represents 100% (2017: 100%) of trade receivables.

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

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

31 Financial instruments (cont'd)

A summary of the exposure to credit risk for trade receivables is as follows:

	Group		
	2018		2017
	Not credit-impaired	Credit-impaired	
	US$	US$	US$
Customer with four or more years' trading history with the Group	1,329,256	–	357,335
Total gross carrying amount	1,329,256	–	357,335
Loss allowance	–	–	–
	1,329,256	–	357,335

	Company		
	2018		2017
	Not credit-impaired	Credit-impaired	
	US$	US$	US$
Subsidiaries	4,052,128	–	1,647,435
Total gross carrying amount	4,052,128	–	1,647,435
Loss allowance	–	–	–
	4,052,128	–	1,647,435

Comparative information under FRS 39

An analysis of the credit quality of trade receivables that were neither past due nor impaired is as follows:

	Group	Company
	2017	2017
	US$	US$
Neither past due nor impaired		
Customer with four or more years' trading history with the Group	357,335	–

Expected credit loss assessment for the individual customer as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivable from its individual customer, which comprise of a single balance.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years, adjusted by the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customer as at 31 December 2018:

	Group			
	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
		US$	US$	
Current (not past due)	0%	1,329,256	–	No

31 Financial instruments (cont'd)

Expected credit loss assessment for the individual customer as at 1 January and 31 December 2018 (cont'd)

	Company			
	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
		US$	US$	
Current (not past due)	0%	584,616	–	No
1 – 30 days past due	0%	216,047	–	No
31 – 60 days past due	0%	169,721	–	No
61 – 90 days past due	0%	213,024	–	No
More than 90 days past due	0%	2,868,720	–	No
		4,052,128	–	

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	US$	US$	US$	US$	US$
Group					
At 31 December 2018					
Non-derivative financial liabilities					
Loans and borrowings	784,072	(1,082,128)	(105,553)	(976,575)	–
Trade and other payables	7,189,033	(7,189,033)	(7,189,033)	–	–
Dividends payable	1,052,957	(1,052,957)	(1,052,957)	–	–
	9,026,062	(9,324,118)	(8,347,543)	(976,575)	–
At 31 December 2017					
Non-derivative financial liabilities					
Loans and borrowings	673,204	(1,002,136)	(84,972)	(917,164)	–
Trade and other payables	5,560,072	(5,560,072)	(5,560,072)	–	–
Dividends payable	437,538	(437,538)	(437,538)	–	–
	6,670,814	(6,999,746)	(6,082,582)	(917,164)	–

31 Financial instruments (cont'd)

Exposure to liquidity risk (cont'd)

	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	US$	US$	US$	US$	US$
Company					
At 31 December 2018					
Non-derivative financial liability					
Trade and other payables	7,147,333	(7,147,333)	(7,147,333)	–	–
At 31 December 2017					
Non-derivative financial liabilities					
Trade and other payables	6,009,734	(6,009,734)	(6,009,734)	–	–

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.

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 and Singapore where the operating expenses are primarily incurred in USD, Singapore Dollars ("SGD"), Hong Kong Dollars ("HKD") and Malaysian Ringgit ("MYR"). 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 USD 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.

31 Financial instruments (cont'd)

Exposure to currency risk

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

	SGD US$	HKD US$	MYR US$
Group			
At 31 December 2018			
Loans and receivables	31,312	–	2,325,426
Cash and cash equivalents	228,697	–	17,657,209
Loans and borrowings	–	–	(784,072)
Trade and other payables	(1,215,916)	(259,310)	(4,041,619)
Net financial (liabilities)/assets	(955,907)	(259,310)	15,156,944
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	–	–	(666,827)
Net currency exposure	(955,907)	(259,310)	14,490,117
Sensitivity analysis	95,591	25,931	(1,449,012)
At 31 December 2017			
Loans and receivables	51,706	–	1,163,071
Cash and cash equivalents	141,903	–	19,122,541
Loans and borrowings	–	–	(673,204)
Trade and other payables	(200,110)	–	(4,628,637)
Net financial (liabilities)/assets	(6,501)	–	14,983,771
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	–	–	(893,370)
Net currency exposure	(6,501)	–	14,090,401
Sensitivity analysis	650	–	(1,409,040)

31 Financial instruments (cont'd)

Exposure to currency risk (cont'd)

	SGD US$	HKD US$	MYR US$
Company			
At 31 December 2018			
Loans and receivables	3,419,954	–	4,233,495
Cash and cash equivalents	164,328	–	–
Trade and other payables	(6,312,052)	(255,400)	(158,271)
Net financial assets	(2,727,770)	(255,400)	4,075,224
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	–
Net currency exposure	(2,727,770)	(255,400)	4,075,224
Sensitivity analysis	272,777	25,540	(407,522)
At 31 December 2017			
Loans and receivables	7,499,306	–	138,943
Cash and cash equivalents	79,232	–	–
Trade and other payables	(5,522,555)	–	(65,569)
Net financial assets	2,055,983	–	73,374
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	–
Net currency exposure	2,055,983	–	73,374
Sensitivity analysis	(205,598)	–	(7,337)

A 10% strengthening of USD against the SGD, HKD and MYR at the respective reporting dates would increase/(decrease) profit before tax 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, HKD and MYR 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.

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, trade and other payables, accrued rehabilitation costs, and dividends payable) are assumed to approximate their fair values because of the short period to maturity.

31 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	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		US$	US$	US$	US$	US$	US$	US$
Group								
At 31 December 2018								
Financial assets not measured at fair value								
Trade and other receivables*	9	2,950,264	–	2,950,264				
Cash and cash equivalents	10	17,910,184	–	17,910,184				
		20,860,448	–	20,860,448				
Financial liabilities measured at fair value								
Derivative financial instrument	16	–	(27,222)	(27,222)	–	–	(27,222)	(27,222)
Financial liabilities not measured at fair value								
Convertible loan	15	–	(595,618)	(595,618)	–	(449,619)	–	(449,619)
Finance lease liabilities	15	–	(188,454)	(188,454)	–	(204,649)	–	(204,649)
Trade and other payables	19	–	(7,189,033)	(7,189,033)				
Dividends payable		–	(1,052,957)	(1,052,957)				
		–	(9,026,062)	(9,026,062)				
At 31 December 2017								
Financial assets not measured at fair value								
Trade and other receivables*	9	1,440,635	–	1,440,635				
Cash and cash equivalents	10	19,491,957	–	19,491,957				
		20,932,592	–	20,932,592				

31 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amount			Fair value			
	Note	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		US$	US$	US$	US$	US$	US$	US$
Group								
At 31 December 2017								
Financial liabilities measured at fair value								
Derivative financial instrument	16	–	(154,686)	(154,686)	–	–	(154,686)	(154,686)
Financial liabilities not measured at fair value								
Convertible loan	15	–	(609,464)	(609,464)	–	(609,464)	–	(609,464)
Finance lease liabilities	15	–	(63,740)	(63,740)	–	(66,052)	–	(66,052)
Trade and other payables	19	–	(5,560,072)	(5,560,072)				
Dividends payable		–	(437,538)	(437,538)				
		–	(6,670,814)	(6,670,814)				

		Carrying amount			Fair value			
	Note	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		US$	US$	US$	US$	US$	US$	US$
Company								
At 31 December 2018								
Financial assets not measured at fair value								
Trade and other receivables*	9	11,413,424	–	11,413,424				
Cash and cash equivalents	10	167,479	–	167,479				
		11,580,903	–	11,580,903				
Financial liability not measured at fair value								
Trade and other payables	19	–	(7,147,333)	(7,147,333)				
At 31 December 2017								
Financial assets not measured at fair value								
Trade and other receivables*	9	9,697,618	–	9,697,618				
Cash and cash equivalents	10	82,383	–	82,383				
		9,780,001	–	9,780,001				
Financial liability not measured at fair value								
Trade and other payables	19	–	(6,009,734)	(6,009,734)				

* Excluded prepaid expenses of US$22,117 (2017: US$27,186) and US$15,367 (2017: US$19,913) for the Group and the Company respectively.

31 Financial instruments (cont'd)

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Derivative financial instrument	*Discounted cash flows:* The valuation model considers the cost of acquisition at the acquisition date of the subsidiary adjusted for the changes in net assets from the acquisition date to the balance sheet date and the present value of expected payment upon maturity date, discounted using a risk-adjusted discount rate.	• Risk-adjusted discount rate at 7.30% (2017: 5.14%).	The estimated fair value would increase (decrease) if the risk-adjusted discount rate was lower (higher).

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Convertible loan and finance lease liabilities	*Discounted cash flows:* The valuation model considers the present value of expected payment upon maturity date, discounted using a risk-adjusted discount rate.

Sensitivity analysis

For the fair value of derivative financial instrument, reasonably possible change at the reporting date to the unobservable input, holding other inputs constant, would have the following effects.

Derivative financial instrument

	Group	
	Profit or loss	
	Increase	Decrease
	US$	US$
At 31 December 2018		
Derivative financial instrument		
Risk-adjusted discount rate (1% movement)	1,988	(1,740)
At 31 December 2017		
Derivative financial instrument		
Risk-adjusted discount rate (1% movement)	2,562	(2,842)

32 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, there were no adjustments required to the amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 9.

An explanation of how the adoption of SFRS(I) 9 have affected the Group's and the Company's classification of financial assets and liabilities is set out below.

32 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. There were no differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding.

The impact upon adoption of SFRS(I) 9 are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income – debt instrument, fair value through other comprehensive income – equity instrument; or fair value through profit or loss. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instruments as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note 3.3(ii).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

32 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

SFRS(I) 9 (cont'd)

(i) Classification of financial assets and financial liabilities (cont'd)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

				1 January 2018	
Group	**Note**	**Original classification under FRS 39**	**New classification under SFRS(I) 9**	**Original carrying amount under FRS 39**	**New carrying amount under SFRS(I) 9**
				US$	**US$**
Financial assets					
Trade and other receivables*	(a)	Loans and receivables	Amortised cost	1,440,635	1,440,635
Cash and cash equivalents		Loans and receivables	Amortised cost	19,491,957	19,491,957
Total financial assets				20,932,592	20,932,592

				1 January 2018	
Company	**Note**	**Original classification under FRS 39**	**New classification under SFRS(I) 9**	**Original carrying amount under FRS 39**	**New carrying amount under SFRS(I) 9**
				US$	**US$**
Financial assets					
Trade and other receivables*	(a)	Loans and receivables	Amortised cost	9,697,618	9,697,618
Cash and cash equivalents		Loans and receivables	Amortised cost	82,383	82,383
Total financial assets				9,780,001	9,780,001

* Excluded prepaid expenses of US$27,186 and US$19,913 for the Group and the Company respectively.

(a) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. No differences were recognised in the opening retained earnings of the Group and the Company at 1 January 2018 respectively on transition to SFRS(I) 9.

33 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective data deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group and Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

33 New standards and interpretations not yet adopted (cont'd)

SFRS(I) 16 (cont'd)

i. The Group and the Company as lessee

The Group and the Company expect to measure lease liabilities by applying different discount rates to their office and land facilities leases. Furthermore, the Group and the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

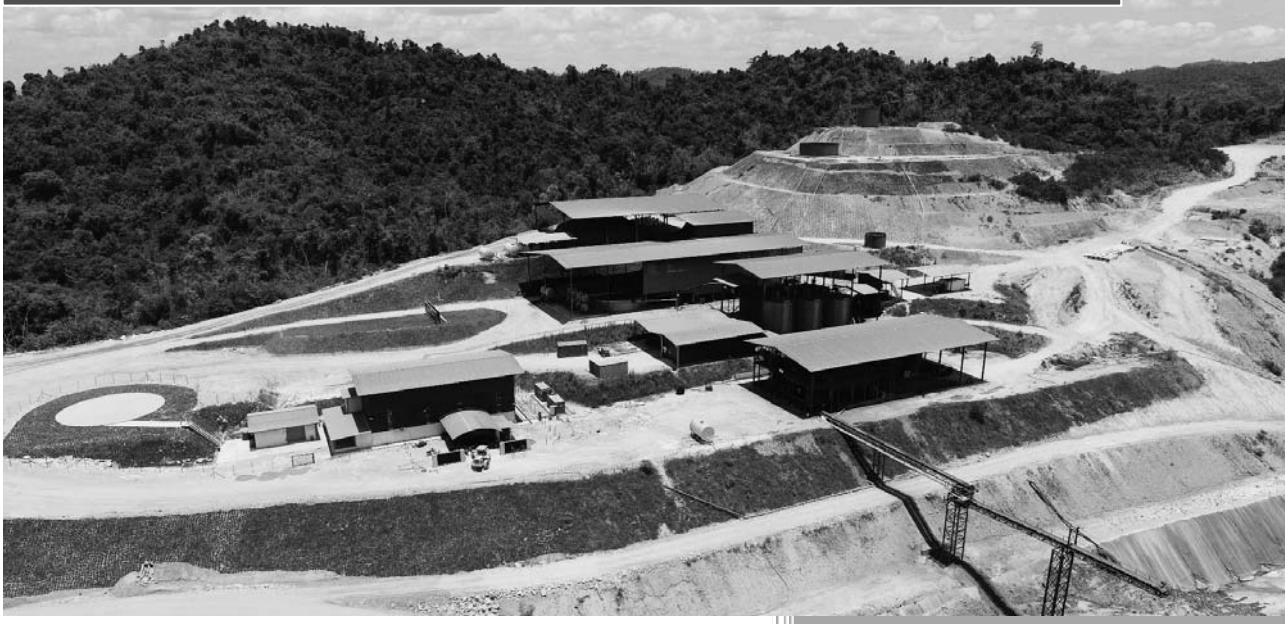
The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16.

As at 1 January 2019, the Group expects an increase in ROU assets of $230,026, an increase in lease liabilities of $229,298 and an increase in retained earnings of $43,788. The Company expects an increase in ROU assets of $199,393, an increase in lease liabilities of $202,721 and an increase in retained earnings of $23,521.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

CNMC Goldmine Holdings Limited Independent Qualified Persons' Report as at 31 December 2018



J_2357

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1 April 2019 Our Ref: J_2357

The Board of Directors
CNMC Goldmine Holdings Limited
745 Toa Payoh Lorong 5 #04-01
Singapore 319455

Dear Sirs

INDEPENDENT QUALIFIED PERSONS' REPORT AS AT 31 DECEMBER 2018

At the request of CNMC Goldmine Holdings Limited (CNMC), Optiro Pty Ltd (Optiro) has prepared an Independent Qualified Persons' Report (IQPR) on the Sokor, Kelgold and CNMC Pulai Projects located in Malaysia. The Report has been prepared by Optiro in accordance with Singapore Stock Exchange (SGX) 'Additional Listing Requirements for Mineral, Oil and Gas Companies'. The Mineral Resources at Rixen, Manson's Lode, New Discovery, New Found and Ketubong and the Ore Reserves at Rixen, Manson's Lode and New Discovery have 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).

SOKOR PROJECT

The Sokor Project (the Project) in Kelantan State, 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 four gold deposits in the southern part of the project area (Manson's Lode, New Discovery, New Found and Ketubong), and a fifth gold deposit (Rixen) approximately 3 km to the north of Ketubong. Additional base metal and silver mineralisation is also present at Manson's Lode and at Sg Among, to the east of Rixen.

At CNMC's request, Optiro Pty Ltd (Optiro) has updated the Mineral Resource estimate for the Sokor Project and has incorporated data from 24 diamond holes drilled by CNMC during 2018, since CNMC's 31 December 2017 Mineral Resource and Ore Reserve Statement. Mineral Resources have been updated for Rixen, Manson's Lode, Ketubong and the combined mineralisation at New Discovery and New Found. Ore Reserve estimates have been updated for Rixen, New Discovery and Manson's Lode. CNMC has mined ore from Rixen, Ketubong, New Discovery and New Found during 2018. The Mineral Resources at Rixen, Ketubong and New Discovery have been depleted for mining to 31 December 2018.

KELGOLD PROJECT

The Kelgold Project comprises a 100% owned right to explore for gold, iron ore and other minerals over an area of approximately 15.5 km^2. The concession is located in the state of Kelantan, Malaysia approximately 30 km northwest of the Sokor mine.

Assessment of the Kelgold Project by CNMC is at an early stage and is currently on-going. CNMC considers that their Kelgold acquisition has significant potential based on the geological information available and offers a strategic synergy due to the geographic proximity to the Group's existing Sokor Project. Optiro notes the presence of historic workings and gold in soil anomalism and considers further follow-up work is warranted.

CNMC PULAI

CNMC holds a 51% interest in CNMC Pulai Mining Sdn. Bhd. (formerly known as Pulai Mining Sdn. Bhd.) (CNMC Pulai) which owns exploration and mining licenses with a combined license area of 38.41 km^2. The project area is approximately 100 km south of the Sokor mine and 20 km to the southwest of the city of Gua Musang in the State of Kelantan, Malaysia.

The project area has historically been subject to alluvial gold mining operations especially along the Galas River along with feldspar mining. Total alluvial gold production has been in the order of 260 kg and approximately 125,000 tonnes of feldspar has been produced.

CNMC considers that geological data collected by previous explorers supports the potential for primary gold mineralisation similar to that discovered at the Sokor Project. Optiro considers that the work to date is encouraging and warrants further follow-up work.

INDEPENDENT QUALIFIED PERSONS' REPORT

Optiro has prepared this document in support of CNMC's Annual Report for the year 2018. 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 and the exploration results for the Kelgold and CNMC Pulai Projects as at 31 December 2018 for incorporation into CNMC's Annual Report for the Year 2018; as such, it should not be used or relied upon for any other purpose.

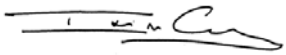
Neither the whole nor any part of this report or any reference thereto may be included in, or with, or attached to any document or used for any purpose without Optiro's written consent as to the form and context in which it appears.

The Mineral Resource estimates were 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 Stephen O'Grady, Associate Consultant at Optiro and a Member of the Australasian Institute of Mining and Metallurgy. Mr O'Grady fulfils the requirement of a Competent Person as defined in the JORC Code 2012 and accepts responsibility for the qualified persons' report and the JORC Code 2012 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



Ian Glacken *FAusIMM (CP), FAIG, CEng*
Director of Geology and Principal Consultant

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1. EXECUTIVE SUMMARY

1.1. INTRODUCTION

At the request of CNMC Goldmine Holdings Limited (CNMC), Optiro Pty Ltd (Optiro) has prepared an Independent Qualified Persons' Report (IQPR) on the Sokor, Kelgold and CNMC Pulai Projects located in Malaysia. Optiro has prepared this document in support of CNMC's Annual Report for the year 2018. The Report has been prepared by Optiro in accordance with Singapore Stock Exchange (SGX) 'Additional Listing Requirements for Mineral, Oil and Gas Companies'.

The objectives of this Report are to provide an overview of the geological setting of CNMC's mineral assets and the associated mineralisation, outline the recent and historic exploration work undertaken over the project areas, report on the Mineral Resources and Ore Reserves defined within the projects and comment on the exploration potential of the projects.

1.2. SOKOR PROJECT

The Sokor 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 four deposits in the southern part of the project area (Manson's Lode, New Discovery, New Found and Ketubong) and a fifth deposit (Rixen), approximately 3 km to the north of Ketubong. Base metal and silver mineralisation is also present at Manson's Lode and at Sg Among, to the east of Rixen.

Optiro Pty Ltd (Optiro) undertook site visits to the Sokor Project during December 2011, June 2015 and January 2018 to review data for the Mineral Resource estimate, and during October 2012, June 2015 and January 2018 to review the mining operations for the Ore Reserve estimate and during April 2018 for issuance of Independent Technical Report for a proposed dual primary listing on the Main Board of the HKEx. CNMC provided Optiro with the drillhole logging, assay and survey data for the drilling undertaken during 2018 and updated topographical data and production data for mining undertaken during 2018.

Optiro has been assisting CNMC with collation of the drillhole data, Mineral Resource and Ore Reserve estimates since 2012. During 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 (Optiro, 2012 and 2013a). During 2013, CNMC drilled additional holes at Rixen and in 2014 Optiro updated the Mineral Resource estimates for Manson's Lode, Ketubong and Rixen deposits (Optiro, 2014a). Additional drilling was undertaken by CNMC during 2014 and updated estimates were prepared by Optiro for Rixen, Manson's Lode and New Discovery as at 31 December 2014 (Optiro, 2015a and 2015b). During 2015, CNMC drilled additional holes at Rixen, Manson's Lode, New Discovery and New Found and Optiro has updated the Mineral Resource and Ore Reserves estimates for Rixen, Manson's Lode and New Discovery (Optiro, 2016a and 2016b). During 2016, CNMC drilled additional holes at Rixen, Manson's Lode and New Found and Optiro updated the Mineral Resource and Ore Reserves estimates for Rixen, updated the Mineral Resource estimates at Manson's Lode and estimated the Mineral Resources at New Found (Optiro, 2017). Additional drilling was undertaken by CNMC during 2014 at Rixen, Manson's Lode, Ketubong, New Discovery and New Found. Optiro updated the Mineral Resource and Ore Reserve estimates at Rixen, New Discovery and Manson's Lode and updated the Mineral Resource estimates at Ketubong and New Found (Optiro,2018). During 2018, CNMC drilled an additional 24 diamond core holes at Rixen, New Found and to the north of Ketubong. Optiro has updated the Mineral Resource models at Rixen, New Discovery and New Found and Ore Reserve estimates at Rixen and New Discovery.

Ore has been mined by CNMC at Rixen since 2012, at Manson's Lode and New Discovery during 2012 and 2013, at New Found during 2016, and at New Found, New Discovery and Ketubong during 2017 and 2018. The Mineral Resource and Ore Reserve estimates have been depleted for all mining to 31 December 2018.

The Mineral Resource and Ore Reserve 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).

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 these pits.

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 Rixen, New Discovery, New Found and Ketubong 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 drilling at Manson's Lode also include potentially economic zinc and lead grades.

At Manson's Lode and Ketubong a nominal cut-off grade of 0.2 g/t gold was used to define the mineralisation. At Manson's Lode base metal mineralisation, external and additional to the gold mineralisation, was interpreted above a nominal 2% lead plus zinc (Pb+Zn) cut-off grade. Optiro re-interpreted the gold mineralisation at Rixen and the combined New Discovery and New Found deposits above a nominal 0.2 g/t gold cut-off grade. For the previous resource models the mineralisation was interpreted above a nominal cut-off grade of 0.25 g/t gold. The reduction in the gold grade used for the mineralisation interpretation is a result of the reduction in the economic cut-off from 0.3 g/t to 0.25 g/t gold grade at Rixen and New Discovery determined for the by Optiro in 2017 (Optiro,2018).

At New Discovery, New Found 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 west of the fault zone which overlies the structurally controlled mineralisation. 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 several 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 329 sections of diamond drill core and measurements of alluvial and backfilled material from 41 test pits.

Mining at Rixen during 2018 extracted 2,582 kt of ore for the production of 9,742 ounces of gold via heap leach extraction, which was ongoing as at 31 December 2018. Mining at New Found during 2018 extracted 145.8 kt of ore for the production of 3,096 ounces of gold via vat leach extraction, which was ongoing as at 31 December 2018. Mining at New Discovery and Ketubong extracted 141.5 kt of ore for the production of 18,636 ounces of gold via CIL extraction.

MINERAL RESOURCE AND ORE RESERVE TABULATION

The Mineral Resource estimate, as at 31 December 2018, 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) and at Rixen, Ketubong and New Discovery/New Found to 31 December 2018. The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode and for the transitional and fresh rock at Ketubong, New Discovery and New Found, and above a 0.17 g/t gold cut-off grade at Rixen and for the oxide material at Ketubong, New

Discovery and New Found to reflect current commodity prices, differential operating costs and processing options. As at 31 December 2018, the total Measured, Indicated and Inferred gold Mineral Resource for the Sokor Project (above a 0.17 g/t gold cut-off grade at Rixen and for oxide rock at Ketubong, New Discovery and New Found and above a 0.5 g/t gold cut-off grade at Manson's Lode and for transitional and fresh rock at Ketubong, New Discovery and New Found) is 17,907 kt at 1.6 g/t gold for 914,000 ounces of contained gold.

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 2% lead plus zinc (Table 1.1).

The total Measured, Indicated and Inferred gold resources for the Sokor Project, previously reported in December 2017, were 13,860 kt at 1.6 g/t gold, with contained gold of 724,000 ounces. After depletion for mining at Rixen, New Discovery and Ketubong the December 2018 Mineral Resource represents an increase of 26% in contained gold. The Manson's Lode Mineral Resource also contains silver, lead and zinc. As at 31 December 2017 this was 1,410 kt with an average grade of 42 g/t silver, 1.6% lead and 1.7% zinc. No drilling or mining was undertaken at Manson's Lode during 2018 and the Mineral Resource at Manson's Lode as at 31 December 2018 is the same as reported as at 31 December 2017. The Mineral Resource figures discussed above contain material which has subsequently been modified to produce Ore Reserves.

Table 1.1 Sokor Project – Mineral Resource statement as at 31 December 2018 (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	0.41	2.8	37	0.33	2.8	30	-25%
Indicated	Gold	9.22	1.5	438	7.47	1.5	355	56%
Inferred	Gold	8.27	1.7	439	6.70	1.7	355	12%
Total	**Gold**	**17.91**	**1.6**	**914**	**14.50**	**1.6**	**740**	**26%**
Measured	Silver	0.34	63	683	0.27	63	553	0%
Indicated	Silver	0.17	74	407	0.14	74	330	0%
Inferred	Silver	0.90	29	838	0.73	29	679	0%
Total	**Silver**	**1.41**	**42**	**1,928**	**1.14**	**42**	**1,562**	**0%**
Measured	Lead	0.34	1.5	5,058	0.27	1.5	4,097	0%
Indicated	Lead	0.17	1.5	2,560	0.14	1.5	2,074	0%
Inferred	Lead	0.90	1.7	15,407	0.73	1.7	12,480	0%
Total	**Lead**	**1.41**	**1.6**	**23,025**	**1.14**	**1.6**	**18,650**	**0%**
Measured	Zinc	0.34	1.9	6,370	0.27	1.9	5,160	0%
Indicated	Zinc	0.17	2.0	3,365	0.14	2.0	2,726	0%
Inferred	Zinc	0.90	1.5	13,770	0.73	1.5	11,154	0%
Total	**Zinc**	**1.41**	**1.7**	**23,505**	**1.14**	**1.7**	**19,039**	**0%**

Note: Inconsistencies in totals are due to rounding

The Mineral Resources in 2018 were reported above a 0.5 g/t gold cut-off grade at Manson's Lode and for the transitional and fresh rock at Ketubong, New Discovery and New Found, and above a 0.17 g/t gold cut-off grade at Rixen and for the oxide material at Ketubong, New Discovery and New Found to reflect the commodity prices, differential operating costs and processing options at the time.

The infill drilling at Rixen has improved confidence within the southern area and has increased the Indicated Mineral resources. The additional drilling at Rixen, New Discovery and New Found, the change to the cut-off grade used for the mineralisation interpretation (from 0.25 g/t to 0.17 g/t gold) and the increase in density for the fresh material measured at Rixen has resulted in the definition of additional Mineral Resources and increased the global Mineral Resources by 26%. Furthermore, the improved

accuracy and detail of the depletion surfaces at Rixen, New Discovery and New Found has improved the definition of and confidence in the remaining Mineral Resources and Ore Reserves.

In reporting the 2018 Ore Reserves in Table 1.2, it should be noted that the tabulated Mineral Resources have been reported '*exclusive*' of and additional to Ore Reserves as at 31 December 2018. This means that there will be material declared in Table 1.1 which is neither reported as Mineral Resources nor Ore Reserves in Table 1.2; for instance, material which falls within the final pit, but which is below the Ore Reserve cut-off grade. Thus, it is not possible to add the Ore Reserves and Mineral Resources in Table 1.2 together to produce the total Mineral Resources in Table 1.1. Moreover, the Ore Reserves include factors for ore loss and dilution which, by convention, have not been applied to the Mineral Resources. All Ore Reserves have been reported in accordance with the JORC Code (2012).

The Ore Reserves reported for 2018 are lower than 2017, largely due to mining depletion at Rixen. CNMC are considering underground mining plans for Rixen but these remain at a preliminary stage as at 31 December 2018. This has the potential to increase Ore Reserves at Rixen in the future. The Ore Reserves have increased at Manson's Lode, due to lower processing and mining costs reducing the incremental cut-off grade. Ore Reserves have decreased at New Discovery due to a higher cut-off grade associated with the new Carbon in Leach (CIL) processing stream. Optiro has depleted the Ore Reserves for the Rixen and New Discovery pits with the current 2017 pit production, which is in accordance with guidelines of the JORC Code.

Table 1.2 Combined Sokor Project gold Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (at Manson's Lode, New Discovery and New Found, Rixen and Ketubong that are additional to Ore Reserves at Manson's Lode, New Discovery and Rixen) as at 31 December 2018

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 (%)
Ore Reserves								
Proved	Gold	292	3.3	31	237	3.3	25	-24%
Probable	Gold	2,263	1.4	104	1,833	1.4	84	-35%
Total	**Gold**	**2,555**	**1.6**	**135**	**2,070**	**1.6**	**109**	**-33%**
Additional Mineral Resources								
Measured	Gold	116	1.1	4	94	1.1	3	-25%
Indicated	Gold	6,534	1.5	320	5,293	1.5	259	188%
Inferred	Gold	8,137	1.7	436	6,591	1.7	354	11%
Total	**Gold**	**14,785**	**1.6**	**760**	**11,977**	**1.6**	**616**	**49%**

1.3. KELGOLD PROJECT

The Kelgold Project comprises a 100% owned right to explore for gold, iron ore and other minerals over an area of approximately 15.5 km^2. The concession is located in the state of Kelantan, Malaysia approximately 30 km northwest of the Sokor mine.

During 2018, CNMC completed 18 diamond drillholes and 34 exploration trenches within Kelgold Project. All drilling and trenching carried out in 2018 was located in the northern portion of the licence area.

Assessment of the Kelgold Project by CNMC is at an early stage and is currently on-going. CNMC considers that their Kelgold acquisition has significant potential based on the geological information available and offers a strategic synergy due to the geographic proximity to the Group's existing Sokor Project. Optiro notes the presence of historic workings and gold in soil anomalism and considers further follow-up work is warranted.

1.4. CNMC PULAI

CNMC holds a 51% interest in CNMC Pulai Mining Sdn. Bhd. (formerly known as Pulai Mining Sdn. Bhd.) (CNMC Pulai) which owns exploration and mining licenses with a combined license area of 38.41 km^2. The

project area is approximately 100 km south of the Sokor mine and 20 km to the southwest of the city of Gua Musang in the State of Kelantan, Malaysia.

The project area has historically been subject to alluvial gold mining operations especially along the Pulai River along with feldspar mining. Total alluvial gold production has been in the order of 260 kg and approximately 125,000 tonnes of feldspar has been produced.

CNMC considers that geological data collected by previous explorers supports the potential for primary gold mineralisation similar to that discovered at the Sokor Project. Optiro considers that the work to date is encouraging and warrants further follow-up work.

2. INTRODUCTION

2.1. TERMS OF REFERENCE

At the request of CNMC Goldmine Holdings Limited (CNMC), Optiro Pty Ltd (Optiro) has prepared an Independent Qualified Persons' Report (IQPR) on the Sokor, Kelgold and CNMC Pulai Projects located in Malaysia. The Report has been prepared by Optiro in accordance with Singapore Stock Exchange (SGX) 'Additional Listing Requirements for Mineral, Oil and Gas Companies'. CNMC listed on the Catalist Board of the Singapore Exchange (SGX) by way of an Initial Public Offering on 28 October 2011.

The Mineral Resources at Rixen, Manson's Lode, New Discovery, New Found and Ketubong and the Ore Reserves at Rixen, Manson's Lode and New Discovery have 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).

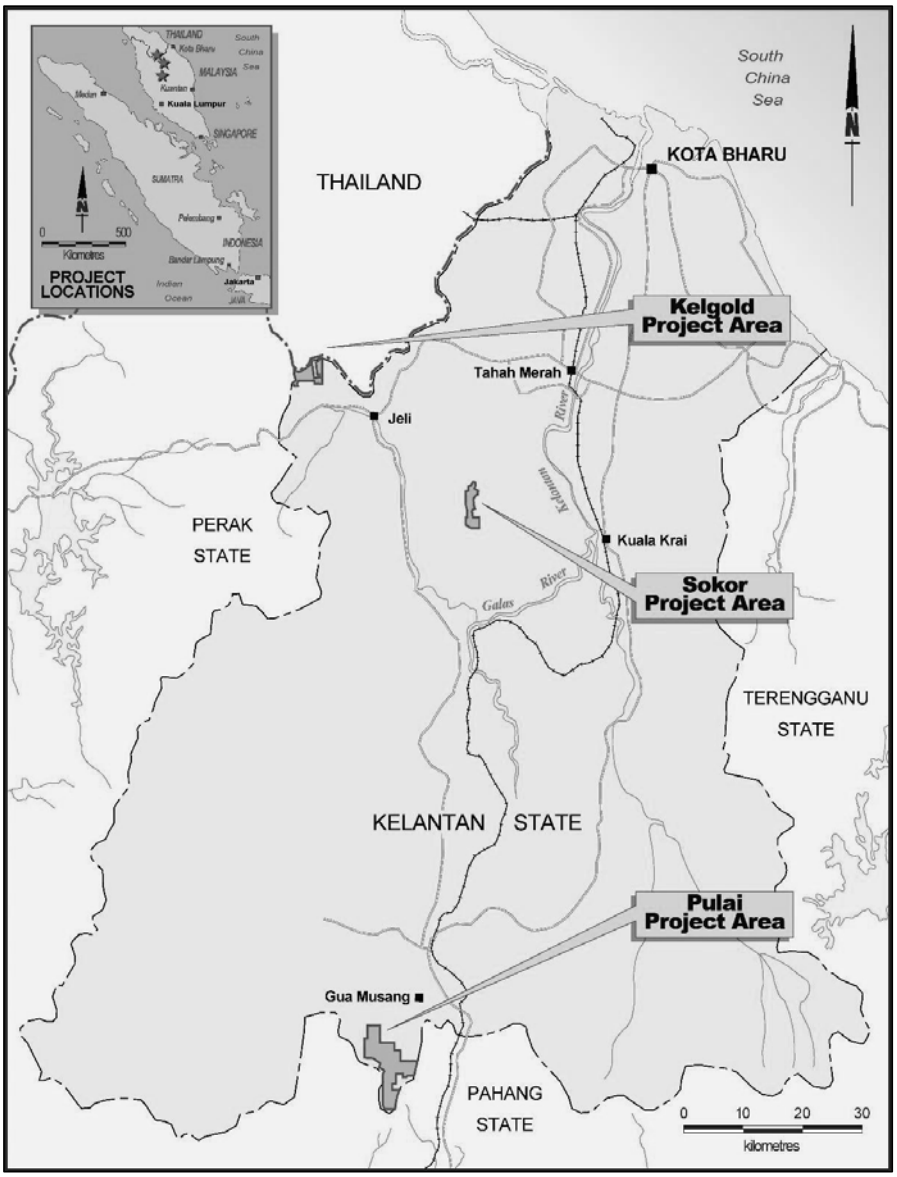
The objectives of this report are to provide an overview of the geological setting of CNMC's mineral assets and the associated mineralisation, outline the recent and historic exploration work undertaken over the project areas, report on the Mineral Resources and Ore Reserves defined within the projects and comment on the exploration potential of the projects.

CNMC Goldmine Holdings Limited, through its subsidiary CMNM Mining Group Sdn. Bhd., holds an 81% interest in the Sokor Project (Figure 2.1 and Figure 2.2). 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. Additional exploration tenure is held at the Kelgold and CNMC Pulai Projects. CNMC considers that these projects have significant exploration potential (Figure 2.1).

Optiro has prepared this report to document the update to the Mineral Resource and Ore Reserve estimates in support of the planned 2018 Annual Report, and to provide a market update on Mineral Resources and Ore Reserves as at 31 December 2018, as required under the mineral, oil and gas guidelines of the SGX.

CNMC has defined four deposits in the southern part of the Sokor Project area (Manson's Lode, New Discovery, New Found and Ketubong) and a fifth deposit (Rixen), approximately 3 km to the north of Ketubong (Figure 2.2). Additional base metal mineralisation is present at Sg Among, to the east of Rixen, and at Sg Tiger, within the southern part of the Sokor Project area. At present there is insufficient data to define Mineral Resources within these areas.

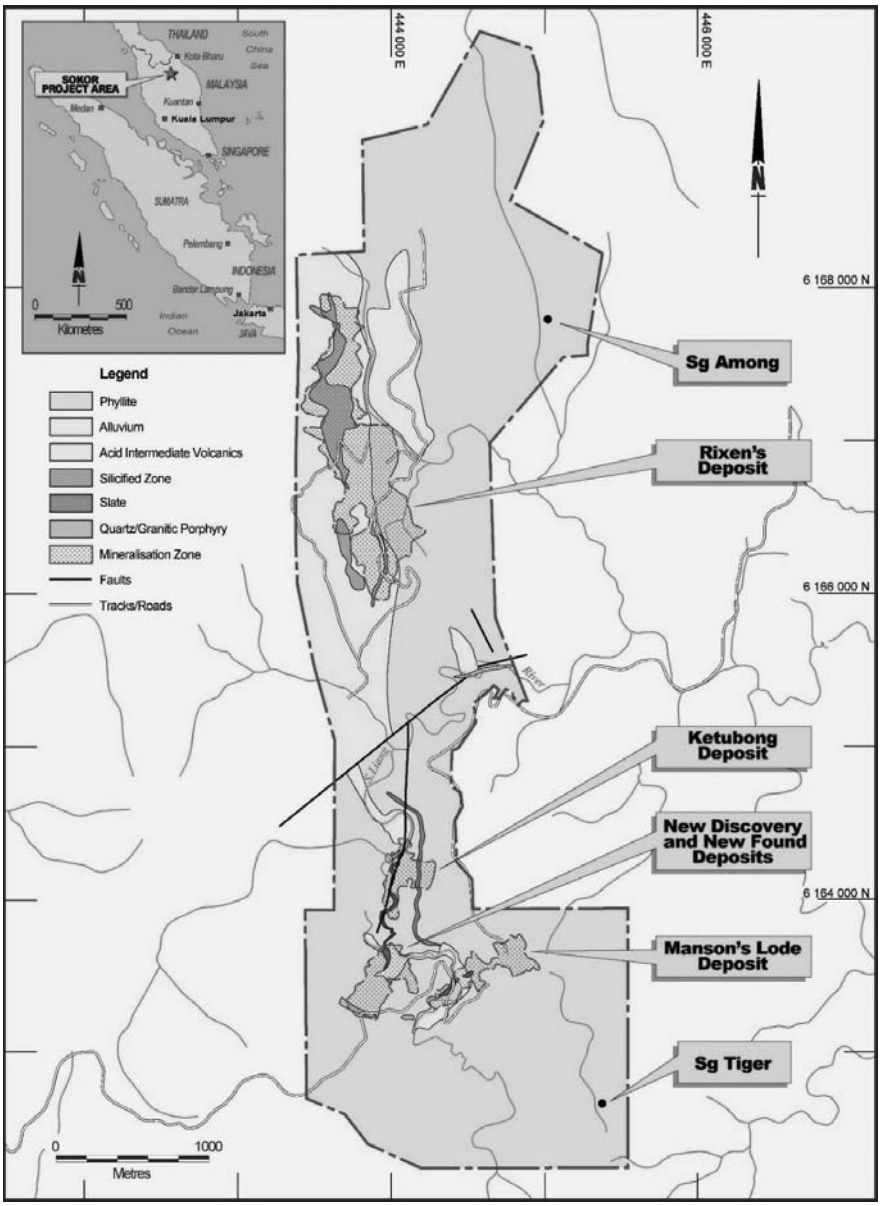
Figure 2.1 Location of CNMC's project area at Sokor, Kelgold and Pulai



During 2018, CNMC drilled an additional 24 holes for a total of 6,683.26 m including 20 holes at Rixen, three holes at New Found and one hole that was drilled between Rixen and Ketubong. The Mineral Resource estimates have been updated for the Rixen deposit and the combined New Found and New Discovery deposits.

Ore was mined at Rixen, New Discovery, New Found and Ketubong during 2018. The Mineral Resource and Ore Reserve estimates have been depleted for mining to 31 December 2018. All the Mineral Resources and Ore Reserves have been classified and reported in accordance with the guidelines of the JORC Code.

Figure 2.2 Sokor Project – local geology and deposit location



2.2. COMPETENT PERSONS

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).

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 16 and 18 May 2012

to review the mining operations for the Ore Reserve estimate. Mrs Christine Standing visited the Sokor Project again between 1 and 5 June 2015 to inspect the Sokor mine site, drilling procedures, drillhole core and the sampling and logging procedures and Mr Andrew Law undertook a site visit on 4 and 5 June 2015 to review the mining operations. Mrs Christine Standing and Mr Michael Leak visited the Sokor operation on 14 January 2018 to inspect the mine site and drillhole core and to examine the changes in mining and processing practices since 2015.

The Mineral Resource estimates were 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 (2012) 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 has 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, MSc (Min Econs), MAusIMM, MAIG] is a geologist with over 35 years' worldwide experience in the mining industry. She has six years' experience as an exploration geologist in Western Australia and over 25 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), FAIG, CEng, MIMMM, DIC] has 35 years worldwide experience in the mining industry. Ian is a geologist with postgraduate qualifications in geostatistics, mining geology and computing. Mr Glacken has over 20 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 250 training courses to thousands of attendees on every continent apart from Antarctica. Mr Glacken'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. He was a founding Director of Optiro.

The Ore Reserve Estimate has been compiled by Mr Stephen O'Grady, Associate Consultant at Optiro and Member of the Australasian Institute of Mining and Metallurgy. Mr O'Grady fulfils the definition and requirements of Competent Persons as defined in the JORC Code and accepts 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 Stephen O'Grady [BEng (Mining), MAusIMM] is a mining engineer with over 35 years' experience in both open pit and underground operations in Australia, Africa and Asia. 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.

2.3. 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. SOKOR PROJECT

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 2.1). The project is accessed by a sealed road from Kota Bhara to Kampong Bukit, which is approximately 18 km from site, and thence 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 and 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 10/2016) covering approximately 10 km^2 (known as the "Sokor Block"). In 2016, CNMC's mining rights to the Sokor Block were extended until 31 December 2034.

The Corporate income tax rate in Malaysia is 24%. A gold royalty of 10% of gross revenue is payable to the Kelantan State Government (KSG) and an additional tribute payment of 4% of gross revenue is payable to the Kelantan State Economic Development Corporation (KSEDC). Large scale mining approval was obtained from KSG in 2016, allowing for large scale mine production of unlimited 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. The EIA and EMP for CIL plant was approved in February and May 2018. 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.

CNMC, through its subsidiary CMNM Mining Group Sdn. Bhd., holds an 81% interest in ML 10/2016 (which replaces ML 2/2008). 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.

Table 3.1 Sokor Project tenement schedule

Tenement ID	CNMC Interest	Status	Expiry date	Area km^2	Type of mineral deposit	Remarks
ML 10/2016	81%	Development	31/12/2034	10.0	Gold	Mining rights

During 2017, CNMC acquired interests in two exploration projects located within Kelantan State, Malaysia:

- On 24 February 2017, CNMC completed the acquisition of a 51% interest in CNMC Pulai Mining Sdn. Bhd. (formerly known as Pulai Mining Sdn. Bhd.) (CNMC Pulai). CNMC Pulai has 100% interest in 11 licenses that cover a total area of 38.4 km^2 and are prospective for gold and iron ore and feldspar. The project includes a feldspar mine with area of 0.15 km^2 located approximately 5 km south of Gua Musang. At present there is insufficient data to define Mineral Resources within these areas.

- On 16 May 2017, CNMC completed the acquisition a 100% stake of Kelgold Mining Sdn. Bhd. Through this acquisition, CNMC has a 100% interest an exploration licence with a total area of 15.5 km^2 that is prospective for iron and gold mineralisation. At present there is insufficient data to define Mineral Resources within this area.

3.3. HISTORY OF THE PROPERTY

The earliest recorded exploration in the Ulu Sokor area was undertaken by Duff Development Company Limited 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 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. Over the length of its tenure CNMC has conducted geological mapping, soil sampling, Induced Polarisation geophysical surveys and diamond drilling programmes, and has excavated 27 trenches. Gold mineralisation was identified at New Found by CNMC in 2015. Diamond drilling has been undertaken at Manson's Lode, New Discovery, Ketubong, Rixen and New Found, and has tested areas to the east of Rixen, at Sg Among and to the southwest of Manson's Lode, at Sg Tiger.

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.

During 2017, CNMC commissioned the design of a Carbon in Leach (CIL) flowsheet and subsequently build a 500 tonne per day CIL processing plant for Sokor. As of December 2018, some 149 kt of ore material had been processed through the CIL plant since commissioning. The current mine operating practice is that ore from Rixen, New Found and New Discovery will continue to be treated by both heap leach and vat leach processes and fresh rock ore sources from the adjacent deposits will be treated by the CIL plant.

3.3.1. 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 2012 and 2018, which is summarised in Table 3.2.

Table 3.2 Sokor production statistics for 2012 to 2018

Commodity	Production statistics	2012	2013	2014	2015	2016	2017	2018
Rixen								
Mined	Ore tonnes mined (claimed)	90,000	323,000	1,362,138	2,236,674	2,243,667	1,871,856	2,582,057
	Ore tonnes processed	90,000	386,000	1,362,138	2,236,674	2,243,667	1,871,856	2,869,429
	Ore stockpiled (not processed as at 31 December)	63,000	63,200	-	-	-	-	-
Gold	Calculated grade (g/t)	0.3	1.07	0.94	0.61	0.41	0.33	0.31
	Recovered gold (oz)	861	11,800	27,685	29,645	20,324	11,472	9,742
Ketubong, New Discovery and New Found								
Mined	Ore tonnes mined (claimed)	-	31,000	-	-	154,241	105,101	287,372
	Ore tonnes processed	-	31,000	-	-	154,241	105,101	287,372
Gold	Calculated grade (g/t)	-	1.14	-	-	1.92	1.40	3.20
	Recovered gold (oz)	-	1,100	-	-	7,080	3,345	21,731
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	-	-	-	-	-	-
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**	**2,236,674**	**2,397,908**	**1,976,957**	**2,869,429**
	Ore tonnes processed	**136,791**	**417,000**	**1,362,138**	**2,236,674**	**2,397,908**	**1,976,957**	**3,156,801**
Gold	**Calculated grade (g/t)**	**0.42**	**0.96**	**0.94**	**0.61**	**0.51**	**0.45**	**0.58**
	Recovered gold (oz)	**1,845**	**12,900**	**27,685**	**29,645**	**27,190**	**14,817**	**31,474**
Silver	**Calculated grade (g/t)**	**75.00**	**N/A**	**N/A**	**N/A**	**-**	**-**	**-**
	Recovered silver (oz)	**112,451**	**690**	**20,886**	**22,057**	**-**	**-**	**-**
Lead	**Calculated grade (%)**	**0.003**	**-**	**-**	**-**	**-**	**-**	**-**
	Recovered lead (kg)	**1,397**	**-**	**-**	**-**	**-**	**-**	**-**
Zinc	**Calculated grade (%)**	**0.004**	**-**	**-**	**-**	**-**	**-**	**-**
	Recovered zinc (kg)	**1,752**	**-**	**-**	**-**	**-**	**-**	**-**

3.4. GEOLOGICAL SETTING

3.4.1. 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.

3.4.2. LOCAL GEOLOGY

The Ulu Sokor area is underlain by north-south trending meta-sediments including phyllite, slate, conglomerate, limestone and felsic to intermediate volcanic rocks. The meta-sediments are lower greenschist facies and appear to form an asymmetric anticline with shallow easterly dips in the eastern part of the concession and steeper westerly dips in the west. Locally the rocks are highly folded and display variable shallow to steep dips.

The concession area is divided into two parts by the north-south trending Ketubong-Rixen fault zone. The eastern part is dominated by calcareous and argillaceous sediments interbedded with carbonate rocks which dip eastwards at 10 to 40°. The western part of the concession is dominated by tuffaceous volcanics interbedded with minor calcareous phyllites and carbonate rocks. The acid to intermediate volcanic rocks consist of volcanic breccias and crystal tuffs. Silicification in the volcanic rocks is widespread.

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 lower grade material from these deposits.

RIXEN DEPOSIT

Gold mineralisation at the Rixen deposit 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 2,025 m, an across strike length of up to 600 m and to a depth of 330 m. The Rixen deposit has been tested by 248 diamond drillholes totalling 31,541.64 m.

MANSON'S LODE

The Manson's Lode deposit is located 3.5 km south of Rixen. Manson's Lode consists of a surface gossan after sulphides, partially replacing a silicified limestone unit which is intercalated with phyllitic sediments. The gold 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 175 diamond drillholes totalling 11,065.85 m.

The average width of mineralisation exposed in trenches is 15 m, varying from a few metres to 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 general strike and dip as the gold mineralisation and extends along strike to the northeast and down-dip to the southeast, external to the gold mineralisation. Much of the surface area has been disturbed by previous mining activity and hence the relationship between the different rock types is not clear.

NEW DISCOVERY AND NEW FOUND DEPOSITS

The New Discovery deposit is located approximately 500 m west-northwest of Manson's Lode. Drilling during 2015 indicated that the mineralisation at New Discovery extended to the south: CNMC has named this area New Found. The gold mineralisation at New Discovery and New Found is associated with the Ketubong-Rixen fault that runs through the central part of the concession area.

At New Discovery, 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. 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.

The New Discovery deposit has been drilled down-dip to a depth of 280 m from surface and generally remains open at depth. The mineralisation at New Discovery and New Found has a combined strike length of 500 m and a maximum width of 330 m. Mineral Resources at the New Discovery and New Found deposits have been defined by 111 diamond drillholes totalling 9,822.27 m.

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 20° 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 that 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 that the mineralisation is closely associated with a limestone unit within phyllite.

CNMC has tested the Ketubong deposit with 53 diamond drillholes totalling 9,126.43 m and an additional five holes for a total of 1,037.58 m have been drilled to the north of Ketubong. Mineral Resources have been defined over a strike length of 520 m and an across strike length of around 200 m. Mineralisation has been intersected to a depth of 270 m.

3.5. 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.

3.5.1. DRILLING

The five Sokor deposits (Manson's Lode, New Discovery, New Found, Ketubong and Rixen) have been evaluated by both surface trenches and diamond core drilling. Diamond drilling was completed on all five 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 606 diamond drillholes for 64,876.16 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. During 2015, CNMC purchased Datamine software and updated the database with the data from the 2015 drilling programme. Optiro validated the 2015 data captured by CNMC against the drillhole logs and data from the laboratory. CNMC provided the 2016, 2017 and 2018 drillhole data as a series of Excel spreadsheets and as Datamine files. Optiro used these files to update the master Datamine database used for Mineral Resource estimation.

3.5.2. SURVEY DATA

CNMC has completed a topographic survey over a 7 km^2 area covering the five 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) devices and from this data a digital terrain model (DTM) was produced.

Drillhole collars have been surveyed using EDM equipment. Comparison of the drillhole collar data from the holes drilled prior to 2016 revealed that many of the drillhole collar elevations were significantly different to the DTM. This issue has been resolved during 2016, and the collar elevations provided for the 2016 and 2017 drillholes match the current topographical survey data, once allowances have been made for excavation of material to prepare the drilling pad.

The 2018 drillholes were surveyed using industry standard downhole survey equipment at the start and end of the hole and at approximately 50 m intervals downhole for inclined holes and 100 m intervals for vertical holes. For the 2018 drillholes the dip deviations are generally less than 1°, although a dip deviation of 3.25° has been recorded for one drillhole. The azimuth deviations average less than 0.5°, with a maximum deviation of 5°.

Mining at Rixen, Ketubong, New Discovery and New Found was undertaken during 2018. Open-pit mining at Ketubong was completed in early 2018 and CNMC provided a pit survey for Ketubong as at 31 May 2018. This was used to deplete the 2017 resource model. Detailed aerial pit surveys of Rixen, New Discovery and New Found were conducted in early 2019 using an unmanned aerial vehicle (UAV) by Land Surveys, an Australian based company.

With the detailed 2019 mining surfaces, and higher level of confidence in this data compared to the previous mining surfaces, Optiro has depleted the 2019 resource models at Rixen, New Discovery and New Found only below the detailed 2019 mining surfaces. As a result, areas of the resource that are below the 2019 mining surface but are above the previous mining surfaces have been retained in the resource model. For the previous resource estimates, Optiro adopted an approach of sequentially depleting the Mineral Resource below the each of the successive mining surfaces. This removed the gold grades from areas of the resource model that were flagged as being below any of the pit surfaces from 2012 to 2018.

3.5.3. 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. From 2011 to 2013 the average length of the samples selected for analysis was 1.46 m, during 2014 and 2015 the average sample length was 1.27 m and for 2016, 2017 and 2018 the average sample length was 1.0 m. Sample intervals selected for analysis from the 2018 drillholes are between 0.06 m and 1.67 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 holes drilled during 2014 to 2018 drillholes recorded oxidised, transition and fresh material.

Half core samples were selected for analysis, with quarter core samples used for quality assurance/quality control (QAQC) analysis. Prior to 2012, sample preparation was undertaken at the ALS Group Laboratory in Perth, Australia; the samples collected from 2012 to 2015 were prepared by SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia, and the samples collected from the 2016, 2017 and 2018 drilling were prepared at CNMC's on-site laboratory. 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.

3.5.4. SAMPLE SECURITY

Prior to 2016, 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 2016, 2017 and 2018, samples were analysed at CNMC's on-site laboratory.

3.5.5. ASSAYING

Gold analyses at all five 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 (ALS); samples from the 2012 to 2015 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 to 2015 drilling programmes were analysed by SGS (Malaysia) Sdn. Bhd. Laboratory by four-acid digest, followed by AAS.

The samples from 2018 drilling programmes were analysed at the CNMC on-site laboratory with 14% of the samples sent to SGS (Malaysia) Sdn. Bhd. Laboratory for check analysis. Approximately 52% of the check samples were sent to ALS Group Laboratory in Perth for inter-laboratory check analysis.

At New Discovery, New Found, Ketubong and Rixen, silver and base metal concentrations are low and the majority of samples were analysed for gold only.

3.5.6. QUALITY ASSURANCE/QUALITY CONTROL

CNMC's QAQC protocols for the 2018 drilling programme included the insertion of standard, duplicate and blank samples, with duplicate samples sent to SGS (Malaysia) Sdn. Bhd. Laboratory and inter-laboratory duplicate samples (of pulps) being submitted to ALS in Perth, Australia.

Duplicate samples (320) were analysed by SGS (Malaysia) Sdn. Bhd. Laboratory. Of the duplicate samples 169 samples that were analysed by CNMC's on-site laboratory and SGS (Malaysia) Sdn. Bhd. Laboratory were also analysed by the umpire laboratory, ALS Perth. For all three sets of data, the original and duplicate results show a high correlation and no bias in the data sets.

For the 2018 drilling programme, standard samples have been inserted at a rate of 8% and blank samples at a rate of 10%, which is well above the industry standard insertion rate. Of the 176 standard samples, all but five of the results are within three standard deviations of the expected certified value and indicate acceptable precision of the assay data. All 22 of the 23 blank samples returned below detection assay

results and one sample returned 0.05 g/t gold. This indicates good sample preparation with little sample contamination.

3.5.7. BULK DENSITY

Bulk density measurements are made on selected core samples of approximately 0.2 m in length using the water immersion method (weight in air and water). Samples are dried before measurement. Bulk density values for each deposit and material type were calculated using measurements from 329 sections of diamond drill core (including 69 measurements obtained during 2018) and of alluvial/eluvial and backfill material from 41 test pits.

3.6. MINERAL PROCESSING AND METALLURGICAL TESTING

3.6.1. 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 commissioned and declared operational during January 2013, and has continued to operate throughout 2013, 2014 and 2015, with ore being supplied solely from the Rixen deposit, during 2016 with ore from the Rixen and New Found pits, and during 2018 with ore being supplied from the Rixen, New Found, New Discovery and Ketubong pits. Heap leach recoveries during the year ranged from 18% to 60% (average 37%) at Rixen, 21% to 74% (average 47%) at New Found and for the CIL plant 80% to 99% (average 88%) at New Discovery.

Sampling of the spent heap leach during 2016 indicated that over 60% of the results have less than 0.2 g/t gold. This indicates good performance of the heap leaching process.

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.

Metallurgical testwork continues as part of the current operations, with the results being 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, as well as to validate the new process flowchart for the recently constructed and commissioned CIL plant.

LEACHING OPTIONS

CNMC is currently using a combination of heap and vat leaching and CIL processing. The heap leach was still the predominant processing method (for tonnes) in 2018.

The heap leaching process previously 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 via a standard elution and electrowinning process, with gold recoveries in the order of 60% being achieved during 2017. The spent heap leach material is then removed from the heap pad to a tailings storage area, which is then progressively rehabilitated during the year.

CNMC had during second half of 2018 completed the construction of the first of two new permanent heap leach pads to replace three older leach pads. The new permanent heap leach pad, which has been put to use during second half of 2018, is designed to hold mined ore for continuous leaching to enhance gold recovery. The second new permanent heap leach pad is planned to be built during 2019. Together, the two new permanent leach pads are expected to boost the CNMC's heap leaching capacity to 6 Mt of ore. 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
- two leaching vats, each with a capacity of 2,300 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 to 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, whence it is pumped back to the vat. 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 bars.

CARBON IN LEACH CIRCUIT

During 2017, CNMC commissioned the design of a Carbon in Leach (CIL) flow sheet and subsequently build a 500 tonne per day CIL processing plant for Sokor.

The general extraction of the gold through a CIL process can be thought of as:

- the use of cyanide to dissolve the gold from the rock into solution
- the extraction of the gold from the cyanide solution by adsorption onto activated carbon
- the removal of the gold from the activated carbon by acid washing and elution
- the re-solidification and extraction of gold from solution by way of electrowinning and smelting to remove impurities.

The Sokor CIL Plant does not include a crushing circuit as it has been designed to accept ore feed material from the existing crushing circuit, located near the New Discovery pit, which is trucked to the CIL plant.

The CIL plant consists of:

- a crushed ore feed conveyor
- two ball mills, to mill the ore feed material to -200 micron
- a thickener
- six leach tanks, containing cyanide solution to leach gold onto the activated carbon
- a filter press, to dewater tailings material for dry stacking
- dry tailings stacking infrastructure.

A new gold room was built as part of the plant in 2018. The new gold room is designed to handle activated carbon from the CIL leach tanks for acid washing and elution to remove the gold from the carbon. The gold solution is then electrowon and smelted to produce gold doré bars.

The flowsheet for the recently built Sokor CIL plant is shown in Figure 3.1, and pictured in Figure 3.2 as of March 2019.

As of December 2018, some 149 kt of ore material had been processed through the CIL plant. The plant achieved an average recovery of 88% over the commercial operation period from May to December 2018. The current mine operating practice is that all oxide ore will continue to be treated via the heap leach and vat leach processes and certain fresh rock ore sources will be treated via the CIL plant.

Figure 3.1 Sokor CIL flowsheet

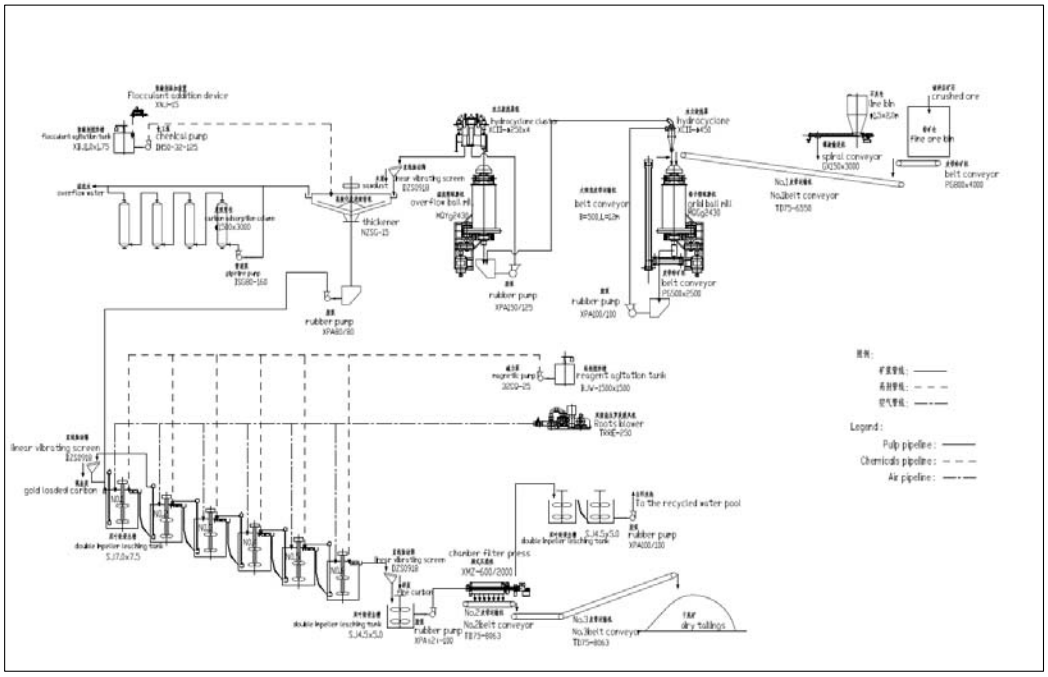
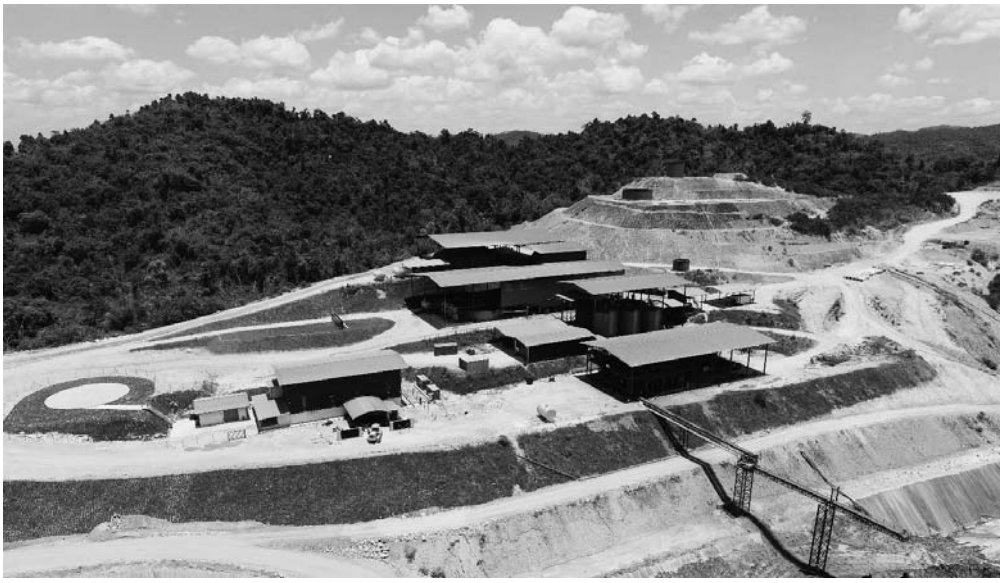


Figure 3.2 Sokor CIL plant and tailings facility – March 2019



3.7. MINING

3.7.1. MINING METHODS

The deposits at the Sokor Project are suited to conventional open pit mining methods, the primary reasons being:

- the deposits virtually outcrop with limited overburden
- the deposits dip at roughly 35° to 40°, which allows one wall of the pit to follow the footwall (minimal waste dilution)
- there are multiple parallel lenses that fall within the pit boundaries, resulting in low stripping ratios
- the width of the ore zones and the dip would be problematic for underground extraction.

3.7.2. PIT OPTIMISATION

PROCESS

Whittle mining software was used to determine the optimum pit limits. This programme uses the input parameters of costs and revenues and applies these via an algorithm to create a series of "nested" pit shells, which are evaluated to find the shell with the highest NPV.

PROCESSING STREAMS

For the purposes of the open pit optimisation, and in line with current operating practices, pit optimisations were run such that:

- the only available processing stream for oxide material was the heap leach
- transitional and fresh rock above the processing cut-off grade was sent to the CIL plant.

COSTS

Site costs were provided by CNMC for the 2018 calendar year and do not provide any breakdown as to the type of material mined. The average 2018 mining costs as supplied were:

- Rixen - $0.48/t mined (range from $0.27 to $0.86/t)
- New Found - $2.08/t mined (range from $1.34 to $6.67/t)
- New Discovery - $1.52/t mined (range from $0.40 to $3.90/t).

This compares to the mining costs used in determining the 2017 Mine Reserve of:

- Rixen - oxide $1.00/t, transition and fresh $1.50/t
- New Discovery and Manson's Lode - $2.50/t.

The mining unit costs applied in the pit optimisations were:

- Rixen - oxide $0.65/t, transition and fresh $1.50/t
- New Discovery - oxide $1.00/t, transition and fresh $2.50/t
- Manson's Lode - fresh $2.50/t.

Costs applied reflected the fact that Rixen has been extensively mined and with the other deposits Optiro has taken a more conservative approach to the unit costs. It is understood that the CNMC figures reported to Optiro do not contain the final rehabilitation costs and these have been added back on, based on known costs of similarly sized, geographically similarly located operations.

Processing costs, inclusive of administration and royalties for the heap leach and CIL for the 2018 calendar year were supplied by CNMC. The average 2018 processing costs were:

- heap leach at Rixen - $3.49/t
- vat leach at New Found - $18.48/t (range from $9.60 to $28.00/t)
- CIL at New Discovery - $43.91/t (range from $28 to $64/t).

This compares to the costs used in 2017 of:

- heap leach - $5.00/t.
- CIL - $23.10/t.

The total processing costs applied in the optimisations were:

- heap leach - $3.50/t for all deposits.
- CIL - $40.00/t for New Discovery and Mason's Lode deposits.

The lower cost for heap leach is primarily based on the Rixen results and allows for start-up costs at the New Found deposit that are expected to reduce. The higher CIL cost applied is based solely on the average 2018 costs with a small reduction assuming better performance in future years.

DILUTION AND RECOVERY

The ore zones at Sokor have reasonable width and are in an orientation amenable to good recovery through open pit mining. As such, dilution and recovery of the ore zones were estimated at 5% and 95% respectively. These assumptions result in average grades for heap leach material that closely approximate historical performance and which are considered reasonable.

GEOTECHNICAL

The geotechnical parameters on which the optimisation and subsequent design were undertaken were based on current operating practices for the Rixen pit. For Rixen and New Discovery, the slope angles used were:

- 40° for oxide material
- 42° for transitional material

- 45° for fresh rock.

At Manson's Lode an overall slope angle of 42° was used.

OPTIMISATION INPUTS

Input parameters used for pit optimisation are listed in Table 3.3.

Table 3.3 Optimisation input parameters

Item	Units	Amount	Comment
Overall slope angle – Rixen and New Discovery			
Oxide material	degrees	40	Oxidation states have not been fully logged
Transitional material	degrees	42	at Manson's Lode, hence one overall wall
Fresh material	degrees	45	angle which roughly approximates the Rixen
Overall slope angle – Manson's Lode	degrees	42	average slope angle was used
Production factors			
Dilution	%	5	Optiro estimates,
Mining recovery	%	95	align well with previous performance
Ore processing limit – heap leach	Mtpa	1.0	
Ore processing limit – CIL	Ktpa	182	
Mining costs			
Oxide material - Rixen	US$ /t	0.65	Optiro estimates based on 2018 CNMC data
Transitional material - Rixen	US $/t	1.00	
Fresh material – Rixen	US $/t	1.50	
Oxide material - New Discovery	US $/t	1.00	
Transition and fresh material - New Discovery	US $/t	2.50	
Transition and fresh material - Manson's Lode	US$ /t	2.50	Optiro estimate based on CNMC costs extrapolated for other pits
Processing recovery			
Heap leach - All deposits	%	55%	2018 CNMC recoveries in later months
CIL - New Discovery and Manson's Lode	%	91.5%	Jun / Dec CNMC 2018 CIL performance
Processing costs			
Heap leach	US$ /t ore	3.50	Explained in Costs Section
CIL (inclusive of administration and royalty	US$ /t ore	40	
Revenue			
Gold	US$ /oz	1,250	

OPTIMISATION RESULTS

The optimisation results for each deposit are shown in Figure 3.3 to Figure 3.5. In each instance a pit shell smaller than the highest theoretically conceivable value pit has been chosen as the basis for the design. Optiro believes pits larger than the chosen shell do not have sufficient reward (contained ounces, NPV, free cashflow) to justify the additional risk (larger pit, higher stripping ratio and higher costs). In each instance the pit shell chosen as the basis for design is shown in red.

Figure 3.3 Optimisation results - Rixen

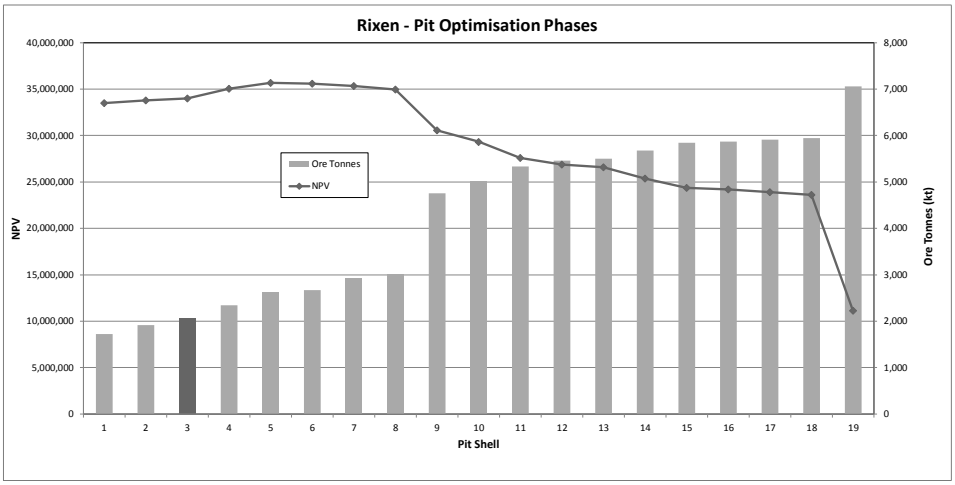


Figure 3.4 Optimisation results – New Discovery

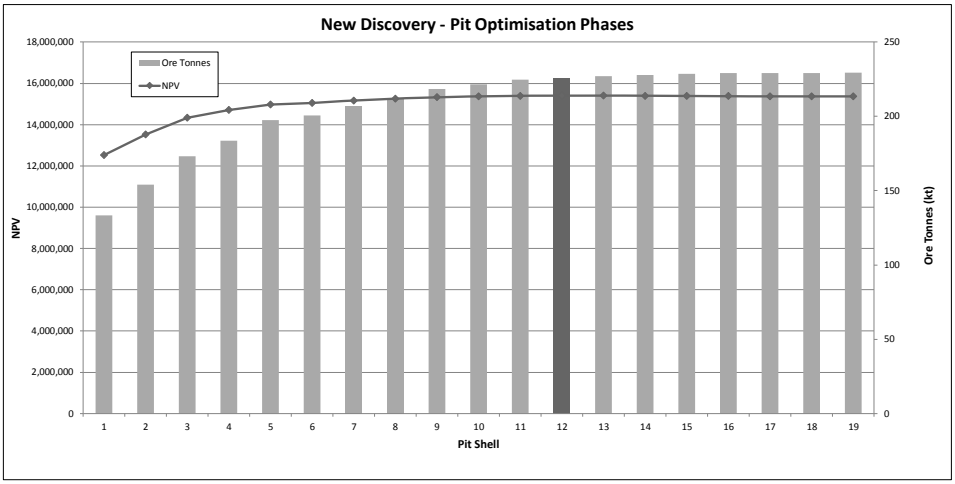
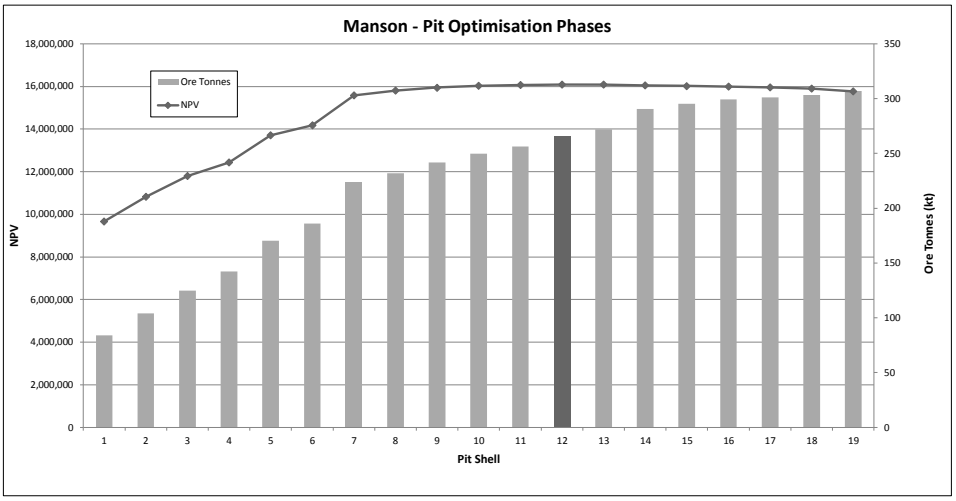


Figure 3.5 Optimisation results - Manson's Lode



SENSITIVITY

A sensitivity analysis (Figure 3.6 to Figure 3.8) was undertaken to:

- ensure that the chosen pit shell for design was still relevant at an appropriate range of key input drivers
- test overall project sensitivity.

Sensitivity analysis was undertaken on the following parameters:

- a gold price of ±US$200 per ounce (base case is US$1,250 per ounce)
- ± 20% on processing cost
- ± 20% on mining cost.

Figure 3.6 Sensitivity results - Rixen

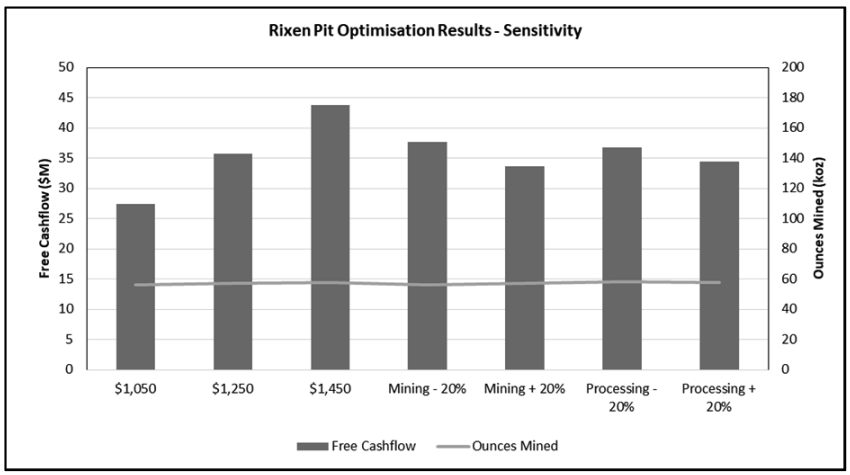


Figure 3.7 Sensitivity results - New Discovery

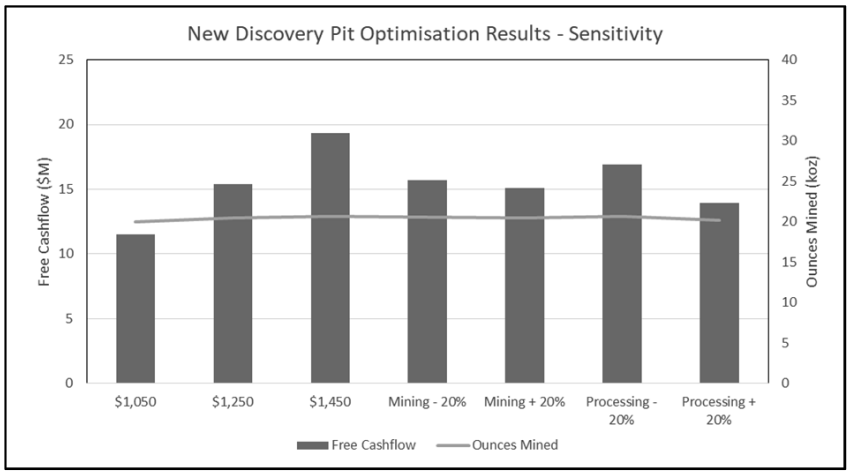
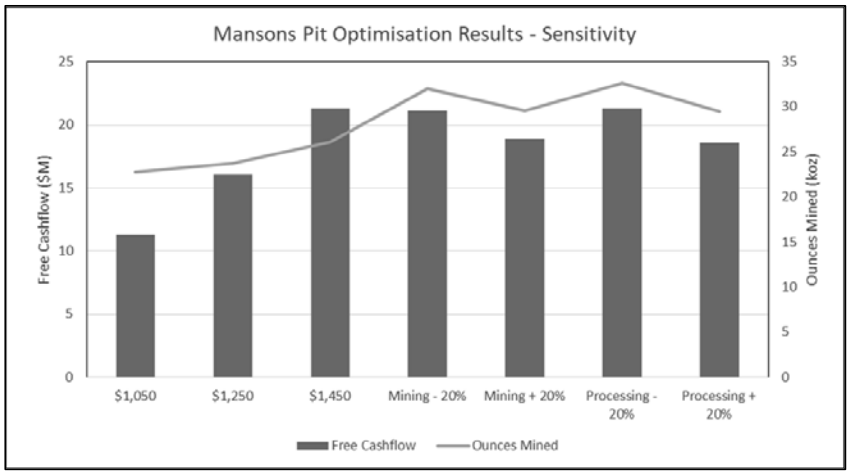


Figure 3.8 Sensitivity results - Manson's Lode



The results of the sensitivity analysis (highest theoretical NPV pit is shown for comparison) show that whilst the value (free cashflow) of the mine changes with input parameter, the key physical (contained ounces) is relatively unchanged (relatively insensitive). The results also show that all cases (including downside sensitivities) contain, at the very least, a pit with equivalent tonnes, grade, contained ounces and similar stripping ratios as that chosen as the basis of the pit design. Thus, the pit selection as the basis for design is robust and a relatively low-risk option.

3.7.3. MINE DESIGN

The mine design was undertaken using industry accepted parameters, in line with current site operating practices and based on a conventional, drill, blast, load and haul mining scenario.

DESIGN PARAMETERS

Design parameters are summarised in Table 3.4.

Table 3.4 Mine design parameters

Item	Units	Amount
Batter angles		
Oxide and transitional	degrees	60
Fresh	degrees	75
Batter height	m	10
Berm width	m	5
Ramp width		
Dual lane	m	20
Single lane*	m	10
Minimum mining width	m	30

** Single lane employed at bottom of pit and in small pits that do not warrant dual lane ramps*

PIT DESIGN

Pit designs are depicted in Figure 3.9 to Figure 3.11.

The pit design at Rixen has been modified from the previous 2017 design with the addition of a southerly extension of the main northern pit and a deepening and expansion of the separate southern pit area.

Figure 3.9 Final pit design – Rixen (north to right)

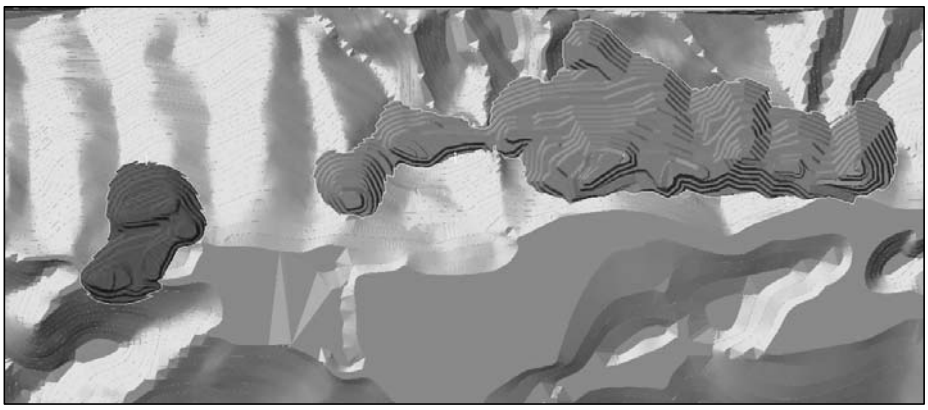


Figure 3.10 Final pit design - New Discovery

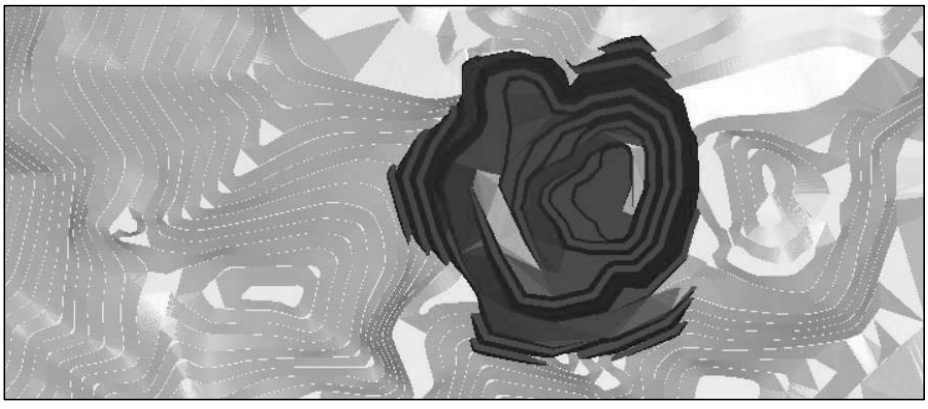
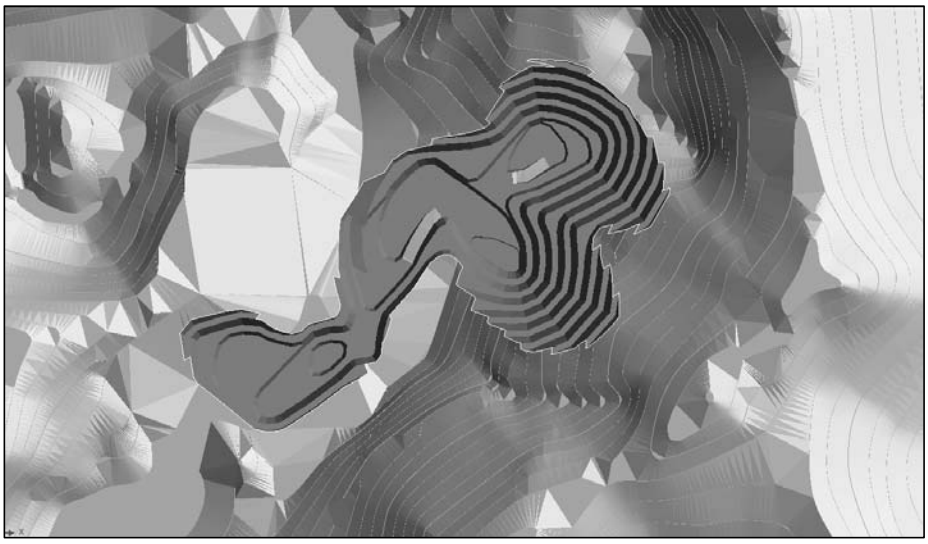


Figure 3.11 Final pit design - Manson's Lode



MINE DESIGN PHYSICALS

The mine designs were reimported into the optimisation package to report key physicals. This was done to ensure that a consistent method of reporting ore and waste by rock type, processing stream and the applicable cut-off grade was adhered to. The key physicals of each mine design are shown in Table 3.5.

Table 3.5 Mine design physicals

Deposit	Waste kt	Ore tonnes (kt)			Ore grade (g/t Au)			Gold mined (koz)		
		Heap leach	CIL	Total	Heap leach	CIL	Total	Heap leach	CIL	Total
Manson's Lode	1583	0	212	212	0.00	3.15	3.15	0	26	26
New Discovery	1,051	22	189	211	3.17	3.36	3.34	2	20	23
Rixen	9,510	2,082	0	2,082	1.28	0.00	1.28	85	0	85
Total	**12,144**	**2,105**	**401**	**2,506**	**1.30**	**3.25**	**1.61**	**88**	**47**	**135**

3.7.4. MINE SCHEDULE

The mine schedule was undertaken using NPV scheduler. The final pit design was imported into the optimisation package and merged with the surface topography to produce an ultimate mining surface.

For Rixen, pushbacks were then created that:

- contained approximately 1 Mt of ore
- attempted to maintain similar stripping ratios.

Due to the small size of both the New Discovery and Manson's Lode pits, these were scheduled based on the final pit design, with no pushbacks.

SCHEDULING STRATEGY

The mine schedule had three primary objectives:

- Continue to mine Heap leach sources as per current operating practice (scheduled at a nominal 1 Mtpa)
- achieve the nominal CIL rate of 500 tpd

- mine CIL sources in order of decreasing grade (New Discovery First, then Manson's Lode)
- smooth overall material movement as much as possible to keep the stripping ratio constant.

SCHEDULE OUTPUTS

The key outputs of the mining schedule are shown in Table 3.6. Optiro notes that the mining schedule is for Ore Reserves estimation purposes only.

3.7.5. MINING OPERATIONS

MINING METHODS

The current mining method is conventional, drill and blast, load and haul in the open pit. The dip of the orebody (35° to 40°) aligns well with the conceptual overall pit slope. One wall of the pit has been designed to follow the footwall of the orebody.

WORKFORCE

The current operating workforce comprises both CNMC employees and various contractors. Administration and technical services staff are employed directly by CNMC. CNMC endeavours to employ labour from the local communities as required.

MINING FLEET

Due to the small volumes of material movement required, the pit is mined using a small fleet of machinery. Several back-hoe type excavators in the 60 t to 120 t class are utilised in the mining of the ore and waste, as well as in the post-heap tails relocation and rehabilitation process. A mixed fleet of 10-wheel haul trucks and 30 t articulated haul trucks are used in the mining operations as required. Ancillary equipment for in pit work requirements, waste dump management and road maintenance is provided by a fleet of graders, dozers and front-end loaders.

Drilling of blast holes is completed by a contractor and CNMC provides the blasting supervision.

Table 3.6 Mining schedule physicals

Source	Unit	Total	Year 1	Year 2	Year 3
Manson's Lode					
Waste	kt	1,586	709	836	41
Total ore	kt	262	33	200	29
Heap leach ore	kt	0	0	0	0
CIL ore	kt	262	33	200	29
Heap leach ore grade	g/t	0.0	0.0	0.0	0.0
CIL ore grade	g/t	3.3	2.7	3.2	4.4
Gold mined (heap leach)	koz	0.0	0.0	0.0	0.0
Gold mined (CIL)	koz	27.8	2.9	20.8	4.1
Gold mined	koz	27.8	2.9	20.8	4.1
New Discovery					
Waste	kt	1,053	1,053	0	0
Total ore	kt	211	211	0	0
Heap leach ore	kt	22	22	0	0
CIL ore	kt	189	189	0	0
Heap leach ore grade	g/t	3.3	3.3	0.0	0.0
CIL ore grade	g/t	3.5	3.5	0.0	0.0
Gold mined (heap leach)	koz	2.4	2.4	0.0	0.0
Gold mined (CIL)	koz	21.4	21.4	0.0	0.0
Gold mined	koz	23.8	23.8	0.0	0.0
Rixen					
Waste	kt	9,505	3,461	3,641	2,403
Total ore	kt	2,093	919	751	423
Heap leach ore	kt	2,093	919	751	423
CIL ore	kt	0	0	0	0
Heap leach ore grade	g/t	1.3	1.2	1.6	1.2
CIL ore grade	g/t	0.0	0.0	0.0	0.0
Gold mined (heap leach)	koz	90.1	35.2	38.2	16.7
Gold mined (CIL)	koz	0.0	0.0	0.0	0.0
Gold mined	koz	90.1	35.2	38.2	16.7
Sokor Project - Total					
Waste	**kt**	**12,144**	**5,223**	**4,478**	**2,444**
Total ore	**kt**	**2,566**	**1,163**	**950**	**452**
Heap leach ore	**kt**	**2,115**	**941**	**751**	**423**
CIL ore	**kt**	**451**	**222**	**200**	**29**
Heap leach ore grade	**g/t**	**1.4**	**1.2**	**1.6**	**1.2**
CIL ore grade	**g/t**	**3.4**	**3.4**	**3.2**	**4.4**
Gold mined (heap leach)	**koz**	**92.5**	**37.6**	**38.2**	**16.7**
Gold mined (CIL)	**koz**	**49.2**	**24.3**	**20.8**	**4.1**
Gold mined	**koz**	**141.8**	**61.9**	**59.0**	**20.8**

3.8. MINERAL RESOURCE 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, New Found, Ketubong or Rixen, has not been included in this report.

3.8.1. MINERAL RESOURCE

INTERPRETATION

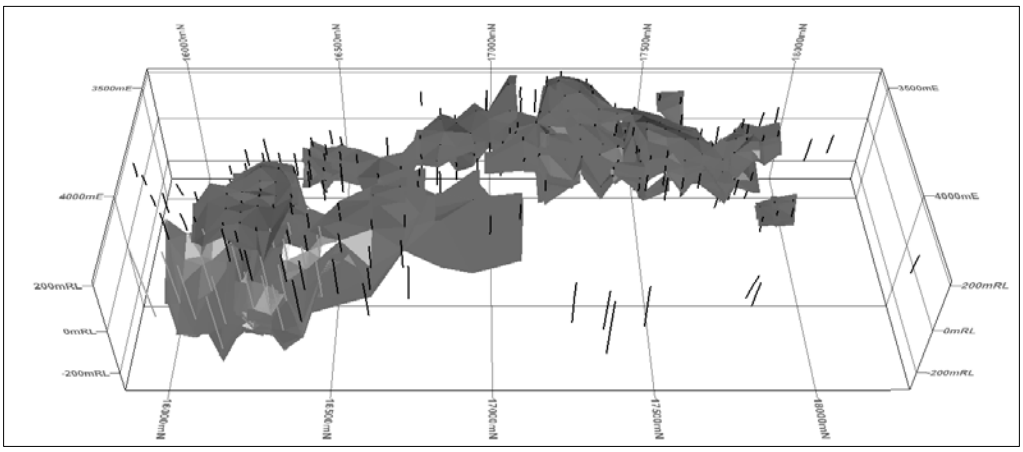
CNMC provided cross-sections of the mineralisation and geology interpreted from the geological logging and assay results from drillholes to the end of 2013. Optiro used the cross-sections to guide interpretation of the mineralisation at all deposits. Interpretation of the 2014 to 2018 drillhole data was by Optiro, and used the geological logs provided by CNMC and the assay data. It maintained a similar orientation to that interpreted by CNMC geologists prior to 2014.

The 2018 drilling focussed on the Rixen deposit. One hole was drilled to the north of Ketubong and three holes were drilled to the south-east of New Found. Assay results are not yet available for these four drillholes.

For the 2018 updates to the Rixen and the combined New Discovery and New Found resource models a nominal 0.2 g/t gold cut-off grade to re-interpret the gold mineralisation. For the previous resource models the mineralisation was interpreted above a nominal cut-off grade of 0.25 g/t gold. The reduction in the gold grade used for the mineralisation interpretation is a result of the reduction in the economic cut-off grade from 0.3 g/t to 0.25 g/t gold at Rixen and New Discovery determined by Optiro in 2017 (Optiro, 2018).

At Rixen, the 2018 drilling infilled an area within the southern part of Rixen and extended the resource down-dip to the east and long strike to the south. The Mineral Resource extends for 2,025 m along strike (north-south), up to 600 m across strike (east-west) and up to 330 m from surface. The drillholes and the resource interpretation for 2018 are illustrated in Figure 3.12.

Figure 3.12 Rixen - Mineral Resource interpretation as at 2018 (red) and drillholes (prior to 2018 black and 2018 green)



No additional drilling was undertaken at Manson's Lode during 2018 and the Mineral Resource estimate has not changed since 2017. A cut-off grade of 0.25 g/t was used to interpret the gold mineralisation and the base metal mineralisation, external and additional to the gold mineralisation, was interpreted using a nominal 2% lead plus zinc (Pb+Zn) cut-off grade.

No additional driling was undertaken at Ketubong during 2018 and the Mineral Resource estimate has not changed since 2017. A cut-off grade of 0.25 g/t was used to interpret the gold mineralisation. The 2017 Mineral Resource estimate at Ketubong was depleted for mining undertaken during 2018. CNMC plan to begin extracting mineralisation by underground mining in 2019.

DATA ANALYSIS

Data within the interpreted mineralisation at Ketubong and Manson's Lode was composited to 1.5 m downhole intervals and data within the interpreted mineralisation at Rixen, New Discovery and New Found was composited to 1.0 m downhole intervals. The data was then 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. A top-cut was not applied to the eluvial mineralisation at Ketubong. For the other material types top-cut values range between 8 g/t gold (within the structurally controlled mineralisation at New Discovery and New Found) to 30 g/t gold (within the elluvial and lithologically controlled mineralisation at New Discovery and New Found) Top-cuts of 9,

18 and 25 g/t were applied at Rixen depending on material type. These top-cuts 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 2% Zn respectively within the backfill material, and to 440 g/t Ag, 14% Pb and 14% Zn within the bedrock material. These top-cuts affected the top 1% to 3.6% of the data.

Mineralisation continuity was interpreted from variogram analysis to have an along-strike range of 52 m to 185 m, and a down-dip range of 29 m to 95 m. The longest ranges of continuity are within the fresh rock at Rixen.

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/New Found and Ketubong and 10 mE by 20 mN on 2 m benches at Rixen. Block grades were estimated using ordinary kriging with appropriate top-cuts, as previously described, applied per 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 2018 Mineral Resource estimate at Rixen were 2.64 t/m^3 for the oxide and transitional material and 2.85 t/m^3 for the fresh material. For the combined New Discovery and New Found resource estimate, a bulk density of 2.2 t/m^3 was used for the eluvial material, 2.47 t/m^3 was used for the oxide material and 2.83 t/m^3 for the transitional and fresh material. Bulk density values used for the 2017 Mineral Resource estimate at Ketubong were 2.2 t/m^3 for the eluvial material, 2.47 t/m^3 for the oxide material and 2.85 t/m^3 for the transitional and fresh material.

For the 2018 Mineral Resource for Manson's Lode a bulk density of 1.85 t/m^3 was used for the backfill material. There is a strong relationship between the sulphide mineralisation, in particular the silver, lead and zinc grades, and the bulk density. An ordinary multivariate least squares regression model between density and metal grade was developed and the following equation was used to determine the bulk density for the bedrock material at Manson's Lode as a function of the silver, lead and zinc grades:

$$\text{Bulk density} = 3.34+(0.004*Ag)+(-0.116*Pb)+(0.063*Zn)$$

MINERAL RESOURCE TABULATION

The Mineral Resource estimate, as at 31 December 2018 for the Sokor Project, is reported in Table 3.7. 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 0.17 g/t gold cut-off grade at Rixen and for oxide material at Ketubong, New Discovery and New Found and above a 0.5 g/t gold cut-off grade at Manson's Lode and for transitional and fresh material at Ketubong, New Discovery and New Found to reflect current commodity prices, operating costs and processing options. The Mineral Resources in Table 3.7 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. The economic cut-off grade determined from Optiro's mining study of 0.17 g/t at Rixen and New Discovery was used to report the Mineral Resources at Rixen and the oxide Mineral Resources at New Discovery, New Found and Ketubong. Optiro's mining study at New Discovery and Manson's Lode indicates that the current economic cut-off grade for reporting of transitional and fresh material (to be processed using CIL)

is 0.7 g/t gold. A cut-off grade of 0.5 g/t gold was used to report the Mineral Resources at Manson's Lode and the transitional and fresh Mineral Resources at New Discovery, New Found and Ketubong. This cut-off grade is lower than the current economic mining and reflects potential future economic extraction.

Table 3.7 Sokor Project – Gold Mineral Resource statement as at 31 December 2018 (inclusive of material modified to generate 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	330	2.6	170	2.4	500	0.9	1,000	1.7
New Discovery/New Found	80	3.7	180	3.1	860	1.3	1,120	1.7
Ketubong	-	-	100	3.3	1,040	3.3	1,140	3.3
Rixen	-	-	8,770	1.4	5,880	1.5	14,650	1.4
Total	**410**	**2.8**	9,220	1.5	8,280	1.7	17,910	1.6

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 3.8 above a cut-off grade of 0.5 g/t gold. Additional base metal mineralisation is present, which is external and additional to the interpreted gold mineralisation, and this has been reported above a 2% lead plus zinc (Pb+Zn) cut-off grade in Table 3.8.

Table 3.8 Silver and base metal Mineral Resources at Manson's Lode as at 31 December 2018 (inclusive of material modified to generate 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	340	63	1.5	1.9	170	74	1.5	2.0	500	48	1.4	1.3	1,000	57	1.5	1.6
2% Zn+Pb	1	68	4.2	7.2	3	47	1.3	2.2	400	6	2.0	1.8	410	6	2.0	1.9
Total	340	63	1.5	1.9	173	74	1.5	2.0	900	29	1.7	1.5	1,410	42	1.6	1.7

Note: Inconsistencies in totals are due to rounding

The total Mineral Resource, inclusive of material used to generate Ore Reserves, is presented in Table 3.9. This has then been depleted for material used to generate Ore Reserves and the corresponding tabulation, exclusive of and additional to the material used to generate Ore Reserves, is presented in Table 3.10.

Table 3.9 Sokor Project – Mineral Resources as at 31 December 2018 (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	0.41	2.8	37	0.33	2.8	30	-25%
Indicated	Gold	9.22	1.5	438	7.47	1.5	355	56%
Inferred	Gold	8.27	1.7	439	6.70	1.7	355	12%
Total	**Gold**	**17.91**	**1.6**	**914**	**14.50**	**1.6**	**740**	**26%**
Measured	Silver	0.34	63	683	0.27	63	553	0%
Indicated	Silver	0.17	74	407	0.14	74	330	0%
Inferred	Silver	0.90	29	838	0.73	29	679	0%
Total	**Silver**	**1.41**	**42**	**1,928**	**1.14**	**42**	**1,562**	**0%**
Measured	Lead	0.34	1.5	5,058	0.27	1.5	4,097	0%
Indicated	Lead	0.17	1.5	2,560	0.14	1.5	2,074	0%
Inferred	Lead	0.90	1.7	15,407	0.73	1.7	12,480	0%
Total	**Lead**	**1.41**	**1.6**	**23,025**	**1.14**	**1.6**	**18,650**	**0%**
Measured	Zinc	0.34	1.9	6,370	0.27	1.9	5,160	0%
Indicated	Zinc	0.17	2.0	3,365	0.14	2.0	2,726	0%
Inferred	Zinc	0.90	1.5	13,770	0.73	1.5	11,154	0%
Total	**Zinc**	**1.41**	**1.7**	**23,505**	**1.14**	**1.7**	**19,039**	**0%**

Note: Inconsistencies in totals are due to rounding

Table 3.10 Sokor Project – gold Mineral Resources at 31 December 2018 (exclusive of material used to generate 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	116	1.1	4	94	1.1	3	-25%
Indicated	Gold	6,534	1.5	320	5,293	1.5	259	188%
Inferred	Gold	8,137	1.7	436	6,591	1.7	354	11%
Total	**Gold**	**14,785**	**1.6**	**760**	**11,977**	**1.6**	**616**	**49%**

Note: Inconsistencies in totals are due to rounding

3.8.2. COMPARISON WITH DECEMBER 2017 MINERAL RESOURCE

As at 31 December 2017, the total Measured, Indicated and Inferred gold resources for the Sokor Project above a 0.25 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) were 13,860 kt at 1.6 g/t gold, for 724,000 ounces of contained gold. The Manson's Lode Mineral Resources contained silver, lead and zinc and, as at 31 December 2017, this comprised 1,410 kt with an average grade of 42 g/t silver, 1.6% lead and 1.7% zinc. The 2017 Mineral Resources have been subdivided by resource category below in Table 3.11; this table can be compared directly with Table 3.9.

Since the Mineral Resource was reported as at 31 December 2017, the gold mineralisation was re-interpreted at Rixen, New Discovery and New Found using a nominal cut-off grade of 0.2 g/t gold, drilling data from 20 holes drilled at Rixen were used to update the Mineral Resource and the resource models for Rixen, Ketubong, New Discovery and New Found were depleted for all mining to 31 December 2018.

At Rixen, the drilling infilled an area adjacent to the southern pit design and extended the resource to the south and down-dip to the east. The re-interpretation of the mineralisation and the additional drilling have increased both the Indicated and Inferred Mineral resources. In addition, the detailed 2019 mining surfaces have provided a higher level of confidence in this data compared to the previous mining surfaces and Optiro has depleted the 2019 resource models at Rixen only below the detailed 2019 mining surfaces. As a result, areas of the resource that are below the 2019 mining surface but are above the previous mining surfaces have been retained in the resource model. Mining at Rixen during 2018 has depleted

both the Indicated and Inferred Resources. After depletion for mining at Rixen during 2018, the Indicated Mineral Resource tonnage has increased by 59%, the average grade increased by 6%, with an overall increase of 68% in contained gold. The Inferred Mineral Resource tonnage has increased by 19%, the grade increased by 2%, with an overall increase of 22% in contained gold. The total Mineral Resource tonnage at Rixen has increased by 40%, the average grade increased by 4%, with an overall increase of 45% in contained gold.

Table 3.11 Sokor Project – Mineral Resource as at 31 December 2017 (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	0.49	3.1	49	0.40	3.1	40	-12%
Indicated	Gold	6.01	1.5	282	4.86	1.5	228	3%
Inferred	Gold	7.36	1.7	393	5.96	1.7	318	34%
Total	**Gold**	**13.86**	**1.6**	**724**	**11.22**	**1.6**	**586**	**16%**
Measured	Silver	0.34	63	683	0.27	63	553	1%
Indicated	Silver	0.17	74	407	0.14	74	330	2%
Inferred	Silver	0.90	29	838	0.73	29	679	-6%
Total	**Silver**	**1.41**	**42**	**1,928**	**1.14**	**42**	**1,562**	**-2%**
Measured	Lead	0.34	1.5	5,058	0.27	1.5	4,097	-10%
Indicated	Lead	0.17	1.5	2,560	0.14	1.5	2,074	-12%
Inferred	Lead	0.90	1.7	15,407	0.73	1.7	12,480	9%
Total	**Lead**	**1.41**	**1.6**	**23,025**	**1.14**	**1.6**	**18,650**	**2%**
Measured	Zinc	0.34	1.9	6,370	0.27	1.9	5,160	15%
Indicated	Zinc	0.17	2.0	3,365	0.14	2.0	2,726	2%
Inferred	Zinc	0.90	1.5	13,770	0.73	1.5	11,154	9%
Total	**Zinc**	**1.41**	**1.7**	**23,505**	**1.14**	**1.7**	**19,039**	**10%**

Note: Inconsistencies in totals are due to rounding

Since the Mineral Resource was reported as at 31 December 2017, the gold mineralisation was re-interpreted at Rixen, New Discovery and New Found using a nominal cut-off grade of 0.2 g/t gold, drilling data from 20 holes drilled at Rixen were used to update the Mineral Resource and the resource models for Rixen, Ketubong, New Discovery and New Found were depleted for all mining to 31 December 2018.

At Rixen, the drilling infilled an area adjacent to the southern pit design and extended the resource to the south and down-dip to the east. The re-interpretation of the mineralisation and the additional drilling have increased both the Indicated and Inferred Mineral resources. In addition, the detailed 2019 mining surfaces have provided a higher level of confidence in this data compared to the previous mining surfaces and Optiro has depleted the 2019 resource models at Rixen only below the detailed 2019 mining surfaces. As a result, areas of the resource that are below the 2019 mining surface but are above the previous mining surfaces have been retained in the resource model. Mining at Rixen during 2018 has depleted both the Indicated and Inferred Resources. After depletion for mining at Rixen during 2018, the Indicated Mineral Resource tonnage has increased by 59%, the average grade increased by 6%, with an overall increase of 68% in contained gold. The Inferred Mineral Resource tonnage has increased by 19%, the grade increased by 2%, with an overall increase of 22% in contained gold. The total Mineral Resource tonnage at Rixen has increased by 40%, the average grade increased by 4%, with an overall increase of 45% in contained gold.

At New Discovery and New Found, the re-interpretation of the mineralisation has increased both the Indicated and Inferred Mineral resources and mining has depleted the Measured, Indicated and Inferred Resources. The combined New Discovery and New Found Mineral Resources tonnage has decreased by 10%, the gold grade decreased by 14% for an overall decrease of 23% in the contained gold.

At Ketubong, mining during 2018 has depleted the Indicated Mineral Resources by 9% of the resource tonnage, 8% in average grade for an overall decrease of 16% in contained gold. There has been no change in Inferred Mineral Resources.

The Mineral Resources at Manson's Lode have not changed since 31 December 2017. No additional drilling or mining took place at Manson's Lode during 2018.

As at 31 December 2018, the total Measured, Indicated and Inferred gold Mineral Resource for the Sokor Project (above a 0.2 g/t gold cut-off grade at Rixen and for oxide rock at Ketubong, New Discovery and New Found and above a 0.5 g/t gold cut-off grade at Manson's Lode and for transitional and fresh rock at Ketubong, New Discovery and New Found) is 17,907 kt at 1.6 g/t gold for 914,000 ounces of contained gold (inclusive of material used to define Ore Reserves). Manson's Lode Mineral Resources contain additional silver, lead and zinc Mineral Resources of 1,410 kt, with an average grade of 42 g/t silver, 1.6% lead and 1.7% zinc. The share of the Mineral Resource attributable to CNMC is 81% and the figures are summarised in Table 3.9.

Compared to the 31 December 2017 Mineral Resource estimate, there has been an increase in gold Mineral Resource tonnage of 4,050 kt, the average gold grade of 1.6 g/t is the same as at 31 December 2017 and there is an overall increase of 26% in contained gold in the 2018 Mineral Resource. There is no change to the base metal and silver Mineral Resources at Manson's Lode.

3.9. ORE RESERVE ESTIMATION

The Ore Reserve estimates as stated in this document have been reported in accordance with the guidelines of the JORC Code, 2012 edition. Any inconsistencies within the tables may be attributed to the JORC requirement to report to an appropriate number of significant figures, and as such are due to rounding.

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 3.10. Where changes in ounces as a percentage are quoted, these refer 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.

3.9.1. RIXEN PIT ORE RESERVES

Between the period of 1 January 2018 and 31 December 2018, there was mining at Rixen. CNMC reported to Optiro that for the 2018 production period, approximately 2,582 kt of ore was removed from the Rixen Pit as contained in the spreadsheet '*Production_and_Cost_Inputs_Spreadsheet_2018*'; however, accurate reporting of 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 2018 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 at 31 December 2018.

The Rixen Pit Ore Reserve estimate is reported above a 0.17 g/t gold cut-off grade for all ore going to the heap leach, incorporating 95% mining recovery and 5% dilution at zero grade, and using a gold price of US$1,250 per ounce. The 2018 Ore Reserve estimate is quoted in Table 3.12.

Table 3.12 Rixen Pit gold Ore Reserves and Mineral Resources (additional to Ore Reserves) as at 31 December 2018

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 (%)
Ore Reserves								
Proved	Gold	0	0.0	0	0	0.0	0	0%
Probable	Gold	2,082	1.3	85	1,687	1.3	69	-40%
Total	**Gold**	**2,082**	**1.3**	**85**	**1,687**	**1.3**	**69**	**-40%**
Additional Mineral Resources								
Measured	Gold	0	0.0	0	0	0.0	0	0%
Indicated	Gold	6,254	1.5	295	5,065	1.5	239	246%
Inferred	Gold	5,742	1.5	279	4,651	1.5	226	21%
Total	**Gold**	**11,995**	**1.5**	**574**	**9,716**	**1.5**	**465**	**82%**

Notes:
- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Totals may display rounding inconsistencies*
- *Cut-off grade for Rixen Mineral Resources and Ore Reserves is 0.17 g/t gold*
- *Gold price used for cut-off calculation is US$1,250 /oz*
- *No Inferred material is included in the Ore Reserves*
- *Dilution of 5% and ore loss of 5% have been applied to Ore Reserves, with zero grade attributed to dilution.*

COMPARISON WITH 2017 ORE RESERVES ESTIMATE - RIXEN

The variance between the 2017 and 2018 Ore Reserves estimates is due to:

- changes in the Mineral Resources
- reductions due to depletion by mining during the year
- previous Ore Reserves for Rixen have had another pit in between the northernmost and southernmost Rixen pits; this is not economic based on the 2017 Mineral Resource
- increases due to an increased gold price and changes to the cost base lowering the overall cut-off grade.

The operating cost base used for the 2018 Ore Reserves was based on the actual (weighted) cost base as reported to Optiro over the 2018 production year for oxide material mined in the Rixen Pit. The cost for mining fresh material was taken from the 2018 actual mining costs for New Found and Ketubong which produced fresh material during 2018.

Pit surveys were taken for the end-of-reporting period of 31 December 2018, and these formed the basis of the depletion model. CNMC has reported to Optiro that for the period up to 31 December 2018 2,5281 kt of material had been mined.

Any variation between the claimed mined tonnes and the surveyed depletion of the Mineral Resources/Ore Reserves is attributable to dilution occurring during the mining phase, combined with the addition of material to the ore mined claimed through operational grade control work and ore loss during mining.

Optiro has taken a prudent and conservative approach to account for the lack of accurate and timely production data provided and has assumed that the Ore Reserve portion was depleted prior to 31 December 2018. As no detailed reconciliation data was provided to Optiro with respect to mine production, this Ore Reserve estimate (Table 3.12) 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.

3.9.2. MANSON'S LODE PIT ORE RESERVES

Between the period of 1 January 2018 and 31 December 2018, no mining activity occurred at Manson's Lode.

Metals other than gold have not been included within this Ore Reserve estimate, nor has the impact on either credits or penalties for the presence of other metals and contaminants been included within the cost model or cut-off grade calculations. Metallurgical testwork was previously undertaken to determine lead and zinc recoveries from previously stockpiled material from Manson's Lode. Based on a feasibility study conducted during 2018, it was concluded that extracting base metals using a flotation facility can achieve a recovery rate of 60% for silver, 84% for zinc and 85% for lead.The Manson's Lode Pit Ore Reserves are reported above a 1.14 g/t gold cut-off grade, using a 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,250 per ounce. The 2018 Ore Reserves are quoted in Table 3.13 with the 2018 Mineral Resources (additional to the Ore Reserves) presented below. The total of the Ore Reserves and additional Mineral Resources will not equal the inclusive Mineral Resources, due mainly to the difference in cut-off grade between the Mineral Resources and Ore Reserves and the exclusion of Inferred Resources inside the pit designs.

Table 3.13 Manson's Lode Pit gold Ore Reserves and Mineral Resources (additional to Ore Reserves) as at 31 December 2018

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 (%)
Ore Reserves								
Proved	Gold	228	3.1	23	185	3.1	18	6%
Probable	Gold	34	3.6	4	27	3.6	3	50%
Total	**Gold**	**262**	**3.1**	**26**	**212**	**3.1**	**21**	**17%**
Additional Mineral Resources								
Measured	Gold	104	1.1	4	84	1.1	3	-25%
Indicated	Gold	134	2.1	9	109	2.1	7	-22%
Inferred	Gold	498	0.9	15	403	0.9	12	0%
Total	**Gold**	**736**	**1.2**	**27**	**596**	**1.2**	**22**	**-12%**

Notes:
- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Totals may display rounding inconsistencies*
- *Cut-off grade for Manson's Lode Ore Reserves is 1.14 g/t gold*
- *Cut-off grade for Manson's Lode Mineral Resources is 0.5 g/t gold outside optimised pit and 0.5 g/t gold for Inferred transitional and fresh material inside optimised*
- *Gold price used for cut-off calculation is US$1,250 /oz*
- *No Inferred material is included in the Ore Reserves*
- *Dilution of 5% and ore loss of 5% have been applied to Ore Reserves, with zero grade attributed to dilution.*

Although there has been no mining at Manson's in the 2018 calendar year, the increase in the Reserve is attributable to the expansion of the pit in the South East sector that recovers economical resource.

3.9.3. NEW DISCOVERY PIT ORE RESERVES

Between the period of 1 January 2018 and 31 December 2018, only minimal mining activity occurred at New Discovery. CNMC reported to Optiro that for the 2018 production period approximately 141 kt of ore was mined from the New Discovery Pit.

The New Discovery Pit Ore Reserve estimate has been reported above a 0.14 g/t gold cut-off grade for oxide ore going to the heap leach and a 1.14 g/t gold cut-off grade for transitional and fresh ore going to the CIL plant, 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,250 per ounce. The resultant Ore Reserves for the New Discovery pit are reported below in Table 3.14 and are applicable for 2018. The additional Mineral Resources (exclusive of Ore Reserves) are for the combined New Discovery and New Found deposits.

Table 3.14 New Discovery Pit gold Ore Reserves and Mineral Resources at New Discovery and New Found (additional to Ore Reserves) as at 31 December 2018

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 (%)
Ore Reserves								
Proved	Gold	64	4.0	8	52	4.0	7	-59%
Probable	Gold	147	3.0	14	119	3.0	12	-8%
Total	**Gold**	**211**	**3.3**	**23**	**171**	**3.3**	**18**	**-40%**
Additional Mineral Resources								
Measured	Gold	12	0.9	0	10	0.9	0	-
Indicated	Gold	36	2.4	3	29	2.4	2	0%
Inferred	Gold	860	1.3	35	697	1.3	28	-10%
Total	**Gold**	**908**	**1.3**	**38**	**736**	**1.3**	**31**	**-9%**

Notes:
- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Totals may display rounding inconsistencies*
- *Cut-off grade for New Discovery Ore Reserves is 0.17 g/t gold for oxide ore going to the heap leach and 1.14 g/t gold for transitional and fresh ore going to the CIL plant*
- *Cut-off grade for Mineral Resources is 0.17 g/t gold for oxide material, 0.5 g/t gold for transitional and fresh material outside optimised pit and 0.7 g/t gold for Inferred transitional and fresh rock inside optimised*
- *Gold price used for cut-off calculation is US$1,250 /oz*
- *No Inferred material is included in the Ore Reserves*
- *Dilution of 5% and ore loss of 5% have been applied to Ore Reserves, with zero grade attributed to dilution.*

COMPARISON WITH 2017 ORE RESERVES ESTIMATE – NEW DISCOVERY

The variance between the 2017 and 2018 Ore Reserve estimate is due to changes in the Mineral Resource, mining depletion and to cut-off grade changes. Due to the increased gold price the cut-off grade for heap leach material has reduced to 0.17 g/t gold. Due to processing changes (transitional and fresh rock now sent to CIL, not heap leach), the cut-off grade for transitional and fresh rock material has increased to 1.14 g/t gold. No other modifying factors have been changed for the New Discovery Pit Ore Reserves between 2017 and 2018.

3.9.4. NEW FOUND

No Ore Reserve estimate was calculated or reported for the New Found deposit. Mineral Resources are classified as Inferred and thus cannot be converted to Ore Reserves, as defined by the JORC Code 2012.

3.9.5. KETUBONG

No Ore Reserve estimate was calculated or reported for the Ketubong deposit. CNMC is currently constructing underground mining infrastructure at Ketubong. Optiro will determine the Ore Reserves at Ketubong once underground cost parameters have been collected by CNMC and sufficient underground mining has occurred to determine the modifying factors, so as to have sufficient confidence to allow the reporting of an Ore Reserve.

3.10. STATEMENT OF SOKOR MINERAL RESOURCES AND ORE RESERVES

The combined Ore Reserve estimate for Rixen, Manson's Lode and New Discovery deposits has been calculated and is shown in Table 3.15, accompanied by the Mineral Resources tabulation for Rixen, Manson's Lode and New Discovery deposits (reported exclusive of and additional to Ore Reserves) and for Ketubong and New Found (where Ore Reserves have not been defined).

Table 3.15 Combined Sokor Project gold Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (at Manson's Lode, New Discovery/New Found, Rixen and Ketubong that are additional to Ore Reserves at Manson's Lode, New Discovery and Rixen) as at 31 December 2018

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 (%)
Ore Reserves								
Proved	Gold	292	3.3	31	237	3.3	25	-24%
Probable	Gold	2,263	1.4	104	1,833	1.4	84	-35%
Total	**Gold**	**2,555**	**1.6**	**135**	**2,070**	**1.6**	**109**	**-33%**
Additional Mineral Resources								
Measured	Gold	116	1.1	4	94	1.1	3	-25%
Indicated	Gold	6,534	1.5	320	5,293	1.5	259	188%
Inferred	Gold	8,137	1.7	436	6,591	1.7	354	11%
Total	**Gold**	**14,785**	**1.6**	**760**	**11,977**	**1.6**	**616**	**49%**

Notes:
- *Mineral Resources and Ore Reserves reported as per the JORC Code 2012 edition*
- *Totals may display rounding inconsistencies*
- *Cut-off grade for Ore Reserves is 0.17 g/t gold for ore going to the heap leach (all Rixen material and other sources of oxide) and 1.14 g/t gold for transitional and fresh ore going to the CIL plant (transitional and fresh rock from Manson's Lode, and New Discovery)*
- *Cut-off grade for Mineral Resources is 0.17 g/t gold for Rixen, 0.2 g/t gold for Manson's Lode, and at New Discovery, New Found and Ketubong it is 0.2 g/t gold for oxide material, 0.5 g/t gold for transitional and fresh material outside optimised pit and 0.5 g/t gold for Inferred transitional and fresh material inside the optimised pit*
- *Gold price used for cut-off calculation is US$1,250 /oz for all lodes*
- *No Inferred material is included in the Ore Reserves*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution.*

3.11. INFRASTRUCTURE, FACITILTES, ENVIRONMENTAL AND COMMUNITY ISSUES

3.11.1. INFRASTRUCTURE

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. In 2017, five additional high-power diesel generators were added to provide additional power generation for the newly constructed carbon-in-leach facility. CNMC plans to install a national grid power line at Sokor Project to reduce dependence on diesel generators to supply power.

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.

3.11.2. MINE SITE FACILITIES

CNMC has constructed offices, accommodation camp, assay laboratories and equipment maintenance facilities on the site. Communications are provided via satellite phone systems and cell tower. Telephone, fax and data transmission facilities are provided.

3.11.3. ENVIRONMENTAL AND COMMUNITY ISSUES

Optiro understands that BDA reviewed the project's Environmental Impact Assessment in 2008, 2009 and its Environmental Management Plan in 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 aspects and issues have not changed since BDA's review in 2011 and the summary below is from the BDA report (BDA, 2011a).

ENVIRONMENTAL IMPACT ASSESSMENT

The project mining and environmental approvals are granted by the Kelantan State Department of Environment (DOE). 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. CNMC obtained the large-scale mining permit for the Sokor Project in December 2016 and EIA approval for the CIL plant in February 2018. The EMP for the CIL plant was approved on 30 May 2018.

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 I.Z. Environmind Sdn. Bhd., whilst the EMP document was prepared by I.Z. Environmind Sdn. Bhd. The Sokor Mining Schemes Report was prepared by CMNM Mining Consultant Engineer, KF Lee Mining Consultant and Surveyor.

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.
- Waste water 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.
- CNMC advised Optiro, in January 2018, that there had been no reported breaches of the environmental conditions and that all monitoring requirements were being carried out as per the licence requirements.

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 Malaysia ambient standards.

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.

WATER MANAGEMENT

Given the project area's high rainfall, water management is a significant issue for the project, with the need 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 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 storm-water 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 is controlled so as not to impact on surrounding surface waters.

TAILINGS MANAGEMENT

Originally it was proposed that the project would commence using alluvial and vat leach methods to develop the mine; however, since 2013 the ore is mainly processed via the heap leach circuit.

Optiro has not 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. Optiro notes that it is prudent that any heap leach system (besides provisioning for process ponds – barren and pregnant solution ponds) provides a storm-water (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 has 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 storm-water (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.

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. CNMC has advised Optiro that all monitoring is being undertaken in accordance with the requirements of the licence conditions. There have been no reported breaches during the past 12 months.

REHABILITATION

It is proposed that where possible, any disturbed areas will be progressively rehabilitated; however, there are some areas, such as the process plant, which cannot be rehabilitated until 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.

SOCIAL ISSUES

There is a possibility that the Sokor Project may encroach into fishing areas, which may impact on revenue and livelihoods for the local communities which 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.

3.12. FINANCIAL ANALYSIS

The current production schedule was updated by Optiro to reflect the depletion due to mining at Rixen, Manson's Lode and New Discovery. The schedule mines the deposits to achieve the production rate of the newly commissioned CIL plant, ensuring that heap leach Ore Reserves are depleted at the same rate (i.e. the heap leach processing and CIL processing are scheduled to finish at the same time). Whilst this mining schedule is adequate for the purpose of an Ore Reserve 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 for the purpose of an Ore Reserve estimate. The mining schedule is presented in Section 3.7.4 and Table 3.6 of this report.

3.12.1. 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's estimated costs and that CNMC plans to review the costs as part of further study work to be undertaken during 2018.

3.12.2. 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 escalated cost assumptions for reasons of conservatism and consistency over variable recorded costs. The mining costs used are considered to be in line with current operational expectations and actuals. A forecast gold price of US$1,250 per ounce has been applied at the request of CNMC. The unit operating costs and cut-off grade calculations used are presented in Table 3.16.

3.12.3. ECONOMIC EVALUATION

Economic evaluation of the Ore Reserves for the Sokor Project shows that the net cashflow from the operation is estimated to be US$67.5 M, with a Net Present Value of US$56.4 M (based on a 10% discount rate). In-line with the pit optimisation sensitivity, the financial metrics were tested at an upside and downside gold price case of US$1,450/oz and US$1,050/oz respectively, the results of which are shown in Table 3.17.

Based on the economic evaluation undertaken by Optiro, Optiro can 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 as actual underground mining cost parameters do not yet exist in December 2018 to support the determination of an Ore Reserve
- the New Found deposit as the Mineral Resource is classified as Inferred and thus no Ore Reserves have been stated.

Table 3.16 Mining unit costs and cut-off grade

	Units	Heap Leach	CIL Material
Processing costs			
Processing cost	US$ /t	3.50	40
Revenue and selling costs			
Rehabilitation cost	US$ /t ore	-	-
Selling cost	US$ /g US$ /g	0.05 2.95	0.05 2.95
Total sale cost	US$ /g	3	3
Gold price	US$ /oz US$ /g	1,250 38.6	1,250 38.6
Final sale price	US$ /g	40.19	40.19
Mining recovery	%	95%	95%
Process recovery	%	55.00%	91.50%
Recovered revenue	US$ /g	20.0	28.1
Marginal cut-off	**g/t**	**0.17**	**1.14**

Table 3.17 Financial metrics at varying gold prices

Gold Price (US$ /oz)	$1,050	$1,250	$1,450
Free cashflow (US$ M)	48.3	67.5	86.7
NPV (US$ M)	40.3	56.4	72.5

3.13. INTERPRETATION AND COMMENTS

The geology and mineralisation controls at Sokor are reasonably well understood, with mineralisation being both structurally and lithologically controlled. The Rixen, Manson's Lode, Ketubong, New Discovery and New Found deposits have been well defined by drilling. The drilling has essentially defined the limits of gold and base metal mineralisation at Manson's Lode.

The 2018 drilling has extended the mineralisation at Rixen to the south and down-dip to the east. Three holes were drilled at New Found to test southern extension to the mineralisation and a hole was drilled to the north of Ketubong to test an area of mineralisation identified between Rixen and Ketubong. Assay data for these four holes has not yet been received. The Rixen, Ketubong, New Discovery and New Found deposits warrant additional drill testing both along strike and down-dip.

Optiro considers that there is considerable potential remaining in the Sokor Block mining licence to locate additional gold and base metal mineralisation and CNMC's exploration programme is assessing targets within the exploration licences held by CNMC Pulai Mining Sdn. Bhd. and Kelgold Mining Sdn. Bhd. Additional base metal mineralisation has been identified at Sg Among, to the east of Rixen, and at Sg Tiger, within the southern part of the Sokor Project area.

From an operational perspective, Optiro recommends that CNMC continues to improve the rigour that has been applied to the recording and reconciliation of operating activities during 2015 to 2018. Accurate reporting of mining locations and material movements on to and off 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 grades.

The above recording should continue to be supported by accurate face and stockpile surveys on a monthly basis to provide a spatial basis for 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 2016 to 2018.

On a similar note, the movement of material from stockpiles to leach pads continued to be recorded during 2018. Optiro recommends that additional details are recorded in the future to ensure that CNMC has a more detailed basis for measuring the performance of the heap leach circuits. Without recording this additional information from the leach circuits, the basis for determining how the leaching process has performed during the month is sub-optimal.

The above operational processes are considered to be essentials for a single-source mining and processing operation. With the continued 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 commenced during 2016.

3.14. CONCLUSIONS AND RECOMMENDATIONS

CNMC purchased Datamine mining software in 2015. CNMC is maintaining the database and using this to plan drilling programmes to test for Mineral Resource extensions. CNMC is intending to undertake regular updates to the resource models. As recommended by Optiro (Optiro, 2018):

- CNMC has undertaken infill drilling at Rixen to improve confidence in the 2017 Inferred Mineral Resources, which has allowed some of the Inferred Mineral Resources to be upgraded to Indicated Mineral Resources and has increased the Ore Reserves at Rixen.
- CNMC has replaced the older certified reference material used for the QAQC standards.

In addition, as recommended by Optiro, CNMC has obtained high quality and detailed survey data of the Rixen, New Discovery and New Found pits. This has improved confidence in the remaining material and has increased the Mineral Resources at Rixen.

Optiro has the following recommendations with respect to the data used for the Mineral Resources estimate at the Sokor Project:

- Optiro recommends that field duplicate samples (quarter core) are submitted to the primary laboratory as part of the QAQC procedures.
- Ongoing updates to the mineralisation interpretations should be undertaken during the drilling programmes. This will assist with optimisation of the drilling programmes and with planning any additional drillholes.
- A 3D interpretation of the lithology should be developed; this will improve the mineralisation interpretation and Mineral Resource definition.
- Pit survey pickups should be completed on a regular basis (at least at the end of each quarter, but ideally at the end of each month) and the Mineral Resource models should be reconciled against production at least on a quarterly basis.
- A database of the grade control data from the operating pits should be maintained and used to construct grade control block models for reconciliation with the Mineral Resource models.
- Reconciliation of the Mineral Resource models, grade control data and production should be undertaken at quarterly intervals.
- Facilities at the core shed should be improved to allow drill core to be laid out from an entire drillhole and tables should be installed so the core is at waist height.

Optiro has the following recommendations with respect to the data used for the Ore Reserves estimate at the Sokor Project. These are considered "best practice" recommendations:

- A detailed life-of-mine schedule should be updated with the depleted Ore Reserves and accounting for mining activities that have occurred.

- Certain sections of the resource block models are believed to be backfill material (due to changes year on year of the provided topographical surface) that has been placed in situ from nearby mining activities. Now that detailed 3D topographic surfaces for each deposit have been developed, this assumption should be validated on the ground at Sokor and the block models updated should the historical assumption not be accurate.
- A more detailed cost capturing process should be developed to allow understanding of different cost elements by mining location. This will allow more deposit specific cost and cut-off grade assumptions for future mine planning and forecasting.
- Ongoing recording of monthly operational production figures is occurring to a reasonably good standard, but needs to be supported by appropriately detailed daily tracking of mining and processing activities that include more detailed records of the material source and destination locations; this reporting standard improved during 2016.
- A pit reconciliation system needs to be established that reconciles the actual pit production against the planned production versus the Ore Reserves and versus the Mineral Resources on a classification by classification basis. That is whether (A) the production material mined was from Proved or Probable Ore Reserves in the pit or was from Inferred Mineral Resources or additional material within the optimised pit design – Ore Reserves reconciliation; or (B) the production material mined was from Measured, Indicated or Inferred Mineral Resources in the pit or was from additional material within the optimised pit design – Mineral Resources reconciliation.
- Surveys of mining face positions and stockpile profiles should continue to be generated on a monthly 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 on rosters.

4. KELGOLD PROJECT

On 20 March 2017, CNMC announced that the Company had entered into a share sale agreement to acquire 100% of KelGold Mining Sdn. Bhd. (KelGold).

KelGold has the right to explore for iron ore, gold and other minerals in an area of approximately 1,550 hectares (15.5 km^2) that expires in 2019. This concession is located in the state of Kelantan, Malaysia immediately south of the Thailand-Malaysia border and approximately 30 km northwest of the Sokor mine.

4.1. GEOLOGICAL SETTING

The Kelgold Project area falls within the Central Gold Belt of Malaysia which also hosts CNMC's Sokor mine and the third party Penjom and Selinsing mines among others. The project geology comprises a sequence of north-south trending Permian to Triassic marine sedimentary rocks along with a mylonitic granite in the central portion of the licence. The main units include argillite, sericite-quartz schist, tuff and sandy slate.

The lithologies within the licence area are affected by regional tectonic movement and are generally foliated and folded with complicated structural observations in outcrop. The strata generally trend near north-south with dipping to the east or near west controlled by folding dipping between 35° to 85°. A series of anticline folds are found in the south-eastern portion of the project area, with a north-south trending axis.

Faulting is well developed in the area. The larger rivers are typically located within fracture zones trending near north-south, north-westerly or north-easterly with compressive-twisting. The main fault in the area is in the east of the licence area trending north-south with a strike length of approximately 8 km. Secondary faults are predominantly northeast or northwest trending. Magmatic activity is common with mylonitic monzogranite distributed in the west of the area and associated with the Noring Stong Granite. Quartz veining is common and quartz porphyry and diorite float is rarely observed. Gold anomalism /

mineralisation observed to date is usually associated with fine pyritised quartz veins. The occurrence and distribution of gold anomalism remains uncertain as the exploration only began by late 2017.

Assessment of the Kelgold Project by CNMC geologists is at an early stage and is currently on-going. The current assessment of the project area includes geological mapping, soil geochemical sampling, trenching and follow-up drilling of any anomalous results. Known mineralisation within the project area includes an area of historic gold workings located in the northern part of the project associated with highly silicified rocks and pyrite or limonite mineralisation. Further gold in soil anomalism has been identified and warrants further follow-up work.

CNMC considers that the Kelgold acquisition has significant potential based on the geological information available and the strategic synergy with the Company due to the geographic proximity to the Group's existing Sokor Project.

4.2. EXPLORATION

During 2018, CNMC completed 18 diamond drillholes for 3,219.49 m (Table 4.1) and 34 exploration trenches (Table 4.2) with total trench length of 2,750.2 m. All drilling and trenching carried out in 2018 was located in the northern portion of the licence area (Figure 4.1).

Significant intercepts from the 2018 drilling are summarised in Table 4.3.

Table 4.1 Diamond drillholes completed in 2018

Drillhole	Location			Azimuth	Dip	Depth (m)	Samples (no.)
	Northing	Easting	RL				
ZK33-2	413438	636605	525.0	90	67	233.28	217
ZK33-3	413461	636604	536.0	90	50	149.52	162
ZK35-1	413462	636644	503.0	90	64	142.57	145
ZK35-2	413424	636632	515.0	90	53	202.32	207
ZK35-3	413503	636640	530.0	270	53	174.00	175
ZK37-1	413425	636690	451.0	65	55	94.85	93
ZK39-1	413534	636775	450.0	245	55	109.95	113
ZK39-2	413575	636801	423.7	245	70	164.70	179
ZK35-4	413596	636640	489.0	270	60	238.12	248
ZK31-1	413541	636557	486.0	245	55	307.65	332
ZK29-1	413553	636508	477.0	245	60	169.42	188
ZK31-2	413580	636575	470.0	245	54	247.52	273
ZK29-2	413589	636525	460.0	245	57	240.00	153
ZK101-1	413603	637302	443.5	105	80	115.00	122
ZK103-1	413634	637335	439.0	285	78	105.22	106
ZK102-1	413580	637225	438.0	105	70	113.00	119
ZK100-1	413630	637249	431.0	105	69	310.37	332
ZK109-1	413854	637400	398.0	105	70	102.00	

Table 4.2 Trenches and sampling completed in 2018

Trench	Location (western extent)			Length (m)	Samples (no.)
	Northing	Easting	RL		
TC31	636538	413487	518	132	105
TC35-1	636595	413416	509	52	38
TC35-2	636956	413986	549	149.5	149
TC37-X*	636725	413496			64
TC37-2	636672	413338		296	230
TC37-3	636683	413340	515	166	166
TC41	636764	413445		105	105
TC45-1	637020	413478	445	150	134
TC49-1	637068	413484	443.6	130	129
TC51-1	637283	413592	469	50	26
TC45-2	637067	413471	446	63	63
TC31-2	636548	413547	489	19	20
TC51-2	637276	413589	448	152	116
TC51-3	637308	413659	403	330	330
TC49-2	637200	413708	389	100	94
TC27-1	636419	413415	449	155	152
TC49-3	637142	413715	343	142	51
TC43-1	636846	413539	429	101.7	55
TC49-4	637360	413770	375	145	55
TC47-1	637314	413890	313	100	96
TC49-5	637380	413872	357	50	51
TC55-1	637268	413788	379	162	159
TC45-1*	637020	413478	445	150	134
TC45-2*	637067	413471	446	66	63
TC49-1*	637068	413484	443.6	130	129
TC49-2*	637200	413708	389	110	94
TC49-3*	637142	413715	343	142	51
TC51-1*	637283	413592	469	50	26
TC51-2*	637276	413589	448	153	115
TC51-3*	637308	413659	403	330	330
TC49-4*	637360	413770	375	145	55
TC49-5*	637380	413872	357	50	30
TC47-1*	637314	413890	313	100	95
TC55-1*	637268	413788	379	186	159

* Resampling of existing trench

Figure 4.1 Trenching and drilling completed in 2018

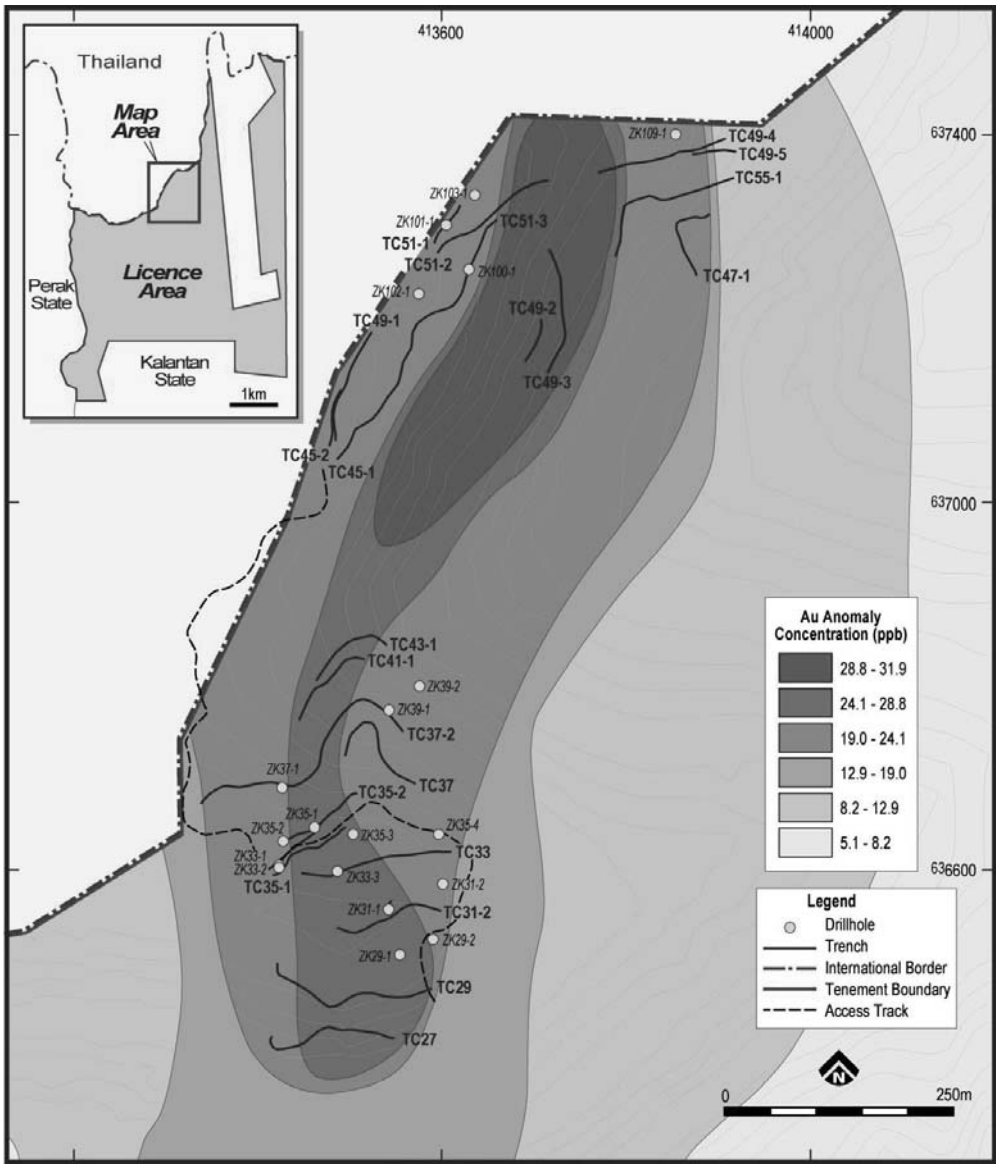


Table 4.3 2018 diamond drillhole significant intercepts

Drillhole	Sample no.	From	To	Length	Gold (g/t)
ZK29-1	H131	108.43	109.16	0.73	20.03
ZK29-1	H136	112.97	113.97	1.00	1.74
ZK31-1	H116	106.68	107.68	1.00	1.20
ZK31-1	H117	107.68	108.05	0.37	11.29
ZK31-1	H120	109.05	109.43	0.38	1.31
ZK31-1	H67	64.25	65.25	1.00	1.49
ZK33-1	H82	78.05	79.05	1.00	1.81
ZK33-1	H91	86.83	87.82	1.00	2.29
ZK33-2	H155	172.60	173.60	1.00	4.72
ZK33-3	H162	0.00	1.00	1.00	0.38
ZK33-3	H163	1.00	2.00	1.00	0.76
ZK33-3	H164	2.00	3.00	1.00	2.25
ZK33-3	H165	3.00	4.00	1.00	0.50
ZK33-3	H166	4.00	5.00	1.00	0.99
ZK33-3	H167	5.00	5.70	0.70	0.75
ZK33-3	H168	5.70	6.70	1.00	0.96
ZK33-3	H1	6.70	7.60	0.90	0.16
ZK33-3	H2	7.60	8.40	0.80	0.22
ZK33-3	H3	8.40	9.40	1.00	0.33
ZK35-1	H61	55.50	56.50	1.00	1.43
ZK35-1	H62	56.50	57.50	1.00	3.50
ZK35-1	H63	57.50	58.50	1.00	0.96
ZK35-1	H64	58.50	59.50	1.00	4.38
ZK35-1	H65	59.50	60.50	1.00	0.66
ZK35-1	H66	60.50	61.55	1.05	3.07
ZK35-1	H91	84.28	85.28	1.00	2.09
ZK35-1	H92	85.28	86.28	1.00	0.52
ZK35-1	H93	86.28	87.28	1.00	4.50
ZK35-2	H94	87.09	88.09	1.00	9.18
ZK35-2	H95	88.09	89.09	1.00	0.83
ZK35-2	H132	122.56	123.60	1.04	3.93
ZK35-2	H133	123.60	124.60	1.00	0.57
ZK35-2	H134	124.60	126.00	1.40	2.94
ZK35-2	H135	126.00	126.90	0.90	2.34
ZK35-3	H42	39.12	40.31	1.19	0.40
ZK35-3	H43	40.31	41.26	0.95	0.44
ZK35-3	H44	41.26	41.95	0.69	0.30
ZK35-3	H46	42.59	43.89	1.30	1.02
ZK35-3	H47	43.89	44.89	1.00	1.90
ZK39-2	H63	58.70	59.70	1.00	4.65
ZK101-1	H106	95.56	96.56	1.00	1.50
ZK101-1	H115	104.03	104.70	0.67	1.28

As at 31 December 2018, the Kelgold Project is at an early stage exploration stage. Optiro has reviewed the exploration work completed to date and whilst prospective, considers that there has been insufficient exploration completed as at 31 December 2018 to estimate a Mineral Resource in accordance with JORC 2012 guidelines. The project is at a conceptual stage and it is uncertain if further exploration will result

in the estimation of a Mineral Resource. There is insufficient information as at 31 December 2018 available to disclose the location and size of any potential future mine, the expected mineral quality or the development costs.

5. CNMC PULAI PROJECT

On 28 June 2016, CNMC announced it had entered into a non-binding letter of intent with CNMC Pulai in respect of the proposed subscription of new shares in CNMC Pulai representing 51% of the enlarged issued and paid-up share capital of CNMC Pulai. The purchase consideration for the proposed subscription was RM13,800,000. On 27 February 2017, CNMC announced that it had completed the proposed subscription and CNMC Pulai was a 51%-owned subsidiary of the Company.

CNMC Pulai owns exploration and mining licenses with a combined license area of 3,841.3 hectares (38.41 km^2) and 70% stake of Sumberjaya Land & Mining Sdn. Bhd. which holds the rights to mine iron ore for the iron ore mining licenses assigned to CNMC Pulai. The project area is approximately 100 km south of the Sokor mine and 20 km to the southwest of the city of Gua Musang in the State of Kelantan, Malaysia. This comprises:

- one exploration licence of approximately 2,300 hectares (23 km^2)
- seven gold mining licenses (of which four gold mining licences are in the process of renewal) totalling approximately 1,166.19 hectares (11.7 km^2)
- one iron ore mining licenses totalling approximately 179.7 hectares (1.7 km^2)
- one feldspar mining license for approximately 15.41 hectares (0.15 km^2).

The project area has historically been subject to alluvial gold mining operations especially along the Galas River along with previous feldspar mining. Total historical alluvial gold production has been in the order of 260 kg and approximately 125,000 tonnes of feldspar has been produced.

As for the Kelgold Project, the CNMC Pulai Project falls within the Central Gold Belt of Malaysia which hosts CNMC's Sokor mine and the third party Penjom and Selinsing mines among others.

Overall, assessment of the CNMC Pulai Project by CNMC geologists is at an early stage and is currently on-going. The current assessment of the project area includes geological mapping, soil geochemical sampling, trenching and follow-up drilling of any anomalous results.

Quaternary cover is relatively thick within the Pulai prospect with outcrop mostly present along road and river cuttings. According to geological mapping and drill core logging, the lithology within the project area is mainly lower Permian metamorphic rock, pyroclastic rocks and volcanic rocks striking in a north-northeast direction. The Pulai area has been divided into the western, central and southern areas. The lithology of western area consists of limestone, tuff (interbedded with carbonaceous slate and slate), volcanic breccia and andesite. The overall dip direction found in western area is west-northwest and the dip angle 20° to 70°. The central area is mainly composed of andesitic tuff, with some rhyolitic tuff and andesite. Andesite with minor andesitic tuffs are distributed through the southern area. Pyroclastic and volcanic rocks occur widely across the area while sedimentary rocks have only been found in the western area.

Fracture and fault structures are common across the Pulai area. Major faults are north-south and north-northeast oriented, while secondary faults are mainly northwest, west-northwest and northeast in direction. Medium to coarse grained granite has been mapped along fault zones which are partially mylonitised and accompanied by pyrite mineralisation.

Primary gold anomalism identified to date appears related to silicification and limonitic (after pyrite) alteration. In the west of the project area, quartz-limonite veinlets in slate and tuff associated with gold anomalism have been identified through trenching but the control on the occurrence of gold is not yet clear.

Several styles of gold mineralisation potentially occur within the Pulai area, with the major types being alluvial occurrences, high-arsenic mesothermal auriferous quartz veins, low-arsenic auriferous stockwork and sheeted quartz veins with variable sulphidation and porphyry-style gold mineralisation.

China Railway Resources Exploration Ltd (2015) completed geological studies and concluded that the CNMC Pulai Project has similar mineralisation characteristic to the Sokor gold mine. Comparable to the Sokor deposits, the CNMC Pulai Project was interpreted as:

- within 15 to 30 km east of the Bentong-Raub Suture
- north-south fault structures are well developed with sub-ordinate northeast, northwest and north-northeast faults controlling the distribution of alteration and mineralisation
- alluvial gold present within the project area
- geochemical anomalism of pathfinder elements antimony, arsenic and uranium.

Feldspar mineralisation in the CNMC Pulai region has been developed by hydrothermal alteration of volcanic rocks of various types and from shallow intrusive bodies. Whilst feldspar has previous been mined from the project area further work is required to determine the future economic potential of any feldspar mineralisation.

CNMC considers that geological data collected by previous explorers supports the potential for gold mineralisation similar to that discovered at the Sokor Project. Optiro considers that the work to date is encouraging and warrants further follow-up work.

As at 31 December 2018, the CNMC Pulai Project is at an early stage exploration stage. Optiro has reviewed the exploration work completed to date and considers that there has been insufficient exploration completed to estimate a Mineral Resource in accordance with JORC 2012 guidelines. The project is at a conceptual stage and it is uncertain if further exploration will result in the estimation of a Mineral Resource. There is insufficient information available to disclose the location and size of any potential future mine, the expected mineral quality or the development costs.

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7. GLOSSARY

Term	Explanation
Abbreviations	AAS - Atomic Absorption Spectrometry, Ag – silver, AIG – Australian Institute of Geoscientists, Au – gold, AusIMM – Australasian Institute of Mining and Metallurgy, CEng – Chartered Engineer, CIL – carbon in leach, CIM – Canadian Institute of Mining, Metallurgy and Petroleum, CP – Chartered Professional of the AusIMM, Cu – copper, DTM – digital terrain model, g/t – grams per tonnes, EL – Exploration Licence, ICPAES – Inductively Coupled Plasma with Atomic Emission Spectroscopy (assay device), IMMM – Institute of Materials, Mining and Metallurgy, kg – kilogram, km - kilometre, km^2 - square kilometre, koz – one thousand ounces, kt – one thousand tonnes. ktpa, kilo tonnes per annum, kW – kilowatt, one thousand watts, m - metre, m^3 - cubic metres, Ma - million years, mm - millimetre, M - million, ML – Mining Licence, Mt - million tonnes, Mtpa - million tonnes per annum, NPV – net present value, oz - (troy ounce – 31.1 g), % - percentage, Pb – lead, RQD – rock quality designation, QA/QC – quality control and quality assurance, SGX – Singapore Stock Exchange, t - metric tonnes, t/m^3 – tonnes per metre cubed, US$ – United States dollars, Zn – zinc..
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.

Term	Explanation
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 2012.
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.
Reverse Circulation (RC)	Drilling method that uses compressed air and a hammer bit to produce rock chips.
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.*	• All drilling by CNMC is by diamond drill rigs. • 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. • From 2011 to 2013 the average length of the samples selected for analysis was 1.46 m, during 2014 and 2015 the average sample length was 1.27 m and for 2016, 2017 and 2018 the average sample length was 1.0 m. • Sample intervals selected for analysis from the 2018 drillholes are between 0.06 m and 1.67 m. • All sample preparation and analyses were undertaken at CNMC's Sokor on-site laboratory. • Gold analyses of the 2018 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.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate 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.*	• All drillholes were logged by geologists. • Logging data recorded includes interval from and to, colour, major mineral composition, 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. • From 2011 to 2013 the average length of the samples selected for analysis was 1.46 m, during 2014 and 2015 the average sample length was 1.27 m and for 2016, 2017 and 2018 the average sample length was 1.0 m. • Sample intervals selected for analysis from the 2018 drillholes are between 0.06 m and 1.67 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 2018 samples were assayed at CNMC's Sokor on-site laboratory. • CNMC's procedures for 2018 included the submission of blanks, blind duplicate samples and standards with samples and submission of duplicate sample to independent laboratory SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia and ALS, Perth, Western Australia and an umpire laboratory (ALS Minerals laboratory in Perth, Australia). • Seven standard samples (G314-3, G905-7, G910-3, G912-7, G196-1, G916-2 and G916-4) from Geostats Pty Ltd were submitted to CNMC's on-site laboratory. • Analysis of the QAQC data indicates acceptable levels of precision for all standards, however there is a bias to lower grades than expected across all grade ranges. This is being investigated by CNMC.
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*	• A twin hole was drilled at New Discovery during 2013. This confirmed the mineralised intersection within the upper part of the orebody. • Data validation included checking for out of

Criteria	JORC Code explanation	Commentary
	entry procedures, data verification, data storage (physical and electronic) protocols. • *Discuss any adjustment to assay data.*	range assay data and overlapping or missing intervals. • Below detection values were set to half the 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 CHCNAV X91 GNSS receivers of +/- 10 cm accuracy or GARMIN GPSMap 64s 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. For data prior to 2016 differences of up to 24 m were noted between the drillhole collar elevation and the topography. • Detailed aerial pit surveys of Rixen, New Discovery and New Found were conducted in early 2019 using an unmanned aerial vehicle (UAV) by Land Surveys, an Australian based company. • Pit surveys of Manson's Lode and Ketubong were provided by CNMC based on GPS data taken from pit traverses.
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 2018, data from 24 additional inclined drillholes for a total of 6,683.26 m at Sokor were incorporated into the database. • Drillhole spacing and drill section spacing averages 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 to 1.5 m intervals was applied for Mineral Resource estimation at Ketubong and Manson's Lode. Downhole compositing to 1.0 m intervals was applied for Mineral Resource estimation at Rixen, New Discovery and New Found.
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*	• Drill sections are oriented perpendicular to the strike of the deposit. • 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

Criteria	JORC Code explanation	Commentary
	should be assessed and reported if material.	structures and controls on mineralisation.
Sample security	• *The measures taken to ensure sample security.*	• All sample preparation and assaying was completed at the Sokor on-site laboratory. • Security procedures are in place including inspection of vehicles and personnel entering and leaving the mine site.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Optiro visited the Sokor project during December 2011, June 2015 and January 2018. Review of the sampling techniques did not reveal 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 support the ongoing gold ore mining operation. • Mining Lease ML 10/2016 is held by CMNM Mining Group Sdn. Bhd.; a subsidiary of CNMC Goldmine Holdings Ltd. • KelGold Mining Sdn. Bhd. has the right to explore for iron ore, gold and other minerals in an area of approximately 1,550 hectares (15.5 km2) that expires in 2019.
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. • Four deposits have been defined within the southern area (Manson's Lode, New Discovery, New Found and Ketubong) and

Criteria	JORC Code explanation	Commentary
		a fifth 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. • The Kelgold Project area falls within the Central Gold Belt of Malaysia. The project geology comprises a sequence of north-south trending Permian to Triassic marine sedimentary rocks along with a mylonitic granite in the central portion of the licence. The main units include argillite, sericite-quartz schist, tuff and sandy slate.
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 drillholes:* o *easting and northing of the drillhole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.*	• Drillhole information is summarised in Section 4.2 of the report. All drillholes are reported.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. 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.*	• Drilling data reported in the Kelgold exploration results are nominally reported above a cut-off grade of 0.2 g/t gold. Where reported across multiple samples, length weighted averages are reported.
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').*	• The orientation of mineralisation at Kelgold is yet to be accurately defined. The relationship between reported thickness and true thickeness is currently unknown.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should*	• Provided in Section 4.2 of the report.

Criteria	JORC Code explanation	Commentary
	include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
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.*	• All drillholes are reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological 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.*	• 34 exploration trenches with total trench length of 2,750.2 m have been excavated to provide additional geological information including geological mapping, lithology, geochemical and structural measurements.
Further work	• *The nature and scale of planned further work (e.g. 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 to further extend known mineralised zones at Rixen, Ketubong, New Discovery and New Found, and to explore for additional mineralised zones within the Sokor project area. • Future exploration drilling is planned at Kelgold to define and extend known mineralisation. • Exploration drilling has been undertaken and results from this will be evaluated for further exploration drilling.

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, June 2015 and January 2018 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*	• 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.

Criteria	JORC Code explanation	Commentary
	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.*	• 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 at Manson's Lode and Ketubong was based on a nominal 0.25 g/t gold cut-off grade and at Rixen, New Discovery and New Found was based on a nominal 0.2 g/t gold cut-off grade. The interpretation was completed along drill sections, typically at spacings of 20 m and 50 m and the interpretations were triangulated to form 3D solids of the mineralisation domains. • Additional base metal mineralisation was interpreted at Manson's Lode based on a nominal 2% Pb+Zn cut-off grade. • All available geological data has been used to interpret the mineralisation and to differentiate between mineralisation within eluvial/alluvial, backfill and bedrock. • 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-southwest and has a relatively flat orientation. It is 750 m along strike and 300 m across strike and extends from surface to a depth of 120 m. • At New Discovery and New Found the mineralisation strikes north-south and dips approximately 25° to the east. It has a combined strike length of 500 m and is up to 330 m across strike. Mineralisation extends from surface to a depth of up to 280 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 270 m. • At Rixen the mineralisation strikes north-south and dips approximately 20° to the east. It is 2,025 m along strike by 600 m across strike. Mineralisation extends from surface to a depth of approximately 330 m.

Criteria	JORC Code explanation	Commentary
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.* • *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.*	• Drillhole sample data was flagged using domain codes generated from three-dimensional mineralisation domains and oxidation surfaces. • Data within the interpreted mineralisation at Ketubong and Manson's Lode was composited to 1.5 m downhole intervals and data within the interpreted mineralisation at Rixen, New Discovery and New Found was composited to 1.0 m downhole intervals. • 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. • Mineralisation continuity was interpreted from variogram analyses to have an along strike range of 52 m to 185 m, and a down-dip range of 29 m to 95 m. • Parameters from kriging neighbourhood analysis, undertaken in 2012 (Manson's Lode and New Discovery) and 2015 (Rixen) to optimise the block size, search distances and sample numbers, were used. • Grade estimation was into parent blocks of 10 m by 10 m at Manson's Lode, New Discovery/New Found 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; 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 65% of blocks at Manson's Lode, 76% of the blocks at Rixen and over 40% of the blocks at Ketubong and the combined New Discovery and New Found deposits 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*	• The tonnages are estimated on a dry basis.

Criteria	JORC Code explanation	Commentary
	dry basis or with natural moisture, and the method of determination of the moisture content.	
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 and for the transitional and fresh material at Ketubong, New Discovery and New Found and above a 0. 2 g/t gold cut-off grade at Rixen and for the oxide material Ketubong, New Discovery and New Found to reflect current commodity prices, differential operating costs and processing options. • Base metal Mineral Resources at Manson's Lode, in addition to the gold Mineral Resources, are reported above a 2% 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 reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical assumptions have been built into the Mineral Resource models.
Environmental 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*	• CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures are being implemented.

Criteria	JORC Code explanation	Commentary
	environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	
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 around 0.2 m were selected and weighted in water and air. • Average bulk density values were calculated using measurements from 101 sections of diamond core for New Discovery and New Found, from 139 sections of core for Rixen and from 32 sections of core for Ketubong. • Density measurements were obtained from 51 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 and where infill drilling has confirmed the mineralisation interpretation. • Inferred Mineral Resources have been defined generally in areas of 80 m by 80 m drill spacing and where the confidence in the block estimate (as measured by the kriging efficiency) is low.
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*	• 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 are believed to be appropriate for quarterly production volumes.

Criteria	JORC Code explanation	Commentary
	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.*	

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, Manson's Lode and New Discovery deposits are classified as a JORC 2012 Mineral Resource Statement and were completed by Mrs Christine Standing of Optiro on behalf of CNMC. • The Mineral Resources are reported exclusive of (additional to) the Ore Reserves 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 indicate why this is the case.*	• A site visit was undertaken by Optiro (Mr Andrew Law) in May 2012 and June 2015 and a follow-up site visit was undertaken by Optiro (Mr Michael Leak) in January 2018 to examine the changes in mining and processing practices since 2015.
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 the current 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 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 the recently re-done optimisation processes.

Criteria	JORC Code explanation	Commentary
	• *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 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 geotechnical 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 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?*	• 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 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 of the Rixen deposit. • There are no specifications applied to the mine production.
Environmen-tal factors or assumptions	• *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*	• CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures are being implemented.

Criteria	JORC Code explanation	Commentary
	storage and waste dumps should be reported.	
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 forecast 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 10% of gross revenue is payable to the Kelantan State Government (KSG) and an additional tribute payment of 4% of gross revenue is payable to the Kelantan State Economic Development Corporation (KSEDC). CNMC holds an 81% share in the production from the project.
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 licensed 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

Criteria	JORC Code explanation	Commentary
		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 10/2016
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 were converted to Ore Reserves as per JORC 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 an 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*	• 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.

Criteria	JORC Code explanation	Commentary
	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.*	

Additional Information

Issued and paid-up capital	:	$23,335,633
Number of shares	:	407,693,000
Number of voting shares	:	407,693,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares and there are no subsidiary holdings.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS
As at 22 March 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 99	3	0.11	15	0.00
100 - 1,000	67	2.50	39,428	0.01
1,001 - 10,000	861	32.20	6,394,574	1.57
10,001 - 1,000,000	1,707	63.84	109,667,633	26.90
1,000,001 and above	36	1.35	291,591,350	71.52
Total	**2,674**	**100.00**	**407,693,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS
As recorded in the Register of Substantial Shareholders as at 22 March 2019

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
Innovation (China) Limited[1]	106,987,500	26.24	–	–
Messiah Limited[2]	50,662,500	12.43	–	–
Ng Eng Tiong	24,305,400	5.96	–	–
Professor Lin Xiang Xiong	1,629,900	0.40	106,987,500	26.24
Choo Chee Kong[2]	205,000	0.05	50,662,500	12.43
Lim Kuoh Yang[1]	20,000	0.005	108,617,400	26.64
Tan Swee Ngin[1]	–	–	106,987,500	26.24
Lim Sok Cheng Julie[2]	–	–	50,662,500	12.43

Note:

(1) Innovation (China) Limited is a private investment holding company incorporated in Hong Kong whose shareholders are Professor Lin Xiang Xiong (65%) and his wife, Tan Swee Ngin (35%). Lim Kuoh Yang is the son of Professor Lin Xiang Xiong and Tan Swee Ngin. As such, Professor Lin Xiang Xiong 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 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 Citibank Nominees Singapore Pte Ltd.

STATISTICS OF SHAREHOLDINGS

As at 22 March 2019

TWENTY LARGEST SHAREHOLDERS

As at 22 March 2019

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	INNOVATION (CHINA) LIMITED	106,987,500	26.24
2	CITIBANK NOMINEES SINGAPORE PTE LTD	52,156,300	12.79
3	NG ENG TIONG	24,305,400	5.96
4	DBS NOMINEES (PRIVATE) LIMITED	10,482,655	2.57
5	CHUA TEO LENG	9,265,000	2.27
6	LIM PENG LIANG DAVID LLEWELLYN	9,086,100	2.23
7	LIU WENYING	8,000,000	1.96
8	PHILLIP SECURITIES PTE LTD	7,075,400	1.74
9	RAFFLES NOMINEES (PTE.) LIMITED	5,243,400	1.29
10	XU DEHAN	4,706,925	1.15
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,468,531	0.85
12	KAW LAI FONG	3,399,900	0.83
13	UOB KAY HIAN PRIVATE LIMITED	3,068,600	0.75
14	LING SIOW MENG	3,006,100	0.74
15	LEE JING YI	2,943,200	0.72
16	OCBC SECURITIES PRIVATE LIMITED	2,673,000	0.66
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,650,339	0.65
18	TAN CHONG MENG	2,500,000	0.61
19	TAN LIAN SENG	2,460,900	0.60
20	LIM YEAN LENG	2,419,000	0.59
	TOTAL	**265,898,250**	**65.20**

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

Based on the information provided to the Company as at 22 March 2019, approximately 54.915% of the issued ordinary shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST has been complied with.

CNMC GOLDMINE HOLDINGS LIMITED

(Company Registration No. 201119104K)
(Incorporated in the Republic of Singapore)

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, 30 April 2019 at 3.00 pm for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2018, together with the Directors' Statement and Independent Auditors' Report.

Resolution 2

2. To declare a final one-tier tax exempt dividend of S$0.0020 per ordinary share for the financial year ended 31 December 2018 [FY2017: S$0.0020].

Resolution 3

3. To re-elect Professor Lin Xiang Xiong @ Lin Ye who is retiring by rotation pursuant to Article 117 of the Company's Constitution (the "**Constitution**") and who, being eligible, offers himself for re-election as a Director.
[see Explanatory Note (i)]

Resolution 4

4. To re-elect Mr Choo Chee Kong who is retiring by rotation pursuant to Article 117 of the Constitution and who, being eligible, offers himself for re-election as a Director.
[see Explanatory Note (i)]

Resolution 5

5. To approve the payment of Directors' fees of up to S$200,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears [FY2018: S$190,000].

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 and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company 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 and subsidiary holdings) (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 and subsidiary holdings) 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 Constitution 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 (ii)]

BY ORDER OF THE BOARD

WEE MAE ANN
Company Secretary
Singapore
15 April 2019

Explanatory Notes:

(i) Detailed information on the Directors who are proposed to be re-appointed can be found under the sections entitled "Board of Directors" and "Additional Information on Directors Seeking Re-Appointment" in the Company's Annual Report 2018.

(ii) 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 and subsidiary holdings) 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 and subsidiary holdings).

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 and subsidiary holdings). 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 and subsidiary holdings). 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.

Notes:

(1) Unless otherwise permitted under the Companies Act, Chapter 50 (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

(3) A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

(4) If the member is a corporation, the instrument appointing the proxy must be under its common seal or signed by its duly authorised officer or attorney.

(5) The instrument appointing a proxy or proxies 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 72 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Professor Lin Xiang Xiong @ Lin Ye and Mr. Choo Chee Kong, each of whom is seeking re-election as Director at the Annual General Meeting of the Company on 30 April 2019, is to be read in conjunction with their respective profiles in the "Board of Directors" and "Key information regarding Directors" secions on pages 14 and 62.

Appendix 7F Requirements		
Details required under Appendix 7F of the Catalist Rules	**Lin Xiang Xiong @ Lin Ye**	**Choo Chee Kong**
Date of initial appointment	20 September 2011	20 September 2011
Date of last re-appointment (if applicable)	28 April 2016	28 April 2016
Age	73	61
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Professor Lin's wealth of experience in the mining industry and his perspective on the operations of the Company will continue to positively guide the Company and set the Group in the direction of growth.	Mr Choo has vast experience in corporate finance. He has continued to discharge his duties well and will continue to positively contribute to the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Formulating the Group's strategic plans and policies, directing and overseeing the daily activities of mining operations, seeking sustainable business development and expansion for the Group.	Executive Formulating strategic directions and expansion plans of the Group, as well as corporate governance.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Executive Vice Chairman
Professional qualifications	- Studied Fine Arts at Singapore Academy of Arts - Studied Fine Arts at L'Université Sorbonne Nouvelle – Paris 3, Paris, France. - Appointed as Research Professor by Academy of Oriental Studies, China. - Appointed as Guest Professor by School of Arts, Peking University, China. - Appointed as Senior Research fellow by Institute for Advanced Studies in Arts and Humanities, Chinese National Academy of Arts, China.	- Bachelor in Mechanical Engineering (First Class Honours), University of Liverpool, UK. - Master in Business Administration, University of Bradford, UK.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7F Requirements		
Details required under Appendix 7F of the Catalist Rules	**Lin Xiang Xiong @ Lin Ye**	**Choo Chee Kong**
Working experience and occupation(s) during the past 10 years	Executive Chairman of CNMC Goldmine Holdings Limited	Executive Vice Chairman of CNMC Goldmine Holdings Limited
Shareholding interest in the listed issuer and its subsidiaries	Professor Lin holds 1,629,900 shares of the Company in own name and has deemed interest in 106,987,500 shares of the Company by virtue of his shareholdings in Innovation (China) Limited.	Mr. Choo holds 205,000 shares of the Company in own name and has deemed interest in 50,662,500 shares of the Company by virtue of his shareholdings in Messiah Limited. Mr. Choo also holds 52,500 shares of the Company's subsidiary CNMC Pulai Mining Sdn. Bhd. by virtue of his shareholdings in Messiah Limited.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Father of Chief Executive Officer, Mr. Lim Kuoh Yang.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships#		
* "Principal Commitments" has the same meaning as defined in the Code - *"principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.*	None	None
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)		
Past (for the last 5 years)	None	None
Present	None	None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7F Requirements		
Details required under Appendix 7F of the Catalist Rules	**Lin Xiang Xiong @ Lin Ye**	**Choo Chee Kong**
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	Yes. Falmac Limited ("Falmac"). Mr. Choo was appointed as a director with the sole purpose of facilitating the reverse takeover of Falmac by CNMC Goldmine Limited, which was unlisted at the relevant time. However, soon after he became a director of Falmac, the former CEO put Falmac into liquidation due to his unpaid salary. Mr. Choo resigned before Falmac was liquidated and was not responsible for the insolvency situation.
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7F Requirements		
Details required under Appendix 7F of the Catalist Rules	**Lin Xiang Xiong @ Lin Ye**	**Choo Chee Kong**
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7F Requirements		
Details required under Appendix 7F of the Catalist Rules	**Lin Xiang Xiong @ Lin Ye**	**Choo Chee Kong**
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	Yes. SGX censure when Mr. Choo was a Non-Executive Director in Advance SCT Limited ("Advance SCT"). In October 2015, SGX-ST publicly reprimanded Mr. Choo for his involvement in Advance SCT's breach of SGX-ST Listing Rules 905 and 906 in failing to promptly disclose and seek shareholders' approval for a payment of approximately S$1.6 million to his associate. SGX-ST found that Mr. Choo should not have left it solely to the management to conduct compliance checks to ensure that all necessary regulatory obligations were met. In addition, SGX-ST publicly reprimanded Mr. Choo for failing to, in compliance with SGX-ST Listing Rule 103(5) act in the interests of shareholders as a whole.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7F Requirements		
Details required under Appendix 7F of the Catalist Rules	**Lin Xiang Xiong @ Lin Ye**	**Choo Chee Kong**
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes. Refer to the above section (j)(iv).

CNMC GOLDMINE HOLDINGS LIMITED

(Company Registration No. 201119104K)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy the ordinary shares in the capital of CNMC Goldmine Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such CPF investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.

ANNUAL GENERAL MEETING
PROXY FORM

I/We _____ (Name) _____ (NRIC/Passport/Registration Number)

of _____ (Address)

being a member/members of CNMC GOLDMINE HOLDINGS LIMITED (the "**Company**") hereby appoint:-

Name	**NRIC / Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC / Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person or both of the persons above, 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, 30 April 2019 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 financial statements for financial year ended 31 December 2018		
2.	Payment of a final dividend		
3.	Re-election of Professor Lin Xiang Xiong @ Lin Ye as Director		
4.	Re-election of Mr Choo Chee Kong as a Director		
5.	Payment of Directors' fees of up to S$200,000 for financial year ending 31 December 2019		
6.	Re-appointment of KPMG LLP as Independent Auditors of the Company		
	Special Business		
7.	Authority to allot and issue new shares		

(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. Alternatively, if you wish to exercise your votes both for and against the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this _____ day of _____ 2019

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. Unless otherwise permitted under the Companies Act, Chapter 50 (the "**Companies Act**"), 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.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.

3. A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

4. 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 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

5. 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 seventy-two (72) hours before the time set for the AGM.

6. 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 common seal or under the hand of an officer or attorney duly authorised.

7. 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.

8. 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 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2019.

吉兰丹首间“全泥氰化炭浆厂”(CIL)。

年产31,473 盎司纯金，创中色历史新高。

据澳洲“奥地罗”第三方独立评估机构，在2018年12月31日黄金储量达 914,000 盎司。

CNMC

www.cnmc.com.hk

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