



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 2016

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

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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 2016 US\$ (Unaudited)	30 June 2015 US\$ (Unaudited)	Increase/ (Decrease) %	30 June 2016 US\$ (Unaudited)	30 June 2015 US\$ (Unaudited)	Increase/ (Decrease) %
Revenue	12,624,288	9,376,301	34.6	21,028,213	17,223,613	22.1
Other operating income	3,258	61,884	(94.7)	1,339,466	65,982	n.m.
Changes in inventories	(438,890)	152,986	n.m.	(380,643)	(72,502)	425.0
Amortisation and depreciation	(1,319,934)	(976,402)	35.2	(2,346,030)	(1,846,762)	27.0
Employee benefits expenses	(796,773)	(536,933)	48.4	(1,523,021)	(1,036,485)	46.9
Key management remuneration	(669,616)	(560,983)	19.4	(1,309,116)	(1,114,607)	17.5
Marketing and publicity expenses	(34,789)	(14,337)	142.7	(56,211)	(84,315)	(33.3)
Office and administration expenses	(69,321)	(96,243)	(28.0)	(126,155)	(173,675)	(27.4)
Professional fees	(115,060)	(185,474)	(38.0)	(260,625)	(320,540)	(18.7)
Rental expense on operating lease	(251,132)	(231,781)	8.3	(493,038)	(435,054)	13.3
Royalty and tribute fee expenses	(924,178)	(691,927)	33.6	(1,552,142)	(1,292,997)	20.0
Site and factory expenses	(1,483,721)	(1,496,164)	(0.8)	(2,742,244)	(2,832,076)	(3.2)
Travelling and transportation expenses	(56,134)	(66,662)	(15.8)	(99,267)	(103,939)	(4.5)
Other operating expenses	(753,507)	(296,008)	154.6	(101,100)	(925,120)	(89.1)
Results from operating activities	5,714,491	4,438,257	28.8	11,378,087	7,051,523	61.4
Finance income	257,167	105,812	143.0	447,353	200,171	123.5
Finance costs	(539)	(2,476)	(78.2)	(1,111)	(5,655)	(80.4)
Net finance income	256,628	103,336	148.3	446,242	194,516	129.4
Profit before tax	5,971,119	4,541,593	31.5	11,824,329	7,246,039	63.2
Tax expenses	(119,395)	(112,505)	6.1	(366,379)	(280,473)	30.6
Profit for the period	5,851,724	4,429,088	32.1	11,457,950	6,965,566	64.5
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from consolidation of foreign subsidiaries	(6,255)	(5,174)	20.9	15,897	(21,725)	n.m.
Total comprehensive profit for the period	5,845,469	4,423,914	32.1	11,473,847	6,943,841	65.2
Profit attributable to:						
Owners of the Company	4,704,789	3,594,202	30.9	9,259,364	5,570,049	66.2
Non-controlling interests	1,146,935	834,886	37.4	2,198,586	1,395,517	57.5
Profit for the period	5,851,724	4,429,088	32.1	11,457,950	6,965,566	64.5
Total comprehensive income attributable to:						
Owners of the Company	4,699,557	3,589,873	30.9	9,272,663	5,551,874	67.0
Non-controlling interests	1,145,912	834,041	37.4	2,201,184	1,391,967	58.1
Total comprehensive income for the period	5,845,469	4,423,914	32.1	11,473,847	6,943,841	65.2

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

	Group					
	Three Months Ended			Six Months Ended		
	30 June 2016 US\$ (Unaudited)	30 June 2015 US\$ (Unaudited)	Increase/ (Decrease) %	30 June 2016 US\$ (Unaudited)	30 June 2015 US\$ (Unaudited)	Increase/ (Decrease) %
Profit for the period/year is stated after charging/(crediting) the following:						
Finance costs	539	2,476	(78.2)	1,111	5,655	(80.4)
Amortization and depreciation	1,319,934	976,402	35.2	2,346,030	1,846,762	27.0
Property, plant and equipment written off	99,372	-	100.0	100,070	443	n.m.
Gain on disposal of property, plant and equipment	-	(8,030)	(100.0)	-	(8,030)	(100.0)
Loss/(Gain) on foreign exchange						
- Unrealised	636,221	283,446	124.5	(1,320,229)	955,276	n.m.
- Realised	17,312	12,274	41.0	(13,532)	(30,887)	(56.2)

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 2016 US\$ (Unaudited)	31 December 2015 US\$ (Audited)	30 June 2016 US\$ (Unaudited)	31 December 2015 US\$ (Audited)
ASSETS				
Non-current assets				
Exploration and evaluation assets	2,105,393	2,084,960	-	-
Mine properties	8,919,417	9,617,124	-	-
Property, plant and equipment	7,405,123	8,163,432	77,010	109,525
Investment in subsidiaries	-	-	8,306,587	8,306,587
Total non-current assets	18,429,933	19,865,516	8,383,597	8,416,112
Current assets				
Inventories	633,531	868,800	-	-
Trade and other receivables	1,909,749	832,096	12,872,364	8,469,129
Cash and cash equivalents	32,475,788	22,134,539	1,058,167	902,869
Total current assets	35,019,068	23,835,435	13,930,531	9,371,998
Total assets	53,449,001	43,700,951	22,314,128	17,788,110
EQUITY				
Share Capital	18,032,233	18,032,233	18,032,233	18,032,233
Treasury shares	(75,092)	(75,092)	(75,092)	(75,092)
Capital Reserve	2,824,635	2,824,635	-	-
Retained earnings/(Accumulated losses)	20,271,129	12,773,507	(2,173,841)	(1,228,256)
Translation reserves	(47,325)	(60,624)	-	-
	41,005,580	33,494,659	15,783,300	16,728,885
Non-controlling interest	6,474,879	4,551,057	-	-
Total equity	47,480,459	38,045,716	15,783,300	16,728,885
LIABILITIES				
Non-current liabilities				
Loans and borrowings	85,873	100,429	-	-
Deferred tax liabilities	1,352,780	1,249,649	-	-
Total non-current liabilities	1,438,653	1,350,078	-	-
Current liabilities				
Loans and borrowings	43,814	42,613	-	-
Trade and other payables	3,491,620	2,998,863	6,530,828	539,293
Accrued rehabilitation costs	546,100	326,635	-	-
Dividend payable	282,948	916,800	-	518,541
Current tax liabilities	165,407	20,246	-	1,391
Total current liabilities	4,529,889	4,305,157	6,530,828	1,059,225
Total Liabilities	5,968,542	5,655,235	6,530,828	1,059,225
Total equity and liabilities	53,449,001	43,700,951	22,314,128	17,788,110

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

As at 30 June 2016		As at 31 December 2015	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
43,814	-	42,613	-

Amount repayable after one year

As at 30 June 2016		As at 31 December 2015	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
85,873	-	100,429	-

Details of any collateral

The Group's borrowings as at 30 June 2016 comprised finance lease liabilities, which were secured on the Group's motor vehicles. The net carrying amounts of the motor vehicles as at 30 June 2016 amounted to US\$105,934 (31 December 2015: US\$161,311).

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

	Group			
	Three Months ended		Six Months ended	
	30 June 2016 US\$ (Unaudited)	30 June 2015 US\$ (Unaudited)	30 June 2016 US\$ (Unaudited)	30 June 2015 US\$ (Unaudited)
Operating activities				
Profit for the year	5,851,724	4,429,088	11,457,950	6,965,566
Adjustments for:				
Depreciation of property, plant and equipment	656,059	569,231	1,280,738	1,176,834
Amortisation of mine properties	663,875	407,171	1,065,292	669,928
Property, plant and equipment written off	99,372	-	100,070	443
Gain in disposal of property, plant and equipment	-	(8,030)	-	(8,030)
Finance income	(257,167)	(105,812)	(447,353)	(200,171)
Finance costs	539	2,476	1,111	5,655
Unrealised loss/(gain) on foreign exchange	636,221	283,446	(1,320,229)	955,276
Tax expense	119,395	112,505	366,379	280,473
Operating profit before working capital changes	7,770,018	5,690,075	12,503,958	9,845,974
Changes in working capital:				
Inventories	390,908	(193,110)	235,269	(155,209)
Trade and other receivables	335,561	(1,063,542)	(1,119,712)	(2,102,102)
Trade and other payables	249,060	70,048	267,689	282,240
Cash generated from operations	8,745,547	4,503,471	11,887,204	7,870,903
Tax paid	(1,590)	(1,113)	(837)	(3,088)
Finance income received	257,167	105,812	447,353	200,171
Finance costs paid	(539)	(2,476)	(1,111)	(5,655)
Net cash generated from operating activities	9,000,585	4,605,694	12,332,609	8,062,331
Investing Activities				
Purchases of property, plant and equipment	(316,529)	(608,413)	(629,729)	(1,170,375)
Proceeds from disposal of property, plant and equipment	-	8,030	-	8,030
Payment for exploration and evaluation assets, and mine properties	(63,395)	(45,287)	(67,920)	(91,491)
Net cash used in investing activities	(379,924)	(645,670)	(697,649)	(1,253,836)
Financing activities				
Dividend paid to equity holders of the Company	(1,761,742)	(1,158,409)	(2,280,649)	(1,620,672)
Dividend paid to non-controlling interests	-	-	(401,337)	(298,766)
Payment of finance lease liabilities	(12,773)	(12,759)	(24,766)	(20,744)
Net cash used in financing activities	(1,774,515)	(1,171,168)	(2,706,752)	(1,940,182)
Net increase in cash and cash equivalents	6,846,146	2,788,856	8,928,208	4,868,313
Cash and cash equivalents at beginning of the year	26,234,511	13,700,668	22,134,539	12,339,714
Effect of exchange rate fluctuations on cash held	(604,869)	(265,112)	1,413,041	(983,615)
Cash and cash equivalents in the statement of financial position	32,475,788	16,224,412	32,475,788	16,224,412

During the three months period ended 30 June 2016 (“2Q 2016”), the Group acquired property, plant and equipment at an aggregate cost of US\$361,510 compared to US\$815,991 for the corresponding three months period ended 30 June 2015 (“2Q 2015”). As at 30 June 2016, a total consideration of US\$44,981 for the acquisitions made in 2Q 2016 had yet to be paid, compared to US\$207,578 as at 30 June 2015 for the acquisitions in 2Q 2015.

The Group also acquired exploration and evaluation assets, as well as, mine properties in 2Q 2016 at an aggregate cost of US\$299,194 (2Q 2015: US\$690,246), of which US\$112,183 (2Q 2015: US\$82,269) relates to accrued rehabilitation cost. As at 30 June 2016, a total consideration of US\$123,616 for the acquisitions made in 2Q 2016 had yet to be paid, as compared to US\$562,690 as at 30 June 2015 for the acquisitions in 2Q 2015.

As at 30 June 2016, the Group’s cash and cash equivalents amounted to US\$32.48 million (30 June 2015: US\$16.22 million), comprising currencies denominated in MYR, SGD and USD. Please refer to item 8(b) on cash flows analysis for further details. The Group has no bank loans.

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

Group (Unaudited)	Share capital	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
<u>Total comprehensive income for the period:</u>								
Profit for the period	-	-	-	-	1,975,847	1,975,847	560,631	2,536,478
Other comprehensive income for the period								
Exchange difference	-	-	-	(13,846)	-	(13,846)	(2,705)	(16,551)
Total comprehensive income for the period	-	-	-	(13,846)	1,975,847	1,962,001	557,926	2,519,927
Balance as at 31 March 2015	18,032,233	-	2,824,635	(29,745)	6,294,430	27,121,553	3,210,494	30,332,047
<u>Total comprehensive income for the period:</u>								
Profit for the period	-	-	-	-	3,594,202	3,594,202	834,886	4,429,088
Other comprehensive income for the period								
Exchange difference	-	-	-	(4,329)	-	(4,329)	(845)	(5,174)
Total comprehensive income for the period	-	-	-	(4,329)	3,594,202	3,589,873	834,041	4,423,914
<u>Transactions with owners, recognized directly in equity</u>								
2015 First dividend declared by subsidiary to non-controlling interest	-	-	-	-	-	-	(233,330)	(233,330)
2014 Final and special dividend declared and paid	-	-	-	-	(1,158,409)	(1,158,409)	-	(1,158,409)
Total transaction with owners	-	-	-	-	(1,158,409)	(1,158,409)	(233,330)	(1,391,739)
Balance as at 30 June 2015	18,032,233	-	2,824,635	(34,074)	8,730,223	29,553,017	3,811,205	33,364,222

Group (Unaudited)	Share capital US\$	Treasury Shares US\$	Capital reserve US\$	Translation reserves US\$	Retained earnings US\$	Total attributable to equity holders of the Company US\$	Non-controlling interests US\$	Total equity US\$
Balance as at 1 January 2016	18,032,233	(75,092)	2,824,635	(60,624)	12,773,507	33,494,659	4,551,057	38,045,716
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	4,554,575	4,554,575	1,051,651	5,606,226
Other comprehensive income for the period								
Exchange difference	-	-	-	18,531	-	18,531	3,621	22,152
Total comprehensive income for the period	-	-	-	18,531	4,554,575	4,573,106	1,055,272	5,628,378
Balance as at 31 March 2016	18,032,233	(75,092)	2,824,635	(42,093)	17,328,082	38,067,765	5,606,329	43,674,094
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	4,704,789	4,704,789	1,146,935	5,851,724
Other comprehensive income for the period								
Exchange difference	-	-	-	(5,232)	-	(5,232)	(1,023)	(6,255)
Total comprehensive income for the period	-	-	-	(5,232)	4,704,789	4,699,557	1,145,912	5,845,469
Transactions with owners, recognized directly in equity								
2016 First dividend declared by subsidiary to non-controlling interest	-	-	-	-	-	-	(277,362)	(277,362)
2015 Final and Special dividend declared and paid	-	-	-	-	(1,761,742)	(1,761,742)	-	(1,761,742)
Total transaction with owners	-	-	-	-	(1,761,742)	(1,761,742)	(277,362)	(2,039,104)
Balance as at 30 June 2016	18,032,233	(75,092)	2,824,635	(47,325)	20,271,129	41,005,580	6,474,879	47,480,459

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
Profit for the period	-	-	852,212	852,212
2014 Final and special dividend declared and paid	-	-	(1,158,409)	(1,158,409)
Balance as at 30 June 2015	18,032,233	-	(2,404,097)	15,628,136
Balance as at 1 January 2016	18,032,233	(75,092)	(1,228,256)	16,728,885
Profit for the period	-	-	(178,326)	(178,326)
Balance as at 31 March 2016	18,032,233	(75,092)	(1,406,582)	16,550,559
Profit for the period	-	-	994,483	994,483
2015 Final and special dividend declared and paid	-	-	(1,761,742)	(1,761,742)
Balance as at 30 June 2016	18,032,233	(75,092)	(2,173,841)	15,783,300

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

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

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

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

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

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

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

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

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

Not applicable.

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

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

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

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

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

	Group			
	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2016	2015	2016	2015
Profit attributable to owners of the Company (US\$)	4,704,789	3,594,202	9,259,364	5,570,049
Weighted average number of ordinary shares	407,293,000	407,693,000	407,293,000	407,693,000
Basic earnings per ordinary share:				
- US cents	1.16	0.88	2.27	1.37
- SG cents ⁽¹⁾	1.61	1.19	3.15	1.85

Note:-

(1) Basic/diluted earnings per ordinary share translated at an exchange rate of USD/SGD 1.3862 and 1.3472 for period ended 30 June 2016 and 30 June 2015 respectively.

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

	Group		Company	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Net asset value (US\$) ⁽¹⁾	41,005,580	33,494,659	15,783,300	16,728,885
Number of shares at the end of the period	407,293,000	407,293,000	407,293,000	407,293,000
Net asset value per share:				
- US cents	10.07	8.22	3.88	4.11
- SG cents ⁽²⁾	13.59	11.62	5.24	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 1.3499 and 1.4138 for period ended 30 June 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 2Q 2016 and the comparative financial performance for 2Q 2015:

	2Q 2016	2Q 2015	Increase / (Decrease) %
Production volume of fine gold (ounces)	9,807.37	7,876.55	24.5
Sales volume of gold (ounces)	9,807.37	7,876.55	24.5
Revenue – Total (US\$'000)	12,624.29	9,376.30	34.6
Average realised gold price (US\$/ounce)	1,287.22	1,190.41	8.1

The Group's revenue increased 34.6% to US\$12.62 million in 2Q 2016 from US\$9.38 million in 2Q 2015. The rise was due to an increase in the production and sales volume of fine gold and average realised price of gold in 2Q 2016 compared to 2Q 2015.

The production and sales volume of fine gold increased 24.5% to 9,807.37 ounces in 2Q 2016 from 7,876.55 ounces in 2Q 2015. This was due to higher productivity from the three leaching yards as well as the vat leach facility following its upgrading and refurbishment.

The average realised gold price increased 8.1% in 2Q 2016 compared to 2Q 2015.

Other income or expenses

In 2Q 2016, the Group recorded net other operating expenses of US\$0.75 million, compared to net other expenses of US\$0.23 million in 2Q 2015. This was due to an unrealised loss on foreign currency exchange of US\$0.64 million in 2Q 2016 compared to US\$0.28 million in 2Q 2015, arising mainly from Malaysian Ringgit (“MYR”)-denominated cash deposits. The unrealised loss on foreign currency exchange was mainly due to the depreciation of MYR against USD.

Operating expenses

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

Total operating expenses increased by US\$1.46 million to US\$6.16 million in 2Q 2016 from US\$4.70 million in 2Q 2015.

The increase was mainly due to the following:-

- Increase in depreciation and amortisation by US\$0.34 million. This was mainly due to higher amortisation charged on mine properties resulted by higher production volume of fine gold and an increase in the Group’s equipment base;
- Increase in key management remuneration and employees’ compensation by US\$0.37 million compared to 2Q 2015, mainly due to the accrual of performance bonus for 2Q 2016 and annual increment of remuneration in January 2016;
- Increase in changes in inventories by US\$0.59 million, mainly due to the higher realization of the cost of work-in-progress; and
- Increase in royalty and tribute fee expenses by US\$0.23 million, mainly due to higher production volume of fine gold.

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 2Q 2016 and 2Q 2015:

	US\$ / gold ounce sold		Increase / (Decrease) %
	2Q 2016	2Q 2015	
Sales volume of fine gold (ounces)	9,807.37	7,876.55	24.5
Mining related costs	315	291	8.2
Royalty and tribute expenses	94	88	6.8
Adjusted operating costs⁽¹⁾	409	379	7.9
General and administrative costs	53	55	(3.6)
Capital expenditure	16	28	(42.9)
All-in sustaining costs⁽²⁾	478	462	3.5
Capital exploration (non-sustaining)	6	6	-
Capital expenditure (non-sustaining)	16	49	(67.3)
All-in costs⁽³⁾	500	517	(3.3)

- (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 2Q 2016 compared to 2Q 2015 was due to economies of scale resulting from the higher sales of fine gold along with lower sustaining and non-sustaining capital expenditure.

The all-in costs of US\$500 per ounce in 2Q 2016 were higher than the all-in costs of US\$487 per ounce in 1Q 2016. This was due to higher royalty and tribute expenses owing to higher average realised gold price and non-sustaining capital exploration. (please refer to the Company's 1Q 2016 financial results announcement dated 10 May 2016 for the Group's all-in costs in 1Q 2016).

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\$0.26 million in 2Q 2016, mainly due to the interest income earned from placement of fixed deposit.

Tax expense

The main operating subsidiary of the Group, CMNM Mining Group Sdn Bhd ("CMNM"), was granted the Pioneer Status Incentive ("PSI") by the Malaysian Investment Development Authority in 2014. The PSI entitles the Group's Sokor gold field project (operated through CMNM) to 100% income tax exemption on its statutory income on the gold dore bars for a period of 5 years from 1 July 2013 to 30 June 2018. The income tax expense arose mainly due to tax on interest income earned from placement of fixed deposit and withholding taxes accrued on management fees charged by the Company in 2Q 2016.

Profit after tax

The Group's profit after tax rose 32.1% or US\$1.42 million to US\$5.85 million in 2Q 2016 from US\$4.43 million in 2Q 2015 due to the reasons stated above.

Excluding the unrealised loss on foreign currency exchange of US\$0.64 million in 2Q 2016 and US\$0.28 million in 2Q 2015, profit after tax in 2Q 2016 increased 37.8% or US\$1.78 million to US\$6.49 million from US\$4.71 million in 2Q 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 30 June 2016.

Assets

Mine properties decreased by US\$0.70 million to US\$8.92 million as at 30 June 2016 from US\$9.62 million as at 31 December 2015, mainly due to amortization expenses of US\$1.07 million. The decrease was partially offset by an increase in rehabilitation costs of US\$0.20 million and drilling costs of US\$0.10 million.

Property, plant and equipment decreased by US\$0.75 million to US\$7.41 million as at 30 June 2016 from US\$8.16 million as at 31 December 2015, mainly due to the depreciation of property, plant and equipment of US\$1.34 million and property, plant and equipment written off of US\$0.10 million. The decrease was partly offset by the addition of property, plant and equipment of US\$0.69 million.

Inventories decreased by US\$0.24 million to US\$0.63 million as at 30 June 2016 from US\$0.87 million mainly due to the decrease in work-in-progress of US\$0.26 million, resulting from higher realization of the costs of work-in-progress.

Trade and other receivables increased by US\$1.08 million to US\$1.91 million as at 30 June 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\$1.10 million as at 30 June 2016. The Group subsequently received full payment for the balance of US\$1.10 million in early July 2016.

Liabilities

Total liabilities increased by US\$0.31 million to US\$5.97 million as at 30 June 2016 from US\$5.66 million as at 31 December 2015. The increase was mainly due to the following:-

- Increase in accrual of rehabilitation costs of US\$0.22 million;
- Increase in accrual of performance bonus of US\$0.53 million; and
- Increase in current tax liabilities of US\$0.15 million.

The increase was partly offset by a decrease of US\$0.63 million in dividend payable, due to the Company's payment on 20 January 2016 of the 2nd interim dividend of S\$733,127 (equivalent to US\$518,541) for the financial year ended 31 December 2015 and the Group's payment on 11 January 2016 of the 3rd interim dividend of US\$398,259 to non-controlling interest for the financial year ended 31 December 2015.

As at 30 June 2016, the Group had positive working capital of US\$30.49 million compared to US\$19.53 million as at 31 December 2015.

Cash flows

Net cash generated from operating activities amounted to US\$9.00 million in 2Q 2016 compared to US\$4.61 million in 2Q 2015. The net operating cash inflow was mainly due to an operating profit before working capital changes of US\$7.77 million, adjusted for working capital inflows of US\$0.98 million, mainly attributable to the decrease in inventories of US\$0.39 million, decrease in trade and other receivables of US\$0.34 million and increase in trade and other payables of US\$0.25 million.

Net cash used in investing activities in 2Q 2016 amounted to US\$0.38 million, comprising payments to acquire property, plant and equipment as well as mine properties.

Net cash used in financing activities in 2Q 2016 amounted to US\$1.77 million. This was mainly for dividends of US\$1.76 million paid to equity holders of the Company.

As at 30 June 2016, the Group had cash and cash equivalents of US\$32.48 million, up US\$16.26 million from US\$16.22 million as at 30 June 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 2Q 2016 are consistent with the commentary under paragraph 10 of the Company's announcement of the financial statements for the three months financial period ended 31 March 2016.

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

The rise in gold prices this year has been a boon for the Group, as seen from our higher average realised gold price of US\$1,287.22/oz in 2Q 2016 compared to US\$1,190.41 in 2Q2015 and US\$1,155.76 in 1Q 2016. Several factors drove the interest in the precious metal, including growing expectations that the US Federal Reserve would hold back on further interest rate hikes, and Britain's decision in June to leave the European Union.

The Group will focus on increasing gold production and improving operational efficiencies to keep costs low. To this end, our new vat leach facility, which resumed operations in April this year after being upgraded, will come in handy. The refurbished facility contributed to the Group's 2Q 2016 output of 9,807.37 ounces of gold, the highest in any quarter since the start of the Company's gold production in July 2010.

One of the Group's immediate priorities is to complete the due diligence for the proposed acquisition of a controlling stake in Pulai Mining Sdn Bhd ("Pulai Mining"). As announced on 28 June 2016, CNMC has signed a non-binding letter of intent to acquire 51% of Pulai Mining, a Malaysian company authorised to mine for gold, iron ore and feldspar in Kelantan. The size of its concession area is almost four times that of our current existing flagship Sokor gold field project.

The Group had on 25 July 2016 announced that the relevant authorities are reviewing the Company's application for the Large Scale Operation status, which will allow for the mining of unlimited amounts of ore at Sokor. The Group will make such further announcement(s) on the progress of the aforesaid application as and when appropriate.

11. Dividend

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

Yes.

Name of Dividend	1 st Interim Tax Exempt Dividend
Dividend Type	Cash
Dividend Amount per Share	S\$0.0020 per ordinary shares
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?

Yes.

Name of Dividend	1 st Interim Tax Exempt Dividend
Dividend Type	Cash
Dividend Amount per Share	S\$0.0018 per ordinary shares
Tax Rate	Tax-exempt one-tier

- (c) **Date payable:**

8 September 2016

- (d) **Books closure date:**

26 August 2016

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

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

In 2Q 2016, funds/cash was mainly used for the following production activities, as compared to the projections:-

Purpose	Amount (US\$ million) Actual Usage	Amount (US\$ million) Projected Usage
Exploration and evaluation activities	0.22	0.50
Payments for machinery purchased in current and prior periods	0.41	0.51
Payments for diesel and other production materials	1.32	1.31
Royalty and tribute fees to government	0.97	1.09
Rental of equipment	0.23	0.26
Upkeep of equipment and motor vehicles	0.25	0.20
General working capital	0.83	0.85
Total	4.23	4.72

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

For the next immediate quarter (financial period from 1 July 2016 to 30 September 2016 ("3Q 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	0.14
Payments for diesel and other production materials	1.42
Royalty and tribute fees to government	1.07
Rental of equipment	0.22
Upkeep of equipment and motor vehicles	0.25
General working capital	1.12
Total	4.72

The Group's exploration plans from 1 July 2016 to 30 September 2016 are as follows:-

(a) Geological Investigation

The geological investigation for this quarter will cover 2 concessions: Ulu Sokor area and Pulai Mining concession as part of due diligence work.

Ulu Sokor area:

- i) Final investigation on surrounding areas of Taba River and Amang River before conducting diamond drilling.
- ii) Investigate the potential of mineralized spots in central segment of Ulu Sokor.

Pulai mining concession:

- i) To verify the authenticity and accuracy of previous geological workings before exploration work takes place.
- ii) To assess the potential of iron ore mine and eluvial gold that were mentioned in the previous workings, then proceed with detailed investigations.
- iii) Investigate the potential of eluvial gold for better understandings and strive to initiate diamond drilling as soon as the acquisition is completed.

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

(b) Diamond drilling program

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

Drilling activity for 3Q 2016 will be focused on the anomalies discovered from previous large-scale soil samplings (ZKDF, ZKSR and ZKC). Geology Department also supports any additional drilling request for production needs (ZKF and ZKM). 13 drillholes are planned with total depth of 1,380m to cover these anomalies (Table 1).

Table 1: Designed drillholes for Rixen deposits.

Drillholes	Designed locations		Designed depths (m)	Remarks
	Easting	Northing		
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	
ZKF 103-5	443923	613199	200	
ZKF 107-1	443854	613318	75	
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	
Total			1610	

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

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

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

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

In 2Q 2016, the Group capitalised a total of US\$0.02 million for exploration and evaluation expenditures activities carried out during the financial period.

The Group carried out the following exploration activities in 2Q 2016:-

(a) Geological Investigation

Large-scale soil sampling on the central segment of Ulu Sokor area was completed and interpreted. A drillhole initially planned for this segment (ZKSR 101-2) was completed to identify the anomalies from sampling result.

A drillhole was implemented in Danger Field (ZKDF 1-2) and the result was less satisfying. Further investigations are needed before carrying on with the next drillhole. Excavation and sampling on the surrounding Taba River and Amang River is still ongoing.

4 drillholes in New Found Lode, and 1 drillhole in Rixen Deposit and Manson's Lode, respectively, were carried out to support the production needs.

In June, Geology Department received the geological data of Pulai Mining concession, located in Gua Musang as part of due diligence purposes. The data was studied in detail and a series of verification works were planned.

(b) Drilling Program

8 drillholes were completed in 2Q 2016, with a total footage of 703.61m. Drillholes details are shown in Table 2. ZKF 102-2 was disqualified due to the technical mistake by contractor.

Table 2: Completed drillholes for 2Q 2016

Drillholes	Designed locations		Completed depths (m)	Remarks
	Easting	Northing		
ZKF 0-3	443794	613265	128.34	
ZKF 102-2	443721	613301	37.58	disqualified
ZKF 102-2R	443731	613345	77.85	
ZKDF 1-2	443430	616300	69.33	
ZKR 103-3	443633	617078	40.93	
ZKSR 101-2	443463	613451	178.88	
ZKNF 103-4	443817	613245	110.45	New Found
ZKM 9-6	444374	613459	60.25	

(c) Half core sampling and analysis

A total of 219 half-core samples and 1,498 rock chip/ 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.

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

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

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

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the second quarter ended 30 June 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 August 2016