



CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

(Company Registration No.: 201119104K)

Unaudited Financial Statement and Dividend Announcement For the Second Quarter Ended 30 June 2014

This announcement has been prepared by CNMC Goldmine Holdings Limited (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte Ltd (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement and has not drawn on any specific technical expertise in its review of this announcement.

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

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

	Group					
	Three Months Ended			Six Months Ended		
	30 June 2014 US\$ (Unaudited)	30 June 2013 US\$ (Unaudited)	Increase/ (Decrease) %	30 June 2014 US\$ (Unaudited)	30 June 2013 US\$ (Unaudited)	Increase/ (Decrease) %
Revenue	8,265,854	2,221,103	272.2	13,380,386	2,937,351	355.5
Changes in inventories	(48,205)	115,065	n.m.	(77,811)	569,298	n.m.
Other operating income	1,275	66,009	(98.1)	45,575	56,021	(18.6)
Amortization and depreciation	(741,583)	(389,976)	90.2	(1,244,596)	(791,920)	57.2
Contractor expenses	-	(8,440)	n.m.	-	(8,440)	n.m.
Employees' compensation	(399,654)	(258,282)	54.7	(709,951)	(503,146)	41.1
Key management remuneration	(367,776)	(248,580)	48.0	(789,364)	(518,816)	52.1
Marketing and publicity expenses	(10,815)	(52,257)	(79.3)	(15,466)	(60,997)	(74.6)
Office and administration expenses	(68,339)	(65,102)	5.0	(141,564)	(152,544)	(7.2)
Professional fees	(174,654)	(69,323)	151.9	(325,343)	(200,885)	62.0
Rental expense on operating lease	(164,493)	(79,715)	106.4	(213,036)	(141,614)	50.4
Royalty fee expenses	(633,162)	(170,372)	271.6	(1,038,694)	(225,525)	360.6
Site and factory expenses	(1,706,087)	(840,869)	102.9	(2,709,614)	(1,550,815)	74.7
Travelling and transportation expenses	(57,285)	(37,067)	54.5	(89,845)	(83,385)	7.7
Other operating expenses	(14,689)	-	n.m.	(7,228)	-	n.m.
Results from operating activities	3,880,387	182,194	n.m.	6,063,449	(675,417)	n.m.
Finance income	952	76	n.m.	1,026	410	150.2
Finance costs	(6,564)	(3,912)	67.8	(27,835)	(4,357)	538.9
Net finance costs	(5,612)	(3,836)	46.3	(26,809)	(3,947)	579.2
Profit/(Loss) before tax	3,874,775	178,358	n.m.	6,036,640	(679,364)	n.m.
Tax credit / (expense)	1,620,923	(62,131)	n.m.	1,010,950	70,934	n.m.
Profit/(Loss) for the financial period	5,495,698	116,227	n.m.	7,047,590	(608,430)	n.m.
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from consolidation of foreign subsidiaries	4,797	(8,011)	n.m.	7,558	(16,617)	n.m.
Total comprehensive income/(loss) for the financial period	5,500,495	108,216	n.m.	7,055,148	(625,047)	n.m.
Profit/(Loss) attributable to:						
Owners of the Company	4,439,712	26,180	n.m.	5,701,332	(622,531)	n.m.
Non-controlling interests	1,055,986	90,047	n.m.	1,346,258	14,101	n.m.
Profit / (Loss) for the financial period	5,495,698	116,227	n.m.	7,047,590	(608,430)	n.m.
Total comprehensive income / (loss) attributable to:						
Owners of the Company	4,443,724	21,245	n.m.	5,707,654	(636,431)	n.m.
Non-controlling interests	1,056,771	86,971	n.m.	1,347,494	11,384	n.m.
Total comprehensive income / (loss) for the financial period	5,500,495	108,216	n.m.	7,055,148	(625,047)	n.m.

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

	Group					
	Three Months Ended			Six Months Ended		
	30 June 2014 US\$ (Unaudited)	30 June 2013 US\$ (Unaudited)	Increase / (Decrease) %	30 June 2014 US\$ (Unaudited)	30 June 2013 US\$ (Unaudited)	Increase / (Decrease) %
Profit / (Loss) for the financial period is stated at after charging / (crediting) the following:						
Borrowing costs	6,564	3,912	67.8	27,835	4,357	538.9
Amortization and depreciation	741,583	389,976	90.2	1,244,596	791,920	57.2
Deposit written off	-	-	n.m.	1,166	-	n.m.
Loss/(Gain) on foreign exchange	14,689	(66,025)	n.m.	(28,142)	(55,411)	(49.2)
(Gain) on disposal of property, plant and equipment	(1,027)	-	n.m.	(1,027)	-	n.m.

n.m. -- not meaningful

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

	Group		Company	
	30 June 2014 US\$ (Unaudited)	31 December 2013 US\$ (Audited)	30 June 2014 US\$ (Unaudited)	31 December 2013 US\$ (Audited)
ASSETS				
Non-current assets				
Exploration and evaluation assets	3,168,630	3,990,897	-	-
Mine properties	6,989,564	5,579,285	-	-
Property, plant and equipment	7,437,891	6,219,314	26,823	10,115
Investment in subsidiaries	-	-	8,202,036	8,202,036
Deferred tax assets	207,461	207,461	207,461	207,461
Total non-current assets	17,803,546	15,996,957	8,436,320	8,419,612
Current assets				
Inventories	1,038,223	1,092,095	-	-
Trade and other receivables	1,433,396	1,250,942	6,349,049	7,697,619
Cash and cash equivalents	5,753,652	2,995,725	1,036,778	984,459
Total current assets	8,225,271	5,338,762	7,385,827	8,682,078
Total assets	26,028,817	21,335,719	15,822,147	17,101,690
EQUITY				
Share capital	18,032,233	18,032,233	18,032,233	18,032,233
Capital reserve	2,824,635	2,824,635	-	-
Accumulated losses	(1,262,338)	(6,639,065)	(2,726,115)	(3,059,898)
Translation reserves	5,570	(752)	-	-
	19,600,100	14,217,051	15,306,118	14,972,335
Non-controlling interests	1,495,213	325,046	-	-
Total equity	21,095,313	14,542,097	15,306,118	14,972,335
LIABILITIES				
Non-current liabilities				
Loans and borrowings	150,875	14,014	-	-
Deferred tax liabilities	410,505	331,913	-	-
Total non-current liabilities	561,380	345,927	-	-
Current liabilities				
Loans and borrowings	118,680	1,062,746	-	1,053,599
Derivative financial instrument	-	91,031	-	91,031
Trade and other payables	3,827,852	3,425,822	516,029	659,875
Accrued rehabilitation costs	400,749	317,124	-	-
Dividend payable	-	324,850	-	324,850
Current tax liabilities	24,843	1,226,122	-	-
Total current liabilities	4,372,124	6,447,695	516,029	2,129,355
Total liabilities	4,933,504	6,793,622	516,029	2,129,355
Total equity and liabilities	26,028,817	21,335,719	15,822,147	17,101,690

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 June 2014		As at 31 December 2013	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
118,680	-	9,147	1,053,599

Amount repayable after one year

As at 30 June 2014		As at 31 December 2013	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
150,875	-	14,014	-

Details of any collateral

The Group's borrowings comprised finance lease liabilities, which were secured on the Group's motor vehicles and plant and equipment. The net carrying amounts of the plant and equipment and motor vehicles as at 30 June 2014 amounted to US\$333,368 (31 December 2013: Nil).

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

	Group			
	Three Months Ended		Six Months Ended	
	30 June 2014 US\$ (Unaudited)	30 June 2013 US\$ (Unaudited)	30 June 2014 US\$ (Unaudited)	30 June 2013 US\$ (Unaudited)
Operating activities				
Profit/(Loss) for the financial period	5,495,698	116,227	7,047,590	(608,430)
Adjustments for:				
Depreciation of property, plant and equipment	482,022	315,389	857,837	673,268
Amortization of mine properties	259,561	74,587	386,759	118,652
Gain on disposal of property, plant and equipment	(1,027)	-	(1,027)	-
Interest income	(952)	(76)	(1,026)	(410)
Interest expense	6,564	3,912	27,835	4,357
Tax (credit)/expense	(1,620,923)	62,131	(1,010,950)	(70,934)
Operating profit before working capital changes	4,620,943	572,170	7,307,018	116,503
Changes in working capital:				
Inventories	61,337	(359,965)	53,872	(635,299)
Trade and other receivables	(610,031)	(391,328)	(182,454)	93,585
Trade and other payables	(404,115)	46,681	(758,052)	(1,010,898)
Cash generated from/(used in) operations	3,668,134	(132,441)	6,420,384	(1,436,109)
Interest received	952	76	1,026	410
Tax paid	-	-	(4,598)	-
Interest paid	(6,564)	(3,912)	(27,835)	(4,357)
Net cash generated from/(used in) operating activities	3,662,522	(136,277)	6,388,977	(1,440,056)
Investing activities				
Purchases of property, plant and equipment	(633,581)	(233,568)	(1,561,468)	(252,801)
Proceeds from disposal of property, plant and equipment	6,266	-	6,266	-
Payment for exploration and evaluation assets	(167,846)	(74,676)	(251,659)	(288,975)
Net cash used in investing activities	(795,161)	(308,244)	(1,806,861)	(541,776)
Financing activities				
Deposits withdrawn	-	364,016	-	859,140
Proceeds from short-term borrowings	-	403,200	-	403,200
Dividend paid to equity holders of the Company	(324,605)	-	(649,455)	-
Payment of finance lease liabilities	(29,609)	(2,306)	(37,913)	(4,580)
Repayment of convertible loan	(1,144,630)	-	(1,144,630)	-
Net cash (used in)/generated from financing activities	(1,498,844)	764,910	(1,831,998)	1,257,760
Net increase/(decrease) in cash and cash equivalents	1,368,517	320,389	2,750,118	(724,072)
Cash and cash equivalents at beginning of the period	3,584,987	762,407	2,195,323	1,815,474
Effect of exchange rate fluctuations on cash held	(1,410)	(8,011)	6,653	(16,617)
Cash and cash equivalents at end of the period	4,952,094	1,074,785	4,952,094	1,074,785
Pledged fixed deposits	801,558	11,915	801,558	11,915
Cash and cash equivalents in the statement of financial position	5,753,652	1,086,700	5,753,652	1,086,700

During the three months period ended 30 June 2014 (“2Q 2014”), the Group acquired property, plant and equipment with an aggregate cost of US\$755,062 as compared to US\$706,213 in the three months period ended 30 June 2013 (“2Q 2013”). As at 30 June 2014, a total consideration of US\$121,481 for the above acquisitions made in 2Q 2014 had yet to be paid, as compared to US\$472,645 as at 30 June 2013 for the acquisitions in 2Q 2013.

The Group also acquired exploration and evaluation assets, and mine properties at an aggregate cost of US\$839,813 in 2Q 2014 (2Q 2013: US\$1,214,744) of which US\$82,658 (2Q2013: Nil) were accrued rehabilitation cost. As at 30 June 2014, a total consideration of US\$589,309 for the acquisitions made in 2Q 2014 had yet to be paid, as compared to US\$1,140,068 as at 30 June 2013 for the acquisitions in 2Q 2013.

As at 30 June 2014, the Group’s cash and cash equivalents amounted to approximately US\$4.95 million, comprising currencies denominated in Malaysian Ringgit and Singapore Dollar. This did not include the fixed deposits pledged with banks of S\$1.00 million (30 June 2013: S\$15,094), which was equivalent to US\$0.80 million (30 June 2013: US\$11,915). Please refer to item 8(b) on cash flows analysis for further details.

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

	Share capital	Capital reserve	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
Group	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2013	18,032,233	2,824,635	20,716	(8,993,664)	11,883,920	59,098	11,943,018
<u>Total comprehensive income for the period:</u>							
Loss for the period	-	-	-	(648,711)	(648,711)	(75,946)	(724,657)
Other comprehensive income for the period							
Exchange difference	-	-	(8,965)	-	(8,965)	359	(8,606)
Total comprehensive loss for the period	-	-	(8,965)	(648,711)	(657,676)	(75,587)	(733,263)
Balance as at 31 March 2013	18,032,233	2,824,635	11,751	(9,642,375)	11,226,244	(16,489)	11,209,755
<u>Total comprehensive income for the period:</u>							
Profit for the period	-	-	-	26,180	26,180	90,047	116,227
Other comprehensive income for the period							
Exchange difference	-	-	(4,935)	-	(4,935)	(3,076)	(8,011)
Total comprehensive income for the period	-	-	(4,935)	26,180	21,245	86,971	108,216
Balance as at 30 June 2013	18,032,233	2,824,635	6,816	(9,616,195)	11,247,489	70,482	11,317,971

Group	Share capital	Capital reserve	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2014	18,032,233	2,824,635	(752)	(6,639,065)	14,217,051	325,046	14,542,097
<u>Total comprehensive income for the period:</u>							
Profit for the period	-	-	-	1,261,620	1,261,620	290,272	1,551,892
Other comprehensive income for the period							
Exchange difference	-	-	2,310	-	2,310	451	2,761
Total comprehensive income for the period	-	-	2,310	1,261,620	1,263,930	290,723	1,554,653
Balance as at 31 March 2014	18,032,233	2,824,635	1,558	(5,377,445)	15,480,981	615,769	16,096,750
<u>Total comprehensive income for the period:</u>							
Profit for the period	-	-	-	4,439,712	4,439,712	1,055,986	5,495,698
Other comprehensive income for the period							
Exchange difference	-	-	4,012	-	4,012	785	4,797
Total comprehensive income for the period	-	-	4,012	4,439,712	4,443,724	1,056,771	5,500,495
<u>Transactions with owners, recognised directly in equity</u>							
Final dividend declared and paid	-	-	-	(324,605)	(324,605)	-	(324,605)
Dividend declared to non-controlling interests	-	-	-	-	-	(177,327)	(177,327)
Total transactions with owners	-	-	-	(324,605)	(324,605)	(177,327)	(501,932)
Balance as at 30 June 2014	18,032,233	2,824,635	5,570	(1,262,338)	19,600,100	1,495,213	21,095,313

Company	Share capital US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 January 2013	18,032,233	(3,574,087)	14,458,146
Loss for the period	-	(267,354)	(267,354)
Balance as at 31 March 2013	18,032,233	(3,841,441)	14,190,792
Loss for the period	-	(258,867)	(258,867)
Balance as at 30 June 2013	18,032,233	(4,100,308)	13,931,925
Balance as at 1 January 2014	18,032,233	(3,059,898)	14,972,335
Loss for the period	-	(5,042)	(5,042)
Balance as at 31 March 2014	18,032,233	(3,064,940)	14,967,293
Profit for the period	-	663,430	663,430
Final dividend declared and paid	-	(324,605)	(324,605)
Balance as at 30 June 2014	18,032,233	(2,726,115)	15,306,118

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

	Number of shares	Share capital (S\$)	Share capital (US\$)
As at 30 June 2014 and 31 March 2014	407,693,000	22,890,024	18,032,233

There was no change in the Company's share capital from 31 March 2014 up to 30 June 2014.

On 15 July 2013, the Company issued a convertible loan ("Convertible Loan") of an aggregate amount of S\$1.45 million, with an option to convert into 3,295,454 ordinary shares at S\$0.44 per share. The Company had repaid the Convertible Loan on 14 April 2014 in full via the Company's internal resources, ahead of the maturity date of the Convertible Loan, pursuant to mutual agreement between the Company and the lenders.

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2014 and as at 30 June 2013.

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

	Company As at 30 June 2014	Company As at 31 December 2013
Total number of issued shares excluding treasury shares	407,693,000	407,693,000

The Company did not have any treasury shares as at 30 June 2014 and 31 December 2013.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2013 ("FY2013").

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

The Group adopted a number of new Financial Reporting Standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2014. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

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

	Group			
	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Profit / (Loss) attributable to owners of the Company (US\$)	4,439,712	26,180	5,701,332	(622,531)
Weighted average number of ordinary shares	407,693,000	407,693,000	407,693,000	407,693,000
Basic earnings / (loss) per ordinary share in (US cents)	1.09	0.01	1.40	(0.15)
Adjusted weighted average number of ordinary shares ⁽¹⁾	408,199,993	407,693,000	409,586,522	407,693,000
Diluted earnings / (loss) per ordinary share in (US cents)	1.09	0.01	1.39	(0.15)

Note:-

- (1) Adjusted for the weighted average number of ordinary shares of 506,993 and 1,893,522 shares for the three months financial period ended 30 June 2014 and for the six months financial period ended 30 June 2014 respectively, which may be allotted and issued upon the conversion of the Convertible Loan at S\$0.44 per share.

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

	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Net asset value (US\$)#	19,600,100	14,217,051	15,306,118	14,972,335
Number of shares at the end of the period	407,693,000	407,693,000	407,693,000	407,693,000
Net asset value per share (US cents)	4.81	3.49	3.75	3.67

Note:-

- (#) Net asset value represents total assets less total liabilities and non-controlling interest.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;**

Revenue

A summary of the financial performance of the Group in 2Q 2014 and the comparative financial performance in 2Q 2013 is illustrated below:

	2Q 2014	2Q 2013	Increase / (Decrease) %
Production volume of fine gold (ounces)	6,470.24	1,387.88	366.2
Sales volume of gold (ounces)	6,470.24	1,565.22	313.4
Revenue – Total (US\$'000)	8,265.85	2,221.10	272.2
Average realised gold price (US\$/ounce)	1,277.52	1,419.04	(10.0)

Despite the decrease in average realised gold price by 10.0% in 2Q 2014 as compared to 2Q 2013, the Group's revenue recorded an increase of 272.2% to US\$8.27 million in 2Q 2014 as compared to US\$2.22 million in 2Q 2013. The increase was due to the significant increase in the production and sales volume of fine gold in 2Q 2014, which offset the lower average realised gold price.

The production volume of fine gold increased by 366.2% to 6,470.24 ounces in 2Q 2014 as compared to 1,387.88 ounces in 2Q 2013. The increase in production volume was due to commencement of production of the Group's new facilities and higher productivity from the three leaching yards.

Other income or expenses

In 2Q 2014, the Group recorded a net other expenses of US\$13,414, as compared to a net other income of US\$66,009 in 2Q 2013. This was mainly due to a loss on foreign exchange of US\$14,689 in 2Q 2014 as compared to a gain on foreign exchange of US\$66,025 in 2Q 2013.

Operating expenses

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

Total operating expenses increased by US\$2.27 million or 108.1% from US\$2.10 million in 2Q 2013 to US\$4.37 million in 2Q 2014.

The increase in total operating expenses was mainly due to the following:-

- Increase in depreciation and amortization by US\$0.35 million or 90.2%. This was mainly due to the increase in the Group's equipment base following the completion of (i) the second factory and second heap leach facility in the fourth quarter of the financial year ended 31 December 2013 ("4Q 2013"); and (ii) the tailing pond and third heap leach facility in 2Q 2014;
- Increase in site and factory expenses by US\$0.87 million or 102.9%. The increase was due to the increase in production that led to higher diesel consumption arising from the increase of the Group's equipment base, more rock blasting work, higher chemical costs and higher repair and maintenance costs in 2Q 2014;
- Increase in key management remuneration and employees' compensation by US\$0.26 million or 51.4%, mainly due to the accrual of performance bonus to key management and employees in 2Q 2014 as compared to no accrual in 2Q 2013;
- Increase in royalty and tribute fee expenses by US\$0.46 million or 271.6%, mainly due to the increase in the sales value of fine gold; and
- Increase due to the changes in inventories which recorded a debit balance of US\$0.05 million in 2Q 2014 as compared to a credit balance of US\$0.12 million in 2Q 2013. This was mainly due to finished goods being recorded as at 30 June 2013 which was sold immediately after 30 June 2013. There were no finished goods as at 30 June 2014.

Summarised below is the information on the Group's all-in sustaining costs and all-in costs for 2Q 2014 and 2Q 2013 as recommended by the World Gold Council for gold mining companies. This non-generally accepted accounting principles measure metrics are intended to provide greater clarity into comparing the costs associated with producing gold across gold mining companies.

	US\$ / gold ounce sold		Increase / (Decrease) %
	2Q 2014	2Q 2013	
Sales volume of fine gold (ounces)	6,470.24	1,565.22	313.4
Mining related costs	373	736	(49.3)
Royalty and tribute expenses	98	109	(10.1)
Adjusted operating costs⁽¹⁾	471	845	(44.3)
General and administrative costs	54	49	10.2
Capital expenditure	60	110	(45.5)
All-in sustaining costs⁽²⁾	585	1,004	(41.7)
Capital exploration (non-sustaining)	26	48	(45.8)
Capital expenditure (non-sustaining)	38	40	(5.0)
All-in costs⁽³⁾	649	1,092	(40.6)

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

The all-in sustaining costs of US\$585 per ounce and all-in costs of US\$649 per ounce in 2Q 2014 are lower than the all-in sustaining costs of US\$610 per ounce and all-in costs of US\$781 per ounce in 1Q 2014. It was mainly due to the higher sales of fine gold in the current financial reporting period and lower capital expenditure (non-sustaining) upon completion of the Group's third leaching pad and production facility (Please refer to the Company's 1Q 2014 financial results announcement dated 14 May 2014 for the Group's all-in sustaining costs and all-in costs in 1Q 2014).

Lower all-in sustaining costs and all-in costs in 2Q 2014 as compared to 2Q 2013 were due to higher sales of fine gold and lower capital expenditure in the current financial reporting period.

Finance income and costs

Finance income and costs which comprised interest income from fixed deposits, interest on finance lease and interest on loan, were insignificant in 2Q 2014.

Tax credit/(expense)

The Group recorded a tax credit of US\$1.62 million in 2Q 2014 as compared to a tax expense of US\$0.06 million in 2Q 2013. This was mainly due to the over-provision for tax of US\$1.71 million in 1Q 2014 and FY2013, prior to the pioneer status incentive being granted by the Malaysian Investment Development Authority which entitles the Group's Sokor Gold Project to 100% income tax exemption on its statutory income for a period of 5 years from 1 July 2013 to 30 June 2018 ("Pioneer Status Incentive").

Profit after tax

Besides the significant increase in the production and sales volume of fine gold in 2Q 2014, there was a one-off reversal of tax over-provided of US\$1.71 million in FY2013 and 1Q 2014 which contributed to the increase in profit after tax by US\$5.38 million to US\$5.50 million in 2Q 2014 as compared to US\$0.12 million in 2Q 2013.

The Group would record a profit after tax of US\$3.79 million if the one-off tax reversal of US\$1.71 million was excluded. For illustrative purposes, this is an increase of US\$3.67 million as compared to US\$0.12 million in 2Q 2013.

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

Assets

Exploration and evaluation assets decreased by US\$0.82 million from US\$3.99 million as at 31 December 2013 to US\$3.17 million as at 30 June 2014, mainly due to the transfer of US\$1.66 million from exploration and evaluation assets to mine properties. The decrease was partially offset by the exploration and evaluation activities of US\$0.84 million undertaken in the 6 months financial period ended 30 June 2014.

Mine properties increased by US\$1.41 million from US\$5.58 million as at 31 December 2013 to US\$6.99 million as at 30 June 2014, mainly due to the transfer from exploration and evaluation assets of US\$1.66 million coupled with the increase in rehabilitation costs of US\$0.14 million. The increase was partially offset by amortization of US\$0.39 million.

Property, plant and equipment increased by US\$1.22 million from US\$6.22 million as at 31 December 2013 to US\$7.44 million as at 30 June 2014, mainly due to the additions of property, plant and equipment of US\$2.19 million, such as the construction of the third leach yard, tailing pond, new crushing systems, and the acquisition of excavators and motor vehicles. The increase was partially offset by the depreciation of the property, plant and equipment.

Trade and other receivables increased by US\$0.18 million from US\$1.25 million as at 31 December 2013 to US\$1.43 million as at 30 June 2014, mainly due to the increase in trade receivables of US\$0.11 million and deposit of US\$0.05 million.

Liabilities

Total liabilities of the Group decreased by US\$1.86 million from US\$6.79 million as at 31 December 2013 to US\$4.93 million as at 30 June 2014. This was mainly due to:

- A decrease in dividend payable of US\$0.32 million which was paid on 20 January 2014;
- A decrease in loans and borrowings of US\$0.81 million which was mainly due to the repayment of the Convertible Loan amounting to US\$1.14 million on 14 April 2014; and
- A decrease in current tax liabilities of US\$1.20 million which was mainly due to the reversal of over-provision in tax in 1Q 2014 and FY2013 prior to the grant of the Pioneer Status Incentive by the Malaysian Investment Development Authority.

The decrease in total liabilities was partially offset by the increase in trade and other payables of US\$0.40 million, which was mainly due to the higher production activities in the first half of 2014.

As at 30 June 2014, the Group had a positive working capital of US\$3.85 million as compared to a negative working capital of US\$1.11 million as at 31 December 2013.

Cash flows

Net cash generated from operating activities amounted to US\$3.66 million in 2Q 2014, as compared to a net cash used in operating activities of US\$0.14 million in 2Q 2013. The net operating cash inflow was mainly due to the operating profit before working capital changes of US\$4.62 million, adjusted for working capital outflows of US\$0.95 million, mainly attributable to the decrease in trade and other payables of US\$0.41 million and increase in trade and other receivables of US\$0.61 million, partially offset by the decrease in inventories of US\$0.06 million.

Net cash used in investing activities amounted to US\$0.80 million in 2Q 2014, mainly comprised payments to acquire property, plant and equipment as well as exploration and evaluation assets.

Net cash used in financing activities amounted to US\$1.50 million in 2Q 2014 which was mainly due to the dividend paid to equity holders of the Company of US\$0.32 million and the repayment of the Convertible Loan amounting to US\$1.14 million.

As at 30 June 2014, the Group had a cash and cash equivalents of US\$4.95 million, representing an increase of US\$3.88 million from US\$1.07 million as at 30 June 2013.

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

The Company had on 20 May 2014 announced that the completion and commencement of production of the Group's third leach yard at the Sokor Gold Project, with a leaching capacity of up to 600,000 tonnes. With the third leach yard in operation, the Group now has a total of three fully-operational leach yards with a combined estimated leaching capacity of 1,000,000 tonnes per annum.

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

For FY2014, with three leaching yards in operation which have a targeted combined capacity of 1 million tonnes of ore, and the Group's accumulated experience and acquired know-how from China Gold, the management is cautiously optimistic on the Company's gold production.

In relation to the tin mining opportunity in Perak, Malaysia, the Group had completed its analysis of the primary exploration data, and decided not to pursue this opportunity for the time being. The Company will update shareholders as and when appropriate.

Barring unforeseen circumstances, the Board is cautiously optimistic about the Company's financial performance for the financial year ending 31 December 2014 ("FY2014").

11. Dividend

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

Yes.

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	Singapore 0.15 cent
Tax Rate	Tax-exempt one-tier

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

None.

(c) Date payable:

8 September 2014

(d) Books closure date:

28 August 2014

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

Not applicable

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

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

In 2Q 2014, the Group did not enter into any IPT.

Additional Disclosure Required for Mineral, Oil and Gas companies

14a. Rule 705 (6)(a) of the Catalyst Listing Manual

i. Use of funds/cash for the quarter:-

In 2Q 2014, funds/cash was mainly used for the following production activities, as compared to the projections:-

Purpose	Amount (US\$ million) <i>Actual Usage</i>	Amount (US\$ million) <i>Projected Usage</i>
Exploration and evaluation activities	0.55	1.32
Payments for machinery purchased in current and prior periods	0.75	0.82
Payments for diesel and other production materials purchased in current and prior periods	1.13	1.12
Royalty and tribute fees to government	0.57	0.71
Rental of equipment	0.08	0.10
Upkeep of equipment and motor vehicles	0.18	0.20
General working capital	0.67	0.78
Total	3.93	5.05

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

For the next immediate quarter (financial period from 1 July 2014 to 30 September 2014 (“3Q 2014”)), the Group’s use of funds/cash for production activities are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.78
Payment for machinery purchased in current and prior quarter	0.76
Payment for diesel and other production materials purchased in current and prior quarter	1.51
Royalty fees to government	1.06
Rental of equipment	0.16
Upkeep of equipment and motor vehicles	0.26
General working capital	0.95
Total	5.48

The Group's exploration plans from 1 July 2014 to 30 September 2014 are as follows:-

(a) Geological Investigation

The geological investigation directions for 3Q 2014 are:

- i) to increase the resources through diamond core drilling program in known gold deposits namely Rixen, Ketubong, Manson's Lode and New Discovery; and
- ii) to verify the anomaly areas based on previous geophysical survey results through trenching work.

Rock chip and float samples will be routinely collected and tested by the Group's in-house laboratory. The geological investigation points and drillhole collars will be accurately surveyed by electronic distance measurement ("EDM") equipment using *NTS662* total station instruments.

(b) Diamond drilling program

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

Drilling activities will be focused on new target areas to verify anomaly, as well as those must-drill holes in Rixen, Manson's Lode and New Discovery deposits that were not completed in 2Q 2014.

Table 1: Designed drillholes for Rixen deposits

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks*
	X	Y			
ZKR19-5	617744	443753	100	90	Must
ZKR21-2	617794	443603	100	90	Must
ZKR21-3	617794	443653	100	90	Must
ZKR21-4	617794	443702	100	90	Must
ZKR21-5	617794	443553	100	90	Must
ZKR21-6	617794	443752	100	90	Optional
ZKR23-4	617844	443686	100	90	Must
ZKR23-5	617844	443736	100	90	Optional
ZKR111-5	616894	443562	100	90	Optional
ZKR111-6	616894	443512	100	90	Optional
ZKR113-5	616844	443562	100	90	Optional
ZKR113-6	616844	443798	100	90	Optional
ZKR117-4	616774	443613	100	90	Must
ZKR117-5	616774	443563	100	90	Optional
ZKR125-1	616674	443662	100	90	Must
ZKR133-1	616574	443716	100	80	Must
ZKR141-1	616474	443766	100	80	Optional
ZKR141-2	616474	443716	100	80	Must
ZKR153-5	616324	443666	100	80	Optional
ZKR161-5	616224	443666	100	80	Optional
ZKR165-3	616174	443767	100	80	Must

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks*
	X	Y			
ZKR173-2	616074	443767	100	80	Must
ZKR181-2	615974	443767	100	80	Optional
Total	Total designed depths as 2300m/23holes. *Must-drill 1200m/12 holes; Optional drill 1100m/11 holes.				

Table 2: Designed drillholes for Manson's Lode and New Discovery deposits

Drillholes	Designed locations		Designed depth (m)	Dip(°)	Remarks*
	X	Y			
ZKM118-1	613763	444944	100	90	Must
ZKM120-1	613772	444997	100	90	Must
ZKM122-1	613812	445032	100	90	Must
ZKM124-1	613827	445081	100	90	Must
ZKM126-1	613866	445116	100	90	Must
ZKM128-1	613881	445165	100	90	Must
ZKM130-1	613861	445234	100	90	Must
ZKM132-1	613838	445306	100	90	Must
ZKM134-1	613871	445344	100	90	Must
ZKM136-1	613748	445473	100	90	Must
ZKM136-2	613845	445417	100	90	Must
ZKM138-1	613797	445503	100	90	Must
Total	Total designed depths as 1200m/12holes. *Must-drill 1200m/12 holes.				

(c) Half core sampling and channel sampling analysis

The half core from the diamond drilling program and channel samples are expected be delivered to third party independent laboratory, SGS Lab, Malaysia for sample preparation followed by gold analysis using Au Fire Assay finished by AAS method and Ag, Cu, Pb & Zn analysis by 4 Acid Digestion finished by AAS method.

(d) Data Compiling

All field data including geological points, trenches and log sheets, channel sampling and location and analysis results will be sorted and compiled by the end of this quarter for better understanding of gold, silver, lead, and zinc mineralization, geological structure, ore-controlling factors and to make proper exploration plan for future exploration work.

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

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

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

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

In 2Q 2014, the Group capitalised a total of US\$0.76 million for exploration and evaluation expenditures activities carried out during the financial period.

The Group carried out the following exploration activities in 2Q 2014:-

(a) Geological Investigation

Geological investigation was focused on the core drill sampling results from drilling activities carried out in 3 gold deposit areas known as Rixen, Manson's Lode, and New Discovery. Rock chip and float samples was routinely collected and tested by the Group's in-house laboratory. Hand-held global positioning system ("GPS") units were used to locate the geological points and positions of sampling.

(b) Drilling Program

A total of 30 drill holes, comprising total footage of 3664.65 meters were finished in 3 gold deposit areas known as Rixen, Manson's Lode, and New Discovery (see Table 3 for details). Several sections of mineralized and altered zones were revealed in these holes and the cores were split for sampling after geologic logging.

Table 3: Completed drillholes for Rixen deposits

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks*
	X	Y			
ZKR111-1	616894	443762	96.58	90	Nil
ZKR111-2	616894	443712	97.57	90	Nil
ZKR111-3	616894	443662	92.58	90	Nil
ZKR111-4	616894	443612	122.78	90	Nil
ZKR113-4	616844	443612	99.65	90	Nil
ZKR117-6	616774	443774	99.44	90	Nil
ZKR149-3	616374	443716	124.12	80	Nil
ZKR153-1	616324	443866	187.06	80	Nil
ZKR153-2	616324	443816	103.20	80	Nil
ZKR153-3	616324	443766	95.11	80	Nil
ZKR153-4	616324	443716	103.20	80	Nil
ZKR157-5	616274	443667	152.91	80	Nil
ZKR161-1	616224	443866	110.10	80	Nil
ZKR161-2	616224	443816	78.34	80	Nil
ZKR161-3	616224	443766	81.28	80	Nil
ZKR161-4	616224	443716	87.57	80	Nil
ZKR165-4	616174	443916	173.31	80	Nil
ZKR165-3	616174	443767	51.99	80	Nil
ZKR181-1	615974	443867	106.78	80	Nil

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks*
	X	Y			
ZKR189-1	615874	443767	73.68	80	Nil
Total	Total designed depths as 2,137.79m/20holes.2657.25/24holes				

Table 4: Completed drillholes for Manson's Lode and New Discovery deposits

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks*
	X	Y			
ZKM112-1	613677	444821	174.39	90	Nil
ZKM112-2	613633	444846	137.69	90	Nil
ZKM112-3	613720	444796	120.06	90	Nil
ZKR113-5	616844	443562	93.88	80	Nil
ZKM114-1	613715	444857	149.35	90	Nil
ZKM116-1	613723	444910	99.43	90	Nil
ZKR125-1	616674	443662	150.06	80	Nil
ZKR133-1	616574	443716	144.01	80	Nil
ZKR141-2	616474	443716	131.51	80	Nil
ZKN4-11	613600	444216	326.48	90	Nil
Total	Total designed depths as 1,526.86m/10holes.1007.4/6holes				

(c) Half core sampling and analysis

A total of 802 half core and 29 trench samples were delivered to SGS Lab, Malaysia for Au analysis by using Au Fire Assay finished by AAS method and Ag, Cu, Pb, & Zn analysis by 4 Acid Digestion finished by AAS method.

(d) Data compiling

All field data, including geological points, trenches and log sheets, drilling core log and sampling and analysis results from the previous quarter exploration activities were sorted and compiled for the Group's geological team to better understand gold, silver, lead, and zinc mineralization, structure and ore-controlling factors and to make proper exploration plan for further exploration work.

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

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

The Company had on 11 April 2014 despatched the qualified person's report on the updated mineral resource and ore reserve estimates as at 31 December 2013 ("QPR 2013") to update shareholders on its resource and reserve information. The QPR 2013 is contained in the Company's annual report for FY2013 ("AR 2013"). Soft copy of the AR 2013 is available for download on the SGXNET and the Company's website.

There were no material updates on the QPR 2013 as at 30 June 2014.

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

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the second quarter ended 30 June 2014 to be false and misleading in any material aspect.

By Order of the Board

Lim Kuoh Yang
Chief Executive Officer

11 August 2014