



**CNMC**  
**CNMC GOLDMINE HOLDINGS LIMITED**

申起金礦有限公司

(Company Registration No.: 201119104K)

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## **Unaudited Financial Statement and Dividend Announcement For the First Quarter Ended 31 March 2016**

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*This announcement has been prepared by CNMC Goldmine Holdings Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

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

**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**

	<b>Group</b>		
	<b>Three Months Ended</b>		
	<b>31 March 2016 US\$ (Unaudited)</b>	<b>31 March 2015 US\$ (Unaudited)</b>	<b>Increase/ (Decrease) %</b>
<b>Revenue</b>	8,403,925	7,847,312	7.1
Other operating income	1,989,741	4,098	n.m.
Changes in inventories	58,247	(225,488)	n.m.
Amortisation and depreciation	(1,026,096)	(870,360)	17.9
Employee benefits expenses	(726,248)	(499,552)	45.4
Key management remuneration	(639,500)	(553,624)	15.5
Marketing and publicity expenses	(21,422)	(69,978)	(69.4)
Office and administration expenses	(56,834)	(77,432)	(26.6)
Professional fees	(145,565)	(135,066)	7.8
Rental expense on operating lease	(241,906)	(203,273)	19.0
Royalty and tribute fee expenses	(627,964)	(601,070)	4.5
Site and factory expenses	(1,258,523)	(1,335,912)	(5.8)
Travelling and transportation expenses	(43,133)	(37,277)	15.7
Other operating expenses	(1,126)	(629,112)	(99.8)
<b>Results from operating activities</b>	<b>5,663,596</b>	<b>2,613,266</b>	<b>116.7</b>
Finance income	190,186	94,359	101.6
Finance costs	(572)	(3,179)	(82.0)
<b>Net finance income</b>	<b>189,614</b>	<b>91,180</b>	<b>108.0</b>
<b>Profit before tax</b>	<b>5,853,210</b>	<b>2,704,446</b>	<b>116.4</b>
Tax expenses	(246,984)	(167,968)	47.0
<b>Profit for the period</b>	<b>5,606,226</b>	<b>2,536,478</b>	<b>121.0</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from consolidation of foreign subsidiaries	22,152	(16,551)	n.m.
<b>Total comprehensive profit for the period</b>	<b>5,628,378</b>	<b>2,519,927</b>	<b>123.4</b>
<b>Profit attributable to:</b>			
Owners of the Company	4,554,575	1,975,847	130.5
Non-controlling interests	1,051,651	560,631	87.6
<b>Profit for the period</b>	<b>5,606,226</b>	<b>2,536,478</b>	<b>121.0</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	4,573,106	1,962,001	133.1
Non-controlling interests	1,055,272	557,926	89.1
<b>Total comprehensive income for the period</b>	<b>5,628,378</b>	<b>2,519,927</b>	<b>123.4</b>

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

	<b>Group</b>		
	<b>Three Months Ended</b>		
	<b>31 March 2016 US\$ (Unaudited)</b>	<b>31 March 2015 US\$ (Unaudited)</b>	<b>Increase/ (Decrease) %</b>
<b>Profit for the period/year is stated after charging/(crediting) the following:</b>			
Finance costs	572	3,179	(82.0)
Amortization and depreciation	1,026,096	870,360	17.9
Property, plant and equipment written off	698	443	57.6
(Gain)/Loss on foreign exchange			
- Unrealised	(1,956,450)	671,830	n.m.
- Realised	(30,844)	(43,161)	(28.5)

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	
	31 March 2016 US\$ (Unaudited)	31 December 2015 US\$ (Audited)	31 March 2016 US\$ (Unaudited)	31 December 2015 US\$ (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Exploration and evaluation assets	2,084,960	2,084,960	-	-
Mine properties	9,304,530	9,617,124	-	-
Property, plant and equipment	7,829,057	8,163,432	93,174	109,525
Investment in subsidiaries	-	-	8,306,587	8,306,587
<b>Total non-current assets</b>	<b>19,218,547</b>	<b>19,865,516</b>	<b>8,399,761</b>	<b>8,416,112</b>
<b>Current assets</b>				
Inventories	1,024,439	868,800	-	-
Trade and other receivables	2,348,038	832,096	13,165,148	8,469,129
Cash and cash equivalents	26,234,511	22,134,539	1,249,511	902,869
<b>Total current assets</b>	<b>29,606,988</b>	<b>23,835,435</b>	<b>14,414,659</b>	<b>9,371,998</b>
<b>Total assets</b>	<b>48,825,535</b>	<b>43,700,951</b>	<b>22,814,420</b>	<b>17,788,110</b>
<b>EQUITY</b>				
Share Capital	18,032,233	18,032,233	18,032,233	18,032,233
Treasury shares	(75,092)	(75,092)	(75,092)	(75,092)
Capital Reserve	2,824,635	2,824,635	-	-
Retained earnings/(Accumulated losses)	17,328,082	12,773,507	(1,406,582)	(1,228,256)
Translation reserves	(42,093)	(60,624)	-	-
	38,067,765	33,494,659	16,550,559	16,728,885
Non-controlling interest	5,606,329	4,551,057	-	-
<b>Total equity</b>	<b>43,674,094</b>	<b>38,045,716</b>	<b>16,550,559</b>	<b>16,728,885</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	98,850	100,429	-	-
Deferred tax liabilities	1,448,545	1,249,649	-	-
<b>Total non-current liabilities</b>	<b>1,547,395</b>	<b>1,350,078</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Loans and borrowings	45,699	42,613	-	-
Trade and other payables	3,097,607	2,998,863	6,263,861	539,293
Accrued rehabilitation costs	442,930	326,635	-	-
Dividend payable	-	916,800	-	518,541
Current tax liabilities	17,810	20,246	-	1,391
<b>Total current liabilities</b>	<b>3,604,046</b>	<b>4,305,157</b>	<b>6,263,861</b>	<b>1,059,225</b>
<b>Total Liabilities</b>	<b>5,151,441</b>	<b>5,655,235</b>	<b>6,263,861</b>	<b>1,059,225</b>
<b>Total equity and liabilities</b>	<b>48,825,535</b>	<b>43,700,951</b>	<b>22,814,420</b>	<b>17,788,110</b>

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

<b>As at 31 March 2016</b>		<b>As at 31 December 2015</b>	
<b>Secured US\$</b>	<b>Unsecured US\$</b>	<b>Secured US\$</b>	<b>Unsecured US\$</b>
45,699	-	42,613	-

**Amount repayable after one year**

<b>As at 31 March 2016</b>		<b>As at 31 December 2015</b>	
<b>Secured US\$</b>	<b>Unsecured US\$</b>	<b>Secured US\$</b>	<b>Unsecured US\$</b>
98,850	-	100,429	-

**Details of any collateral**

The Group's borrowings as at 31 March 2016 comprised finance lease liabilities, which were secured on the Group's motor vehicles. The net carrying amounts of the motor vehicles as at 31 March 2016 amounted to US\$133,621 (31 December 2015: US\$161,311).

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

	<b>Group</b>	
	<b>Three Months ended</b>	
	<b>31 March 2016 US\$ (Unaudited)</b>	<b>31 March 2015 US\$ (Unaudited)</b>
<b>Operating activities</b>		
Profit for the year	5,606,226	2,536,478
Adjustments for:		
Depreciation of property, plant and equipment	624,679	607,603
Amortisation of mine properties	401,417	262,757
Property, plant and equipment written off	698	443
Finance income	(190,186)	(94,359)
Finance costs	572	3,179
Unrealised (gain)/loss on foreign exchange	(1,956,450)	671,830
Tax expense	246,984	167,968
<b>Operating profit before working capital changes</b>	<b>4,733,940</b>	<b>4,155,899</b>
Changes in working capital:		
Inventories	(155,639)	37,901
Trade and other receivables	(1,455,273)	(1,038,560)
Trade and other payables	(55,379)	(72,200)
Cash generated from operations	3,067,649	3,083,040
Tax paid	753	(1,975)
Finance income received	190,186	94,359
Finance costs paid	(572)	(3,179)
<b>Net cash generated from operating activities</b>	<b>3,258,016</b>	<b>3,172,245</b>
<b>Investing Activities</b>		
Purchases of property, plant and equipment	(239,986)	(252,694)
Payment for exploration and evaluation assets, and mine properties	(3,731)	(46,204)
<b>Net cash used in investing activities</b>	<b>(243,717)</b>	<b>(298,898)</b>
<b>Financing activities</b>		
Dividend paid to equity holders of the Company	(518,907)	(462,263)
Dividend paid to non-controlling interests	(401,337)	(298,766)
Payment of finance lease liabilities	(11,993)	(32,861)
<b>Net cash used in financing activities</b>	<b>(932,237)</b>	<b>(793,890)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,082,062</b>	<b>2,079,457</b>
Cash and cash equivalents at beginning of the year	22,134,539	12,339,714
Effect of exchange rate fluctuations on cash held	2,017,910	(718,503)
<b>Cash and cash equivalents in the statement of financial position</b>	<b>26,234,511</b>	<b>13,700,668</b>

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During the three months period ended 31 March 2016 ("1Q 2016"), the Group acquired property, plant and equipment at an aggregate cost of US\$324,374 compared to US\$686,903 for the corresponding three months period ended 31 March 2015 ("1Q 2015"). As at 31 March 2016, a total consideration of US\$84,388 for the acquisitions made in 1Q 2016 had yet to be paid, compared to US\$434,209 as at 31 March 2015 for the acquisitions in 1Q 2015 .

The Group also acquired exploration and evaluation assets, as well as, mine properties in 1Q 2016 at an aggregate cost of US\$88,823 (1Q 2015: US\$118,890) of which US\$84,298 (1Q2015: US\$72,686) relates to accrued rehabilitation costs. As at 31 March 2016, a total consideration of US\$794 for the acquisitions made in 1Q 2016 had yet to be paid, as compared to US\$ Nil as at 31 March 2015 for the acquisitions made in 1Q 2015.

As at 31 March 2016, the Group's cash and cash equivalents amounted to US\$26.23 million (31 March 2015: US\$13.70 million), comprising currencies denominated in MYR, SGD and USD. Please refer to item 8(b) on cash-flow analysis for further details. The Group has no bank loans.

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

Group	Share capital	Treasury Shares	Capital reserve	Translation reserves	Retained earnings	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2015	18,032,233	-	2,824,635	(15,899)	4,318,583	25,159,552	2,652,568	27,812,120
<b>Total comprehensive income for the period:</b>								
Profit for the period	-	-	-	-	1,975,847	1,975,847	560,631	2,536,478
<b>Other comprehensive income for the period</b>								
Exchange difference	-	-	-	(13,846)	-	(13,846)	(2,705)	(16,551)
<b>Total comprehensive income for the period</b>	-	-	-	(13,846)	1,975,847	1,962,001	557,926	2,519,927
<b>Balance as at 31 March 2015</b>	<b>18,032,233</b>	<b>-</b>	<b>2,824,635</b>	<b>(29,745)</b>	<b>6,294,430</b>	<b>27,121,553</b>	<b>3,210,494</b>	<b>30,332,047</b>
Balance as at 1 January 2016	18,032,233	(75,092)	2,824,635	(60,624)	12,773,507	33,494,659	4,551,057	38,045,716
<b>Total comprehensive income for the period:</b>								
Profit for the period	-	-	-	-	4,554,575	4,554,575	1,051,651	5,606,226
<b>Other comprehensive income for the period</b>								
Exchange difference	-	-	-	18,531	-	18,531	3,621	22,152
<b>Total comprehensive income for the period</b>	-	-	-	18,531	4,554,575	4,573,106	1,055,272	5,628,378
<b>Balance as at 31 March 2016</b>	<b>18,032,233</b>	<b>(75,092)</b>	<b>2,824,635</b>	<b>(42,093)</b>	<b>17,328,082</b>	<b>38,067,765</b>	<b>5,606,329</b>	<b>43,674,094</b>



Company	Share capital US\$	Treasury shares US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 January 2015	18,032,233	-	(1,961,722)	16,070,511
Loss for the period	-	-	(136,178)	(136,178)
Balance as at 31 March 2015	18,032,233	-	(2,097,900)	15,934,333
Balance as at 1 January 2016	18,032,233	(75,092)	(1,228,256)	16,728,885
Loss for the period	-	-	(178,326)	(178,326)
Balance as at 31 December 2016	18,032,233	(75,092)	(1,406,582)	16,550,559

**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 31 March 2016 and 31 December 2015	407,293,000	22,890,024	18,032,233

As at 31 March 2016, the Company held 400,000 ordinary shares as treasury shares (31 March 2015: Nil). The total number of issued shares of the Company (excluding treasury shares) as at 31 March 2016 and 31 March 2015 was 407,293,000 and 407,693,000 respectively.

Save as stated above, the Company did not have any outstanding options, convertible securities or treasury shares as at 31 March 2016 and 31 March 2015.

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

	Company As at 31 March 2016 (Unaudited)	Company As at 31 December 2015 (Audited)
Total number of issued shares	407,693,000	407,693,000
Treasury shares	(400,000)	(400,000)
Total number of issued shares, excluding treasury shares	407,293,000	407,293,000

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

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

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

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

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

Not applicable.

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

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

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

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

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

	Group	
	Three months ended 31 March	
	2016	2015
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (US\$)	4,554,575	1,975,847
Weighted average number of ordinary shares	407,293,000	407,693,000
Basic earnings per ordinary share:		
- US cents	1.12	0.48
- SG cents <sup>(1)</sup>	1.58	0.65
Adjusted weighted average number of ordinary shares	407,293,000	407,693,000
Diluted earnings per ordinary share:		
- US cents	1.12	0.48
- SG cents <sup>(1)</sup>	1.58	0.65

Note:-

(1) Basic/diluted earnings per ordinary share translated at an exchange rate of USD/SGD 1.4144 and 1.3587 for period ended 31 March 2016 and 31 March 2015 respectively.

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

	Group		Company	
	31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Net asset value (US\$) <sup>(1)</sup>	38,067,765	33,494,659	16,550,559	16,728,885
Number of shares at the end of the period	407,293,000	407,293,000	407,293,000	407,293,000
Net asset value per share:				
- US cents	9.35	8.22	4.06	4.11
- SG cents <sup>(2)</sup>	12.64	11.62	5.49	5.81

Note:-

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

(2) Net asset value per share translated at an exchange rate of USD/SGD 1.3524 and 1.4138 for period ended 31 March 2016 and 31 December 2015 respectively.

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

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

#### Revenue

Illustrated below is the summary of the financial performance of the Group for 1Q 2016 and the comparative financial performance for 1Q 2015:

	1Q 2016	1Q 2015	Increase / (Decrease) %
Production volume of fine gold (ounces)	7,271.35	6,514.21	11.6
Sales volume of gold (ounces)	7,271.35	6,514.21	11.6
Revenue – Total (US\$'000)	8,403.93	7,847.31	7.1
Average realised gold price (US\$/ounce)	1,155.76	1,204.65	(4.1)

Despite the 4.1% decrease in average realised price of gold in 1Q 2016 compared to 1Q 2015, the Group's revenue increased 7.1% to US\$8.40 million in 1Q 2016 from US\$7.85 million in 1Q 2015. The rise was due to an increase in the production and sales volume of fine gold in 1Q 2016.

The production volume of fine gold increased 11.6% to 7,271.35 ounces in 1Q 2016 from 6,514.21 ounces in 1Q 2015. This was due to higher productivity from the three leaching yards as well as the trial operation of the vat leach facility following its upgrading and refurbishment.

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### Other income or expenses

In 1Q 2016, the Group recorded net other operating income of US\$1.99 million, compared to net other expenses of US\$0.63 million in 1Q 2015. This was due to an unrealised gain on foreign currency exchange of US\$1.96 million in 1Q 2016, arising mainly from Malaysian Ringgit ("MYR")-denominated cash deposits, compared to an unrealised loss on foreign currency exchange of US\$0.67 million in 1Q 2015. The unrealised gain on foreign currency exchange was mainly due to the appreciation of MYR against USD.

### Operating expenses

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

Total operating expenses increased by US\$0.12 million to US\$4.73 million in 1Q 2016 from US\$4.61 million in 1Q 2015.

The increase was mainly due to the following:-

- Increase in depreciation and amortisation by US\$0.16 million. This was mainly due to an increase in the Group's equipment base; and
- Increase in key management remuneration and employees' compensation by US\$0.31 million, mainly due to the accrual of performance bonus for 1Q 2016 and annual increment of remuneration in January 2016.

The increase in operating expenses in 1Q 2016 was mitigated by changes in inventories, which recorded a credit balance of US\$0.06 million in 1Q 2016, compared to a debit balance of US\$0.23 million in 1Q 2015. This was mainly due to the lower realization of the cost of work-in-progress.

### Non-FRS Performance Measures

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

Summarised below is the information on the Group's all-in sustaining costs and all-in costs in 1Q 2016 and 1Q 2015:

	US\$ / gold ounce sold		Increase / (Decrease) %
	1Q 2016	1Q 2015	
<b>Sales volume of fine gold (ounces)</b>	<b>7,271.35</b>	<b>6,514.21</b>	<b>11.6</b>
Mining related costs	318	379	(16.1)
Royalty and tribute expenses	86	92	(6.5)
<b>Adjusted operating costs<sup>(1)</sup></b>	<b>404</b>	<b>471</b>	<b>(14.2)</b>
General and administrative costs	49	101	(51.5)
Capital expenditure	21	16	31.3
<b>All-in sustaining costs<sup>(2)</sup></b>	<b>474</b>	<b>588</b>	<b>(19.4)</b>
Capital exploration (non-sustaining)	1	6	(83.3)
Capital expenditure (non-sustaining)	12	22	(45.5)
<b>All-in costs<sup>(3)</sup></b>	<b>487</b>	<b>616</b>	<b>(20.9)</b>

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

The decrease in all-in costs in 1Q 2016 compared to 1Q 2015 was due to economies of scale resulting from the higher sales of fine gold along with lower general and administrative costs, non-sustaining capital exploration and expenditure.

All-in costs in 1Q 2016 also declined compared to 4Q 2015. This was due to lower capital expenditure and lower general and administrative costs (please refer to the Company's 4Q 2015 financial results announcement dated 23 February 2016 for the Group's all-in costs in 4Q 2015).

#### Finance income and costs

Finance income and costs comprised interest income from fixed deposits and interest on finance lease. The Group generated net finance income of US\$0.19 million in 1Q 2016, mainly due to the interest income earned from placement of fixed deposit.

#### Tax expenses

The main operating subsidiary of the Group, CMNM Mining Group Sdn Bhd ("CMNM"), has been granted the Pioneer Status Incentive ("PSI") by the Malaysian Investment Development Authority in 2014. The PSI entitles the Group's Sokor gold field project (operated through CMNM) to 100% income tax exemption on its statutory income on the gold dore bars for a period of 5 years from 1 July 2013 to 30 June 2018. The income tax expense arose mainly as a result of certain expenses not deductible for tax purposes and withholding taxes accrued on management fees charged by the Company for the first quarter of 2016.

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### Profit after tax

The Group's profit after tax rose 121.0% or US\$3.07 million to US\$5.61 million in 1Q 2016 from US\$2.54 million in 1Q 2015 due to the reasons stated above.

Excluding the unrealised gain on foreign currency exchange of US\$1.96 million in 1Q 2016 and unrealised loss on foreign currency exchange of US\$0.67 million in 1Q 2015, profit after tax in 2016 increased by 13.7% or US\$0.44 million to US\$3.65 million in 1Q 2016 from US\$3.21 million in 1Q 2015.

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

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

#### Assets

Mine properties decreased by US\$0.32 million to US\$9.30 million as at 31 March 2016 from US\$9.62 million as at 31 December 2015, mainly due to amortization expenses of US\$0.40 million. The decrease was partially offset by an increase in rehabilitation costs of US\$0.08 million.

Property, plant and equipment decreased by US\$0.33 million to US\$7.83 million as at 31 March 2016 from US\$8.16 million as at 31 December 2015, mainly due to the depreciation of property, plant and equipment of US\$0.66 million. The decrease was partly offset by the addition of property, plant and equipment of US\$0.33 million, including the construction of a new production line.

Trade and other receivables increased by US\$1.52 million to US\$2.35 million as at 31 March 2016 from US\$0.83 million as at 31 December 2015. This was mainly due to an increase in trade receivables from US\$0.10 million as at 31 December 2015 to US\$1.58 million as at 31 March 2016. The Group subsequently received full payment for the balance of US\$1.58 million in early April 2016.

#### Liabilities

Total liabilities decreased by US\$0.51 million to US\$5.15 million as at 31 March 2016 from US\$5.66 million as at 31 December 2015. This was mainly due to the Company's payment on 20 January 2016 of the 2<sup>nd</sup> interim dividend of S\$733,127 (equivalent to US\$518,541) for the financial year ended 31 December 2015 and the Group's payment on 11 January 2016 of the 3<sup>rd</sup> interim dividend of US\$398,259 to non-controlling interest for the financial year ended 31 December 2015. The increase was partly offset by the increase of US\$0.20 million in deferred tax liabilities.

As at 31 March 2016, the Group had positive working capital of US\$26.00 million compared to US\$19.53 million as at 31 December 2015.

#### Cash flows

Net cash generated from operating activities amounted to US\$3.26 million in 1Q 2016 compared to US\$3.17 million in 1Q 2015. The net operating cash inflow was mainly due to an operating profit before working capital changes of US\$4.73 million, adjusted for working capital outflows of US\$1.67 million, mainly attributable to the increase in trade and other receivables of US\$1.46 million and increase in inventories of US\$0.16 million.

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Net cash used in investing activities in 1Q 2016 amounted to US\$0.24 million, comprising payments to acquire property, plant and equipment as well as mine properties. The acquisition was in relation to the construction of new production facilities.

Net cash used in financing activities in 1Q 2016 amounted to US\$0.93 million. This was mainly for dividends of US\$0.52 million paid to equity holders of the Company and US\$0.40 million paid to non-controlling interest.

As at 31 March 2016, the Group had cash and cash equivalents of US\$26.23 million, up US\$12.53 million from US\$13.70 million as at 31 March 2015.

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

The actual results for 1Q 2016 are consistent with the commentary under paragraph 10 of the Company's announcement of the financial statements for the full year ended 31 December 2015.

**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.**

As seen from its 1Q 2016 results, the Group has once again demonstrated its ability to grow revenue by increasing production and keeping all-in production costs low. This strategy has served the Group well in spite of softer gold prices in recent years.

While movements in gold prices are beyond its control, the Group will benefit if prices continue to head higher following their rebound in recent months. Gold prices declined to multi-year lows of less than US\$1,050 per ounce in December 2015 but have since gone up and have been holding above US\$1,200 per ounce since February 2016.

The Group will continue to focus on increasing gold production and improving operational efficiencies to keep production costs low. As announced on 13 April 2016, CNMC has restarted its vat leach facility, which was upgraded and refurbished, and now has two fully operational gold production lines. The upgraded facility had its first gold pour on 12 April 2016, during which it produced 1,363.29 ounces of gold doré bars.

The Group will also continue to explore opportunities to expand its minerals portfolio. As stated in the Company's qualified person's report dated 31 March 2016 by Optiro Pty Ltd, CNMC's mining activities in 2015 at the Sokor project in Kelantan yielded a notable increase in resources for not just gold but also silver, lead and zinc.

**11. Dividend**

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

None.

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

None.

**(c) Date payable:**

Not applicable.

**(d) Books closure date:**

Not applicable.

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

No dividend has been declared or recommended for 1Q 2016.

**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 1Q 2016, the Group did not enter into any IPT of more than S\$100,000.

**Additional Disclosure Required for Mineral, Oil and Gas companies**

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

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

In 1Q 2016, funds / cash were mainly used for the following production activities:-

<b>Purpose</b>	<b>Amount (US\$ million) Actual Usage</b>	<b>Amount (US\$ million) Projected Usage</b>
Exploration and evaluation activities	0.20	0.50
Payments for machinery purchased in current and prior periods	0.38	0.28
Payments for diesel and other production materials	1.18	1.39
Royalty and tribute fees to government	0.58	0.64
Rental of equipment	0.19	0.18
Upkeep of equipment and motor vehicles	0.21	0.25
General working capital	0.94	0.90
<b>Total</b>	<b>3.68</b>	<b>4.14</b>



**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 April 2016 to 30 June 2016 (“2Q 2016”)), the Group’s use of funds/cash for production activities are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.50
Payments for machinery purchased in current and prior periods	0.51
Payments for diesel and other production materials	1.31
Royalty and tribute fees to government	1.09
Rental of equipment	0.26
Upkeep of equipment and motor vehicles	0.20
General working capital	0.85
<b>Total</b>	<b>4.72</b>

The Group’s exploration plans from 1 April 2016 to 30 June 2016 are as follows:-

(a) Geological Investigation

The geological investigation directions for the next quarter are:

- i) Further investigate and identify the anomalies discovered from 4Q 2015 – 1Q 2016 soil sampling results.
- ii) Large-scale soil sampling on the central segment of Sokor Gold Project site.
- iii) Preparation for MMI (Mobile Metal Ions) geochemistry survey.

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 activity for 2Q 2016 will focus on the anomalies discovered from previous large-scale soil samplings. Three new spots are added, namely Danger Field (ZKDF), South Ridge (ZKSR) and Central (ZKC). 16 drillholes are planned with total depth of 1,610m to cover these anomalies (Table 1).

Table 1: Designed drillholes for Rixen deposits

Drillholes	Designed locations		Designed depths (m)	Remarks
	X	Y		
ZKSA 22-2	445189	617569	100	
ZKSA 28-1	445125	617433	100	
ZKDF 0-1	443508	616206	100	
ZKDF 1-1	443488	616271	100	
ZKDF 3-1	443602	616232	100	
ZKM 8-7	444408	613477	75	
ZKM 11-10	444380	613425	75	
ZKF 1-3	443929	613255	75	
ZKF 103-5	443923	613199	200	
ZKF 107-1	443854	613318	75	
ZKM 110-4	445173	613465	80	
ZKM 130-2	445344	613624	80	
ZKSR 0-1	443644	613677	100	
ZKSR 3-1	443640	613750	100	
ZKSR 3-2	443646	613744	100	
ZKC 0-1	444485	615509	150	

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

The Board confirms that to the best of its knowledge, nothing has come to its 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 1Q 2016, the Group capitalised a total of US\$Nil million for exploration and evaluation expenditures activities.

The Group carried out the following exploration activities in 1Q 2016:-

(a) Geological Investigation

Large-scale soil sampling initiated since 4Q 2015 is complete. It covered the whole southern part of Ulu Sokor site. From the analysis results, few anomalies were pinpointed and covered with extensive trenching. Two anomalies were located at the western margin and around Taba River at the east.

Based on previous researches and reconnaissance, two mineralized spots were identified: Danger Field which is located south of the Rixen Deposit and nearby Amang River at the northeastern part of Sokor site. Extensive excavation and sampling on the Danger Field exposed potential mineralized segments.

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(b) Drilling Program

No drilling activities during the quarter as all drilling activity was halted in 4Q 2015 pending current geological data compilation and interpretation.

(c) Half core sampling and analysis

A total of 2290 rock chips and soil samples were analyzed by in-house laboratory.

**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.**

A copy of the qualified person's report on the updated Mineral Resource and Ore Reserve estimates as at 31 December 2015 ("QPR 2015") issued by the Group's third party independent Mineral Resource and Ore Reserve estimation consultant, Optiro Pty Ltd to update shareholders on its resource and reserve information respectively was included in the Company's annual report for the financial ended 31 December 2015 which was despatched to shareholders on 11 April 2016.

There were no material updates at 31 March 2016 following the despatch of the QPR 2015.

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

The Board confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results for the first quarter ended 31 March 2016 to be false and misleading in any material aspect.

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

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

**By Order of the Board**

Lim Kuoh Yang  
Chief Executive Officer

10 May 2016