ANNUAL REPORT
2016 年报

First gold mining company listed on Catalist of the SGX-ST under the new MOG rules
首家在新加坡证券交易所凯利板的矿产、石油与天然气新条例下上市的黄金开采公司

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CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中国金矿有限公司

ANNUAL REPORT 2016 年報

CNMC

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中色金礦有限公司

CONTENTS

This Annual Report 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 Annual Report.

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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.

激荡政经 · 处变不惊

（一）

中国的经典名著《西游记》塑造并描述了天不怕、地不怕、神仙不服、妖魔无惧的齐天大圣孙悟空。他为了颠覆传统，打破习俗惯例并显示他的通天本领，技高胆大地独闯天庭，闹得玉皇大帝惊慌窜逃，众神仙束手无策，眼巴巴地看着孙猴子叛逆、放肆、逆行天规。相信，作者吴承恩因洞悉历史人间而塑造了这么一个典型人物，藉此嘲笑现实社会，抨击陈规教条。以畅发内心压抑，激励人们必须敢于争取、敢于诉求，更敢于反抗，从而改变客观现实与自己命运。也许，这便是这部名著能得以流传百年而不衰的原因！这部家喻户晓与激励人们自力更生、自强不息的经典小说内涵是一股无形驱动力量，从而改变时代与社会。这便是文化对人类推动并改变现状的一种神秘力量。

（二）

2016 年是农历十二生肖的丙申猴年！
无独有偶，猴子猴孙们的“大王”恰是齐天大圣孙悟空！ 似乎他又复活了！ 君不见 2016 年国际政经形势因大国间的地缘政治博弈而闹得硝烟遍处、烽火连绵导致社会动荡不安，人民颠沛流离。瞬间，繁都变鬼城。战乱下的难民在国破家毁之下纷纷逃离求生，重现了二战的悲惨景象。
宗教门派与异徒间的斗争，历来已久，但近年在中东区域崛起宗教狂热份子，更以史无前例的残酷手段，惨绝人寰的恐怖袭击行为，令本已纷乱的世界局势更加复杂多变。
美、欧、俄正在中东区域上演“三国演义”，同时惊醒了昏睡半个世纪的北约冷战幽灵，令致西半球社会与人民惶惶不可终日。深深地影响了经济发展。东半球，以日本为首的政经挑衅者凭借日、韩、菲诸国与美国的军事联盟的保护而在东亚、南海引发了地缘政治与海洋地域主权争夺。主要原因是牵涉到海床蕴藏的丰富资源的分配，权势与利益的交织，使得这片平静很久的海面引发了地域的政经海啸。
2016 年年初，国际形势又起了巨变：随着狂人特朗普入主白宫并誓言改变美国全球的军事战略部署与撤销 TPP 这自由贸易体制。这么一来，世界政经形势本已布满了阴霾与悲观气氛，更增添上了许多不明朗、不确定因素。2016 年，随着岁月自然规律的轮转而消逝，本以为挥别了“好惹事生非的猴子，竟意料不到的却迎来了政经的混世魔王?
丁酉年，雄鸡能否“一唱天下白？”则只好拭目以待了！

（三）

中色金矿的主要业务是贵重物资的黄金生产。黄金，不但是一种制衡，避险，保值的贵金属产品，同时也是一种与人类生活、社会发展与经济结构有着密切关连的一种产品。
因此，管理层便不得不时时刻刻关注世界形势的演变，以及国际间政经博弈的走向，当您掌握了信息，洞悉时势、抓住机遇，便能为公司发展战略把脉！ 而上述二段国际政经形势的回顾，不但是中色日后对市场与发展的基础资料，更是黝暗，茫茫商海中的灯塔，指引着拓展方向。日起日落，构成了大地间的光明与黑暗，这是自然界的发展规律，非人类所能改变与控制的。潮涨潮落，造成了掀天波涛与海床裸露。而属天然资源的黄金产品也是一样，所谓“天财地宝”不能复制，更不能再生！ 黄金生产与产量，无法像工业产品规范化制定，因它的生产受制于矿石资源的含金属品位，同时也受天气演变的影响，以及一些人为因素的限制，因此，产量与产值因地制约与世界政经形势而波动。

（四）

中色金矿自 2006 年创立以来，今年恰好是第十个年头。
当 2007 年与丹州政府签署了合作开采索谷矿区以来，少不了波折与风风雨雨，而金矿之路更是曲折崎岖，但凭着坚定的意志与众志成城的团队拼搏精神与自力更生的斗志，在荒山旷野丛林中，走过这十年的创业岁月。
回忆从头：自 2010 年从岩石提炼了第一片金块，改写了丹州数百年的产金历史——从淘砂金到提炼岩石金砖。2011 年 10 月份，成功在新加坡证券交易所凯利板的“矿产、石油、天然气”条例上市的第一间黄金生产公司。若说，2012、2013 历经二年的摸索与试验属于“草创期”！ 那 2014、2015 则应是纳入生产正轨的“稳定期”。2016 年则在稳定中产生了“类似女性在分娩前的短暂痛楚，但却享受到生命延续的喜悦。” 2016 年产量是比 2015 年少了 3802 盎司。销售收入少了 180 万美元。税后利润也少了 191 万美元。但，集团的净值资产却增加了 614 万美元，而现金与等值现金也增加了 482 万美元。因此，董事会建议派出末期股息 - 新币 0.200 分与特别股息 - 新币 0.534 分（须通过股东批准）。连同之前的两次中期股息，股息支付率从 2015

年的 26% 提升至 37%，增加了 11 个百分点！ 相信，股东们都分享到这增发股息的喜悦！ 虽说 2016 年度产量上与盈利上微跌，可是从长远看来，未尝不是一件美好的期待。 因为，中色金矿自 2009 年便提出申请的大矿权开采与 21 年的采矿权在 2016 年 8 月份已批准。若从未来开发与生产上来说，索谷矿区在今年度的“稍降”却又为未来铺下了更扎实的发展康庄大道。

另者，账面上的“不可预测汇率的变动”而导致的账面上损失，实质不然！ 美元与马币的兑换率日后会产生什么演变，谁也难以预料。何况，集团从这笔可观的现金储存中赚取了不菲的额外利息收入。同时，这笔马币存款日后将作为在马来西亚的投资之用。因此，若严谨、认真地统计则还是良性与正面的发展现象！

2016 年，在某种意义上可谓是中色金矿“突破”的一个年头：索谷矿区的大矿权获取将为集团筑建了一条漫长的矿业发展道路，而 8 月间与普莱矿区签署这片占地约 38 平方公里，含金、铁、长石与其他矿物资源，注资入股并拥有 51% 的控股权，将为中色矿业铺下另一片广阔矿业拓展天地！ 2017 年 3 月 18 日，中色金矿献议收购“丹金矿业”100%股权。丹金拥有卡莱矿区占地约 15.5 平方公里并已获得“丹州矿务局”批准在其矿区内进行铁矿、金矿及其他矿物的勘查权。另一片占地约 8.7 平方公里并衔接着上述矿区的勘查权正在批复中 。 我们相信，这次收购将会为中色金矿矿业拓展开启新篇章。

俗说：“十年磨一剑”，而我们却是十年创造了中色集团这支矿业精旅悍兵，一团具凝聚力与拼搏精神的矿业生产技术部队，一班执行并实施中色核心理念与人文精神的管理团队。一笔菲薄的储备发展资金，三合为一；尤其在丹州拓展，形成了的天时、地利、人和。因此，我们屹立在丹州索谷矿区的山峰上，远眺普莱连绵山峦起伏的辽阔矿区，环顾这片坐落在衔接大陆架之半岛中央矿脉上，期待延伸、拓展丹州更多矿区！ 这便是我们的下一个目标！

（五）

危机与机遇是并存的，有危必有机！

虽说，未来的年头充满着政经变数与不确定因素，尤其是地缘政治的博弈与区域性的经济争夺，TPP 的悄然消失与 RCEP 的必然茁长，但却因“人”的因素而产生不息的论争与制约。而这政治因素将会予经贸工商的发展造成了制约与阻挠，但对金产品反而是一件好事！ 纵观人类与金数千年的历史演变，以史为鉴、经济浮沉，折射了金的价值，因为，至终人类仍然还是把金当作其生活，乃至生命唯以寄托的物资！ 因此，更何况是屹立于金山上的中色集团呢?

激荡政经，处变不惊！

林祥雄教授

中色金矿有限公司 执行主席

Staying calm amidst turbulence and adversities

Professor **Lin Xiang Xiong**
CNMC Founder and Executive Chairman

(1)

In the Chinese literature classic "Journey to the West", the Monkey God Sun Wukong was described as fearless against heaven and earth, deities and evil spirits. To disrupt tradition and habitual practices, and to demonstrate his remarkable abilities, he bravely and singlehandedly barged into heaven creating chaos. The Jade Emperor escaped in fear. The multitudes of deities and fairies helplessly looked on as Sun rebelled against all heavenly regulations. It is believed that the author Wu Cheng'en created this mythological figure to mock modern society and to criticise obsolete and rigid practices, arising from his deep understanding of humanity's history. Wu Cheng'en's Sun and his adventures attempt to also demonstrate that through a combination of restraint and courage, our circumstances and personal fate could perhaps be changed. This could be one reason why this classic continues to remain popular after many centuries. This widely popular classic novel encourages independence and relentless self-improvement, in turn changing society.

(2)

2016 was the Chinese lunar year of Monkey.

Coincidentally, the "king" of monkeys is none other than the Monkey God Sun Wukong. Looking at the upheavals starting from 2016 to the beginning of 2017, it seems that "he" has been revived. It has been some time since we witnessed chaos, society uncertainty and people displaced owing to political differences amongst the larger countries. All of a sudden, robust cities become ghost towns. Fugitives from war torn countries escape for survival. This tragic scene is akin to a replay of the Second World War.

Religious warfare has been in existence for ages. However, fundamentalism in parts of the Middle East is now at unprecedented levels. Political terrorists adopt excessive methods in their quest to achieve their objectives, which has served to amplify and contribute to an already chaotic global situation.

On the world stage, it is as if we are rehashing the "Romance of the Three Kingdoms" plot with the US, Europe and Russia as players. This appears to have revived the Cold War, causing societies in the Western Hemisphere to live in fear. This has affected economic development. Japan, leading the Eastern Hemisphere, ignited a dispute for sovereignty over the South China Sea, which has also seen South Korea, the Philippines and the US becoming involved in the dispute. It appears that the key motive is the fight for control and interest over the resources rich South China Sea.

In the beginning of 2017, Donald Trump entered the White House. He pledged to change US military global strategy and withdrew from the Trans-Pacific Partnership Agreement ("TPP"). The election of Trump as president of the United States and the policies he has advocated during his election campaign has added further uncertainty to an already uncertain global political situation, with the United Kingdom planning to commence exit of the European Union in 2017, and a wave of populism seemingly sweeping parts of Europe. 2016 has come to pass, naturally. What was thought to be a farewell to the problematic monkey, has turned out to be a welcome to another political-economic maverick.

Could the Chinese lunar year of the Rooster see a change for better times? We can only wait and see.

(3)

The core business of CNMC is the production and sale of gold. Gold is used as a balancing, risk-mitigating and value preserving commodity. It is closely related to our lives, societal development and economic structure.

As such, management has to constantly monitor global political and economic changes. Only by grasping information, trends, and capitalising on opportunities would we be able to chart our future clearly and wisely.

(4)

Founded in 2006, CNMC turned 10 in 2016.

Since signing the mining agreement with the Government of the State of Kelantan in 2007 to mine the Sokor Gold Field, we have been facing setbacks and challenges. The path of gold mining is filled with difficulties and turbulences. Nevertheless, with strong determination and team spirit, we entered our first decade of entrepreneurship.

A recollection:

We achieved our first gold pour in 2010, changing the centuries of gold mining history of the State of Kelantan – from mining to refining gold dores from rocks.

In October 2011, CNMC was the first gold production company to be listed on the Singapore Exchange's Catalist Board under the new Mineral, Oil and Gas listing guidelines.

If we consider 2012 and 2013 as our nascent period of discovery and experimentation, then 2014 and 2015 would be our stabilisation period. 2016 saw a generally steady production with minor hiccups – it was akin to a lady's labour period of momentary pain coupled with the joy from having a new baby. Production in 2016 declined by 3,802 ounces compared to 2015. Sales therefore decreased by US$1.80 million to US$ 34.67 million. Profit after tax also fell by US$1.91 million to US$11.52 million. However, the Group's net asset value increased by US$6.14 million to US$39.63 million. Cash and cash equivalents of the Group also increased by US$4.82 million to US$26.95 million. As such, the Board of Directors is proposing a final dividend of 0.2 Singapore cents and a special dividend of 0.534 Singapore cents (subject to shareholders' approval at the forthcoming AGM). Coupled with the previous two interim dividends, dividend pay-out ratio has increased from 26% in 2015 to 37% in 2016, an increase of 11 percentage points. We believe shareholders would welcome the additional dividends. Despite the fall in 2016's annual production and profits, from a longer term perspective, management views the outlook to be positive. This is because the application for large scale and for a further 21 years of mining rights by CNMC in 2009 was approved in August 2016.

Similarly with the apparent loss caused by currency fluctuation between the Malaysian Ringgit and the US dollar, if we analyse it carefully, we will find that the positives of a depreciating Malaysian Ringgit could outweigh the negatives.

2016 can also be said to be a year of "breakthrough" in some ways: the rights to Sokor Gold Field will create a long term mining development roadmap for the Group. The Group has also signed an agreement with Pulai Mining Sdn. Bhd. for a subscription of 51% of its enlarged issued and paid up share capital to develop a 38 square kilometres mining area with mining resources including gold, metal and feldspar. On 18 March 2017, CNMC also proposed to acquire 100% equity stake in Kelgold Mining Sdn. Bhd. that has obtained rights to explore iron ore, gold and/or other minerals in an area of approximately 15.5 square kilometres and is in the midst of renewing its rights to explore gold and/or other minerals in an area of approximately 8.7 square kilometres in the state of Kelantan, Malaysia. We believe that these new ventures will certainly open a new chapter of growth opportunities for CNMC.

As the saying goes, "it takes ten years to grind a sword". We took ten years to create an elite squad in CNMC, a troop of closely-knitted and high-spirited soldiers, a management team centred on CNMC's core beliefs and the spirit of humanity. We are able to capitalise on this small core team to create a three-in-one impact: the opportunity arising from the synergy of timing, geography and people is seen in the development of the State of Kelantan. As such, positioned at the peak of the State of Kelantan's Sokor Gold Field, overlooking the mountainous and broad mining districts at Pulai, we enjoy the sights of a seamless mountain range of potential mines, while envisioning the expansion and development of more mining districts in the State of Kelantan. This is our next objective!

(5)

We believe that in the middle of difficulty lies opportunity.

While the near future would inevitably be filled with political-economic changes and uncertainties, especially with differences in geopolitics and regional economic competitions, coupled with the abandonment of the TPP (since the withdrawal by the United States) and the advent of the Regional Comprehensive Economic Partnership ("RCEP"), there would definitely be further disputes and challenges due to human factors. These political factors would certainly result in challenges and disruptions to commerce and trades. However, we believe that these may actually be positive for gold products! Looking back at the thousands of years of historical evolution between mankind and gold, and gauging from history, economic fluctuations will have an inverse impact on the value of gold. After all, humans would still regard gold as their livelihood and life sustenance! As such, shouldn't CNMC - which is positioned on top of a mountain range of gold – be re-valued ?

Staying calm amidst turbulence and adversities!

林祥雄教授（左三）
是中色金矿的创办人暨执行主席。他主要负责集团的战略业务发展与规划，宏观策划并制定集团政策。同时，指挥并监督矿区日常工作，帷幄运筹集团业务并在扎稳中求拓展。他在 2004 年受马来西亚吉兰丹州政府礼聘为“中国－丹州国际贸易”首席顾问。数十年以来，他“艺经并轨，多元一体”，精神文明与物质文明双轨并列运作，博得了广泛认可与赞誉，他对两种文明锲而不舍的探索与追求以及拼搏精神，缔造了累累硕果：
2013 年出版一套五大册画集、6 册文集与 4 册评论集。
自 1990、1994、2013 三度被中华人民共和国文化部邀请并支援在中国北京、上海、太原、西安、郑州等地筹开个人画展。作品广泛被博物馆、著名大专学府与机构收藏，诸如：中国美术馆、北京大学与中国艺术研究院等。他也是“炎黄国际文化协会”的倡办者、创会会长。在 2004 年，受中国艺术研究院聘为特约研究员。2011 年，受北京语言大学聘为客座教授。2014 年，受北京大学东方学研究院聘为研究教授；北京大学艺术学院礼聘为客座教授。
2013–2015 年，他把从艺 50 年的部分作品策划了为期三年的世界巡展。2013 年亚洲首展在北京中国美术馆举办。2015 年 5 月，他受邀在比利时卡齐尔森林博物馆（该博物馆被列入联合国教科文组织世界遗产名录）筹开了为期三个月的个人画展，该画展也被列为“2015 · 蒙斯欧洲文化之都”官方节目之一，作品展出后被广泛认可，饮誉欧洲。2016 年在联合国教科文巴黎总部筹开了为期三周的《艺术为了和平》大型东西方艺术对话画展。

朱治光先生（左二）
是中色金矿的执行副主席。朱先生负责公司的规划与策略方向、扩展计划以及企业监管。他曾参与包括新加坡、马来西亚、中国、香港、菲律宾、台湾以及澳大利亚在内，共 200 多个公司企业的上市。

林国扬先生（左一）
是中色金矿的执行董事和总裁。林先生主要负责公司旗下矿产业务的运作，和贯彻执行策略规划和相关政策。林先生在矿产领域有 15 年的丰富经验。林先生曾任创新国际集团有限公司及其集团公司的营运总裁，主要从事矿山石材的勘探、开采、加工、生 产和销售。林先生在大理石和花岗岩石矿的开采与营运领域以及国际市场营销具有丰富经验，曾为多个矿产项目提供顾问和项目管理服务。

关正德先生（右三）
是中色金矿的首席独立董事及审计委员会主席。同时，关先生也是新加坡凯利板上市的 Kori Holdings Limited, 主板上市的 Green Build Technology Limited 以及香港主板上市的 CW Group Holdings Limited 的独立董事。关先生在会计、审计以及财务咨询领域有超过 20 年的经验。他曾在 1994 年至 2004 年期间任职于新加坡及马来西亚多家国际会计师事务所。关先生在 2004 年成立自己财务咨询公司，并在 2005 年创立自己的会计事务所。关先生拥有新加坡南洋理工大学的会计学学士学位，英国伦敦大学的法律荣誉学士学位和新加坡国立大学法学（公司及金融服务法）硕士学位。关先生也是英国特许公认会计师公会会员、新加坡特许注册会计师、新加坡董事协会会员以及新加坡特许秘书公会会员。

陈宝财先生（右二）
是中色金矿的独立董事及薪酬委员会的主席。陈先生是国际律师事务所 Stephenson Harwood LLP 于新加坡之公司 Stephen Harwood (Singapore) Alliance 的合伙人，并执业于企业融资领域。陈先生在 1994 年考取新加坡律师资格。现任新加坡主板上市 Nico Steel Holdings Limited 的独立董事。陈先生拥有英国白金汉大学荣誉法律学士学位和 London–Guild 大学法律硕士学位。陈先生也是 Gray’s Inn 的讼务律师。

颜秀连女士（右一）
是中色金矿的独立董事，同时也担任提名委员会的主席。颜女士拥有超过 20 年的管理咨询经验，现担任 Singtel（改造管理办公室）的董事，曾任职于多家跨国公司包括 Ericsson、 IBM、Deloitte & Touche、Arthur Andersen、KPMG 和 3M。颜女士拥有多个学位包括：University of South Australia 的工商管理硕士；University of Kent 的会计和电脑本科学位；英国和新加坡特许市场营销师协会的市场学研究生学位。

Board of Directors

PROFESSOR LIN XIANG XIONG (Third From Left) is the founder and Executive Chairman of CNMC. He is responsible for formulating the Group's strategic plans and policies, directing and overseeing the daily activities of mining operations, seeking sustainable business development and expansion from time to time. In 2004, he was appointed as the chief advisor on Kelantan-China International Trade for the Kelantan State Government. For decades, he combines arts and economic endeavor in his strife; and his effort at fusing into one the multifaceted spiritual and material civilizations, has won him praises and universal acceptance. In tireless pursuits and infinite spirit, Professor Lin has created a dual civilization, rich and rewarding.

In 2013, he published five volumes of his painting collections, six volumes of essay collections, four volumes of Introduction of Lin's Art. In 1990-1994 and 2013, he was invited by the Ministry of Culture of the People's Republic of China to hold solo arts exhibitions in Beijing, Shanghai, Taiyuan, Xi'an and Zhengzhou. His artworks are widely collected by museums, prestigious universities and tertiary institutions such as National Art Museum of China, Peking University and Chinese National Academy of Arts. He is the founder and President of the Global Chinese Arts and Culture Society. In 2004, he was appointed as a Distinguished Visiting Research Fellow by Chinese National Academy of Arts. In 2011, he was appointed as a visiting professor at Beijing Language and Culture University. In 2014, he was awarded as a Research Professor by Academy of Oriental Studies and as a Guest Professor by the School of Arts, Peking University. From 2013 to 2015, a 3-year world tour exhibition of a selection of his artworks over the past 50 years was held in various cities. In 2013, his first exhibition was held in the National Art Museum of China, Beijing. In May 2015, he was invited to hold a three-month solo art exhibition in Bois du Cazier, Belgium (listed as a UNESCO World Heritage Site). This exhibition was also listed as one of the official program of "Mons 2015, European Capital of Culture". With his first exhibition held in Europe, his artworks are widely recognized by the European public. In May 2016, a 3-week grand art exhibition of Professor Lin's works titled "Art for Peace", calling for dialogue on arts between the East and the West, was held in UNESCO headquarters, Paris.

CHOO CHEE KONG (Second From Left) is the Executive Vice Chairman of CNMC. He is responsible for the formulation of the strategic direction and expansion plans as well as the corporate governance of the Group. As a former investment banker, he has been involved in the successful listing of more than 200 companies from countries including Singapore, Malaysia, the People's Republic of China, Hong Kong, Philippines, Taiwan and Australia.

LIM KUOH YANG (First From Left) is the Executive Director and the Chief Executive Officer of CNMC. He is responsible for implementing the strategic plans and policies as well as managing the mining operations of the Group. He has over 15 years of experience in the mining industry. He was formerly the chief operation officer of Innovation World-Wide Group Pte Ltd (IWG) and its group of companies, which are principally engaged in the business of trading of building materials and mining, processing and marketing, distribution and sale of dimension stones. He has driven the successful exploration and operation of various marble and granite dimension stone mine, and provided consulting and project management services in association with sub-contracted mining projects.

KUAN CHENG TUCK (Third From Right) is the Lead Independent Director and the Chairman of the Audit Committee of CNMC. He is also the independent director of Kori Holdings Limited (listed on Catalist of the SGX-ST), Green Build Technology Limited (listed on Mainboard of the SGX-ST) and CW Group Holdings Limited (listed on the Mainboard of the Hong Kong Stock Exchange). He has more than 20 years of experience in the fields of accounting, auditing as well as business and financial advisory. He had worked with various international accounting firms in Singapore and Malaysia between 1994 and early 2004. He set up and managed his own business and financial consulting firms in 2004 and his own accounting practice in 2005. He holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore, a Bachelor of Laws (Honours) degree from the University of London and a Master of Laws (Corporate and Financial Services Law) degree from the National University of Singapore. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a member of the Institute of Singapore Chartered Accountants, the Singapore Institute of Directors as well as an associate member of the Chartered Secretaries Institute of Singapore.

TAN POH CHYE ALLAN (Second From Right) is the Independent Director and Chairman of the Remuneration Committee of CMNC. He is a partner at the Stephenson Harwood (Singapore) Alliance, the Singapore office of Stephenson Harwood LLP, an international law firm, and practises in the field of corporate finance, regulatory and compliance laws. He was admitted to the Singapore Bar in 1994. He is also an independent director of Nico Steel Holdings Limited listed on Mainboard of the SGX-ST. He holds a Bachelor of Laws (Honours) degree from the University of Buckingham (United Kingdom) and a Master's degree in Law from the London-Guild University. He is also a Barrister-at-law of Gray's Inn.

AVRIL GAN (First From Right) is the Independent Director and Chairman of the Nominating Committee of CMNC. She has over two decades of successful global corporate and consulting experience. She is currently a Director (Transformation Management Office) at Singtel and has previously worked with global companies including Ericsson, IBM, Deloitte & Touche, Arthur Andersen, KPMG and 3M. She holds a Master in Business Administration from University of South Australia in International Business, a Bachelor degree in Accounting and Computing from University of Kent, Canterbury, and two post-graduate Diplomas in Marketing from the Chartered Institute of Marketing in the United Kingdom and Singapore.

C4 | BUSINESS

THE STRAITS TIMES | MONDAY, MAY 9, 2016

Gold miner to tap other streams of opportunity

CNMC, knowing that resource at its mine will run out, eyes other concessions

Mr Lim says that given the unpredictability of commodity prices, CNMC Goldmine is exploring other areas of development. "We were inspired by the collapse of oil prices to venture out to look for a (other) mine. That really underscored the fact that commodity prices are beyond anyone's control" PHOTO: CNMC GOLDMINE

The success of Sukor today is the success of the group as a whole – everyone in CNMC has

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BT SALUTES ENTERPRISE 2016

An artist's dream turned gold

CNMC has slowly built up a steady gold production from scratch. Now it hopes to expand further across Malaysia and the region

'We want to slowly grow it into a medium level and hopefully we... big miners' status.'

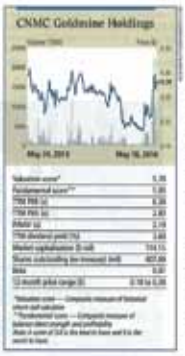
UM, mining group in research tie-in

MOU signed with CNMC Goldmine Holdings

CNMC sees improved costs in 1QFY2016, gets lift from rallying gold prices

BY LIU SIEW YING

Lim says the boost in gold production is due to the company's investment in heap leaching facilities at its mine



Chew Lim, CEO of CNMC Goldmine Holdings, is feeling vindicated by the strong rally in his company's shares since the beginning of this year. Lim knows that some of the gain is due to a rally in gold prices, but increasing efficiencies and growing confidence in the company have also helped.

The price of gold has risen 25% this year, spurring broad gains in gold mining stocks across Asia. For instance, Hong Kong-listed **Zijin Mining Group** and **Zhaojin Mining Industry** are up 25% and 66% respectively. Shanghai-listed **Zhongjin Gold** is up 6.6%. Shares in CNMC Goldmine are up 53% since the beginning of the year and 82% from its all-time low in January.

Lim, who co-founded the company with his father Lin Siang Kiong, says his management team's focus on execution and transparency has won over investors, some of whom had initially doubted that its gold mines in Kelantan's jungles even existed. Now, with gold prices rising and economies of scale kicking in, CNMC Goldmine looks set to achieve a strong improvement in profitability this year.

At 1QFY2016, the company reported a 130% jump in earnings to US$4.0 million ($6.1 million) on a 7% rise in revenue to US$8.4 million. The reported earnings were boosted by an unrealised foreign exchange gain of US$1.36 million. The average realised price of gold during the quarter was 4% lower y-o-y, but it was offset by an 11.4% year-on-year rise in the total gold sold.

During the quarter, capital expenditure fell 45% y-o-y as the company was upgrading a tailings facility in 1QFY2015. Exploration costs fell 81% y-o-y in 1QFY2016, which the company attributes to a halt in drilling. CNMC Goldmine announces the exploration work at its mining concession in Kelantan, Malaysia, as a Chinese partner.

He also reveals that CNMC Goldmine has been looking out for opportunities in terms of another gold mining concession. Officials at the company say they have assessed several deals, but have not made any announcements as set out to excite the market prematurely. The company is sitting on a net cash position of RM126.1 million.

"We are focusing on the fundamentals and want to make sure it is a good deal," says Lim. One challenge, however, is that many concessions in Malaysia that are not being worked are held by financially strapped owners and need to be reexamined before CNMC Goldmine will be able to get involved. Eventually, unworked concessions could become available or concession holders would have to surrender them.

Renewing its concession

CNMC Goldmine's concession at Sukor expires in 2018, but the company has an option to extend it for 21 years. Lim says the company started the renewal process three years ago and has already submitted its application to the state government to exercise the option. Renewal approval will hinge on continuing mining activities and CNMC Goldmine's royalty and tribute payments. "We do not owe any royalty or tribute payments. I don't see why they will not renew," he says. The company settles royalty and tribute payments as soon as it is paid for the gold it sells.

Besides gold, the company has been discovering deposits of other metals at its concession at Sukor, such as silver, lead and zinc. At the moment, resources of these metals are insufficient to process at the site. But the company is looking into the viability of building a facility to concentrate mined ores to make it easier to transport them to others.

Looking ahead to the rest of the year, some analysts are turning more bullish on gold prices. Goldman Sachs, which had been predicting a drop in the price of the precious metal, recently raised its three-, six- and 12-month forecasts, citing weakness in the US dollar as a strong speculative demand. JP Morgan says the metal could hit US$1,400 an ounce this year, while UBS expects it to test US$1,350.

If they are right, CNMC Goldmine might continue to draw investor interest.

Refurbished facility pushes up; stop-work order to hav

BY JEFFREY SIM

Temporary stop-work order

Shares in CNMC Goldmine are up 176.9% this year, partially on strong demand for gold and gold-related stocks. After the UK voted to leave the European Union in June, the price of gold hit a three-year high. CNMC Goldmine saw its shares climb 69.4% to hit a 52-week high of 45 cents on July 7. But they fell 7.6% to as low as 42.5 cents after the company announced on July 21 that it had received a temporary stop-work order for its mining concession.

Speaking to analysts and the media at a briefing to discuss the company's results, CEO Lim says the impact of the stop-work order is "minimal" as it lasted for only six days, ending on July 25. "We probably only lost about 50kg to 200g of gold [production]," he says.

As he tells it, CNMC Goldmine received a letter from the Kelantan State Lands and Mines Office of Malaysia (PTG) on July 19 instructing the company to temporarily stop all operations at its Sukor mining concession. The order came following the company's application for large-scale operation status. The stop-work order was to allow PTG and other relevant authorities to conduct a site inspection and audit the company's documentation. The order was not given in response to a breach in environmental standards, Lim adds.

If the application is approved, CNMC Goldmine will obtain the rights to mine unlimited amounts of ore in Sukor. Currently, the company is limited to mining only the amount it can process. Additionally, CNMC Goldmine will be able to file an application for a mining lease for another 21 years. The Sukor concession expires in 2018.

This is the first time that any mining company has applied for large-scale operation status in Kelantan, Lim says. Hence, there are no precedents to which CNMC Goldmine can look for guidance in its application. However, he is confident that CNMC Goldmine will obtain positive responses to both applications. Lim shares that the Sultanate state cabinet visited the site in early August and they were pleased with what they saw. "We are keeping our fingers crossed."

Paid dual progress

Meanwhile, CNMC Goldmine is making some progress in its acquisition of a 51% stake in privately-owned Polat Mining. The latter has a concession to mine an area spanning 1,301.35ha that is 80km southwest of the Sukor concession. It is almost four times the size of the Sukor concession area. CNMC Goldmine will pay RM13.8 million (S$4.6 million) in cash for new shares in Polat Mining and assume management control of the company. The owner-inherited area Polat Mining will be used for exploration.

"The financial (due diligence) is more or less completed already," Lim says. Polat Mining is not owning the site, which has made the process easier, he adds. CNMC Goldmine is engaging several experts to help the company survey the site and analyse Polat Mining's existing JORC-of-exploration data. These experts include geologists from China and Australia, as well as the geological department of the University of Malaya.

CNMC Goldmine currently trades at 7.4 times its forward earnings, based on its Aug 17 close of $1.3 cents. Its regional peers, Hong Kong-listed **Zijin Mining Group** and **Zhaojin Mining Industry**, are trading at 24.7 and 49.6 times respectively. Shanghai-listed **Zhongjin Gold** trades at 162.6 times.

In a note dated Aug 11, KGI Fraser analyst Rosalind Tay says she reads is "still very cheap compared to [its] peers". He maintains his "buy" rating for the stock with a higher price target of 64 cents. Following CNMC Goldmine's announcement of its earnings for 2QFY2016, Tay has raised his earnings, revenue and gold production forecasts for the company. He expects CNMC Goldmine to report earnings growth of 41.2% this year and annual growth of 27.6%, based on an average realised gold price of US$1,284 per ounce.

CNMC's Kelantan gold mine shines as production picks up

中色金矿7年争取终获大矿权

紫谷矿区延长开采21年

林绿富：坚持国外发展立足 150万登陆马大生研究地

3,000 hadir Majlis rumah terbuka

UM, CNMC Goldmine jalin kerjasama

Fakta Ringkas

RM1.5 JUTA Biasiswa perpaduan

3 TAHUN pemprofilan

5 PELAJAR terbaik penyelidikan

Xiong Xiong (tiga dari kanan) menyerahkan replika cek kepada Dr Anning Budjilin (empat dari kanan) selepas majlis menandatangani MoU di antara UM dan CNMC Goldmine.

Kuala Lumpur Universiti Malaya (UM) semalam menjalinkan kerjasama dengan syarikat Singapura, CNMC Goldmine Holdings Ltd (CNMC Goldmine) bagi membantu syarikatnya lebih banyak kemasukan perbelanjaan untuk dana tempat tinggal bumi (SITE) di negara ini.

Kerjasama itu membolehkan seorang pelajar ijazah dahsyat Sarjana (PhD) dan lima pelajar sarjana (Sarjana, Sidang Kendali, Sebatan Gendap, STM untuk melakukan penyelidikan mengenai perkembangan emas.

Timbalan Naib Canselor (Akademik dan Antarabangsa) UM, Prof Dr Anning Budjilin Awang Iskhamal, berkata di situs dikhaskan menurut kerjasama penyelidikan bernilai RM1.5 juta dan akan menggandil mana tapaknya, termasuk belian ini.

Katanya, penyelidikan akan dimulakan di Bukanten dan Pahang sebelum ditawarkan ke Sarawak.

"Semua jenama penyelidikan akan dilakukan di UM, manakala

财经 BUSINESS

中小企业

中色 丹州最大外资企业
采金本小利大傲全球

按照国际

矿业精

1380万购51%
中色金矿入股普莱矿业

林祥雄（左三）与黄南辉（右二）签署股权转让协议书，由胡青华（中）见证。

待附带条件落实方改组

中色金矿有限公司与子公司中马矿业集团有限公司高层。

▲林祥雄（右三）移交模型支票给哈达法（左三）；右起为林国强、朱浩光、周来耶奇；左起为黄华威和慕卡欣。

中色金礦丹最大外資企業
採礦權延長21年

中色金礦關懷社會
還辦開齋節慶活動

▲吉兰丹州经济发展机构高层翻阅中色金矿出版的特刊《中色金矿的故事》。

今日 丹 登

雙索谷礦區延長開採權
中色金礦再繳852萬手續費

布赖10户火灾失家园
中色金矿捐每户500援金

村长：助申请重建家园

邀居民歡度開齋節
中色金礦派禮品綠包

▲林祥雄（右三）移交捐款给矿区附近的清真寺负责人。

注入1380萬收購51%股權
哥打峇魯 中色金礦 成普萊大

Signing of Share Subscription Agreement

中色金矿与普莱矿业签署股权转让协议仪式

林祥雄：普萊礦區有黃金

Signing of Share Subscription Agreement

关怀社群 扶贫济困
中色金矿与友族庆开斋

林祥雄（右五）移交1万令吉捐款予道格拨区回教堂代表。

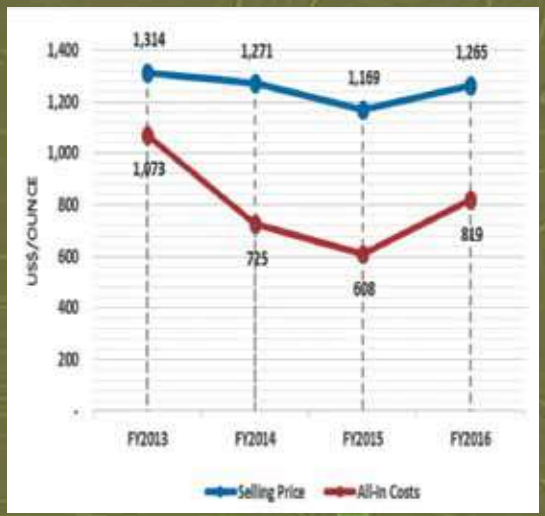
Financial Highlights 2016

First gold mining company listed on Catalist of the SGX-ST under the new MOG rules
首家在新加坡证券交易所凯利板的矿产、石油与天然气新条例下上市的黄金开采公司

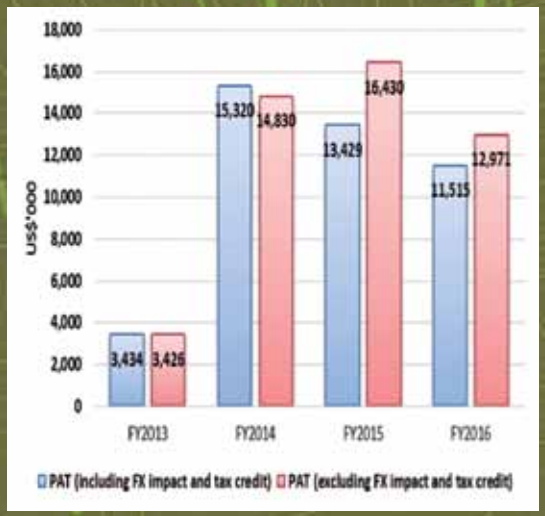
Gold Resources Vs Gold Production

Revenue

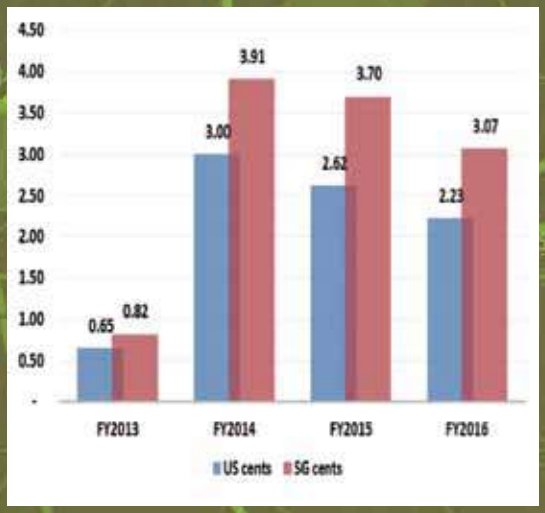
Selling Price Vs All-in Costs of Fine Gold Sold



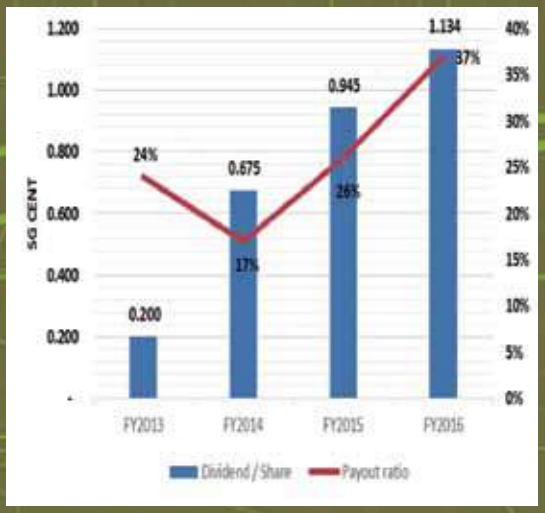
Profit After Taxation (Including and Excluding FX Impact and FY2014 One-off Tax Credit)



Earnings Per Share [1]

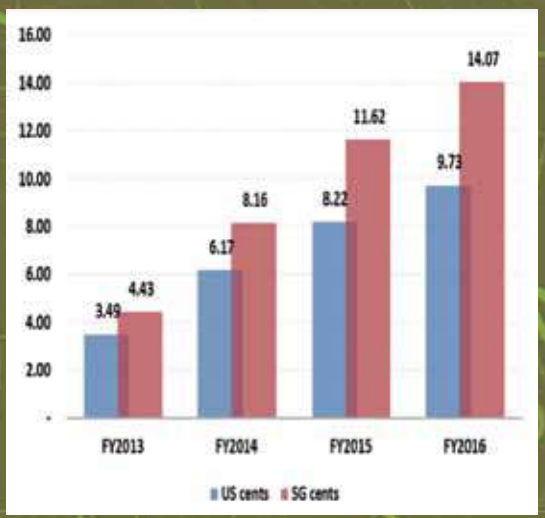


Dividend Per Share and Payout Ratio



Net Asset Value and Cash and Cash Equivalents

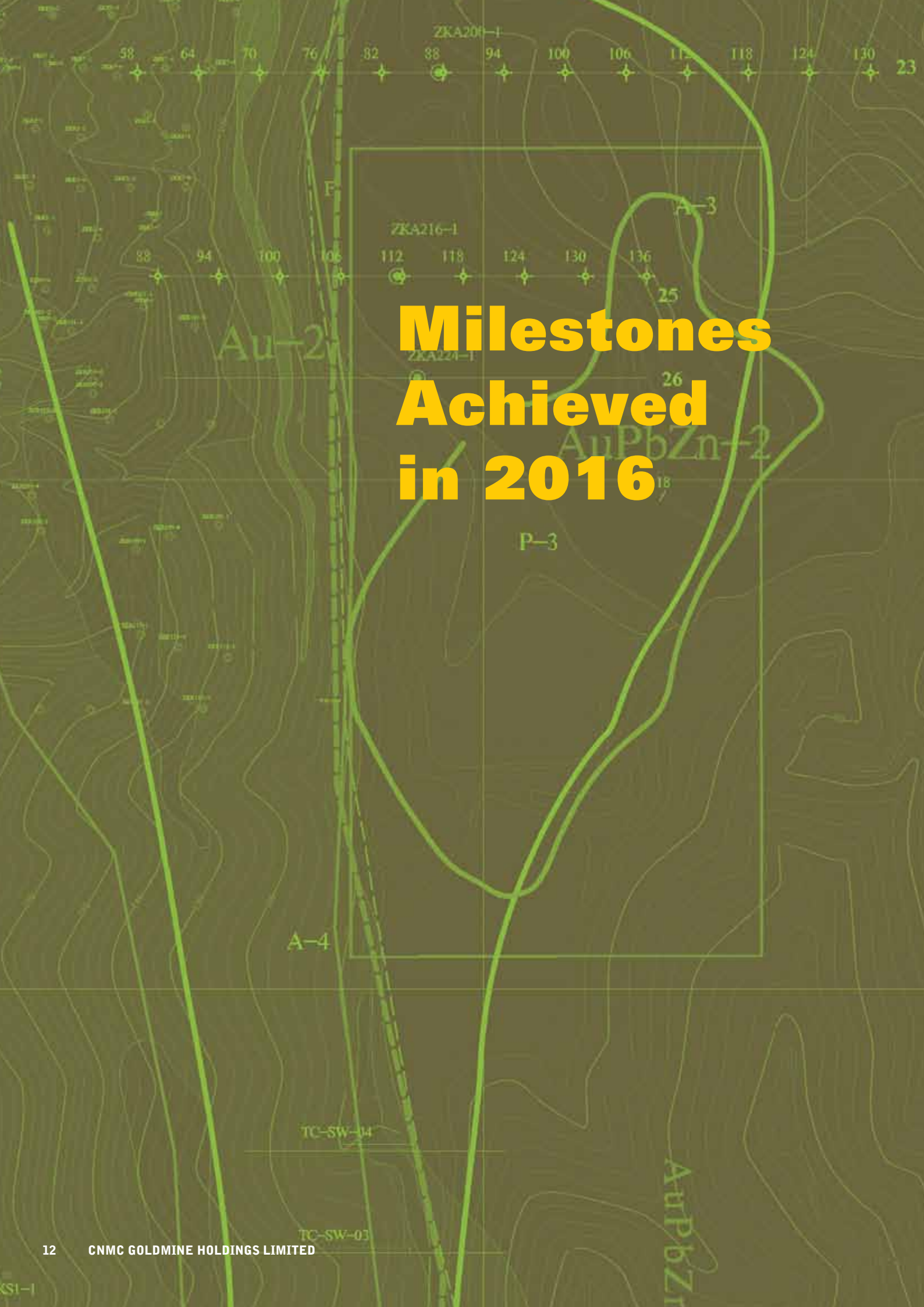
Net Asset Value Per Share [2]



Footnote:

(1) Based on an exchange rate of USD/SGD 1.3785, 1.4128, 1.3038 and 1.2550 for the financial year ended 31 December 2016, 31 December 2015, 31 December 2014 and 31 December 2013, respectively.

(2) Based on an exchange rate of USD/SGD 1.4459, 1.4138, 1.3229 and 1.2682 as at 31 December 2016, 31 December 2015, 31 December 2014 and 31 December 2013, respectively.



Milestones Achieved in 2016

7 January 2016

CNMC Produced Record of 31,205.85 Ounces of Fine Gold in the Financial Year ended 31 December 2015

Produced a total of 31,205.85 ounces of fine gold for the financial year of 2015, as compared to the previous record of 26,122.08 ounces set in the financial year of 2014, reflecting an increase of approximately 19%.

31 March 2016

Gold resources amounted to 13.83 million tonnes as at 31 December 2015

Gold resources amounted to 13.83 million tonnes at 1.4g/t gold grade as at 31 December 2015. This translates into 618,000 ounces of contained gold, representing a 22% increase compared to gold resources as at 31 December 2014 despite mine depletion.

6 June 2016

Research Collaboration with University of Malaya

Collaboration with University of Malaya to form a research unit for in-depth studies on mineralisation of gold and rare earth elements in Malaysia.

23 August 2016

Approval of Application for Large Scale Operation Status

The Large Scale Operation status application for Sokor gold field project was approved. The Company is now allowed to mine unlimited amounts of ore at Sokor. The mining lease was also extended to 31 December 2034.

25 August 2016

Execution of Subscription Agreement for Proposed Subscription of Shares in Pulai Mining Sdn. Bhd.

The Company executed a subscription agreement to subscribe for 51% of the enlarged issued and paid-up share capital of Pulai Mining Sdn. Bhd., a mining company which owns a brownfield project of 38.4km^2 in Kelantan that can potentially yield gold, iron and feldspar.

22 September 2016

Output at Sokor gold field exceeds 100,000 ounces, surpassing initial ore reserves estimate

The Sokor gold field project produced more than 100,000 ounces of fine gold since it commenced production in 2010, surpassing the initial reserve estimate of 70,300 ounces of gold ore reserves indicated in the Independent Technical Review Report issued on 12 August 2011, as part of the Company's offer document dated 18 October 2011.

20 October 2016

Appointment of Advisors

The Company appointed four advisors to provide strategic guidance and counsel to the Executive Directors on the Board. The advisors are academician Zhao Pengda, Professor Xiao Rong Ge, Dato Nik Kamaruddin Ismail and Dato' Sri Nik Othman Nik Hussein. They will be advising the Group on matters relating to mining and social affairs.

20 January 2017

Entered into an Assignment Agreement with Kelantan State Economic Development Corporation

Kelantan State Economic Development Corporation ("KSEDC") agreed to assign the Sokor gold field mining lease for a period of 21 years till December 2034 for an area covering 956.5 hectares in the Sokor district. In consideration of the said assignment, CMNM will, *inter alia*:

1) issue 15,000 cumulative preference shares (equivalent to 3% of the number of fully issued ordinary shares in CMNM) to KSEDC;
2) with effect from 1 January 2017 pay KSEDC an additional 1% tribute based on gross proceeds of sale value of gold when extracted;
3) adhere to the review and renewal of Large Scale Mining Operation on a quadrennial basis; and
4) appoint one of KSEDC's nominated representatives as director to the board of CMNM.

24 February 2017

Completion of Subscription of New Shares Representing 51% of the Enlarged Share Capital of Pulai Mining Sdn. Bhd.

The Company completed the subscription of 51% of the enlarged issued and paid-up share capital of Pulai Mining Sdn. Bhd.. Following the completion of the said subscription, Pulai Mining Sdn. Bhd. became a 51%-owned subsidiary of the Company.

Pulai Mining Sdn. Bhd. also completed an acquisition of shares representing 70% of the issued and paid-up share capital of Sumberjaya Land & Mining Sdn Bhd, a company engaged in the business of iron ore exploration and mining.

18 March 2017

Proposed acquisition of the entire issued share capital of Kelgold Mining Sdn. Bhd.

The Company entered into a shares sale agreement to acquire 100% of issued and paid-up share capital of KelGold Mining Sdn. Bhd. and a tribute agreement with SY Kelgold Venture Sdn Bhd.

Kelgold Mining Sdn. Bhd. has obtained rights to explore iron ore, gold and/or other minerals in an area of approximately 1,550 hectares (or 15.5 sq km) that expires in 2019 and is in the midst of renewing its rights to explore gold and/or other minerals in an area of approximately 870 hectares (or 8.7 sq km) in the state of Kelantan, Malaysia.

FINANCIAL REVIEW

REVENUE AND PROFITABILITY

The Group's revenue decreased by 4.9% to US$34.67 million in FY2016 from US$36.47 million in FY2015. The decrease was mainly due to a decline in production and sales volume of fine gold but partly offset by an increase in average realised gold price per ounce, which rose by 8.2% to US$1,265 in FY2016 from US$1,169 in FY2015.

The decrease in production of fine gold was a result of lower production due to the temporary stop-work order ("SWO") issued in July 2016 by the Kelantan authorities and lower ore grades in 4Q 2016.

The Group's net profits declined by 14.2% to US$11.52 million in FY2016 from US$13.43 million in FY2015 due to the lower sales volume of fine gold, higher amortisation of mine properties resulting from the one-time processing fee for the Sokor gold field project's 21-year mining lease extension, increase in the rate for royalty fees and higher key management and employees remuneration. The said one-time processing fee has been fully paid.

As a result, the Group's earnings per share decreased by 14.9% to 2.23 US cents in FY2016 from 2.62 US cents in FY2015.

ALL-IN COSTS

In FY2016, the all-in costs per ounce increased to US$819 from US$608 in FY2015. This was mainly due to the recognition of payment in relation to the extension of the Sokor mining lease to 31 December 2034, an increase in the rate for royalty fees, the SWO and lower ore grades which resulted lower production and sales volume of fine gold.

FINANCIAL POSITION

The Group's net assets rose by US$6.1 million to US$39.6 million as at 31 December 2016 from US$33.5 million as at 31 December 2015. Net asset value per share increased to 9.73 US cents as at 31 December 2016 from 8.22 US cents over the comparative period.

As at 31 December 2016, the Group had cash and cash equivalents of US$27.0 million, an increase from US$22.1 million as at the end of the previous year.

DIVIDENDS

For FY2016, the Group paid two interim tax exempt dividends of S$0.0020 per share in September 2016 and January 2017 respectively. The Group is proposing a final tax exempt dividend of S$0.0020 per share and a special tax exempt dividend of S$0.00534 per share, subject to the approval of shareholders at the forthcoming annual general meeting. The entire dividend payout for FY2016 will amount to 1.134 Singapore cents per share. This is 20% more than the 0.945 Singapore cents per share declared by the Company for FY2015.

OPERATIONS REVIEW

Our primary focus in FY2016 was to increase our gold leaching capacity and to add new mineral resources through exploration to replace depleted resources.

The Group successfully restarted a vat leach facility at the Sokor Gold Field Project following upgrading and refurbishment work. With an additional leaching capacity of approximately 200,000 tonnes of ore a year from the aforesaid vat leach facility, the Group's total estimated annual processing capacity increased to 1,200,000 tonnes.

In the year under review, the Group entered into an agreement to subscribe for a majority 51% stake in Pulai Mining Sdn. Bhd. to develop a 38-sq km mining area with resources that include gold, iron ore and feldspar. The Company subsequently completed the subscription on 24 February 2017.

EXPLORATION

The Group completed the drilling of 20 holes with a total drilling footage of 1,665.76 metres at the Sokor Gold Field Project. The results were incorporated into a FY2016 Qualified Persons' Report released recently by Australian-based Optiro Pty Ltd, an independent mining services advisory firm.

Our exploration programme continued to yield positive results in terms of replenishing depleted resources. The additional drilling in FY2016 at Rixen, Manson's Lode and New Found extended the mineralisation previously identified to the north at New Discovery. The New Discovery and New Found areas were combined for mineralisation interpretation and resource definition. Drilling at New Found extended the mineralisation to the south. Silver, lead and zinc mineral resources were also defined at Manson's Lode, and the additional drilling in FY2016 extended these mineral resources' down-dip within the north-eastern area of the deposit.

Following the depletion of ore from mining at Rixen in FY2016, the indicated mineral resources tonnage decreased by 15%, although the average grade was higher by 8%, leading to an overall increase of 9% in contained gold. The inferred mineral resources tonnage increased by 1%, the grade increased by 8%, with an overall increase of 9% in contained gold. The total mineral resources tonnage at Rixen declined by 9% but the average grade increased by 6%, resulting in an overall decrease of 2% in contained gold.

At Manson's Lode, our drilling programme in FY2016 extended the mineral resources' down-dip within the north-eastern area of the deposit. This drilling increased the total gold mineral resources tonnage of Manson's Lode by 15%. The average grade decreased by 7%, but there was an overall increase of 7% in contained gold. There was a small decrease of 0.9% in the grade of the indicated mineral resources, a small increase in ore tonnage of 0.4% and an overall reduction of 0.5% in contained gold. The inferred mineral resources tonnage increased by 44% while the average grade decreased by 2%. Overall, there was an increase of 31% in the amount of contained gold. The silver and base metal inferred mineral resources all increased, resulting in an overall rise of 14% in contained silver, 9% in contained lead and 9% in contained zinc in total mineral resources.

As mentioned above, the FY2016 drilling at New Found extended the mineralisation previously identified to the north at New Discovery. The New Discovery and New Found areas were combined for mineralisation interpretation and resource definition. Drilling at New Found extended the mineralisation to the south. Fresh surface was interpreted for the combined area and bulk density values were revised. The inferred resources tonnage increased by 53% while the gold grade decreased by 12%, leading to an overall increase of 35% in contained gold. There were minor differences of less than 1% to the measured and indicated resources. The tonnage of the total mineral resources at New Discovery and New Found increased by 28% while the gold grade decreased by 13%, yielding an overall increase of 12% in contained gold.

OPERATIONS REVIEW

MINERAL RESOURCES

As at 31 December 2016, the total measured, indicated and inferred gold resources for the Sokor Gold Field Project (above a 0.3 g/t gold cut-off grade at Rixen, a 0.4 g/t gold cut-off grade at New Discovery and New Found and a 0.5 g/t gold cut-off grade at Manson's Lode and Ketubong) were 13,250 kt at 1.5 g/t gold with contained gold of 623,000 ounces (inclusive of material used to define ore reserves). Mineral resources at Manson's Lode contained additional silver, lead and zinc mineral resources of 1,310 kt with an average grade of 47 g/t silver, 1.7% lead and 1.6% zinc.

Compared to our 31 December 2015 mineral resources estimates, there was a decrease in gold mineral resources of 585 kt at 0.3 g/t gold. Still, this represents a minor increase of 0.8% in contained gold in mineral resources due to increase in average grade form 1.4 to 1.5 g/t gold. The increased tonnage at Manson's Lode, of 103 kt, has an average grade of 75 g/t silver, 1.8% lead and 1.8% zinc with contained metal of 246,000 ounces of silver, 1,880 t of lead and 1,830 t of zinc.

SOKOR GOLD FIELD PROJECT·MINERAL RESOURCE STATEMENT AS AT 31 DECEMBER 2016 (INCLUSIVE OF ORE RESERVES)

		Gross Attributable to Licence			Gross Attributable to CNMC			
Category	Mineral Type	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.56	3.1	56	0.46	3.1	45	0%
Indicated	Gold	6.11	1.4	275	4.95	1.4	222	-8%
Inferred	Gold	6.57	1.4	292	5.32	1.4	237	+10%
Total	**Gold**	**13.25**	**1.5**	**623**	**10.73**	**1.5**	**505**	**+1%**
Measured	Silver	0.33	63	673	0.27	63	545	0%
Indicated	Silver	0.17	73	398	0.14	73	322	0%
Inferred	Silver	0.81	34	892	0.66	34	723	+38%
Total	**Silver**	**1.31**	**47**	**1,964**	**1.06**	**47**	**1,590**	**+14%**
Measured	Lead	0.33	1.7	5,631	0.27	1.7	4,561	0%
Indicated	Lead	0.17	1.7	2,925	0.14	1.7	2,369	0%
Inferred	Lead	0.81	1.7	14,122	0.66	1.7	11,439	+15%
Total	**Lead**	**1.31**	**1.7**	**22,678**	**1.06**	**1.7**	**18,370**	**+9%**
Measured	Zinc	0.33	1.7	5,534	0.27	1.7	4,483	0%
Indicated	Zinc	0.17	1.9	3,286	0.14	1.9	2,662	0%
Inferred	Zinc	0.81	1.6	12,628	0.66	1.6	10,229	+17%
Total	**Zinc**	**1.31**	**1.6**	**21,448**	**1.06**	**1.6**	**17,373**	**+9%**

The mineral resources estimates for the Sokor Gold Field Project were prepared and classified in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, December 2012 (the "JORC Code 2012"), by Optiro Pty Ltd, the Group's third-party independent resources and reserves estimation consultant.

ORE RESERVES

In terms of ore reserves, the Sokor Gold Field Project registered a 9% decrease as at 31 December 2016 compared to 31 December 2015. The combined ore reserves estimate for Rixen, Manson's Lode and New Discovery is shown in the table below. Total ore reserves as at 31 December 2016 is reported in accordance with the JORC Code 2012.

SOKOR GOLD FIELD PROJECT ORE RESERVES (MANSON'S LODE, NEW DISCOVERY AND RIXEN) AND MINERAL RESOURCES (AT KETUBONG AND NEW FOUND AND AT MANSON'S LODE, NEW DISCOVERY, RIXEN IN ADDITION TO ORE RESERVES) STATEMENT AS AT 31 DECEMBER 2016

		Gross Attributable to Licence			Gross Attributable to CNMC			
Category	Mineral Type	Tonnes (Kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (Kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update(%)
Ore Reserves								
Proved	Gold	327	3.8	43	265	3.8	34	+1%
Probable	Gold	3,688	1.4	162	2,988	1.4	132	-12%
Total	**Gold**	**4,015**	**1.6**	**205**	**3,253**	**1.6**	**166**	**-9%**
Additional Mineral Resources								
Measured	Gold	209	2.2	14	169	2.2	12	+1%
Indicated	Gold	2,422	1.4	113	1,962	1.4	91	+11%
Inferred	Gold	6,562	1.4	292	5,315	1.4	237	+10%
Total	**Gold**	**9,193**	**1.4**	**419**	**7,446**	**1.4**	**340**	**+10%**

GROWTH STRATEGY

In 2017, the Group intends to accelerate its exploration activities with the aim of replacing depleted resources and increasing gold, silver, lead and zinc resources and reserves at the Sokor Gold Field Project. We will also expand our exploration footprint to the areas where Pulai Mining Sdn. Bhd. owns exploration and mining licenses, with the objective of increasing not only our gold resources but also iron ore and feldspar.

SUSTAINABLE DEVELOPMENT

The mission of CNMC Goldmine Holdings Limited ("CNMC") is to be one of the pre-eminent gold and mineral producers in the Asia-Pacific region, with a strong focus on sustainable gold mining.

Sustainability has always been an integral part of our business. Our strategy involves adopting best practices (covering the environment, the community, the marketplace and the workplace), benchmarking ourselves against industry standards, reporting our progress in a timely and transparent manner, responsibly managing the environment within which we operate, embracing corporate social responsibility, creating employment and empowering the communities where we operate. Intertwined with these principles is our commitment to increase value for our shareholders over the long term.

Our main operating subsidiary, CMNM Mining Group Sdn. Bhd. ("CMNM"), endeavours to develop and manage its mining operations in a way that complies with environmental regulations while remaining sensitive to local cultural and community expectations.

In line with our commitment towards continuous sustainability engagement, CNMC appointed RSM Risk Advisory Pte Ltd ("RSM") to act as our consultant in issuing a SGX-compliant sustainability report in our next annual report. We believe that the sustainability report will be a crucial part of our continuous disclosure and engagement with our shareholders.

ENVIRONMENTAL PROTECTION

As a mining company, CNMC has a fundamental responsibility to carefully manage the impact of its operations on the environment. This responsibility covers every aspect of our activities, ranging from acquisition and development of land and tenements, operations, disposal of waste to rehabilitation. For example, land is cleared using manual methods such as bulldozing and stacking of trees. By doing so, it prevents air pollution and preserves soil structure. We do not use fire to clear any areas.

Notably, the Department of Environment of Kelantan ("DOE") had in June 2009 approved an environmental impact assessment report prepared by CMNM. An environmental management plan, which sets out the processes to ensure compliance with environmental regulations, was subsequently approved by the DOE in April 2010.

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

SUSTAINABLE DEVELOPMENT

COMMUNITY DEVELOPMENT

As a leader in the mining industry in the Kelantan State, we recognise the vital roles we play in the communities in which we operate. We believe our mining activities create job opportunities for the local communities, alleviate poverty, and empower them to create better lives for themselves and future generations.

Since 2007, we have made substantial efforts to integrate with the local population in the vicinity where our mine is located. To deepen our engagement with the local communities, we have initiated a number of projects, in partnership with local government bodies, in areas such as education, healthcare and even disaster relief. We believe that these efforts have helped broaden the economic and commercial base for local businesses, in turn encouraging more investments in Kelantan and contributing to the state's overall economic growth.

The main negative social impact from mining activities is the loss of employment when operations cease. However, through employment and skills upgrade opportunities, the local workforce would have been well equipped with skills that can be applied to other mining or related industries.

During the Hari Raya festive season in 2016, CNMC made donation to 100 under privileged individuals, families and orphans residing in the Tanah Merah area and distributed 2,000 "green packets" and gift packs to children and villagers. We also provided bursaries to help eligible students defray education expenses.

To support the state government, we provided food supplies and cash donations to ease the burden of victims affected by floods in the area, when heavy torrential rains cause floods each year. In addition, we provided school supplies to 2,000 children in primary schools and participated in blood donation programs run by local hospitals.

In line with one of our core values – "searching the earth, caring for the society" – we will do our utmost to better the lives of the community in which we operate.

CNMC CORPORATE SOCIAL RESPONSIBITY POLICY

1. SOCIAL RESPONSIBILITY POLICY

CNMC's future is dependent on our ability to keep developing, operating and closing mines. While carrying out our operations, we are committed to sustainable development, protection of human life, health and the environment, and adding value to the communities in which we operate.

In line with these commitments, CNMC will:

- Develop and use systems to identify and manage risks, and provide accurate information to support effective decision making.
- Train our employees and provide the resources to meet our social responsibility objectives and targets.
- Respect the Universal Declaration of Human Rights in our business operations.
- Respect the social, economic and cultural rights of indigenous people.
- Adopt policies, standards and operating practices that ensure ongoing improvement in all aspects.
- Wherever appropriate and feasible, set operating standards which exceed the requirements of the applicable local laws.
- Assess our performance against our policies and standards.
- Demand leadership in social responsibility from all our employees.
- Seek to share our success by partnering stakeholders in appropriate community development programmes.

2. ENVIRONMENTAL POLICY

CNMC intends to set standards of excellence with regard to environmental matters.

We will, at all times, attempt to operate our facilities in compliance with applicable laws and regulations. We will adopt and adhere to standards that are protective of both human health and the environment at the facilities we build and operate.

We are committed to setting aside the necessary human and financial resources to achieve these objectives.

CNMC intends to establish an audit programme to systematically evaluate compliance of our operating facilities with applicable federal, state, and local rules and regulations, as well as corporate policy, which also includes a corrective action process to address any deficiencies.

Each employee (including contractors) will be responsible for ensuring that staff, equipment, facilities and resources within his or her area of responsibility are managed in a way that complies with this policy.

CNMC CORPORATE SOCIAL RESPONSIBITY POLICY

3. HEALTH AND SAFETY POLICY

This policy provides the framework for the development of Health, Safety and Loss Prevention (HSLP) standards, procedures and guidance, which address the control environment, risk assessment, information and communication, control activities and monitoring of core business processes.

To support this policy, CNMC is committed to:

- Identify, eliminate or otherwise control health, safety and environment ("HSE") risks to our employees, communities and the environment in which we operate.
- Develop and deliver measurable HSE objectives and targets.
- Provide our employees with the resources to achieve our goal of zero incidents, injuries and illnesses.
- Ensure that the Group's site disaster management procedures are regularly updated and emergency response teams are in place and well trained.
- Implementation of identified safety initiatives that continually improve workplace health and safety.
- Commence a review of every high-risk incident or injury within 48 hours of its occurrence and ensure that the appropriate actions are taken.
- Foster a culture within the workplace where employees take ownership of workplace safety.
- Ensure that HSE expectations are clearly communicated to all contract principals and that their management systems are randomly and regularly audited.

We commit to applying the principles of this policy to continuously improve the way we work every single day.

INVESTOR RELATIONS

ENGAGING THE INVESTMENT COMMUNITY

2016 was particularly memorable for CNMC on several fronts. We celebrated 10 years in business, initiated our first major M&A and obtained an extension of the mining lease for our flagship Sokor project until 31 December 2034. We endeavoured to keep shareholders and the investing community updated on these and other developments through a slew of outreach activities all through the year.

Beyond our quarterly results briefings and investor dialogue sessions, we went the extra mile in 2016 to share our growth story with the investment community through a number of non-deal roadshows as well as small-group and one-on-one meetings with fund managers and analysts in Singapore and overseas.

Our first overseas stop was Hong Kong, where we met sophisticated investors and fund managers from several leading investment houses. Many were impressed with the progress of CNMC in such a short period and the Company received many positive feedbacks. Immediately after our Hong Kong roadshow in July 2016, we headed to Shenzhen for an investment forum, where we shared the CNMC growth-story with more fund managers.

We were invited to two investment seminars in August 2016 which were jointly organised by the Singapore Exchange Securities Trading Limited ("SGX") and Maybank Kim Eng Securities Pte. Ltd.. One of the seminars was in Kuala Lumpur and the other, in Bangkok. Again, fund managers and investors in both cities were impressed by CNMC's achievements in such a short period of time.

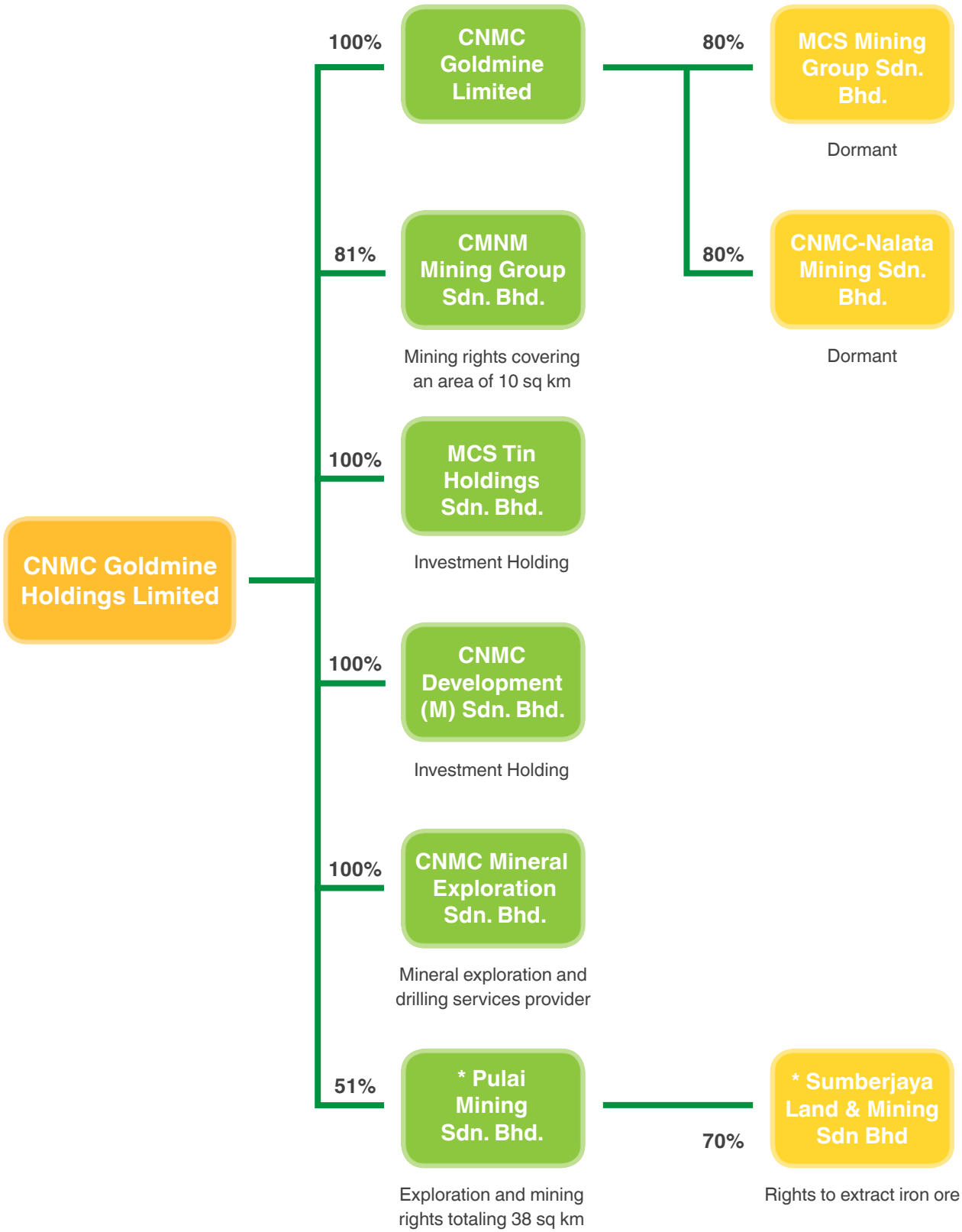
In Singapore, we had meetings with various securities houses and also presented our investment merits to their analysts, dealers and trading representatives. Several fund managers from foreign investment firms also reached out to us to better understand our business.

In October, CNMC was one of six listed companies that presented at the "Discovering Value in Small Caps" investment seminar jointly organised by SGX and our investor relations agency WeR1 Consultants Pte Ltd. More than 100 fund managers, private bankers, high net worth individuals and research analysts attended the event at the SGX auditorium.

It was not just good news that we shared with our shareholders and the investing community at large. In July of 2016 when we were issued a temporary stop-work order, in order that the Kelantan government could review of our application for large-scale operation status for our Sokor project, we kept our communications open, and took time to explain the circumstances to the public and address the concerns of shareholders who contacted us.

Our active engagement with the investment community all through the year did not go unnoticed. Analysts from several major stockbroking houses initiated coverage on CNMC in 2016, demonstrating an interest to follow the development of CNMC. In the year ahead, we will continue our active engagement with the investment community as we strongly believe the participation of all stakeholders – not just our business partners and associates – is vital for the success of CNMC.

GROUP STRUCTURE



**Note : The acquisition of Pulai Mining Sdn. Bhd. and Sumberjaya Land & Mining Sdn Bhd were completed after 31 December 2016.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Professor Lin Xiang Xiong @ Lin Ye
Executive Chairman

Choo Chee Kong
Executive Vice Chairman

Lim Kuoh Yang
Executive Director and Chief Executive Officer

Kuan Cheng Tuck
Lead Independent Director

Tan Poh Chye Allan
Independent Director

Gan Siew Lian
Independent Director

AUDITORS

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(Appointed with effect from the financial year ended 31 December 2015)

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AUDIT COMMITTEE

Kuan Cheng Tuck Chairman
Tan Poh Chye Allan
Gan Siew Lian

NOMINATING COMMITTEE

Gan Siew Lian Chairman
Kuan Cheng Tuck
Tan Poh Chye Allan

REMUNERATIONCOMMITTEE

Tan Poh Chye Allan Chairman
Kuan Cheng Tuck
Gan Siew Lian

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CNMC DEVELOPMENT(M) SDN. BHD.

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(Registered Address)

MCS TIN HOLDINGS SDN. BHD.

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(Registered Address)

CNMC MINERAL EXPLORATION SDN. BHD.

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COMPANY SECRETARY

Ms Wee Mae Ann

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INTRODUCTION

The Board of Directors (the "Board") of CNMC Goldmine Holdings Limited (the "Company") is committed to ensuring that high standards of corporate governance are practiced within the Company and its subsidiaries (the "Group"). We believe that good corporate governance principles and practices help to promote corporate transparency, accountability and integrity, whilst at the same time, protect and enhance shareholders' interests.

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

1. BOARD MATTERS

The Board of Directors comprises:

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

A description of the background and profile of each director is presented in the "Board of Directors" section of this Annual Report.

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Primary function of the Board

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group and has the overall responsibility for reviewing its strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, and corporate governance practices.

In addition, the principal duties of the Board include the following:

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

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

(c) to assume responsibilities for corporate governance.

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

Delegation of authority by the Board

In recognition of the high standard of accountability to the Company's shareholders, the functions of the Board are carried out either directly by the Board or through the Board committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each of these committees has its own written terms of reference and is chaired by an independent director and all the members are non-executive and independent.

Directors' attendance at Board and Board committee meetings in FY2016

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

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

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

We believe that contributions from each Director may be reflected in other ways apart from the recording of attendance. A Director would have been appointed to the Board on the basis of his experience, stature and his potential to provide guidance to the Company on business or compliance matters. To assess a Director's performance based solely on his attendance at formal meetings alone may not do justice to his contributions, which can come in many forms such as Management's access to him for discussions and guidance outside the formal setting of Board meetings.

Matters which require Board approval

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

Induction and training of Directors

The Company will conduct orientation programmes for newly appointed Directors to ensure that they are familiar with the Group's structure, business and governance policies. All directors who have no prior experience as a director of a listed company will undergo training and/or briefing on the roles and responsibilities as director of a listed company. Newly appointed Directors are given a formal letter explaining their duties and obligations as Directors of the Company. No new Director was appointed to the Board during FY2016.

At each Board meeting, the Directors will receive updates from the Management on the business and strategic developments of the Group, industry developments, analyst and media commentaries on matters related to the Company. The Directors may, at any time, visit the Group's mining sites in order to gain a better understanding of its business operations. Changes to regulations and accounting standards are monitored closely by the Management. During FY2016, the Directors were briefed by KPMG LLP on the developments in financial reporting standards and the changes that affect the Group.

The Company will arrange for appropriate training such as courses and seminars for the Directors as and when needed. The Company encourages the Directors to update themselves on new rules and regulations, as well as on any revisions, amendments or updates to laws or regulations and attend courses relating to the gold mining industry. The Company also informs Directors of and encourages them to attend relevant training programmes conducted by the SGX-ST, Singapore Business Federation, Singapore Institute of Directors and other business and financial institutions and consultants.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Independence

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

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

One of the Independent Directors, Mr Tan Poh Chye Allan, is a partner at Virtus Law LLP, which provided corporate secretarial services to the Group in FY2016. The NC is of the view that the business relationship with Virtus Law LLP will not interfere with the exercise of independent judgement by Mr Tan in his role as Independent Director as the aforesaid corporate secretarial services were provided by another partner of Virtus Law LLP. As such, the NC considers Mr Tan to be independent. The Independent Directors did not receive any significant compensation from the Company for the provision of services in FY2016.

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

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

Board size and composition

The Board had reviewed the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The Board's composition is reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that the current Board and Board committees comprise high calibre individuals who are qualified with the appropriate mix of expertise, knowledge, skills and experience in areas relating to finance, accounting, legal and business strategy which provide for the effective functioning of the Board.

Role of Independent Directors

All Directors have equal responsibility for the Group's operations. The role of the three Independent Directors is particularly important in ensuring that all the strategies and objectives proposed by the Management are fully discussed and examined, and that they take into account the long term interests of the shareholders and the Group's employees.

During FY2016, the Independent Directors had met without the presence of Management. Where necessary, the Independent Directors will communicate to discuss matters related to the Group, including the performance of the Management.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Executive Chairman and the Chief Executive Officer ("CEO") are separate. The Group's Executive Chairman, Professor Lin Xiang Xiong @ Lin Ye, is responsible for formulating the Group's strategic plans and policies. He also plays a key role in developing the business of the Group, maintaining strategic relations with the Group's business partners and providing the Group with strong leadership and vision. He also, with the assistance of the Company Secretary and in consultation with Management, sets the agenda for Board meetings and ensures that the said meetings are held as and when it is necessary and that the Directors are provided with complete, adequate and timely information. In addition, he provides guidance, advice and leadership to the Board and the Management.

The Group's CEO, Mr Lim Kuoh Yang, is responsible for implementing the strategic plans and policies as well as managing the operations of the Group. He is also responsible for reporting to the Board on all aspects of the Group's operations and performance, providing quality leadership and guidance to the employees of the Group and managing effective communication with the media, shareholders, regulators and the public. He also takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance.

Mr Lim Kuoh Yang is the son of Professor Lin Xiang Xiong @ Lin Ye. In view of the relationship between the Executive Chairman and the CEO, the Board has appointed Mr Kuan Cheng Tuck as the Lead Independent Director to ensure that a separate channel of communication is always available to shareholders in the event that contact through normal channels of the Executive Chairman, the CEO or the Chief Financial Officer ("CFO") have failed to resolve their concerns or where such channel of communication is considered inappropriate. Guideline 2.2 of the Code is met as the Independent Director make up half of the Board.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board

NC composition and key terms of reference

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

The key terms of reference of the NC include:

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

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

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

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

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

(f) to propose a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board.

Each member of the NC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of matters in which he is interested.

Directors' time commitments and multiple directorships

The Board notes that none of the Directors holds more than five directorships in other listed companies. The Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company despite some of the Directors holding multiple board representations in other listed companies. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. The NC will continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. Currently, the Company does not have alternate directors.

Process for selection and appointment of new directors

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

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

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

(c) the NC will evaluate the skills, knowledge and experience of the Board and determine the role and the desirable competencies for a particular appointment and arrange to meet up with the short-listed candidates to ensure that the candidates are aware of the expectations and the level of commitment required; and

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

Process for re-appointment of directors

Article 117 of the Constitution provides that at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. Each Director shall retire at least once every three years. A retiring Director shall be eligible for re-election. Under Article 122 of the Constitution, Directors appointed by the Board during the financial year, shall only hold office until the next annual general meeting, and thereafter be eligible for re-election at the Company's annual general meeting.

The NC is responsible for re-appointment of Directors and in considering and deliberating on the re-election of the existing Directors, the NC will take into consideration the Director's contribution and performance. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings.

The NC has recommended to the Board that Mr Kuan Cheng Tuck and Mr Tan Poh Chye Allan be nominated for re-election at the forthcoming annual general meeting. In making the recommendation, the NC had considered the Directors' overall contribution and performance based on the assessment parameters.

Key information regarding Directors

Key information regarding the Directors and their shareholdings in the Company, are set out on pages 7 and 44, respectively, of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.

The dates of initial appointment and last re-election of each Director, together with his or her directorships in other listed companies and other principal commitments, are set out below:-

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies (other than the Company)	Past directorships in listed companies (preceding three years)	Other principal commitments
Professor Lin Xiang Xiong @ Lin Ye	20 September 2011	28 April 2016	None	None	- Innovation (China) Limited (Director) - Innovation Fund Limited (Director) - Innovation Worldwide Group Pte Ltd (Director)
Choo Chee Kong	20 September 2011	28 April 2016	None	- Second Chance Properties Ltd - Advance SCT Limited	- CK Agrifeed Sdn Bhd (Director)
Lim Kuoh Yang	11 August 2011	28 April 2015	None	None	None
Kuan Cheng Tuck	20 September 2011	28 April 2014	- Kori Holdings Limited - CW Group Holdings Limited (listed on HKEx) - Green Build Technology Limited	None	- KCT Consulting Pte. Ltd. (Director) - Kreston Consulting Pte. Ltd. (Director)
Tan Poh Chye Allan	20 September 2011	28 April 2014	- Avexa Limited - XYEC Holdings Co., Ltd. - Nico Steel Holdings Limited	- Adventus Holdings Limited	- Virtus Law LLP (Partner)
Gan Siew Lian	1 July 2012	28 April 2015	None	None	- Singtel (Director, Transformation Management Office)

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

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

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

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

The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

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

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Complete, adequate and timely information

The Directors are provided with complete, adequate and timely information prior to Board and Board committee meetings and on an ongoing basis. The Directors have separate and independent access to the Management at all times. In addition, Directors may also liaise directly with Management and other employees to seek additional information, if required. Board papers are distributed in advance of Board and Board committees meetings so that the Directors would have sufficient time to comprehensively understand the matters which are to be discussed. As a general rule, notices are sent to the Directors one week in advance of Board meetings, followed by the Board papers, in order for the Directors to be adequately prepared for the meetings.

The Management also regularly keeps the Board updated on the operational activities, project progress and development, and future prospects of the Group through Board papers and ad hoc email correspondences. Comprehensive quarterly financial reports are submitted to the Board for review and approval before they are released to the public. These updates and reports are supported with background or explanatory information, disclosure documents, proposals, work plans and budgets, forecasts and valuations, and monthly management accounts.

Company secretary

The Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board and Board committee meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. Where the Company Secretary is unable to attend any Board or Board committee meeting, the Company Secretary ensures that a suitable representative is arranged and that proper minutes of the same are taken and kept. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board committees and between Management and Independent Directors, advising the Board on all governance matters. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Independent professional advice

Each Director has the right to seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings as necessary in order to fulfill his duties and responsibilities as a Director, at the Company's expense.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director.

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

The key terms of reference of the RC include:

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

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

(c) to administer any long-term incentive schemes including share schemes which may be implemented by the Company, and to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

Each member of the RC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the RC in respect of matters in which he or she is interested.

The total remuneration of the employees who are related to the Directors will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. In the event that a member of the RC is related to the employee under review, he or she will abstain from such review.

The RC has access to appropriate external expert advice in relation to executive compensation, if necessary. In FY2016, no remuneration consultants were engaged.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Remuneration of executive directors and key management personnel

The remuneration package for Executive Directors and key management personnel are structured to link rewards to corporate and individual performance. The performance related elements of remuneration form a significant portion of the total remuneration package in order to align the Executive Directors' and key management personnels' interests with those of the shareholders. The RC will also take into consideration the pay and employment conditions within the industry and comparable companies.

The remuneration for the Company's Executive Directors and key management personnel comprises a basic salary component and a variable component which is a discretionary bonus, based on the performance of the Group as a whole and their individual performances. There are no pre-determined performance conditions for the discretionary bonus. The discretionary bonus for the Executive Directors and key management personnel will be recommended by the RC and subject to approval by the Board, which is based on qualitative criteria (including leadership, people development, commitment, teamwork, current market and industry practices) and quantitative criteria (including production, profit after tax and relative financial performance of the Group to its industry peers). The RC had reviewed the proposal and is satisfied that the performance conditions were met in FY2016.

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Directors and the key management personnel of the required experience and expertise. No Director is involved in any discussion relating to his own remuneration, terms and conditions of service, and the review of his performance.

The Company recognises the importance of motivating its employees and in this regard, the CNMC Performance Share Plan (the "PSP") was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011. Please refer to page 35 for further details on the PSP. The Scheme is administered by the Remuneration Committee. No award was granted under the Scheme in FY2016.

The Executive Directors have each entered into a service agreement with the Company, under which terms of their employment are stipulated. There are no excessively long or onerous removal clauses in these service agreements. The employment of each Executive Director shall be automatically renewed on a year-on-year basis on such terms and conditions as the parties may agree. Either party may terminate the service agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Executive Director's last drawn monthly salary. There is no profit-sharing provision in the service agreements of the three Executive Directors.

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

Remuneration of independent directors

The Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the annual general meeting. Except as disclosed in this Annual Report, the Independent Directors do not receive any remuneration from the Company.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

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

The breakdown of the remuneration of the Directors and key management personnel for FY2016 is set out as below:

Remuneration of Directors for FY2016

Remuneration Band and Name of Director	Base/Fixed Salary	Director's Fees	Bonus	Total
Between S$1,750,000 and S$2,000,000 per annum				
Professor Lin Xiang Xiong @ Lin Ye	33%	–	67%	100%
Between S$750,000 and S$1,000,000 per annum				
Lim Kuoh Yang	43%	–	57%	100%
Between S$250,000 and S$500,000 per annum				
Choo Chee Kong	60%	–	40%	100%
Below S$250,000 per annum				
Kuan Cheng Tuck	–	100%	–	100%
Tan Poh Chye Allan	–	100%	–	100%
Gan Siew Lian	–	100%	–	100%

Remuneration of key management personnel

Remuneration Band and Name of key management personnel	Base/Fixed Salary	Bonus	Total
Between S$250,000 and S$500,000 per annum			
Cheam Chee Chian	60%	40%	100%
Below S$250,000 per annum			
Lim Kwang Hui	38%	62%	100%
Ang Kee Har	44%	56%	100%
Kan Wai Khen	60%	40%	100%

The annual aggregate remuneration paid to the four key management personnel of the Group (who are not directors or the CEO of the Company) in FY2016 was S$735,978. Given the size of the Group's operations, the Company had identified four key management personnel as above.

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

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

There were no employees who were the immediate family members of a Director or the CEO, whose remuneration exceeded S$50,000 in FY2016.

Performance Share Plan

The Company has in place the PSP which was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011.

The PSP is primarily a share incentive scheme. The purpose of the PSP is to provide an opportunity for the Group's employees, who have met the performance conditions which are prescribed by the awards committee at the grant of the award and subject to the final approval by the Board, to be remunerated not just through cash bonuses but also through an equity stake in the Company.

The PSP will enable the Company to give recognition to such employees who have made contributions to the success and continued well-being of the Group. It will also help to achieve the following positive objectives:

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

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

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

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

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

The Group believes that with the PSP and any other share-based incentive scheme which the Group may adopt, the Group is equipped with a set of flexible remuneration tools, with which the Group would be better able to attract and retain talents. Details of the PSP are set out in the Company's offer document dated 18 October 2011.

The PSP has since been amended through the insertion of a new Rule 5.8. The amendment was approved at the Company's extraordinary general meeting held on 27 April 2012 and the details are set out in the Company's Circular dated 12 April 2012.

In FY2016, no awards of shares had been granted under the PSP to any employees and Directors of the Company.

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

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

The Board reviews and approves the financial results as well as any announcements before its release. The Board provides shareholders with quarterly and annual financial reports and any other information via the SGXNET in accordance with the statutory requirements of the Catalist Rules. In presenting the financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and comprehensive assessment of the Company's and the Group's performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

Price sensitive information will be publicly released before the Company meets with any group of shareholders, investors or research analysts. Financial results and annual reports are announced and issued within the statutory prescribed periods.

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

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Risk Management

The Group currently does not have a separate Risk Management Committee but the Management regularly reviews the Group's operational and business activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all the significant control policies and procedures and highlights all significant findings and matters to the Directors and the AC. The Board is ultimately responsible for the Group's risk management.

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

Internal Controls

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

Apart from the above, the AC also commissions and reviews the findings of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. The Board reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls on an annual basis. In FY2016, RSM Ethos Pte Ltd was engaged to conduct reviews of the material internal controls and to test if the controls were properly implemented.

The Board has received assurance from the CEO and the CFO (a) that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2016 give a true and fair view of the Group's operations and finances; and (b) regarding the effectiveness of the Group's risk management and internal controls system.

Based on the assurance from the CEO and CFO referred to in the preceding paragraph, the framework of risk management and internal controls established and maintained by the Group, the review performed by the Management and the AC, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2016.

Audit Committee

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

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

The AC assists the Board in discharging its responsibility in safeguarding the Company's assets, maintaining adequate accounting records, and developing and maintaining effective systems of internal controls with an overall objective to ensure that the Management has created and maintained an effective control environment in the Group. The AC will provide a channel of communication between the Board, the Management and the external and internal auditors of the Company on matters relating to audit.

The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders. The AC will meet at least quarterly. The key terms of reference of the AC include:-

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

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

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

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

(e) to review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

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

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

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

The AC has been given full authority to investigate any matter within its terms of reference and has full access to the cooperation of the Management. It also has full discretion to invite any Director or key management personnel to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC members are briefed and updated by the external auditors on any changes or developments to the accounting standards and issues which have a direct impact on financial statements during AC meetings.

Summary of the AC's activities

In FY2016, the AC met four times with the external auditors and once without the presence of Management. These meetings enable the external auditors to raise issues encountered in the course of their work directly to the AC.

In FY2016, the AC, amongst other things, carried out the following:

(a) reviewed the quarterly, half-yearly and full year announcements, all material announcements and all related disclosures to shareholders before submission to the Board for approval;

(b) reviewed the audit plan and audit report from external auditors;

(c) reviewed the independence and objectivity of the external auditors through discussion with the external auditors as well as reviewing the non-audit fees awarded to them. The AC was satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors. Details of the fees paid or payable to the external auditors are disclosed in the accompanying financial statements;

(d) recommended to the Board that KPMG LLP be nominated for re-appointment as the Company's auditors at the forthcoming annual general meeting of the Company;

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

(f) reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Whistle-blowing Policy

The Company has put in place a whistle-blowing policy. The policy encourages employees to raise concerns, in confidence, about possible irregularities to Mr Kuan Cheng Tuck, the Chairman of the whistle-blowing committee, or Mr Tan Poh Chye Allan, a member of the whistle-blowing committee. Such concerns include fraudulent acts, dishonesty, legal breaches and other serious improper conduct, unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation. It aims to provide an avenue for employees to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

Whenever a concern is raised under the policy by writing, telephonically or in person to the above mentioned whistle-blowing committee member, the whistle-blower and the report received shall be treated with utmost confidentiality and will be attended to immediately. The whistle-blowing policy is posted on a notice board at the Company's premises. The email addresses of Mr Kuan Cheng Tuck and Mr Tan Poh Chye Allan are stated in the whistle-blowing policy.

When making a report, the whistle-blower should provide the following information as stated in the whistle-blower report form:

- Name, NRIC and contact details;
- Parties involved, time and place of the alleged improprieties;
- Evidence leading to the improprieties, if any; and
- Any other details or documentation that would assist in the evaluation of the improprieties.

Some concerns may be resolved by agreed action without the need for investigation. If investigation is necessary, the whistle-blowing committee member will direct an independent investigation to be conducted on the complaint received. All whistle-blowers have a duty to cooperate with investigations.

The AC oversees the administration of the whistle-blowing policy. Periodic reports will be submitted to the AC stating the number and the complaints received, results of the investigations, follow-up actions required and any unresolved complaints. There were no whistle-blowing reports received in FY2016.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The objective of the internal audit function is to provide independent recommendations designed to improve the Group's operations. Internal audit helps to determine whether the Group's risk management, internal controls and corporate governance processes, as designed by the Group, are adequate and effective.

The AC selects and approves the appointment of the internal auditors. In FY2016, the Company appointed RSM Ethos Pte Ltd as its internal auditors to conduct reviews on material internal controls and to test if the controls are properly implemented. The internal auditors report directly to the AC functionally and to the Executive Chairman administratively, and has full access to all the Company's documents, records, properties and personnel. The AC is satisfied that the internal auditors is staffed with suitably qualified and experienced personnel.

The AC decides on the timing of the commissioning of the internal audit function from time to time and reviews the audit plans of the internal auditors, ensures that adequate resources are directed to carry out those plans and reviews the results of the internal auditor's examination of the Company's system of internal controls. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied with its adequacy and effectiveness.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All the Company's shareholders are treated fairly and equitably. Procedures are implemented to ensure that there is adequate disclosure of the developments and the operations in the Group in accordance with the Catalist Rules.

The shareholders are informed of general meetings through notices enclosed together with the annual reports or circulars sent to all shareholders. These notices are also announced via SGXNET and published in the newspapers.

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

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

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

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Disclosure of information on a timely basis

The Board believes in transparency and strives towards timely dissemination of material information to the Company's shareholders and the public. The information is disseminated through the SGXNET in accordance with the Catalist Rules.

All shareholders of the Company shall receive the annual report, circular, notice of annual general meeting and notice of extraordinary general meeting. In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

The Company also disseminates information, including the financial reports and annual report, to shareholders and the public through its website www.cnmc.com.hk.

Interaction with shareholders

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

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

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

Dividend Policy

On the 10 August 2016, the Company declared 1st interim one-tier tax exempt dividend of S$0.0020 per ordinary share in respect of FY2016 and the payment of the interim dividend was made on 8 September 2016 to all the shareholders.

On the 12 December 2016, the Company declared 2nd interim one-tier tax exempt dividend of S$0.0020 per ordinary share in respect of FY2016 and the payment of the interim dividend was made on 20 January 2017 to all the shareholders.

To further reward shareholders, the Company is proposing a final dividend of S$0.0020 per share and a special dividend of S$0.00534 per share for FY2016, to be approved by shareholders at the forthcoming annual general meeting.

Notwithstanding the above, the Company aspires to pay dividends of up to 30% of its net profits for each financial year going forward, based on the recommendations of the Board and subject to the factors described below.

The Company's dividend policy is as follows:

(a) in determining the Company's dividend pay-out ratio in respect of any particular financial year, the Board will take into account the Group's desire to maintain or potentially increase dividend levels in accordance with the Company's overall objective of maximising shareholder value over the longer term; and

(b) to the extent that any dividends are paid in the future, the form, frequency and amount of such dividends will depend on the Group's results of operations, future prospects, financial conditions, other cash requirements including projected capital expenditure, other investment plans, the terms of borrowing arrangements (if any), dividend yield of comparable companies listed in Singapore, general economic and business conditions in both Singapore and Malaysia as well as other factors deemed relevant by the Directors.

The Directors may recommend or propose final dividends which will be approved by shareholders by way of an ordinary resolution at the annual general meeting. The Directors may also declare and pay interim dividends without the approval of the shareholders.

Shareholders and investors should note that all the foregoing statements, including the statements in the dividend policy mentioned above, are merely statements of the Company's present intention and shall not constitute a legally binding statement in respect of any future dividends which may be subject to modification (including reduction or non-declaration thereof) in the Directors' sole and absolute discretion. No inference shall or can be made from any of the foregoing statements as to the Company's actual future profitability or ability to pay dividends in any of the periods discussed.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board supports the Code's principle to encourage shareholders' participation at the annual and extraordinary general meetings of the Company.

The Board encourages all the shareholders to attend annual and extraordinary general meetings to ensure a greater level of shareholders' participation and to meet with the Board and the Management so as to stay informed of the Company's developments. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. For those who are not registered as shareholders of the Company, the Company may welcome them to attend the general meetings as observers.

At the annual general meeting of the Company, shareholders are given the opportunity to air their views and to ask the Directors, including the chairman of the Board committees and the Management questions regarding the Group and its business. The external auditors are also present at the annual general meeting to assist the Directors in addressing any relevant queries from the shareholders.

All minutes of the discussion at the general meetings are available to shareholders upon their request.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

To enhance the shareholders' participation, the Company puts all resolutions at general meetings to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. The polling results are announced via the SGXNET and posted on the Company's website after the general meetings.

5. OTHER INFORMATION

Dealing with Securities

In line with Rule 1204(19) of the Catalist Rules, the Group has adopted an internal compliance code to guide and advise all Directors and executives of the Company with regard to dealing in the Company's securities.

The internal compliance code prohibits dealings in the Company's securities by the Company, all Directors and executives on short-term considerations or if they are in possession of unpublished price sensitive information of the Company. The "black-out" periods are one month prior to the announcement of the Company's full-year financial results and two weeks prior to the announcement for each of the three quarterly financial results by the Company and ending on the date of the announcement of the financial results.

In addition, the Company reminds all the Directors and executives to observe insider-trading rules and laws at all times.

Interested Person Transactions

There were no interested person transactions above S$100,000 entered into by the Group in FY2016.

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

Material Contracts

There were no material contracts of the Company and its subsidiaries involving the interests of any Director or controlling shareholders that are either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees

There were no non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance. Pte. Ltd. in FY2016.

Financial Contents

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the financial statements set out on pages 50 to 94 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Professor Lin Xiang Xiong @ Lin Ye
Choo Chee Kong
Lim Kuoh Yang
Kuan Cheng Tuck
Tan Poh Chye Allan
Gan Siew Lian

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants or share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year		Holdings at end of the year	
	Direct interest	Deemed interest	Direct interest	Deemed interest
CNMC Goldmine Holdings Limited				
- ordinary shares				
Professor Lin Xiang Xiong @ Lin Ye	1,100,000	106,987,500	1,100,000	106,987,500
Choo Chee Kong	205,000	52,662,500	205,000	52,662,500
Lim Kuoh Yang	–	108,087,500	–	108,087,500

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

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Performance shares

The Company has a performance share plan known as the CNMC Performance Share Plan (the "PSP") which was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011. The PSP was subsequently amended and approved by insertion of a new Rule 5.8 at the Company's extraordinary general meeting held on 27 April 2012.

The PSP is administered by an awards committee comprising Mr Tan Poh Chye Allan, Mr Kuan Cheng Tuck and Ms Gan Siew Lian. The PSP grants a participant the right to receive fully paid shares free of charge, upon the participant achieving prescribed performance targets. Employees of the Group, employees of an associated company, directors and employees of the Company's parent company and its subsidiaries, and controlling shareholders and their associates are eligible to participate in the PSP.

The total number of new shares which may be issued pursuant to awards granted under the PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of award. The aggregate number of shares available under the PSP shall not exceed 15% of the total issued share capital of the Company from time to time.

As at the end of the financial year, no awards of shares have been granted under the PSP to controlling shareholders or their associates and no participants have received shares which in aggregate represent 5% or more of the total number of shares available under the PSP.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

- Kuan Cheng Tuck (Chairman)
- Tan Poh Chye Allan
- Gan Siew Lian

All the members of the Audit Committee are non-executive directors of the Company who are independent of the Group and the Company's management.

The Audit Committee performs the functions specified in Section 201B of the Act, the Singapore Exchange Securities Trading Limited Listing Manual Section B : Rules of Catalist (the "Catalist Rules") and the Code of Corporate Governance 2012.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Catalist Rules).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming annual general meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

Auditors

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

On behalf of the Board of Directors

Professor Lin Xiang Xiong @ Lin Ye
Director

Choo Chee Kong
Director

21 March 2017

Report on the financial statements

Opinion

We have audited the financial statements of CNMC Goldmine Holdings Limited ('the Company') and its subsidiaries ('the Group'), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 95.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

<table>
<tr><td colspan="2">Valuation of exploration and evaluation ("E&E") assets of US$ 2,200,202 (2015: US$ 2,084,960) (Note 4), mine properties of US$ 14,129,175 (2015: US$ 9,617,124) (Note 5) and property, plant and equipment ("PPE") of US$ 6,383,824 (2015: US$ 8,163,432) (Note 6).</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Management is required to assess whether there are facts and circumstances indicating that they should test the E&E assets, mine properties and PPE for impairment.

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

We considered the current phase of the Group's mining lease at the Sokor gold mine project ("Sokor") which was due to expire in 2018.

Management has engaged external specialists to provide an estimate of the reserves at Sokor. We assessed the objectivity and competency of the external specialists and considered whether the latest estimate provided in March 2016 was indicative of impairment.</td></tr>
<tr><td colspan="2"><u>Our findings</u>
The judgment applied by management in determining whether there was any indication of impairment on E&E assets, mine properties and PPE was appropriate.

The Group's application for large scale production and extension of mining lease at Sokor was approved during the year. The new mining lease allows the Group to continue operating Sokor up to 31 December 2034.

The external specialists belong to the Australasian Institute of Mining and Metallurgy and their estimate issued in March 2016 did not identify indications of impairment.</td></tr>
</table>

Other information

Management is responsible for the other information. The other information comprises the Chairman's statement, Financial review, Corporate governance report and Directors' statement which we obtained prior to the date of this auditors' report, and the Operations review, Qualified person's report and Statistics of Shareholding ('the Reports') which are expected to be made available to us after that date.

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

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 March 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group		Company	
		2016	2015	2016	2015
		US$	US$	US$	US$
Assets					
Exploration and evaluation assets	4	2,200,202	2,084,960	–	–
Mine properties	5	14,129,175	9,617,124	–	–
Property, plant and equipment	6	6,383,824	8,163,432	49,139	109,525
Interests in subsidiaries	7	–	–	8,306,587	8,306,587
Non-current assets		22,713,201	19,865,516	8,355,726	8,416,112
Inventories	8	660,183	868,800	–	–
Trade and other receivables	9	1,396,635	832,096	14,595,386	8,469,129
Cash and cash equivalents	10	26,954,685	22,134,539	289,721	902,869
Current assets		29,011,503	23,835,435	14,885,107	9,371,998
Total assets		51,724,704	43,700,951	23,240,833	17,788,110
Equity					
Share capital	11	18,032,233	18,032,233	18,032,233	18,032,233
Treasury shares	12	(75,092)	(75,092)	(75,092)	(75,092)
Reserves	13	2,755,183	2,764,011	–	–
Retained earnings/(Accumulated losses)		18,919,936	12,773,507	(769,255)	(1,228,256)
Equity attributable to owners of the Company		39,632,260	33,494,659	17,187,886	16,728,885
Non-controlling interests	14	5,914,349	4,551,057	–	–
Total equity		45,546,609	38,045,716	17,187,886	16,728,885
Liabilities					
Loans and borrowings	15	57,689	100,429	–	–
Deferred tax liabilities	16	1,580,834	1,249,649	–	–
Non-current liabilities		1,638,523	1,350,078	–	–
Loans and borrowings	15	38,514	42,613	–	–
Accrued rehabilitation costs	17	602,198	326,635	–	–
Trade and other payables	18	2,791,469	2,998,863	5,489,579	539,293
Dividends payable		1,029,647	916,800	563,368	518,541
Current tax liabilities		77,744	20,246	–	1,391
Current liabilities		4,539,572	4,305,157	6,052,947	1,059,225
Total liabilities		6,178,095	5,655,235	6,052,947	1,059,225
Total equity and liabilities		51,724,704	43,700,951	23,240,833	17,788,110

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Note	2016 US$	2015 US$
Revenue		34,668,274	36,470,636
Other income	19	77,587	150,401
Changes in inventories of work in progress		(160,279)	267,556
Amortisation and depreciation	20	(4,526,517)	(3,985,961)
Employee benefits expenses		(3,056,955)	(2,727,262)
Key management remuneration		(3,015,078)	(2,491,172)
Marketing and publicity expenses		(285,511)	(247,602)
Office and administration expenses		(399,945)	(301,870)
Professional fees		(517,555)	(590,341)
Rental expense on operating lease		(940,806)	(858,261)
Royalty and tribute fee expenses		(3,081,785)	(2,719,321)
Site and factory expenses		(5,586,595)	(5,750,974)
Travelling and transportation expenses		(265,349)	(179,520)
Other expenses	21	(1,608,037)	(3,060,763)
Total expenses		(23,444,412)	(22,645,491)
Finance income	22	1,008,455	472,877
Finance costs	22	(2,937)	(9,967)
Net finance income		1,005,518	462,910
Profit before tax		12,306,967	14,438,456
Tax expense	23	(791,517)	(1,009,573)
Profit for the year	24	11,515,450	13,428,883
Profit attributable to:			
Owners of the Company		9,087,610	10,666,397
Non-controlling interests	14	2,427,840	2,762,486
Profit for the year		11,515,450	13,428,883
Earnings per share			
Basic and diluted (cents)	25	2.23	2.62

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 US$	2015 US$
Profit for the year	11,515,450	13,428,883
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation of foreign subsidiaries	(10,554)	(53,465)
Other comprehensive income for the year, net of tax	(10,554)	(53,465)
Total comprehensive income for the year	11,504,896	13,375,418
Total comprehensive income attributable to:		
Owners of the Company	9,078,782	10,621,672
Non-controlling interests	2,426,114	2,753,746
Total comprehensive income for the year	11,504,896	13,375,418

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

Group	Note	Share capital US$	Treasury shares US$	Capital reserve US$	Translation reserve US$	Retained earnings/ (Accumulated losses) US$	Total attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
At 1 January 2015		18,032,233	–	2,824,635	(15,899)	4,318,583	25,159,552	2,652,568	27,812,120
Total comprehensive income for the year									
Profit for the year		–	–	–	–	10,666,397	10,666,397	2,762,486	13,428,883
Other comprehensive income									
Exchange differences arising on consolidation of foreign subsidiaries		–	–	–	(44,725)	–	(44,725)	(8,740)	(53,465)
Total other comprehensive income		–	–	–	(44,725)	–	(44,725)	(8,740)	(53,465)
Total comprehensive income for the year		–	–	–	(44,725)	10,666,397	10,621,672	2,753,746	13,375,418
Transactions with owners, recognised directly in equity									
Distributions to owners									
Final dividends declared for year ended 31 December 2014	26	–	–	–	–	(1,158,409)	(1,158,409)	–	(1,158,409)
Interim dividends declared for year ended 31 December 2015	26	–	–	–	–	(1,053,064)	(1,053,064)	–	(1,053,064)
Dividends paid to non-controlling interests	26	–	–	–	–	–	–	(855,257)	(855,257)
Purchase of treasury shares	12	–	(75,092)	–	–	–	(75,092)	–	(75,092)
Total distributions to owners		–	(75,092)	–	–	(2,211,473)	(2,286,565)	(855,257)	(3,141,822)
Total transactions with owners		–	(75,092)	–	–	(2,211,473)	(2,286,565)	(855,257)	(3,141,822)
At 31 December 2015		18,032,233	(75,092)	2,824,635	(60,624)	12,773,507	33,494,659	4,551,057	38,045,716

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2016

Group	Note	Share capital US$	Treasury shares US$	Capital reserve US$	Translation reserve US$	Retained earnings US$	Total attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
At 1 January 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 year									
Profit for the year		–	–	–	–	9,087,610	9,087,610	2,427,840	11,515,450
Other comprehensive income									
Exchange differences arising on consolidation of foreign subsidiaries		–	–	–	(8,828)	–	(8,828)	(1,726)	(10,554)
Total other comprehensive income		–	–	–	(8,828)	–	(8,828)	(1,726)	(10,554)
Total comprehensive income for the year		–	–	–	(8,828)	9,087,610	9,078,782	2,426,114	11,504,896
Transactions with owners, recognised directly in equity									
Distributions to owners									
Final dividends declared for year ended 31 December 2015	26	–	–	–	–	(1,761,742)	(1,761,742)	–	(1,761,742)
Interim dividends declared for year ended 31 December 2016	26	–	–	–	–	(1,179,439)	(1,179,439)	–	(1,179,439)
Dividends paid to non-controlling interests	26	–	–	–	–	–	–	(1,062,822)	(1,062,822)
Total distributions to owners		–	–	–	–	(2,941,181)	(2,941,181)	(1,062,822)	(4,004,003)
Total transactions with owners		–	–	–	–	(2,941,181)	(2,941,181)	(1,062,822)	(4,004,003)
At 31 December 2016		18,032,233	(75,092)	2,824,635	(69,452)	18,919,936	39,632,260	5,914,349	45,546,609

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 US$	2015 US$
Cash flows from operating activities			
Profit for the year		11,515,450	13,428,883
Adjustments for:			
Amortisation of mine properties	20	1,948,909	1,675,567
Depreciation of property, plant and equipment	20	2,577,608	2,310,394
Gain on disposal of property, plant and equipment		–	(8,030)
Interest expense		2,937	9,967
Interest income		(1,008,455)	(472,877)
Plant and equipment written off		100,070	3,159
Unrealised loss on foreign exchange		1,455,456	3,000,618
Tax expense		791,517	1,009,573
		17,383,492	20,957,254
Changes in:			
- Inventories		208,617	(66,592)
- Trade and other receivables		(1,291,616)	(374,461)
- Accrued rehabilitation costs, and trade and other payables		7,324	(440,938)
Cash generated from operations		16,307,817	20,075,263
Interest received		1,008,455	472,877
Interest paid		(2,937)	(9,967)
Tax paid		(407,431)	(307,781)
Net cash generated from operating activities		16,905,904	20,230,392
Cash flows from investing activities			
Payment for exploration and evaluation assets, and mine properties		(5,509,391)	(1,252,930)
Proceeds from sales of property, plant and equipment		–	8,030
Purchase of property, plant and equipment		(893,769)	(2,901,578)
Net cash used in investing activities		(6,403,160)	(4,146,478)
Cash flows from financing activities			
Purchase of treasury shares		–	(75,092)
Dividends paid to equity holders of the Company		(2,888,371)	(2,154,829)
Dividends paid to non-controlling interests		(992,294)	(752,686)
Payment of finance lease liabilities		(47,457)	(67,538)
Net cash used in financing activities		(3,928,122)	(3,050,145)
Net increase in cash and cash equivalents		6,574,622	13,033,769
Cash and cash equivalents at 1 January		22,134,539	12,339,714
Effect of exchange rate fluctuations on cash held		(1,754,476)	(3,238,944)
Cash and cash equivalents at 31 December	10	26,954,685	22,134,539

During the year ended 31 December 2016, the Group acquired property, plant and equipment with an aggregate cost of US$1,016,310 (2015: US$3,100,440). As at 31 December 2016, a total consideration of US$122,541 (2015: US$198,862) is yet to be paid to third parties.

The Group also acquired exploration and evaluation assets and mine properties with an aggregate cost of US$6,576,202 (2015: US$1,869,862) of which US$290,284 (2015: US$307,677) was included in accrued rehabilitation costs (note 17). As at 31 December 2016, a total consideration of US$154,527 (2015: US$309,255) is yet to be paid to third parties.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 March 2017.

1 Domicile and activities

CNMC Goldmine Holdings Limited is a company incorporated in Singapore. The address of the Company's registered office is 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455.

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in note 7 to the financial statements. One of the subsidiaries, CMNM Mining Group Sdn. Bhd. has the contractual rights granted by the Kelantan State Economic Development Corporation, to mine and produce gold and other minerals found within a mining area covering approximately 10 square kilometres within Sungai Amang and Sungai Sejana, Mukim Sokor, Sokor, Tanah Merah, Kelantan, Malaysia. During the financial year, the contractual rights were extended to 31 December 2034.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in United States Dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – Impairment of exploration and evaluation assets
- Note 5 – Impairment and amortisation of mine properties

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

(i) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- ***Level 1:*** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ***Level 2:*** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ***Level 3:*** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 30 – Financial instruments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interests in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their own capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iv) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to United States Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States Dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such monetary items are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3 Significant accounting policies (cont'd)

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

Loans and receivables

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

3 Significant accounting policies (cont'd)

3.3 Financial instruments

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

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

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

3.4 Property, plant and equipment, and mine properties

(i) Recognition and measurement

Upon completion of mine construction, the assets are transferred into property, plant and equipment or mine properties. Items of property, plant and equipment and mine properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When a mine construction project moves into production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

When parts of an item of property, plant and equipment, and mine properties have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and mine properties.

The gain or loss on disposal of an item of property, plant and equipment and mine properties is calculated by comparing the net proceeds from disposal with the carrying amount of the property, plant and equipment, and mine properties, and is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3 Significant accounting policies (cont'd)

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

(iii) Amortisation/Depreciation

Accumulated mine development costs are amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for running of mines costs are recoverable ounces of gold. The unit-of-production rate for the amortisation of mine development costs takes into account expenditure incurred to date, together with sanctioned future development expenditure.

Mining rights are amortised to profit or loss on a straight-line basis over the assigned term of the rights, from the date the rights is available for use.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

For property, plant and equipment, depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is provided on construction work in progress.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of other property, plant and equipment are as follows:

- buildings 5 to 8 years
- plant and equipment 3 to 8 years
- fixtures and fittings 2 to 3 years
- motor vehicles 3 years

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

3.5 Mineral exploration, evaluation and development expenditure

(i) Pre-mining rights costs

Costs incurred prior to obtaining mining rights are expensed in the period in which they are incurred.

(ii) Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the directors conclude that a future economic benefit is more likely than not to be realised. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating if expenditures meet the criteria to be capitalised, several different sources of information are utilised. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

3 Significant accounting policies (cont'd)

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

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

Drilling and related costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are exploration and evaluation expenditures, and are expensed as incurred to the date of establishing that costs incurred are economically recoverable. Further exploration and evaluation expenditures, subsequent to the establishment of economic recoverability, are capitalised and included in the carrying amount of the mineral assets.

Management evaluates the following criteria in its assessments of economic recoverability and probability of future economic benefit:

- Geology - whether or not there is sufficient geologic and economic certainty of being able to convert a residual mineral deposit into a proven and probable reserve at a development.
- Scoping - there is a scoping study or preliminary feasibility study that demonstrates the additional resources will generate a positive commercial outcome. Known metallurgy provides a basis for concluding there is a significant likelihood of being able to recoup the incremental costs of extraction and production.
- Accessible facilities - mining property can be processed economically at accessible mining and processing facilities where applicable.
- Life of mine plans - an overall life of mine plan and economic model to support the mine and the economic extraction of resources/reserves exists. A long-term life of mine plan, and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.
- Authorisations - operating permits and feasible environmental programs exist or are obtainable.

Prior to capitalising exploration drilling and related costs, management will determine that the following conditions have been met that will contribute to future cash flows:

There is a probable future benefit that will contribute to future cash inflows;

- The Group can obtain the benefit and controls access to it;
- The transaction or event giving rise to the future benefit has already occurred; and
- Costs incurred can be measured reliably.

If after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount is written off in profit or loss in the period when the new information becomes available.

Once reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to "Mines under construction". No amortisation is charged during the exploration and evaluation phase.

(iii) Mines under construction

Upon transfer of "Exploration and evaluation costs" into "Mines under construction", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within "Mines under construction". Development expenditure is net of proceeds from all but the incidental sale of ore extracted during the development phase. After production starts, all assets included in "Mines under construction" are transferred to "Producing mines".

3 Significant accounting policies (cont'd)

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.7 Inventories

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

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed, it is expensed as incurred. When the future processing of this ore can be predicted with confidence, it is valued at lower of cost and net realisable value. If the ore will not be processed within 12 months after the reporting date, it is included within non-current assets. Quantities are assessed primarily through surveys and assays.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and conditions.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Materials and supplies are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific items of stocks. A regular review is undertaken to determine the extent of any provision for obsolescence.

3.8 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy and adverse changes in the payment status of borrowers in the group.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at the specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transaction

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up differences between expected and actual outcomes.

3 Significant accounting policies (cont'd)

3.10 Accrued rehabilitation costs

The Group records the costs of legal obligations required to restore operating locations on an annual basis. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the accrued costs are capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development/construction of the mine.

Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

3.11 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts.

Revenue from the sales of gold and non-gold metals is recognised when there has been a transfer of significant risks and rewards of ownership to the customer, no further work or processing is required by the Group, the quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is reasonably assured. This is generally when title passes and the goods have been delivered to a contractually agreed location. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3.12 Finance income and finance costs

Finance income comprise interest income on cash and cash equivalents. Interest income is recognised as it accrues in profit and loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

3 Significant accounting policies (cont'd)

3.13 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of that specified asset or assets; and
- the arrangement conveys the right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3 Significant accounting policies (cont'd)

3.15 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's executive directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, mine properties, and exploration and evaluation assets.

3.17 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group has assessed the transition options and the potential impact on its financial statements. The Group does not plan to adopt these standards early.

A summary of requirements of the new standards and the potential impact on the financial statements are as follows:

Applicable to 2018 financial statements

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreement for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

3 Significant accounting policies (cont'd)

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

Applicable to 2018 financial statements (cont'd)

FRS 115 *Revenue from Contracts with Customers (cont'd)*

Potential impact on the financial statements

During 2016, the Group completed its assessment of the impact on the Group's financial statements. Based on its assessment, the Group does not expect any material changes on adoption of FRS 115.

The Group plans to adopt the standard, as necessary, when it becomes effective in 2018.

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

Potential impact on the financial statements

During 2016, the Group completed its assessment of the impact on the Group's financial statements. Overall, the Group does not expect any material impact on its opening equity.

Classification and measurement

The Group does not expect any changes to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

Impairment

The Group intends to adopt the simplified approach and record lifetime expected impairment losses on all trade and other receivables. On adoption of FRS 109, the Group does not expect an increase in the impairment loss allowance.

The Group plans to adopt the standard, as necessary, when it becomes effective in 2018 without restating comparative information.

3 Significant accounting policies (cont'd)

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

Applicable to 2018 financial statements (cont'd)

FRS 109 *Financial Instruments (cont'd)*

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

Applicable to 2019 financial statements

FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases—Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

Potential impact on the financial statements

The Group has performed a high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to note 28 (ii)). Based on the assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard.

The Group plans to adopt the standard, as necessary, when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017.

The Group expects that the impact on adoption of IFRS 16 Leases to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

4 Exploration and evaluation assets

	Group	
	2016 US$	2015 US$
At 1 January	2,084,960	4,990,395
Expenditure incurred during the year	115,242	1,541,698
Expenditure transferred to mine properties	–	(4,447,133)
At 31 December	2,200,202	2,084,960

Impairment of exploration and evaluation assets

The Group has substantial investments in exploration and evaluation assets for its mining operations in Malaysia whereby the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine the technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The Group performs impairment testing in accordance with the Group's accounting policy for impairment (note 3.8(ii)).

5 Mine properties

	Mining rights US$	Mine design in progress US$	Producing mines US$	Total US$
Group				
Cost				
At 1 January 2015	496,801	184,000	7,885,848	8,566,649
Additions	–	–	328,164	328,164
Expenditure transferred from exploration and evaluation assets	–	–	4,447,133	4,447,133
Reclassification	–	(184,000)	184,000	–
At 31 December 2015/1 January 2016	496,801	–	12,845,145	13,341,946
Additions	5,807,049	–	653,911	6,460,960
At 31 December 2016	6,303,850	–	13,499,056	19,802,906
Accumulated amortisation				
At 1 January 2015	331,200	–	1,718,055	2,049,255
Amortisation charge for the year	49,680	–	1,625,887	1,675,567
At 31 December 2015/1 January 2016	380,880	–	3,343,942	3,724,822
Amortisation charge for the year	278,799	–	1,670,110	1,948,909
At 31 December 2016	659,679	–	5,014,052	5,673,731
Carrying amounts				
At 1 January 2015	165,601	184,000	6,167,793	6,517,394
At 31 December 2015/1 January 2016	115,921	–	9,501,203	9,617,124
At 31 December 2016	5,644,171	–	8,485,004	14,129,175

The carrying amount of the mining rights represents the gold exploration and mining rights for the Sokor gold field project located in the District of Tanah Merah, Kelantan, Malaysia up to 31 December 2034.

Mine design in progress is reclassified to producing mines and amortised after the contractor completes the mine design at the mine site.

Impairment of mine properties

The Group has substantial investments in mine properties for its mining operations in Malaysia. Management has identified the Group's mine properties as a single CGU.

Impairment loss is recognised when events and circumstances indicate that the Group's mine properties may be impaired and the carrying amounts of mine properties exceed their recoverable amounts.

The management determined that no impairment to the mine properties was necessary as at 31 December 2016 based on the renewal of the mining lease granted during the year which allows the Group to continue operating at Sokor up to 31 December 2034.

Amortisation

The carrying amount of the mining rights and mine design are amortised on a straight-line basis over the remaining useful life of the mining rights. For mine development costs recorded under "Producing mines", the carrying amount is amortised based on units-of-production basis over the economically recoverable reserves of the mine concerned.

Management reviews and revises the estimates of the recoverable reserve of the mine and, remaining useful life and residual values of mine properties at the end of each financial year. Any changes in estimates of the recoverable reserve of the mine and, the useful life and residual values of the mine properties would impact the amortisation charges and consequently affect the Group's results.

6 Property, plant and equipment

	Buildings US$	Plant and equipment US$	Fixtures and fittings US$	Motor vehicles US$	Construction work in progress US$	Total US$
Group						
Cost						
At 1 January 2015	4,324,437	5,707,782	232,402	1,594,661	1,356,418	13,215,700
Additions	101,859	924,964	12,231	51,434	2,009,952	3,100,440
Disposals/Written off	(37,708)	(13,571)	(1,941)	(16,735)	–	(69,955)
Reclassification	1,543,620	320,495	–	–	(1,864,115)	–
At 31 December 2015/ 1 January 2016	5,932,208	6,939,670	242,692	1,629,360	1,502,255	16,246,185
Additions	–	182,384	–	29,685	804,241	1,016,310
Disposals/Written off	(108,406)	(195,932)	–	(785)	–	(305,123)
Reclassification	344,045	336,821	–	–	(680,866)	–
At 31 December 2016	6,167,847	7,262,943	242,692	1,658,260	1,625,630	16,957,372
Accumulated depreciation and impairment losses						
At 1 January 2015	1,219,267	3,419,745	215,357	792,773	–	5,647,142
Depreciation charge for the year	830,350	1,258,971	9,734	403,352	–	2,502,407
Disposals/Written off	(34,992)	(13,128)	(1,941)	(16,735)	–	(66,796)
At 31 December 2015/ 1 January 2016	2,014,625	4,665,588	223,150	1,179,390	–	8,082,753
Depreciation charge for the year	1,047,585	1,320,430	12,547	315,286	–	2,695,848
Disposals/Written off	(9,034)	(195,932)	–	(87)	–	(205,053)
At 31 December 2016	3,053,176	5,790,086	235,697	1,494,589	–	10,573,548
Carrying amounts						
At 1 January 2015	3,105,170	2,288,037	17,045	801,888	1,356,418	7,568,558
At 31 December 2015/ 1 January 2016	3,917,583	2,274,082	19,542	449,970	1,502,255	8,163,432
At 31 December 2016	3,114,671	1,472,857	6,995	163,671	1,625,630	6,383,824

The depreciation for the year is analysed as follows:

	Note	Group 2016 US$	Group 2015 US$
Depreciation for the year		2,695,848	2,502,407
Depreciation included in construction work in progress, and exploration and evaluation assets		(118,240)	(192,013)
Depreciation charged to profit or loss	20	2,577,608	2,310,394

6 Property, plant and equipment (cont'd)

	Plant and equipment US$	Fixtures and fittings US$	Motor vehicles US$	Total US$
Company				
Cost				
At 1 January 2015	13,759	165,197	155,316	334,272
Additions	6,849	6,880	–	13,729
Written off	(3,134)	–	–	(3,134)
At 31 December 2015/ January 2016	17,474	172,077	155,316	344,867
Additions	4,426	–	–	4,426
At 31 December 2016	21,900	172,077	155,316	349,293
Accumulated depreciation and impairment losses				
At 1 January 2015	7,237	149,810	17,258	174,305
Depreciation charge for the year	4,329	7,628	51,771	63,728
Written off	(2,691)	–	–	(2,691)
At 31 December 2015/1 January 2016	8,875	157,438	69,029	235,342
Depreciation charge for the year	4,503	8,537	51,772	64,812
At 31 December 2016	13,378	165,975	120,801	300,154
Carrying amounts				
At 1 January 2015	6,522	15,387	138,058	159,967
At 31 December 2015/1 January 2016	8,599	14,639	86,287	109,525
At 31 December 2016	8,522	6,102	34,515	49,139

Leased plant and equipment, and motor vehicles

The Group leases plant and equipment, and motor vehicles under a number of finance leases which secure lease obligations. At 31 December 2016, the carrying amount of leased plant and equipment, and motor vehicles was US$50,555 (2015: US$161,311).

7 Interests in subsidiaries

	Company	
	2016 US$	2015 US$
Equity investments at cost	8,495,303	8,495,303
Allowance for impairment	(188,716)	(188,716)
	8,306,587	8,306,587

The movement in the allowance for impairment in respect of interests in subsidiaries during the year was as follows:

	Company	
	2016 US$	2015 US$
At 1 January	188,716	188,716
Impairment loss recognised	–	–
At 31 December	188,716	188,716

7 Interests in subsidiaries (cont'd)

The following are the Company's subsidiaries:

	Company name	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group	
				2016 %	2015 %
	Held by the Company				
[1]	CNMC Goldmine Limited ("CNMC HK")	Investment holding company	Hong Kong SAR	100	100
[2]	CMNM Mining Group Sdn. Bhd. ("CMNM Mining")	Exploration and mining of gold deposits	Malaysia	81	81
[2]	CNMC Development (M) Sdn. Bhd. ("CNMC Development")	Investment holding company Currently dormant	Malaysia	100	100
[2]	MCS Tin Holdings Sdn. Bhd. ("MCS Tin")	Investment holding company Currently dormant	Malaysia	100	100
[2]	CNMC Mineral Exploration Sdn. Bhd. ("CNMC Exploration")	Mineral exploration and drilling service provider	Malaysia	100	100
	Held by CNMC HK				
[2,3]	MCS Mining Group Sdn. Bhd. ("MCS Mining")	Exploration and mining of gold deposits Currently dormant	Malaysia	80	80
[2]	CNMC-Nalata Mining Sdn. Bhd.	Exploration and mining of gold deposits Currently dormant	Malaysia	80	80

[1] Audited by Allen Kong & Co. (Certified Public Accountants, Hong Kong SAR).

[2] Audited by another member firm of KPMG International.

[3] CNMC HK is the registered holder of 87.5% interest in MCS Mining. CNMC HK has an arrangement with the Kelantan State Government to hold 7.5% interest in MCS Mining for the Kelantan State Government, and such interest will be transferred from CNMC HK in due course. Accordingly, the effective equity held by Group in MCS Mining is 80% (2015: 80%) as at 31 December 2016.

8 Inventories

	Group	
	2016 US$	2015 US$
Work in progress/Stockpile	497,714	657,993
Consumables	162,469	210,807
	660,183	868,800

In 2016, work in progress, stockpile and consumables recognised as an expense in profit or loss amounted to US$13,549,415 (2015: US$12,548,808).

9 Trade and other receivables

	Group		Company	
	2016 US$	2015 US$	2016 US$	2015 US$
Trade receivables	116,901	101,247	–	–
Amounts due from subsidiaries				
- trade	–	–	7,332,623	6,533,396
- non-trade	–	–	6,644,719	1,879,763
Other receivables	574,438	693,082	524,986	38,269
Deposits	622,720	31,017	17,232	17,701
	1,314,059	825,346	14,519,560	8,469,129
Prepayments	82,576	6,750	75,826	–
	1,396,635	832,096	14,595,386	8,469,129

The outstanding trade receivables are not past due as at 31 December 2016. Based on historical trend, the Group believes that no impairment allowance is necessary in respect of outstanding trade receivables not past due.

The non-trade amounts due from subsidiaries are unsecured and repayable on demand. Interest is charged at 8.0% (2015: 8.0%) per annum.

The Group and the Company's exposure to credit and currency risks are disclosed in note 30.

10 Cash and cash equivalents

	Group		Company	
	2016 US$	2015 US$	2016 US$	2015 US$
Cash at banks and in hand	3,171,885	5,993,116	289,721	175,513
Fixed deposits	23,782,800	16,141,423	–	727,356
Cash and cash equivalents in the statements of financial position/statements of cash flows	26,954,685	22,134,539	289,721	902,869

11 Share capital

	Group and Company	
	2016 Number of shares	2015 Number of shares
Issued and fully-paid ordinary shares with no par value:		
At 1 January and 31 December	407,693,000	407,693,000

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

11 Share capital (cont'd)

Performance shares

The Company has a performance share plan known as the CNMC Performance Share Plan (the "PSP") which was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011. The PSP was subsequently amended and approved by insertion of a new Rule 5.8 at the Company's extraordinary general meeting held on 27 April 2012.

The PSP is administered by an awards committee comprising Mr Tan Poh Chye Allan, Mr Kuan Cheng Tuck and Ms Gan Siew Lian. The PSP grants a participant the right to receive fully paid shares free of charge, upon the participant achieving prescribed performance targets. Employees of the Group, employees of an associated company, directors and employees of the Company's parent company and its subsidiaries, and controlling shareholders and their associates are eligible to participate in the PSP.

The total number of new shares which may be issued pursuant to awards granted under the PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of award. The aggregate number of shares available under the PSP shall not exceed 15% of the total issued share capital of the Company from time to time.

As at the end of the financial year, no awards of shares have been granted under the PSP to controlling shareholders or their associates and no participants have received shares which in aggregate represent 5% or more of the total number of shares available under the PSP.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and non-controlling interests of the Group.

The Board closely monitors the cash flow forecasts and working capital requirements of the Group to ensure that there are sufficient financial resources available to meet the needs of the business. There were no changes in the Group's approach to capital management during the financial years ended 31 December 2015 and 2016.

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

12 Treasury shares

	Group and Company			
	2016		2015	
	No. of shares	US$	No. of shares	US$
At 1 January	(400,000)	(75,092)	–	–
Purchase of treasury shares	–	–	(400,000)	(75,092)
At 31 December	(400,000)	(75,092)	(400,000)	(75,092)

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

In 2015, the Company acquired 400,000 shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was US$75,092 and this was presented as a component within shareholders' equity.

No treasury shares were reissued pursuant to the performance shares plan during the year.

13 Reserves

	Group	
	2016	2015
	US$	US$
Capital reserve	2,824,635	2,824,635
Translation reserve	(69,452)	(60,624)
	2,755,183	2,764,011

Capital reserve

Pursuant to the share swap agreement dated 14 October 2011, the Company has acquired the entire issued share capital of CNMC Goldmine Limited ("CNMC HK") comprising 14,004,524 ordinary shares in the capital of CNMC HK, for an aggregate consideration of approximately US$7,856,177 (the "Restructuring Exercise").

The purchase consideration of US$7,856,177 was arrived at after taking into consideration the net asset value of CNMC HK as at 14 October 2011. This was fully satisfied by the allotment of 374,999,999 new shares in the capital of the Company on 14 October 2011.

Upon completion of the Restructuring Exercise, the Company became the immediate and ultimate holding company of CNMC HK and its subsidiaries.

The capital reserve as presented in the Group's consolidated financial statements represents the difference between the cost of acquisition for the restructuring exercise as described above and the amount of paid up capital of CNMC HK at the date of acquisition.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

14 Non-controlling interests

The following subsidiary has material non-controlling interests ("NCI").

Company name	Principal place of business/ Country of incorporation	Operating segment	Ownership interests held by non-controlling interests	
			2016	2015
			%	%
CMNM Mining Group Sdn. Bhd.	Malaysia	Gold mining	19	19

14 Non-controlling interests (cont'd)

The following summarises the financial information of CMNM Mining, based on its financial statements prepared in accordance with FRS, before intra-group eliminations.

	CMNM Mining	Other individually immaterial subsidiaries	Total
	US$	US$	US$
Group			
2016			
Revenue	34,668,274		
Profit and total comprehensive income for the year	12,773,668		
Attributable to NCI:			
- Profit for the year	2,426,997	843	2,427,840
- Other comprehensive income for the year	–	(1,726)	(1,726)
- Total comprehensive income for the year	2,426,997	(883)	2,426,114
Non-current assets	22,679,339		
Current assets	28,417,851		
Non-current liabilities	(1,638,523)		
Current liabilities	(19,323,702)		
Net assets	30,134,965		
Net assets attributable to NCI	5,891,772	22,577	5,914,349
Cash flows generated from operating activities	18,618,667		
Cash flows used in investing activities	(6,398,734)		
Cash flows used in financing activities (dividends to NCI: US$992,294)	(5,026,681)		
Net increase in cash and cash equivalents	7,193,252		
2015			
Revenue	36,470,636		
Profit and total comprehensive income for the year	14,531,106		
Attributable to NCI:			
- Profit for the year	2,760,910	1,576	2,762,486
- Other comprehensive income for the year	–	(8,740)	(8,740)
- Total comprehensive income for the year	2,760,910	(7,164)	2,753,746
Non-current assets	19,771,268		
Current assets	23,111,942		
Non-current liabilities	(1,350,078)		
Current liabilities	(18,578,035)		
Net assets	22,955,097		
Net assets attributable to NCI	4,527,597	23,460	4,551,057
Cash flows generated from operating activities	22,009,577		
Cash flows used in investing activities	(4,132,749)		
Cash flows used in financing activities (dividends to NCI: US$752,686)	(4,042,161)		
Net increase in cash and cash equivalents	13,834,667		

15 Loans and borrowings

	Group	
	2016 US$	2015 US$
Non-current		
Finance lease liabilities	57,689	100,429
Current		
Finance lease liabilities	38,514	42,613
Total loans and borrowings	96,203	143,042

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings were as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value US$	Carrying amount US$
Group					
At 31 December 2016					
Finance lease liabilities	Ringgit Malaysia	2.4 to 3.0	2017 to 2019	102,106	96,203
At 31 December 2015					
Finance lease liabilities	Ringgit Malaysia	2.4 to 3.0	2016 to 2019	155,302	143,042

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Future minimum lease payments US$	Interest US$	Principal US$
Group			
At 31 December 2016			
Within 1 year	42,325	3,811	38,514
After 1 year but within 5 years	59,781	2,092	57,689
	102,106	5,903	96,203
At 31 December 2015			
Within 1 year	48,711	6,098	42,613
After 1 year but within 5 years	106,591	6,162	100,429
	155,302	12,260	143,042

16 Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group	
	2016 US$	2015 US$
Property, plant and equipment and mine properties	(1,580,834)	(1,251,776)
Unutilised tax losses carried forward	–	2,127
	(1,580,834)	(1,249,649)

Movement in temporary differences during the year

	At 1 January 2015 US$	Recognised in profit or loss (note 23) US$	At 31 December 2015 US$	Recognised in profit or loss (note 23) US$	At 31 December 2016 US$
Group					
Property, plant and equipment and mine properties	(542,186)	(709,590)	(1,251,776)	(329,058)	(1,580,834)
Unutilised tax losses carried forward	–	2,127	2,127	(2,127)	–
Deferred tax liabilities	(542,186)	(707,463)	(1,249,649)	(331,185)	(1,580,834)

The unutilised tax losses do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the entities of the Group operate.

17 Accrued rehabilitation costs

	Group	
	2016 US$	2015 US$
Accrued rehabilitation costs	602,198	326,635

Included in the accrued rehabilitation costs is an amount of US$290,284 (2015: US$307,677) which are capitalised to mine properties during the year.

The accrued rehabilitation costs approximates rehabilitation provision, which represents the present value of rehabilitation costs relating to the mine site and was created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

As at 21 March 2017, management believes that there are no further obligations in respect to the accrued rehabilitation costs.

18 Trade and other payables

	Group		Company	
	2016 US$	2015 US$	2016 US$	2015 US$
Trade payables	493,286	639,476	59,726	13,041
Other payables	72,625	799	–	–
Amount due to a subsidiary (non-trade)	–	–	5,349,752	421,610
Amounts due to contractors	583,698	912,475	–	–
Accrued operating expenses	1,631,616	1,436,813	80,101	104,642
Remuneration and fees payable to key management	10,244	9,300	–	–
	2,791,469	2,998,863	5,489,579	539,293

The non-trade amount due to a subsidiary are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to liquidity and market risks related to trade and other payables are disclosed in note 30.

19 Other income

	Group	
	2016 US$	2015 US$
Gain on disposal on property, plant and equipment	–	8,030
Others	77,587	142,371
	77,587	150,401

20 Amortisation and depreciation

	Note	Group	
		2016 US$	2015 US$
Amortisation of mine properties	5	1,948,909	1,675,567
Depreciation of property, plant and equipment	6	2,577,608	2,310,394
		4,526,517	3,985,961

21 Other expenses

	Group	
	2016 US$	2015 US$
Net foreign exchange loss	1,505,434	3,056,488
Plant and equipment written off	100,070	3,159
Others	2,533	1,116
	1,608,037	3,060,763

22 Finance income and costs

	Group	
	2016 US$	2015 US$
Finance income		
Interest income on cash and cash equivalents	1,008,455	472,877
Finance costs		
Interest expenses on finance lease liabilities	(2,937)	(9,967)
Net finance income recognised in profit or loss	1,005,518	462,910

23 Tax expense

	Note	Group	
		2016 US$	2015 US$
Current tax expense			
Current year		457,270	300,711
Adjustment for prior years		3,062	1,399
		460,332	302,110
Deferred tax expense			
Origination and reversal of temporary differences		268,198	663,557
Adjustment for prior years		62,987	43,906
	16	331,185	707,463
Total tax expense		791,517	1,009,573

The Group's operations are mainly in Malaysia. The tax expense on the profit differs from the amount that would arise using Malaysian income tax rates is explained below:

	Group	
	2016 US$	2015 US$
Reconciliation of effective tax rate		
Profit for the year	11,515,450	13,428,883
Total tax expense	791,517	1,009,573
Profit excluding tax	12,306,967	14,438,456
Tax using Malaysian tax rate of 24% (2015: 25%)	2,953,672	3,609,614
Effect of tax rates in foreign jurisdictions	69,553	78,257
Pioneer Status Incentive	(3,036,611)	(4,153,422)
Non-deductible expenses	436,214	769,567
Effect of reduction in tax rate	–	(52,069)
Under provision in respect of prior years:		
- current tax expense	3,062	1,399
- deferred tax expense	62,987	43,906
Withholding tax	296,287	298,303
Effect of changes in foreign exchange rate	–	414,945
Others	6,353	(927)
	791,517	1,009,573

23 Tax expense (cont'd)

In 2014, CMNM Mining Group Sdn. Bhd. obtained the Pioneer Status Incentive granted by Malaysian Investment Development Authority which entitles the Sokor gold field project to 100% income tax exemption on statutory income for a period of five years from 1 July 2013 to 30 June 2018.

As at 31 December 2016, the current tax payable and net deferred tax liabilities are US$77,744 (2015: US$20,246) and US$1,580,834 (2015: US$1,249,649) respectively.

24 Profit for the year

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

	Group	
	2016	2015
	US$	US$
Audit fees paid/payable to:		
- auditors of the Company	112,683	117,895
- other auditors	21,881	18,145
Non-audit fees paid/payable to:		
- auditors of the Company	3,837	23,317
- other auditors	18,898	44,276

25 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2016 was based on the profit attributable to ordinary shareholders of US$9,087,610 (2015: US$10,666,397) and a weighted-average number of ordinary shares outstanding of 407,293,000 (2015: 407,493,676).

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

	Group	
	2016	2015
	No. of shares	No. of shares
Issued number of ordinary shares	407,693,000	407,693,000
Effect of own shares held	(400,000)	(199,324)
Weighted-average number of ordinary shares during the year	407,293,000	407,493,676

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the financial years ended 31 December 2016 and 2015.

26 Dividends

The following exempt (one-tier) dividends were declared, and paid and payable by the Group and Company:

For the year ended 31 December	Group and Company	
	2016	2015
	US$	US$
Paid/payable by the Company to owners of the Company		
Dividends on ordinary shares:		
- Final and special dividends for the year ended 2015: S$0.00585 (equivalent to US$0.00433) (2014: S$0.00375 (equivalent to US$0.00284)) per ordinary share	1,761,742	1,158,409
- First interim dividends for the year ended 2016: S$0.00200 (equivalent to US$0.00149) (2015: S$0.00180 (equivalent to US$0.00131)) per ordinary share	608,088	534,157
- Second interim dividends for the year ended 2016: S$0.00200 (equivalent to US$0.00140) (2015: S$0.00180 (equivalent to US$0.00127)) per ordinary share	571,351	518,907
	2,941,181	2,211,473

For the year ended 31 December	Group	
	2016	2015
	US$	US$
Paid/payable by a subsidiary to non-controlling interests		
Dividends on ordinary shares:		
- First interim dividends for the year ended 2016: RM12.00 (equivalent to US$2.9196) (2015: RM9.00 (equivalent to US$2.4561)) per ordinary share	277,362	233,330
- Second interim dividends for the year ended 2016: RM14.00 (equivalent to US$3.3334) (2015: RM10.00 (equivalent to US$2.3220)) per ordinary share	316,673	220,590
- Third interim dividends for the year ended 2016: RM22.00 (equivalent to US$4.9346) (2015: RM18.00 (equivalent to US$4.2246) per ordinary share	468,787	401,337
	1,062,822	855,257

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2016	2015
	US$	US$
Payable by the Company to owners of the Company		
- Final dividends for the year ended 2016: S$0.00200 (equivalent to US$0.001383 (2015: S$0.00180 (equivalent to US$0.00127) per ordinary share	563,368	518,541
- Special dividends for the year ended 2016: S$0.00534 (equivalent to US$0.00369) (2015: S$0.00405 (equivalent to US$0.00286)) per ordinary share	1,504,192	1,166,717
	2,067,560	1,685,258

27 Operating segments

Business segments

The Group has one reportable segment as described below. For the reportable segment, the Group's executive directors review internal management reports on at least a quarterly basis. The following summary describes the operations in the Group's reportable segment:

Gold mining: Exploration, development, mining and marketing of gold.

Other operations include investment holding company and provision of corporate services.

Information regarding the results of the reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's executive directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise tax assets and liabilities and corporate revenue, assets, expenses and liabilities.

Information about reportable segments

	Gold mining	Other operations	Inter-segment eliminations	Total
	US$	US$	US$	US$
Group				
31 December 2016				
Total revenue from external customers	34,668,274	–	–	34,668,274
Interest income	1,007,091	597,278	(595,914)	1,008,455
Management fee	–	2,381,551	(2,381,551)	–
Interest expense	(598,851)	–	595,914	(2,937)
Amortisation and depreciation	(4,461,705)	(64,812)	–	(4,526,517)
Reportable segment profit before tax	13,262,709	3,580,979	(4,536,721)	12,306,967
Reportable segment assets	51,557,504	30,331,916	(30,164,716)	51,724,704
Capital expenditure*	7,588,086	4,426	–	7,592,512
Reportable segment liabilities	(19,385,057)	(6,904,605)	21,692,401	(4,597,261)
31 December 2015				
Total revenue from external customers	36,470,636	–	–	36,470,636
Interest income	479,204	637,015	(643,342)	472,877
Management fee	–	2,356,477	(2,356,477)	–
Interest expense	(653,309)	–	643,342	(9,967)
Amortisation and depreciation	(3,922,234)	(63,727)	–	(3,985,961)
Reportable segment profit before tax	15,220,696	2,912,863	(3,695,103)	14,438,456
Reportable segment assets	43,360,676	24,793,165	(24,452,890)	43,700,951
Capital expenditure*	4,956,573	13,729	–	4,970,302
Reportable segment liabilities	(18,683,244)	(1,708,660)	15,986,318	(4,405,586)

* Capital expenditure consists of additions of property, plant and equipment, mine properties and, exploration and evaluation assets.

27 Operating segments (cont'd)

Reconciliation of reportable segment assets and liabilities

	Group	
	2016 US$	2015 US$
Assets		
Total assets for reportable segments	51,724,704	43,700,951
Unallocated assets	–	–
Consolidated total assets	51,724,704	43,700,951
Total liabilities for reportable segments	(4,597,261)	(4,405,586)
Unallocated liabilities	(1,580,834)	(1,249,649)
Consolidated total liabilities	(6,178,095)	(5,655,235)

Geographical segments

The operations of the Group are principally located in Malaysia.

Major customer

There is one (2015: one) major customer which accounts for 100% (2015: 99%) of the Group's revenue.

28 Commitments

(i) Capital commitments

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

	Group	
	2016 US$	2015 US$
Exploration and evaluation assets, and mine properties	3,088,020	168,868
Property, plant and equipment	–	69,426

(ii) Operating lease commitments

Leases entered into as lessee

The total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	Group	
	2016 US$	2015 US$
Within 1 year	92,588	104,306
After 1 year but within 5 years	4,083	83,874
	96,671	188,180

29 Related parties

Key management personnel compensation

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The amounts stated below for key management compensation are for all the executive directors and other key management personnel.

Key management personnel compensation comprised:

	Group	
	2016	2015
	US$	US$
Short-term employee benefits	2,807,188	2,301,445
Post-employment benefits	79,948	66,913
Directors' fees	127,942	122,814
	3,015,078	2,491,172

Included in key management personnel compensation is remuneration of certain directors of the Company amounting to US$2,423,461 (2015: US$2,050,812). Director's remuneration includes salaries, bonuses, fees and other emoluments.

30 Financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statement of financial position.

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

30 Financial instruments (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. The risk can arise from mismatches in the timing of cash flows. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount US$	Contractual cash flows US$	Within 1 year US$	Within 1 to 5 years US$	More than 5 years US$
Group					
At 31 December 2016					
Non-derivative financial liabilities					
Loans and borrowings	96,203	(102,106)	(42,325)	(59,781)	–
Trade and other payables	2,791,469	(2,791,469)	(2,791,469)	–	–
Dividends payable	1,029,647	(1,029,647)	(1,029,647)	–	–
	3,917,319	(3,923,222)	(3,863,441)	(59,781)	–
At 31 December 2015					
Non-derivative financial liabilities					
Loans and borrowings	143,042	(155,302)	(48,711)	(106,591)	–
Trade and other payables	2,998,863	(2,998,863)	(2,998,863)	–	–
Dividends payable	916,800	(916,800)	(916,800)	–	–
	4,058,705	(4,070,965)	(3,964,374)	(106,591)	–
Company					
At 31 December 2016					
Non-derivative financial liabilities					
Trade and other payables	5,489,579	(5,489,579)	(5,489,579)	–	–
Dividends payable	563,368	(563,368)	(563,368)	–	–
	6,052,947	(6,052,947)	(6,052,947)	–	–
At 31 December 2015					
Non-derivative financial liabilities					
Trade and other payables	539,293	(539,293)	(539,293)	–	–
Dividends payable	518,541	(518,541)	(518,541)	–	–
	1,057,834	(1,057,834)	(1,057,834)	–	–

30 Financial instruments (cont'd)

Market risks

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group does not have any of its borrowings in variable rate instruments. Accordingly, the exposure to interest rate risk is minimum and no sensitivity analysis is performed.

Commodity price risk

The Group is exposed to the changes in market prices of gold and the outlook of this mineral. The Company does not have any hedging or other commodity-based risk in respect of its operations.

Gold prices historically fluctuate widely and are affected by, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production, short-term changes in supply and demand because of speculative hedging activities and certain other factors related to gold.

Currency risk

The Group's revenue is denominated in United States Dollars ("USD"). However, the Group's main operations are in Malaysia where the operating expenses are primarily incurred in USD, Singapore Dollars ("SGD") and Malaysian Ringgit ("MYR"). The results of the Group's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Group are reported in USD in the Group's consolidated financial statements.

The fluctuation of the abovementioned currencies in relation to the USD will consequently have an impact on the profitability of the Group and may also affect the value of the Group's assets and the amount of equity attributable to owners of the Company.

The Group has not entered into any agreements or purchased any instruments to hedge possible currency risks at the respective reporting dates.

30 Financial instruments (cont'd)

Exposure to currency risk

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

	United States Dollars US$	Singapore Dollars US$	Malaysian Ringgit US$	Total US$
Group				
At 31 December 2016				
Loans and receivables	–	42,208	1,271,851	1,314,059
Cash and cash equivalents	449,427	377,644	26,127,614	26,954,685
Loans and borrowings	–	–	(96,203)	(96,203)
Trade and other payables	(522,856)	(129,214)	(2,139,399)	(2,791,469)
Net financial (liabilities)/assets	(73,429)	290,638	25,163,863	25,381,072
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	73,429	–	(1,455)	71,974
Net currency exposure	–	290,638	25,162,408	25,453,046
Sensitivity analysis	–	(29,064)	(2,516,241)	(2,545,305)
At 31 December 2015				
Loans and receivables	10,546	55,970	758,830	825,346
Cash and cash equivalents	691,880	1,451,825	19,990,834	22,134,539
Loans and borrowings	–	–	(143,042)	(143,042)
Trade and other payables	(738,894)	(125,371)	(2,134,598)	(2,998,863)
Net financial assets	(36,468)	1,382,424	18,472,024	19,817,980
Less: Net financial liabilities denominated in the respective entities' functional currencies	36,468	–	1,107	37,575
Net currency exposure	–	1,382,424	18,473,131	19,855,555
Sensitivity analysis	–	(138,242)	(1,847,313)	(1,985,555)
Company				
At 31 December 2016				
Loans and receivables	4,836,141	6,815,767	2,867,652	14,519,560
Cash and cash equivalents	2,359	287,362	–	289,721
Trade and other payables	(421,610)	(5,049,988)	(17,981)	(5,489,579)
Net financial assets	4,416,890	2,053,141	2,849,671	9,319,702
Less: Net financial assets denominated in the respective entities' functional currencies	(4,416,890)	–	–	(4,416,890)
Net currency exposure	–	2,053,141	2,849,671	4,902,812
Sensitivity analysis	–	(205,314)	(284,967)	(490,281)

30 Financial instruments (cont'd)

Exposure to currency risk (cont'd)

	United States Dollars US$	Singapore Dollars US$	Malaysian Ringgit US$	Total US$
Company				
At 31 December 2015				
Loans and receivables	5,352,656	1,418,632	1,697,841	8,469,129
Cash and cash equivalents	2,359	900,510	–	902,869
Trade and other payables	(421,610)	(117,683)	–	(539,293)
Net financial assets	4,933,405	2,201,459	1,697,841	8,832,705
Less: Net financial assets denominated in the respective entities' functional currencies	(4,933,405)	–	–	(4,933,405)
Net currency exposure	–	2,201,459	1,697,841	3,899,300
Sensitivity analysis	–	(220,146)	(169,784)	(389,930)

A 10% strengthening of USD against the SGD and MYR at the respective reporting dates would increase/(decrease) profit before tax and increase/(decrease) retained earnings by the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of USD against the SGD and MYR would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

30 Financial instruments (cont'd)

Exposure to currency risk (cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		US$	US$	US$	US$	US$	US$	US$
Group								
At 31 December 2016								
Financial assets not measured at fair value								
Trade and other receivables*	9	1,314,059	–	1,314,059				
Cash and cash equivalents	10	26,954,685	–	26,954,685				
		28,268,744	–	28,268,744				
Financial liabilities not measured at fair value								
Finance lease liabilities	15	–	(96,203)	(96,203)	–	(102,106)	–	(102,106)
Trade and other payables	18	–	(2,791,469)	(2,791,469)				
Dividends payable		–	(1,029,647)	(1,029,647)				
		–	(3,917,319)	(3,917,319)				
At 31 December 2015								
Financial assets not measured at fair value								
Trade and other receivables*	9	825,346	–	825,346				
Cash and cash equivalents	10	22,134,539	–	22,134,539				
		22,959,885	–	22,959,885				
Financial liabilities not measured at fair value								
Finance lease liabilities	15	–	(143,042)	(143,042)	–	(146,644)	–	(146,644)
Trade and other payables	18	–	(2,998,863)	(2,998,863)				
Dividends payable		–	(916,800)	(916,800)				
		–	(4,058,705)	(4,058,705)				

30 Financial instruments (cont'd)

Exposure to currency risk (cont'd)

Accounting classifications and fair values (cont'd)

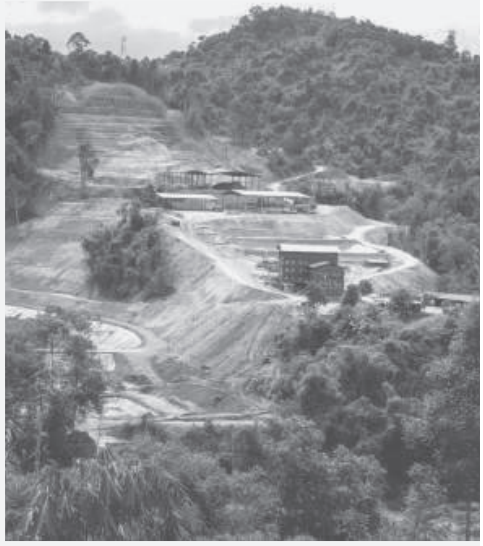
		Carrying amount			Fair value			
	Note	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		US$	US$	US$	US$	US$	US$	US$
Company								
At 31 December 2016								
Financial assets not measured at fair value								
Trade and other receivables*	9	14,519,560	–	14,519,560				
Cash and cash equivalents	10	289,721	–	289,721				
		14,809,281	–	14,809,281				
Financial liability not measured at fair value								
Trade and other payables	18	–	(5,489,579)	(5,489,579)				
Dividends payable		–	(563,368)	(563,368)				
		–	(6,052,947)	(6,052,947)				
At 31 December 2015								
Financial assets not measured at fair value								
Trade and other receivables*	9	8,469,129	–	8,469,129				
Cash and cash equivalents	10	902,869	–	902,869				
		9,371,998	–	9,371,998				
Financial liability not measured at fair value								
Trade and other payables	18	–	(539,293)	(539,293)				
Dividends payable		–	(518,541)	(518,541)				
		–	(1,057,834)	(1,057,834)				

* Excluded prepaid expenses of US$82,576 (2015: US$6,750) and US$75,826 (2015: US$Nil) for the Group and the Company respectively.

31 Subsequent event

On 24 February 2017, the Group acquired 51% of the equity interest in Pulai Mining Sdn. Bhd. with a cash consideration of MYR13,800,000. In connection with the acquisition, Pulai Mining Sdn. Bhd. acquired 70% of the equity interest in Sumberjaya Land & Mining Sdn Bhd with a cash consideration of MYR4,500,000.

CNMC Goldmine Holdings Limited
Sokor Project – updated Mineral Resource and Ore Reserve estimates as at 31 December 2016



J_2083

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April 2017

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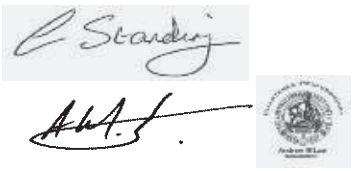
Principal Authors:	Christine Standing *BSc (Hons) (Geology), MSc (Min Econs), MAusIMM, MAIG* Andrew Law *HND (MMin.) MBA, FAusIMM(CP,) FIQA, MAICD, AFAIM*	Signature:	
		Date:	4 April 2017
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4 April 2017 Our Ref: J_2083

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

Dear Sirs

SOKOR PROJECT – UPDATED MINERAL RESOURCE AND ORE RESERVE ESTIMATES AS AT 31 DECEMBER 2016

The Sokor Project (the Project) in Kelantan State in northern Peninsular Malaysia is currently 81% owned by CNMC Goldmine Holdings Limited (CNMC) through its subsidiary CMNM Mining Group Sdn. Bhd. (CMNM). CMNM holds the rights to mine and produce gold, silver and base metals from an area of approximately 10 km^2 in the Ulu Sokor area in Kelantan. CNMC has defined four gold deposits in the southern part of the project area (Manson's Lode, New Discovery, New Found and Ketubong) and a fifth gold deposit (Rixen), approximately 3 km to the north of Ketubong. Additional base metal and silver mineralisation is also present at Manson's Lode and at Sg Among, to the east of Rixen.

At CNMC's request, Optiro Pty Ltd (Optiro) has updated the Mineral Resource estimate for the Sokor Project and has incorporated data from 20 diamond holes drilled by CNMC during 2016 and since CNMC's 31 December 2015 Mineral Resource and Ore Reserve Statement. Mineral Resources have been estimated for the first time at New Found (as an extension to New Discovery) and have been updated for Rixen and Manson's Lode. Ore Reserve estimates have been updated for Rixen. CNMC has extracted ore from Rixen and New Found during 2016. The Mineral Resources at Rixen have been depleted for mining to 31 December 2016. The New Found Mineral Resources estimated in 2017 are below the base of the New Found pit as at 31 December 2016.

The Mineral Resources at Rixen, Manson's Lode, New Discovery, New Found and Ketubong and the Ore Reserves at Rixen, Manson's Lode and New Discovery have been reported in accordance with Singapore Exchange (SGX) mineral, oil and gas guidelines, having been classified and reported using the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code, 2012).

Optiro has prepared this document in support of CNMC's Annual Report for the year 2016. Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological Mineral Resource and Ore Reserve estimation services, but also corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 16 Ord Street, West Perth, Western Australia, and Optiro's staff work on a variety of projects in a range of commodities worldwide.

QUALIFIED PERSON'S REPORT

The report has been provided to the Directors of CNMC in relation to reporting of the Mineral Resource and Ore Reserves estimates for the Sokor Project as at 31 December 2016 for incorporation into CNMC's Annual Report for the Year 2016; as such, it should not be used or relied upon for any other purpose.

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

The Mineral Resource estimates were prepared by Mrs Christine Standing and reviewed by Mr Ian Glacken. Mr Glacken, Director of Optiro and Fellow of the Australasian Institute of Mining and Metallurgy, and Mrs Standing, Principal of Optiro and Member of the Australasian Institute of Mining and Metallurgy, fulfil the requirements of competent persons as defined in the JORC Code (2012) and accept responsibility for the qualified persons' report and the JORC Code (2012) categorisation of the Mineral Resource estimate as tabulated in the form and context in which it appears in this report.

The Ore Reserve estimates were compiled by Mr Andrew Law, Director of Optiro and Fellow of the Australasian Institute of Mining and Metallurgy. Mr Andrew Law fulfils the requirements of a competent person as defined in the JORC Code (2012) and accepts responsibility for the qualified persons' report and the JORC Code (2012) categorisations of the Ore Reserve estimate as tabulated in the form and context in which they appear in this report.

Optiro has relied on the data, reports and information provided by CNMC; Optiro has nevertheless made such enquiries and exercised its judgement as it deems necessary and has found no reason to doubt the reliability of the data, reports and information which have been provided by CNMC.

Yours faithfully
OPTIRO

Andrew Law *FAusIMM(CP), MAICD*
Director - Mining

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

TABLE OF CONTENTS

TABLES

FIGURES

1. EXECUTIVE SUMMARY

1.1. INTRODUCTION

The Sokor Project (the Project), located in Kelantan State in northern Peninsular Malaysia, is currently owned 81% by CNMC Goldmine Holdings Limited (CNMC) through its subsidiary CMNM Mining Group Sdn. Bhd. (CMNM). CMNM holds the rights to mine and produce gold, silver and base metals from an area of approximately 10 km^2 in the Ulu Sokor area in Kelantan. CNMC has defined four deposits in the southern part of the project area (Manson's Lode, New Discovery, New Found and Ketubong) and a fifth deposit (Rixen), approximately 3 km to the north of Ketubong. Base metal and silver mineralisation is also present at Manson's Lode and at Sg Among, to the east of Rixen.

Optiro Pty Ltd (Optiro) undertook site visits to the Sokor Project during December 2011 and June 2015 to review data for the Mineral Resource estimate and during October 2012 and June 2015 to review the mining operations for the Ore Reserve estimate. Optiro did not visit the Sokor Project during 2016. A site visit was not considered necessary as no major changes have occurred since Optiro's site visit during June 2015. CNMC provided Optiro with the drillhole logging, assay and survey data for the drilling undertaken during 2016 and updated topographical data and production data for mining undertaken during 2016.

Optiro has been assisting CNMC with collation of the drillhole data, Mineral Resource and Ore Reserve estimates since 2012. During 2012, Optiro generated a validated drillhole database, three dimensional interpretations of the mineralisation and prepared updated Mineral Resource estimates for Manson's Lode, New Discovery, Rixen and Ketubong (Optiro, 2012 and 2013a). During 2013, CNMC drilled additional holes at Rixen and in 2014 Optiro updated the Mineral Resource estimates for Manson's Lode, Ketubong and Rixen deposits (Optiro, 2014a). Additional drilling was undertaken by CNMC during 2014 and updated estimates were prepared by Optiro for Rixen, Manson's Lode and New Discovery as at 31 December 2014 (Optiro, 2015a and 2015b). During 2015, CNMC drilled 69 diamond core holes at Rixen, Manson's Lode, New Discovery and New Found and Optiro has updated the Mineral Resource and Ore Reserves estimates for Rixen, Manson's Lode and New Discovery (Optiro, 2016a and 2016b). During 2016, CNMC drilled 20 diamond core holes at Rixen, Manson's Lode and New Found and Optiro has updated the Mineral Resource estimates for Rixen and Manson's Lode and has for the first time estimated the Mineral Resources at New Found as at 31 December 2016. Optiro has updated the Ore Reserve estimates for Rixen as at 31 December 2016.

As at 31 December 2015, Mineral Resources were not defined at New Found. Ten holes were drilled at New Found in 2015 and an additional four holes in 2016. Mineralisation intersected in these drillholes has been interpreted as an extension to the mineralisation at New Discovery. During 2016 additional near surface gold mineralisation was identified by CNMC at New Found which was within oxide material and suitable for processing by heap leach. Opportunistic extraction of this material by CNMC accounted for production of 7,080 oz gold. This production was in addition to the Mineral Resources and Ore Reserves defined at Sokor as at 31 December 2016. Mineral Resources have been estimated within the fresh material at New Found that underlie the existing open pit as at 31 December 2016.

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

The Mineral Resource and Ore Reserve estimates for the Sokor Project have been prepared and classified in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code 2012).

1.2. MINERAL RESOURCE ESTIMATE

The gold mineralisation within the Sokor Project is lithologically and structurally controlled and is generally hosted in acid to intermediate volcanic rocks and in carbonate-rich rocks. The depth to the base of oxidation varies between deposits, from a shallow depth of less than 3 m at Ketubong to up to 60 m at Rixen. Previous mining of near surface, high grade ore has occurred at Manson's Lode and New Discovery and the pits have been backfilled with mineralised material of lower grades from these pits.

At Manson's Lode there are economic grade silver, lead and zinc assays in addition to gold that have been incorporated into the Mineral Resource model. At Rixen, New Discovery, New Found and Ketubong the silver and base metal concentrations are typically low. Exploration by CNMC has focussed on the definition of gold Mineral Resources and Ore Reserves at the Sokor Project; however, results from the drilling at Manson's Lode also include high zinc and lead grades.

Optiro interpreted the gold mineralisation at all deposits above a nominal 0.3 g/t gold cut-off grade. At Manson's Lode and New Discovery mineralisation was defined within backfilled material from previous mining and at New Discovery, Rixen and Ketubong a zone of mineralisation was interpreted within the alluvial/eluvial material overlying the bedrock. At Manson's Lode base metal mineralisation, external and additional to the gold mineralisation, was interpreted above a nominal 3% lead plus zinc (Pb+Zn) cut-off grade.

At New Discovery, New Found and Ketubong two types of mineralisation were interpreted within the bedrock: narrow zones of structurally controlled mineralisation within the north-south trending Ketubong-Rixen fault zone, and lithologically controlled mineralisation to the west of the fault zone which overlies the structurally controlled mineralisation. At Manson's Lode and Rixen the bedrock mineralisation has been interpreted to be lithologically controlled within one relatively flat zone at Manson's Lode and several east dipping zones at Rixen.

Block grades were estimated using an ordinary kriging technique with appropriate assay top-cuts applied for each deposit and style of mineralisation. The mineralisation has been classified as Measured, Indicated and Inferred in accordance with the guidelines of the JORC Code (2012). Bulk density values for each deposit and material type were calculated using measurements from 204 sections of diamond drill core and measurements of alluvial and backfilled material from 41 test pits.

Mining at Rixen during 2016 extracted 2,244 kt of ore for the production of 20,324 ounces of gold via heap leach extraction, which was ongoing as at 31 December 2016. CNMC reports that the ore tonnes extracted at Rixen include 565 kt of ore that was extracted from the tailings area located to the north-east of the Rixen pit.

Mining at New Found during 2016 extracted 154 kt of ore for the production of 7,080 ounces of gold via heap leach extraction, which was ongoing as at 31 December 2016. There was no mining at the New Discovery, Manson's Lode or Ketubong deposits during 2016.

1.3. MINERAL RESOURCE AND ORE RESERVE TABULATION

The Mineral Resource estimate, as at 31 December 2016, for the Sokor Project is reported in Table 1.1 below. This has been classified and reported in accordance with the guidelines of the JORC Code (2012) and has been depleted for mining at Manson's Lode (as at 2012), New Discovery (as at 2012) and at Rixen and New Found to 31 December 2016. The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode and Ketubong, above a 0.4 g/t gold cut-off grade at New Discovery and New Found and above a 0.3 g/t gold cut-off grade at Rixen to reflect current commodity prices, differential operating costs and processing options. As at 31 December 2016, the total Measured, Indicated and Inferred gold Mineral Resource for the Sokor Project (above a 0.3 g/t gold cut-off grade at Rixen, a 0.4 g/t gold cut-off grade at New Discovery and New Found and a 0.5 g/t gold cut-off grade at Manson's Lode and Ketubong) is 13,250 kt at 1.5 g/t gold with 623,000 ounces of contained gold.

Gold mineralisation at Manson's Lode has associated silver and base metal mineralisation. Silver, lead and zinc Mineral Resources have been reported for Manson's Lode, both within the gold mineralisation, above a 0.5 g/t gold cut-off grade, and also external to the gold mineralisation, above a cut-off of 3% lead and zinc (Table 1.1).

The total Measured, Indicated and Inferred gold resources for the Sokor Project, previously reported in December 2015, were 13,830 kt at 1.4 g/t gold, with contained gold of 618,000 ounces. After depletion for mining at Rixen, this represents an increase of 1% in contained gold in the December 2016 Mineral Resource. The Manson's Lode Mineral Resource also contains silver, lead and zinc. As at 31 December 2015 this was 1,210 kt with an average grade of 44 g/t silver, 1.7% lead and 1.6% zinc. The 31 December 2016 Mineral Resource represents increases of 14%, 9% and 9% in contained silver, lead and zinc respectively over the December 2015 totals. The Mineral Resource figures discussed above include material which has subsequently been modified to produce Ore Reserves.

Table 1.1 Sokor Project – Mineral Resource statement as at 31 December 2016 (inclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.56	3.1	56	0.46	3.1	45	0%
Indicated	Gold	6.11	1.4	275	4.95	1.4	222	-8%
Inferred	Gold	6.57	1.4	292	5.32	1.4	237	10%
Total	**Gold**	**13.25**	**1.5**	**623**	**10.73**	**1.5**	**505**	**1%**
Measured	Silver	0.33	63	673	0.27	63	545	0%
Indicated	Silver	0.17	73	398	0.14	73	322	0%
Inferred	Silver	0.81	34	892	0.66	34	723	38%
Total	**Silver**	**1.31**	**47**	**1,964**	**1.06**	**47**	**1,590**	**14%**
Measured	Lead	0.33	1.7	5,631	0.27	1.7	4,561	0%
Indicated	Lead	0.17	1.7	2,925	0.14	1.7	2,369	0%
Inferred	Lead	0.81	1.7	14,122	0.66	1.7	11,439	15%
Total	**Lead**	**1.31**	**1.7**	**22,678**	**1.06**	**1.7**	**18,370**	**9%**
Measured	Zinc	0.33	1.7	5,534	0.27	1.7	4,483	0%
Indicated	Zinc	0.17	1.9	3,286	0.14	1.9	2,662	0%
Inferred	Zinc	0.81	1.6	12,628	0.66	1.6	10,229	17%
Total	**Zinc**	**1.31**	**1.6**	**21,448**	**1.06**	**1.6**	**17,373**	**9%**

Note: Inconsistencies in totals are due to rounding

The additional drilling during 2016 at Rixen extended the Indicated and Inferred Mineral Resources. Mining during 2016 has depleted the Indicated Mineral Resources, resulting in an overall decrease of 2% in contained gold ounces.

At Manson's Lode and the combined New Discovery/New Found deposits the additional drilling has extended the Inferred Mineral Resources. There has been a small increase in the Measured tonnage (1%) at New Discovery/New Found due to revised density factors and a small decrease in the grade and contained gold (1%) for the Indicated Resources. Overall, the contained gold at Manson's Lode and New Discovery/New Found has increased by 7% and 12% respectively.

Silver, lead and zinc Mineral Resources have been defined at Manson's Lode, and the additional 2016 drilling has increased these Mineral Resources down-dip to the south-east. Confidence in the Rixen resource has improved, but discrepancies in the drillhole collar elevations (for holes drilled prior to 2016) need to be resolved before Measured Mineral Resources can be defined.

In reporting the 2016 Ore Reserves in Table 1.2, it should be noted that the tabulated Mineral Resources have been reported '*exclusive*' of and additional to Ore Reserves, as at 31 December 2016. This means that there will be material tabulated in Table 1.1 which is neither reported as Mineral Resources nor Ore Reserves in Table 1.2; for instance, material which falls within the final pit, but which

is below the Ore Reserve cut-off grade. Thus it is not possible to add the Ore Reserves and Mineral Resources in Table 1.2 together to produce the total Mineral Resources in Table 1.1. Moreover, the Ore Reserves include factors for ore loss and dilution which, by convention, have not been applied to the Mineral Resources. All Ore Reserves have been reported in accordance with the JORC Code (2012).

The Ore Reserves reported for 2016 reflect no material changes at the Manson's Lode and New Discovery pits. The Ore Reserves at Rixen include the Mineral Resource update, but the pit was not re-optimised this year as the previously used cost base and the gold price applied were the same as used for the 2015 optimisation and report. Optiro has depleted the Ore Reserves for the Rixen pit with the current 2016 pit production, which is in accordance with guidelines of the JORC code.

Table 1.2 Combined Sokor Project Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (at Manson's Lode, New Discovery/New Found, Rixen and Ketubong that are additional to Ore Reserves at Manson's Lode, New Discovery and Rixen) as at 31 December 2016

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
Ore Reserves								
Proved	Gold	327	3.8	43	265	3.8	34	1%
Probable	Gold	3,688	1.4	162	2,988	1.4	132	-12%
Total	**Gold**	**4,015**	**1.6**	**205**	**3,253**	**1.6**	**166**	**-9%**
Additional Mineral Resources								
Measured	Gold	209	2.2	14	169	2.2	12	1%
Indicated	Gold	2,422	1.4	113	1,962	1.4	91	11%
Inferred	Gold	6,562	1.4	292	5,315	1.4	237	10%
Total	**Gold**	**9,193**	**1.4**	**419**	**7,446**	**1.4**	**340**	**10%**

2. INTRODUCTION

CNMC Goldmine Holdings Limited, through its subsidiary CMNM Mining Group Sdn. Bhd., holds an 81% interest in the Sokor Project (Figure 2.1). CMNM holds the rights to mine and produce gold, silver and base metals from an area of approximately 10 km^2 in the Ulu Sokor area in Kelantan, Malaysia. CNMC listed on the Catalist Board of the Singapore Exchange (SGX-ST) by way of an Initial Public Offering on 28 October 2011.

Optiro has prepared this report to document the update to the Mineral Resource estimates and Ore Reserves in support of the planned 2016 Annual Report, and to provide a market update on Mineral Resources and Ore Reserves as at 31 December 2016, as required under the mineral, oil and gas guidelines of the SGX-ST.

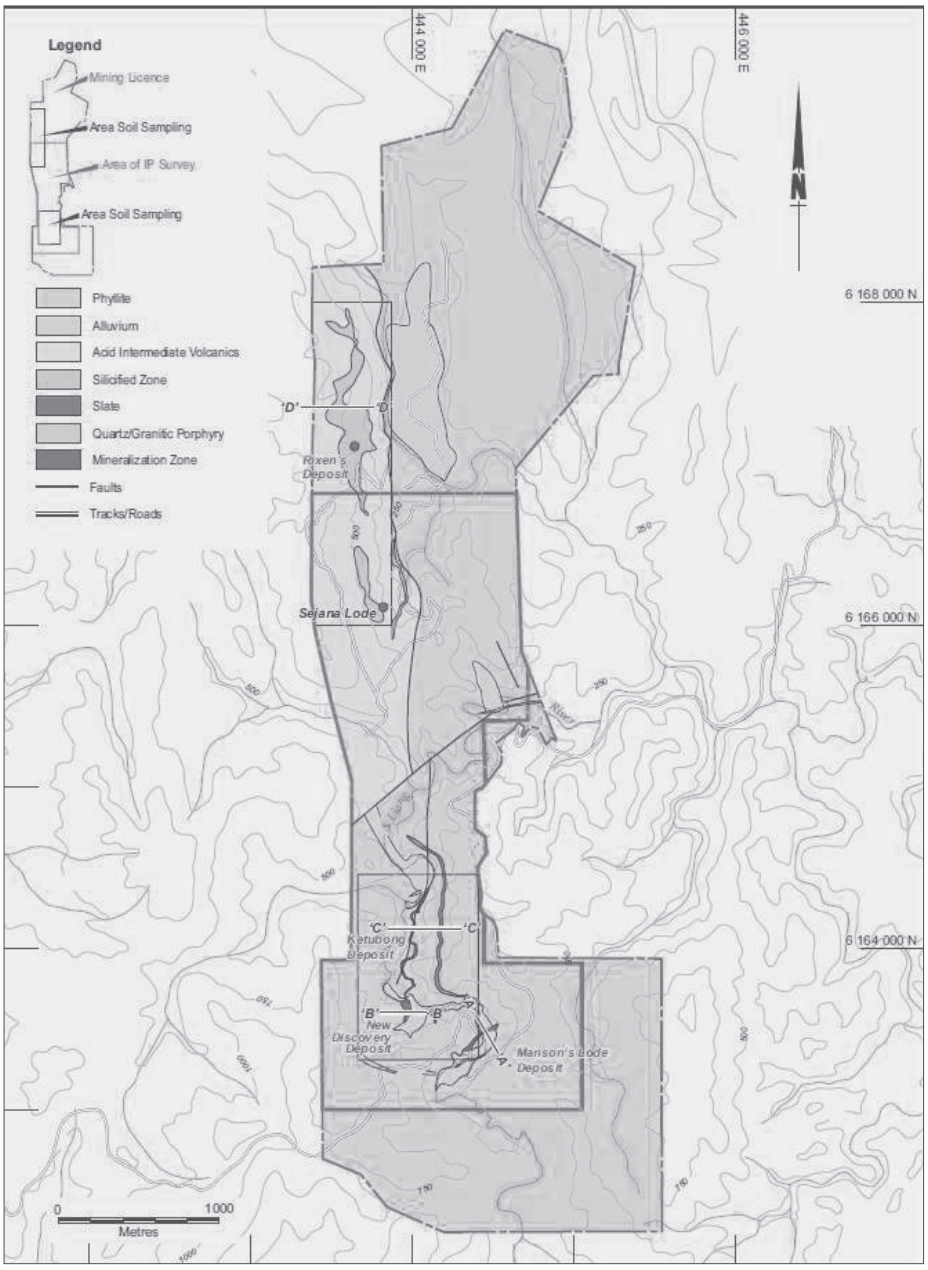
CNMC has defined four deposits in the southern part of the Sokor Project area (Manson's Lode, New Discovery, New Found and Ketubong) and a fifth deposit (Rixen), approximately 3 km to the north of Ketubong (Figure 2.1). Additional base metal mineralisation is present at Sg Among, to the east of Rixen: at present there is insufficient data to define Mineral Resources within this area.

During 2016, CNMC drilled an additional 20 holes for 1,665.76 m at Rixen, Manson's Lode and New Found. The Mineral Resource estimates have been updated for Rixen and Manson's Lode and Mineral Resources have been estimated for the combined New Found and New Discovery deposits. The Ketubong Mineral Resource estimate was not updated.

Ore was extracted at Rixen and New Found during 2016. The Mineral Resource and Ore Reserve estimates have been depleted for mining to 31 December 2016. All of the Mineral Resources and Ore Reserves have been classified and reported in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore

Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code, 2012).

Figure 2.1 Sokor Project – local geology and deposit location (BDA, 2011a)



2.1. COMPETENT PERSONS

Behre Dolbear Australia Pty Ltd (BDA) has assisted CNMC with reviews of exploration procedures and Mineral Resource and Ore Reserve estimation (BDA, 2011a and 2011b). The property description, history of the property, exploration data and procedures, mining and processing, infrastructure,

environmental and community issues, life of mine production schedule and capital and operating costs have previously been documented by BDA in August and November 2011 (BDA, 2011a and 2011b).

Mrs Christine Standing of Optiro undertook a site visit to the Sokor Project on 7 and 8 December 2011 to review data for the Mineral Resource estimate; Mr George Brech of BDA assisted Optiro during the site visit. Mr Andrew Law of Optiro undertook a site visit to the Sokor Project between 16 and 18 May 2012 to review the mining operations for the Ore Reserve estimate. Mrs Christine Standing visited the Sokor Project again during 1 to 5 June 2015 to inspect the Sokor mine site, drilling procedures, drillhole core and the sampling and logging procedures and Mr Andrew Law undertook a site visit on 4 and 5 June 2015 to review the mining operations.

The Mineral Resource estimates were prepared by Mrs Christine Standing and reviewed by Mr Ian Glacken. Mr Glacken, Director of Optiro and Fellow of the Australian Institute of Mining and Metallurgy, and Mrs Standing, Principal of Optiro and Member of the Australasian Institute of Mining and Metallurgy, fulfil the requirements of competent persons as defined in the JORC Code (2012) and accept responsibility for the qualified persons' report and the JORC Code categorisation of the Mineral Resource estimate as tabulated in the form and context in which it appears in this report. Optiro has relied on the data, reports and information provided by CNMC; Optiro has nevertheless made such enquiries and has exercised its judgement as it deems necessary and has found no reason to doubt the reliability of the data, reports and information which have been provided by CNMC.

Mrs Christine Standing [BSc (Hons) Geology, MSc (Min Econs), MAusIMM, MAIG] is a geologist with over 30 years' worldwide experience in the mining industry. She has six years' experience as an exploration geologist in Western Australia and over 20 years' experience as a consultant specialising in resource estimation, reconciliation, project management and statutory and competent persons' reporting on worldwide projects for a range of commodities. She has acted as a Qualified Person and Competent Person for gold, silver, copper, mineral sands, nickel, chromium, kaolin and PGEs.

Mr Ian Glacken [BSc (Hons) Geology, MSc (Mining Geology), MSc (Geostatistics), Grad. Dip (Comp), FAusIMM (CP), FAIG, CEng, MIMMM, DIC] has 33 years worldwide experience in the mining industry. Ian is a geologist with postgraduate qualifications in geostatistics, mining geology and computing. Mr Glacken has over 19 years' experience in consulting, including a decade as Group General Manager of a major consulting organisation. He has worked on mineral projects and given over 200 training courses to thousands of attendees on every continent apart from Antarctica. Mr Glacken's skills are in resource evaluation and due diligence reviews, public reporting, training and mentoring, quantitative risk assessment, strategic advice, geostatistics, reconciliation, project management, statutory and competent persons' reporting and mining geology studies. He was a founding Director of Optiro.

The Ore Reserve estimates were compiled by Mr Andrew Law, Director of Optiro and Fellow of the Australian Institute of Mining and Metallurgy. Mr Law fulfils the requirements of competent person as defined in the JORC Code and accepts responsibility for the qualified persons' report and the JORC Code categorisation of the Ore Reserve estimate as tabulated in the form and context in which it appears in this report.

Mr Andrew Law [HND MMIN, MBA, FAusIMM (CP), FIQA] is a mining engineer with over 33 years' experience in the mining industry in Australia, Africa and South America. His extensive technical and management experience ranges from deep level underground mining environments (bulk and narrow vein) to large open pit environments (across multiple commodities) and to large mineral sands dredging environments. His specialist skills are in corporate strategic business planning and due diligence, management of feasibility studies, operational optimization, Ore Reserve compliance and auditing (ASX, TSX, SEC, SGX, JSE), corporate management, mentoring and performance improvement reviews.

2.2. STATEMENT OF INDEPENDENCE

Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological Mineral Resource and Ore Reserve estimation services, but also corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 16 Ord Street, West Perth, Western Australia and Optiro's staff work on a variety of projects in a range of commodities worldwide.

This report has been prepared independently and to meet the requirements of the SGX minerals, oil and gas guidelines and in accordance with the VALMIN and JORC Codes. The authors do not hold any interest in CNMC, its associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are being charged at Optiro's standard rates, whilst expenses are reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

3. PROPERTY DESCRIPTION

3.1. PROJECT LOCATION

The Sokor Project is located approximately 80 km southwest of Kota Bharu, the capital of Kelantan State in northern Peninsular Malaysia (Figure 3.1). The project is accessed by a sealed road from Kota Bhara to Kampong Bukit, which is approximately 18 km from site, and then by gravel track from Kampong Bukit to site. Kota Bharu is connected to Kuala Lumpur by a 55 minute flight. The nearest town, Tanah Merah, is located approximately half way between the project site and Kota Bharu.

The Sokor Project is situated in the upper catchment of the Sungai Sokor River, where topography consists of moderately steep hill ridges and narrow valleys, with elevations ranging from 200 m to 900 m above sea level. The project area experiences a hot, tropical monsoonal climate with dense tropical rainforest vegetation cover. Annual rainfall in Kelantan State averages between 2,000 mm and 2,500 mm, with November to January being the wettest months.

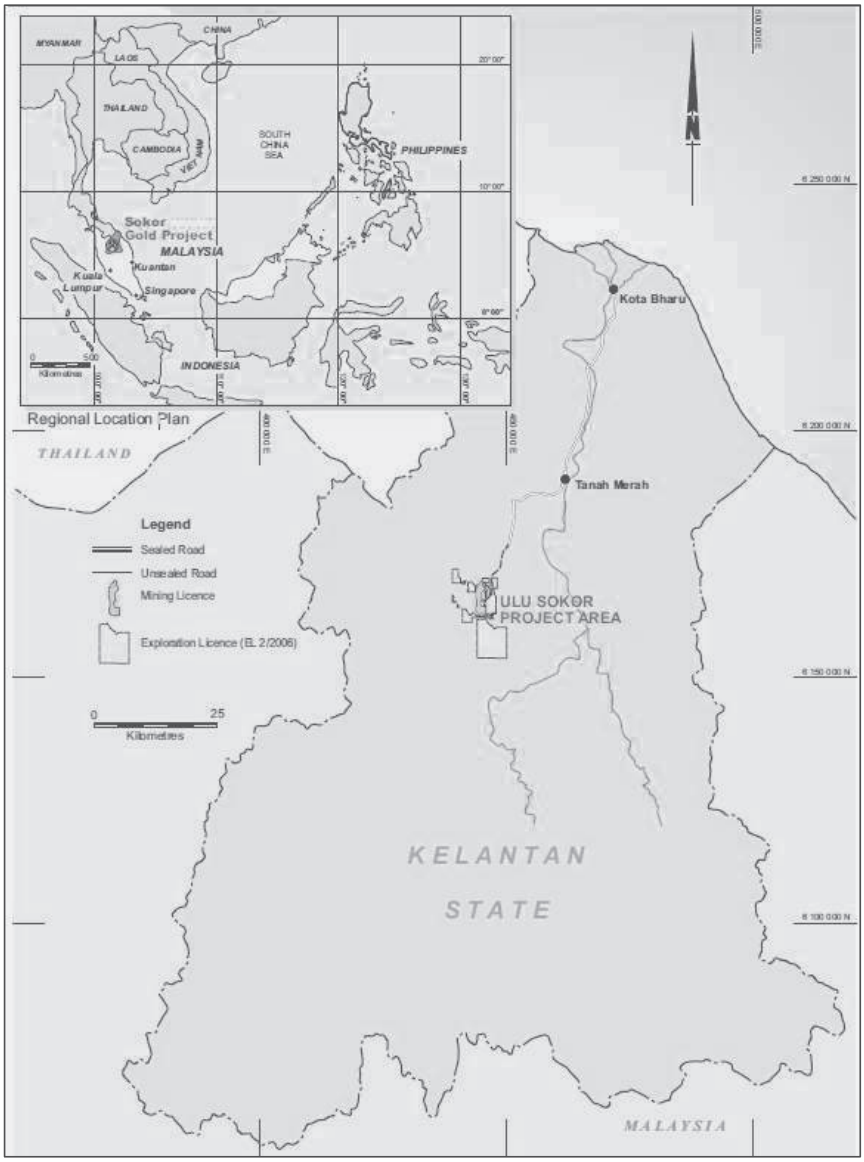
3.2. PROJECT OWNERSHIP AND STATUS

The Sokor Project consists of a Mining Licence (ML 10/2016) covering approximately 10 km^2 (known as the "Sokor Block") and an Exploration Licence (EL 2/2006) approximately 62.8 km^2 (known as the "Sokor Gold Field Project"). In 2016, CNMC's mining rights to the Sokor Block were extended until 31 December 2034.

The Corporate income tax rate in Malaysia is 25%. A gold royalty of 10% of gross revenue is payable to the Kelantan State Government (KSG) and an additional tribute payment of 4% of gross revenue is payable to the Kelantan State Economic Development Corporation (KSEDC). Large scale mining approval was obtained from KSG in 2016 which allows for large scale mine production of unlimited ore.

Environmental approval was obtained from KSG in April 2010. Environmental approvals for the project included the submission of an Environmental Impact Assessment (EIA) in January 2008 and a supplementary EIA report in March 2009 with approval received in June 2009. An Environmental Management Plan (EMP) was submitted in February 2010 and an EMP Additional Information report submitted in March 2010, with approval received in April 2010. The EIA and EMP include approval for both heap leach and pond (vat) leach processing of gold ore at the Sokor mine site. Where possible CNMC will progressively rehabilitate disturbed areas and some areas, such as the process plant, will be rehabilitated when the mine is closed and the plant is decommissioned.

Figure 3.1 Sokor Project area and location of Mining Licence and Exploration Licence (BDA, 2011a)



CNMC, through its subsidiary CMNM Mining Group Sdn. Bhd., holds an 81% interest in ML 10/2016 (which replaces ML 2/2008). The KSG holds a 10% share and other investors in Kelantan State hold the remaining 9% (Table 3.1). The 19% interest not held by CNMC is a non-contributory share during exploration and mine development and production stages. Exploration Licence EL 2/2006 has expired and is in the process of being renewed by CNMC through its subsidiary MCS Mining Group Sdn. Bhd. The location and exact area of EL 2/2006 will be dependent on availability of and access to land surrounding the Sokor Block.

Table 3.1 Sokor Project tenement schedule

Tenement ID	CNMC Interest	Status	Expiry date	Area km^2	Type of mineral deposit	Remarks
ML 10/2016	81%	Development	31/12/2034	10.0	Gold	Mining rights
EL 2/2006	80%	Exploration	Under renewal process	62.8	Gold	Exploration rights

4. HISTORY OF THE PROPERTY

The earliest recorded exploration in the Ulu Sokor area was undertaken by Duff Development Company Limited in the early 1900s and included trenching and the development of numerous shafts and adits.

Between 1966 and 1970 Eastern Mining and Metals Company (EMM) undertook a drilling programme at Ulu Sokor, consisting of 104 holes totalling 2,963 m. EMM reported primary base metal mineralisation of 227,000 t, with gold grades ranging from 1.94 g/t to 3.33 g/t gold and oxide mineralisation of 156,000 t, with gold grades ranging from 2.85 g/t to 5.34 g/t gold.

Between 1989 and 1991 Asia Mining Sdn Bhd (Asia Mining) conducted mapping, soil sampling, rock-chip sampling and completed a drilling programme consisting of 55 holes totalling 2,705 m. From 1995 to 1996 Asia Mining operated a heap leach facility that processed around 40,000 t of near-surface gossan ore from the Manson's Lode area and produced approximately 3,200 oz of gold. Asia Mining delineated a gold resource in the Rixen area totalling 4.1 Mt at 1.2 g/t gold above a cut-off grade of 0.5 g/t gold.

During 1997 and 1998 TRA Mining (Malaysia) Sdn Bhd (TRA) conducted geological mapping, rock chip and stream sediment sampling and completed a reverse circulation (RC) drilling programme consisting of 33 holes totalling 2,630 m. The TRA drilling was undertaken within the Manson's Lode and New Discovery areas.

CNMC commenced exploration in 2007, focusing on the known areas of mineralisation at Manson's Lode, New Discovery, Ketubong and Rixen. CNMC has conducted geological mapping, soil sampling, Induced Polarisation geophysical surveys and diamond drilling programmes, and has excavated 27 trenches. Gold mineralisation was identified at New Found by CNMC in 2015. Diamond drilling has been undertaken at Manson's Lode, New Discovery, Ketubong, Rixen and New Found and has tested areas to the east of Rixen, at Sg Among.

In July 2010, CNMC commenced commissioning of a 60,000 tpa vat leach facility and gold recovery plant. Initial ore production was sourced from the Manson's Lode deposit and in 2012, CNMC expanded production with the commissioning of the 70,000 tonne heap leach facility to treat ore from the Rixen deposit.

4.1. PRODUCTION STATISTICS

Since CNMC commenced operations, there have been no comprehensive production records or reconciliation data collected. CNMC has advised Optiro of the production that has occurred between 2012 and 2016, which is summarised in Table 4.1.

Table 4.1 Sokor production statistics for 2012 to 2016

Commodity	Production statistics	2012	2013	2014	2015	2016
Rixen						
Mined	Ore tonnes mined (claimed)	90,000	323,000	1,362,138	2,236,674	2,243,667
	Ore tonnes processed	90,000	386,000	1,362,138	2,236,674	2,243,667
	Ore stockpiled (not processed as at 31 December)	63,000	63,200	-	-	-
Gold	Calculated grade (g/t)	0.3	1.07	0.94	0.61	0.41
	Recovered gold (oz)	861	11,800	27,685	29,645	20,324
New Discovery						
Mined	Ore tonnes mined (claimed)	-	31,000	-	-	-
	Ore tonnes processed	-	31,000	-	-	-
Gold	Calculated grade (g/t)	-	1.14	-	-	-
	Recovered gold (oz)	-	1,100	-	-	-
Silver	Calculated grade (g/t)	-	N/A	-	-	-
	Recovered silver (oz)	-	690	-	-	-
New Found						
Mined	Ore tonnes mined (claimed)	-	-	-	-	154,241
	Ore tonnes processed	-	-	-	-	154,241
Gold	Calculated grade (g/t)	-	-	-	-	1.92
	Recovered gold (oz)	-	-	-	-	7,080
Manson's Lode						
Mined	Ore tonnes mined (claimed)	50,000	-	-	-	-
	Ore tonnes processed	46,791	-	-	-	-
Gold	Calculated grade (g/t)	0.65	-	-	-	-
	Recovered gold (oz)	984	-	-	-	-
Silver	Calculated grade (g/t)	75.00	-	-	-	-
	Recovered silver (oz)	112,451	-	-	-	-
Lead	Calculated grade (%)	0.003	-	-	-	-
	Recovered lead (kg)	1,397	-	-	-	-
Zinc	Calculated grade (%)	0.004	-	-	-	-
	Recovered zinc (kg)	1,752	-	-	-	-
Total						
Mined	**Ore tonnes mined (claimed)**	**140,000**	**354,000**	**1,362,138**	**2,236,674**	**2,397,908**
	Ore tonnes processed	**136,791**	**417,000**	**1,362,138**	**2,236,674**	**2,397,908**
Gold	**Calculated grade (g/t)**	**0.42**	**0.96**	**0.94**	**0.61**	**0.51**
	Recovered gold (oz)	**1,845**	**12,900**	**27,685**	**29,645**	**27,190**
Silver	**Calculated grade (g/t)**	**75.00**	**N/A**	**N/A**	**N/A**	**-**
	Recovered silver (oz)	**112,451**	**690**	**20,886**	**22,057**	**-**
Lead	**Calculated grade (%)**	**0.003**	**-**	**-**	**-**	**-**
	Recovered lead (kg)	**1,397**	**-**	**-**	**-**	**-**
Zinc	**Calculated grade (%)**	**0.004**	**-**	**-**	**-**	**-**
	Recovered zinc (kg)	**1,752**	**-**	**-**	**-**	**-**

5. GEOLOGICAL SETTING

5.1. REGIONAL GEOLOGY

The Sokor Project is located in the Central Belt of Peninsular Malaysia. Peninsular Malaysia is divided structurally into three north-south to northwest-southeast trending belts, the Eastern, Central and Western Belts. The Eastern and Western Belts are dominated by tin-bearing granites and associated tin and wolfram mineralisation.

The Central Belt consists of Permian to Triassic age metasediments including phyllite, slate, sandstone and limestone and felsic to intermediate volcanic rocks intruded by Late Triassic to Tertiary, acid to intermediate stocks and dykes. The Central Belt contains base metal mineralisation including copper, lead, zinc, antimony and manganese, and gold mineralisation.

The eastern (Lebir Fault) and western (Bentong-Raub Fault) boundaries of the Central Belt are major fault zones featuring dextral rotation and strike slippage of 5 km to 10 km. Known gold deposits in the Central Belt include Raub, Selinsing and Penjom, all located south of Ulu Sokor. The Sokor gold mineralisation is located towards the middle of the Central Belt and is associated with the intersection of two major north-south trending structures with northeast to northwest trending secondary structures.

5.2. LOCAL GEOLOGY

The gold mineralisation within the Sokor Project is lithologically and structurally controlled and is generally hosted in acid to intermediate volcanic rocks and carbonate-rich rocks. The depth to the base of oxidation varies between deposits from a shallow depth of less than 3 m at Ketubong to up to 60 m at Rixen. Previous mining (during the 1990s) of near surface, high grade ore has occurred at Manson's Lode and New Discovery and the pits have been backfilled with lower grade material from these deposits.

5.2.1. RIXEN DEPOSIT

Gold mineralisation at the Rixen deposit is contained within acid volcanic rocks to the west of the Ketubong-Rixen fault. The deposit was defined initially by soil sampling and an Induced Polarisation survey which delineated an anomalous zone trending north-south with a strike length of approximately 800 m.

Drilling has outlined a zone of pervasively silicified tuffs and mineralisation extends over a strike of approximately 2,000 m. The Rixen deposit has been tested by 219 diamond drillholes totalling 23,556.5 m.

5.2.2. MANSON'S LODE

The Manson's Lode deposit is located 3.5 km south of Rixen. Manson's Lode consists of a surface gossan after sulphides, partially replacing a silicified limestone unit which is intercalated with phyllitic sediments. The gold mineralised zone extends over a strike length of approximately 750 m, trending 060°, and is marked by old surface workings and a number of shallow shafts that have been excavated to depths of up to 30 m. The Manson's Lode deposit has been tested by 172 diamond drillholes totalling 10,721 m.

The average width of mineralisation exposed in trenches is 15 m, varying from a few metres to up to 34 m. The thickness of mineralisation is variable, ranging from 5 m to 20 m, and the dip of the mineralisation is shallow (10 to 15°) to the southeast. Trench mapping by CNMC suggests that the mineralisation is associated with a breccia zone. A quartz porphyry dyke which is exposed to the southeast of Manson's Lode may be a causative intrusion for the base metal-gold mineralisation. The dyke contains pyrite mineralisation as disseminations and veinlets, with rock chips returning grades of 0.5 g/t to 0.7 g/t gold. The base metal mineralisation has the same strike and dip as the gold mineralisation and extends along strike to the north-east and down-dip to the south-east, external to the gold mineralisation. Much of the surface area has been disturbed by previous mining activity and hence the relationship between the different rock types is not clear.

5.2.3. NEW DISCOVERY AND NEW FOUND DEPOSITS

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

At New Discovery trench exposures indicate mineralised widths of 7 m to 35 m, trending 010° with a dip of approximately 30° to the east. In the north, the mineralised zone appears to be displaced to the west by a northwest trending fault. Based on trench mapping, mineralisation consists of gold in association

with weak stockwork and disseminated pyrite hosted in sheared and brecciated phyllite and in an adjacent limestone unit. The phyllite is generally strongly altered close to the fault zone, with pervasive sericite-chlorite-epidote alteration, silicification and carbonate veining.

The New Discovery deposit has been drilled down-dip to a depth of 200 m from surface and generally remains open at depth. The mineralisation at New Discovery and New Found has a combined strike length of 500 m and a maximum width of 300 m. The New Discovery deposit has been tested by 83 diamond drillholes totalling 6,664 m and the New Found deposit has been tested by 14 diamond drillholes totalling 1,296.4 m.

During 2016 near surface gold mineralisation was identified by CNMC at New Found which was within oxide material and suitable for processing by heap leach. This mineralisation overlies the mineralisation intersected by the diamond drilling.

5.2.4. KETUBONG DEPOSIT

The Ketubong deposit is located approximately 600 m to the northwest of Manson's Lode and immediately north of New Discovery. Ketubong represents the northwards continuation of the north-south trending and easterly dipping mineralisation present in New Discovery. Mineralisation dips to the east at around 20° to 30°.

The deposit has been delineated by trenching and drilling over a strike length of 680 m and by gold-in-soil and Induced Polarisation anomalies which are open to the north. Mineralisation is contained within highly folded phyllite and intercalated limestone over widths of 2 m to 40 m, based upon trench exposures. Interpretation of trench mapping indicates the gold is associated with disseminated-stockwork quartz-sulphide mineralisation and more massive sulphide, consisting predominantly of pyrite with minor, sporadic galena, chalcopyrite and sphalerite. Drilling data indicates the mineralisation is closely associated with a limestone unit within phyllite.

CNMC has tested the Ketubong deposit with 47 diamond drillholes totalling 7,967 m. Drilling was not undertaken at Ketubong during 2016, and the mineralisation interpretation and Mineral Resource estimate has not been updated.

6. EXPLORATION DATA USED FOR MINERAL RESOURCE ESTIMATION

BDA previously documented outcomes from its review of CNMC's exploration and data collection procedures on site, inspection of surface trenches, drill sites and drill core and review of drillhole logging, survey, bulk density testing, sampling and data quality procedures (BDA, 2011a and 2011b). From BDA's documentation and Optiro's site visit observations and review and validation of the drilling data used for the Mineral Resource estimate, Optiro considers that the drilling, logging, sampling and assaying procedures, as discussed below, are appropriate and in accordance with industry standards. In Optiro's overall opinion, the geological database forms an appropriate and reasonable basis for resource estimation.

6.1. DRILLING

The five Sokor deposits (Manson's Lode, New Discovery, New Found, Ketubong and Rixen) have been evaluated by both surface trenches and diamond core drilling. Diamond drilling was completed on all five deposits using a combination of inclined and vertical drillholes on drill sections oriented normal to the strike of the mineralisation. Only the data from the CNMC diamond drillholes has been used for resource estimation. A total of 549 diamond drillholes for 52,484 m have been drilled at the Sokor Project for Mineral Resource definition.

CNMC provided the geological logs, assay data and survey data to Optiro as a series of Excel spread-sheets. Optiro consolidated this data and generated a drillhole database using Datamine mining software. CNMC provided the assay certificates for 162 of the drillholes used for the 2011 Mineral

Resource, for all 16 drillholes used for the 2012 update to the Rixen Mineral Resource estimate, for 69 of the 76 drillholes provided for the 2013 Mineral Resource update and for 96 of the holes drilled during 2014. During 2015, CNMC purchased Datamine software and updated the database with the data from the 2015 drilling programme. Optiro validated the 2015 data captured by CNMC against the drillhole logs and data from the laboratory; minor inconsistencies were remedied following discussion with CNMC. CNMC provided the 2016 drillhole data as a series of Excel spreadsheets and Optiro updated the Datamine database. Optiro validated the 2016 data against the laboratory certificates provided by SGS (Malaysia) Sdn. Bhd. laboratory. This represents 10% of the 2016 assay data.

6.2. SURVEY DATA

CNMC has completed a topographic survey over a 7 km^2 area covering the five deposits; this local detailed survey has been tied into the Malaysian National Grid (MNG) using a number of MNG survey control points. This survey work was carried out using electronic distance measurement (EDM) and from this data a digital terrain model (DTM) was produced.

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

The 2016 drillholes were surveyed using industry standard downhole survey equipment at the start and end of the hole and at approximately 50 m intervals down hole. For the drillholes used for Mineral Resource definition, dip deviations average less than 0.2° with a maximum of 1°, and azimuth deviations average less than 1° with a maximum deviation of 4.5°.

Mining at Rixen and at New Found was undertaken during 2016, and pit surveys were conducted in early 2017.

6.3. LOGGING, SAMPLING AND SAMPLE PREPARATION

Drillhole cores are logged for lithology, weathering, alteration, structure, mineralisation and geotechnical data, including core recovery, RQD (rock quality designation) and fracture frequency measurements.

All drill core is photographed using a digital camera and potentially mineralised core is marked up for sampling. Sample intervals selected for analysis from the 2016 drillholes are between 0.2 m and 4.56 m, with an average sample interval of 1.2 m.

Systematic logging of oxidation boundaries (base of oxide and base of transitional) was introduced by CNMC for the 2011 exploration programme and oxidation was recorded as a separate field in the 2012 core logging. This practice was not continued during 2013 but was reinstated during 2014: the geological logs for all 2014, 2015 and 2016 drillholes recorded oxidised, transition and fresh material.

Half core samples were selected for analysis, with quarter core samples used for quality assurance/quality control (QAQC) analysis. Prior to 2012, sample preparation was undertaken at the ALS Group Laboratory in Perth, Australia and the samples collected from 2012 to 2016 were prepared by SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia. Sample weights range from 1 kg to 3 kg. Samples are dried, crushed to 6 mm and the whole sample is pulverised to 85% passing 75 microns. A pulp sample of 200 g is split for assay and the pulp reject bagged and retained.

6.4. SAMPLE SECURITY

Exploration samples were selected, bagged and labelled by site geologists at Sokor and placed in sealed cartons for transport to the assay laboratory. The samples were stored at the Sokor exploration office

in the sample storage area, prior to dispatch to the laboratory and the camp was patrolled day and night by security personnel.

During 2016, samples were analysed at CNMC's on-site laboratory. Duplicate samples were transported to the SGS (Malaysia) Sdn. Bhd. Laboratory, at Port Klang, Malaysia, by an employee of CNMC. The assay laboratory confirmed that all samples were received and that the cartons had not been damaged.

6.5. ASSAYING

Gold analyses at all five deposits were by 30 g fire assay with atomic absorption spectrometry (AAS) finish, having a detection limit of 0.01 g/t gold. Prior to 2012, sample analysis was undertaken at the ALS Group Laboratory in Perth, Australia; samples from the 2012 to 2015 drilling programmes were analysed by SGS (Malaysia) Sdn. Bhd. Laboratory. Samples from 16 of the 2013 drillholes were assayed using a 50 g fire assay charge.

Samples from Manson's Lode are routinely analysed for Au, Ag, Cu, Pb and Zn. Prior to 2012, Ag, Cu, Pb and Zn were analysed at the ALS Group Laboratory in Perth, Australia by four acid digest and ICP Atomic Emission Spectrometry (ICPAES). The samples from the 2012 to 2015 drilling programmes were analysed by SGS (Malaysia) Sdn. Bhd. Laboratory by four acid digest followed by AAS.

The samples from the 2016 drilling programmes were analysed at the CNMC on-site laboratory with 10% (1 in 10 samples) of the samples sent to SGS (Malaysia) Sdn. Bhd. Laboratory for check analysis. The results from SGS (Malaysia) Sdn. Bhd. Laboratory were given preference over the on-site laboratory results in the database that was provided by CNMC for the Mineral Resource estimate.

At New Discovery, New Found, Ketubong and Rixen, silver and base metal concentrations are low and after initial analysis to establish this, samples were analysed for gold only.

6.6. QUALITY ASSURANCE/QUALITY CONTROL

CNMC's QAQC protocols for the 2016 drilling programme included the insertion of standard, duplicate and blank samples with the samples sent to SGS (Malaysia) Sdn. Bhd. Laboratory and inter-laboratory duplicate samples (of pulps) were submitted to ALS Group Laboratory in Perth, Australia.

For the 2016 drilling programme, standard samples have been inserted at a rate of 4% (1 in 25 samples) and blank samples at a rate of 2% (1 in 50 samples). All of the results from the standard samples are within three standard deviations of the expected certified value and all but one result are within two standard deviations of the expected certified value. No sample bias is evident and results indicate good accuracy of the analysis.

A total of 25 blank samples were submitted with the samples from the 2016 drillholes used for the Mineral Resource updates. All samples retuned below detection assay results and indicate good sample preparation with little sample contamination.

Field duplicate samples (133) were analysed by SGS (Malaysia) Sdn. Bhd. Laboratory and pulp samples (27) were analysed by the umpire laboratory, ALS Group Laboratory. For both sets of data, the original and duplicate results have a high correlation and indicate a good level of precision of the assay data.

6.7. BULK DENSITY

Bulk density measurements are made on selected core samples of approximately 0.2 m in length using the water immersion method (weighing in air and water). Samples are dried before measurement. Bulk density values for each deposit and material type were calculated using measurements from 204 sections of diamond drill core (including 25 measurements obtained during 2016) and of alluvial/eluvial and backfill material from 41 test pits.

7. MINERAL PROCESSING AND METALLURGICAL TESTING

7.1. PROCESSING

CNMC engaged Changchun Gold Research Institute (CGRI) to carry out process testwork in 2008 and to design a process for recovery of gold and silver from the Sokor ore. A vat leaching plant was constructed on site in early 2010 and operations commenced in July 2010. During 2013, vat leaching operations continued on a minimal scale with ore from the New Discovery deposit being batch treated.

During 2012, the processing capability of the Sokor Project was increased with the construction and commissioning of a trial 70 kt heap leach facility to treat the ore from Rixen. The heap leach process was commissioned and declared operational during January 2013 and has continued to operate throughout 2013, 2014 and 2015, with ore being supplied solely from the Rixen deposit, and during 2016 with ore being supplied from the Rixen and New Found pits. Heap leach recoveries ranged from 65% to 70% during the year, with the average recovery being 69% for 2016.

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

7.1.1. METALLURGICAL TESTWORK

During 2013, CNMC carried out further metallurgical testwork in the following areas:

- gravity gold recovery and heap leaching of Manson's Lode backfill ore
- mineralogical analysis on polymetallic Manson's Lode ore for selection of a process route
- mineralogical and leaching testwork on primary ore from New Discovery and Ketubong.

Metallurgical testwork is ongoing as part of the current operations, with the results being applied to the leaching processes as required to ensure that the operational parameters remain appropriate for the anticipated variations in ore characteristics across the various deposits.

7.1.2. PLANT DESIGN

CNMC is currently using a combination of heap and vat leaching processes. The heap leach was the predominant processing method used during 2016.

The heap leaching process being used by CNMC features standard heap leaching practices, with fresh ore remaining on the leach pad for a residence time of between 30 and 45 days before it is regarded as being barren. Pregnant leach solution is subsequently stripped of leached gold via a standard elution and electrowinning process, with gold recoveries in the order of 69% being achieved during 2016. The barren heap leach material is then removed from the heap pad to a tailings storage area, which is then progressively rehabilitated during the year.

The vat leaching plant comprises the following equipment:

- a 50 t per hour crushing plant which includes a jaw crusher, a secondary impact crusher and a 10 mm vibrating screen to split the secondary crusher product into plus and minus 10 mm material
- three concrete leaching vats, each with a capacity of 1,500 t of ore
- pregnant, barren and raw water ponds
- eight activated carbon columns set up in two trains of four columns
- a gold room comprising an acid wash tank and an elution column, each with a capacity of 1 t of carbon
- a 1,000 kg carbon/day diesel-fired carbon regeneration furnace
- a pressurised electrowinning cell.

Crushed ore is trucked about 150 m to the leaching vats and loaded into the vats using excavators. Barren solution is pumped into the vat to saturate the ore and allow it to soak. The pregnant solution is then drained from the vat into the pregnant solution pond. Pregnant solution is pumped through the carbon columns, an estimated 97% of the contained gold is captured on the carbon and the solution discharging from the columns is recirculated to the barren pond, from where it is pumped back to the vat. The loaded carbon for both the heap leach and vat processes is transferred to the gold room for acid washing, elution and regeneration prior to recirculation to the adsorption columns. Eluate from the elution stage is circulated through an electrowinning process to produce a gold sludge which is dried and smelted to produce gold doré.

8. MINING

8.1. MINING METHODS

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

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

8.2. PIT OPTIMISATION

8.2.1. PROCESS

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

8.2.2. COSTS

Site costs were provided by CNMC for two years (2014 and 2015) of production. The total costs were back calculated into unit costs ($/t) for use in the optimisations. It is understood that silver credits are used by CNMC to reduce the overall cost of gold production, and as such the revenue from silver was added to the CNMC provided costs. Additionally, it is understood that the CNMC costs reported to Optiro do not contain the final rehabilitation costs and these have been added back on, based on known costs of similarly sized, geographically similarly located operations.

8.2.3. DILUTION AND RECOVERY

The ore zones at Sokor have reasonable width and are in an orientation amenable to good recovery through open pit mining. As such, dilution and recovery of the ore zone were estimated at 5% and 95% respectively.

8.2.4. GEOTECHNICAL

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

- 40° for oxide material
- 42° for transitional material
- 45° for fresh rock.

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

8.2.5. OPTIMISATION INPUTS

Table 8.1 Optimisation input parameters

Item	Units	Amount	Comment
Overall slope angle - Rixen			
Oxide material	deg	40	Oxidation states have not been fully logged at New Discovery and Manson's Lode, hence one overall wall angle which roughly approximates the Rixen average slope angle was used
Transitional material	deg	42	
Fresh material	deg	45	
Overall slope angle			
Overall slope angle* – New Discovery	deg	42	
Overall slope angle* – Manson's Lode	deg	42	
Production factors			
Dilution	%	5	
Mining recovery	%	95	
Ore processing limit	Mtpa	1.0	
Mining costs			
Mining cost - Rixen	US$ /t	1.00	CNMC 2014 / 2015 data
Mining cost – New Discovery	US$ /t	2.65	Optiro estimate
Mining cost – Manson's Lode	US$ /t	3.38	Optiro estimate
Processing recovery			
Heap Leach	%	65%	CNMC 2014 / 2015 data
CIL	%	80%	Optiro estimate
Processing costs			
Heap Leach	US$ /t ore	1.90	CNMC 2014 / 2015 data
CIL	US$ /t ore	33.00	Optiro estimate
Administration and Royalty	US$ /t ore	3.10	CNMC 2014 / 2015 data
Revenue			
Gold	US$ / oz	1,100	

8.3. MINE DESIGN

The mine design was undertaken using industry accepted parameters, in line with current site operating practices and based on a conventional, drill, blast, load and haul mining scenario.

8.3.1. DESIGN PARAMETERS

Table 8.2 Mine design parameters

Item	Units	Amount
Batter angles		
Oxide and transitional	degrees	60
Fresh rock	degrees	75
Batter height	m	10
Berm width	m	5
Ramp width		
Dual lane	m	20
Single lane*	m	10
Minimum mining width	m	30

** Single lane employed at bottom of pit and in small pits that do not warrant dual lane ramps*

8.3.2. PIT DESIGN

Figure 8.1 Final pit design - Rixen

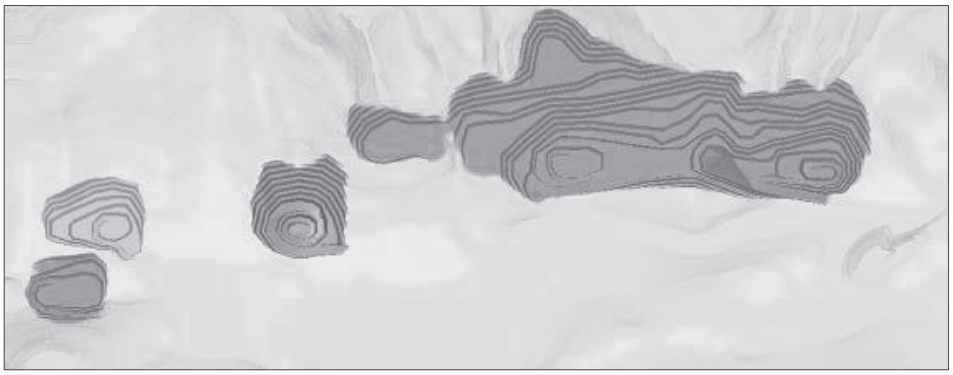


Figure 8.2 Final pit design - New Discovery

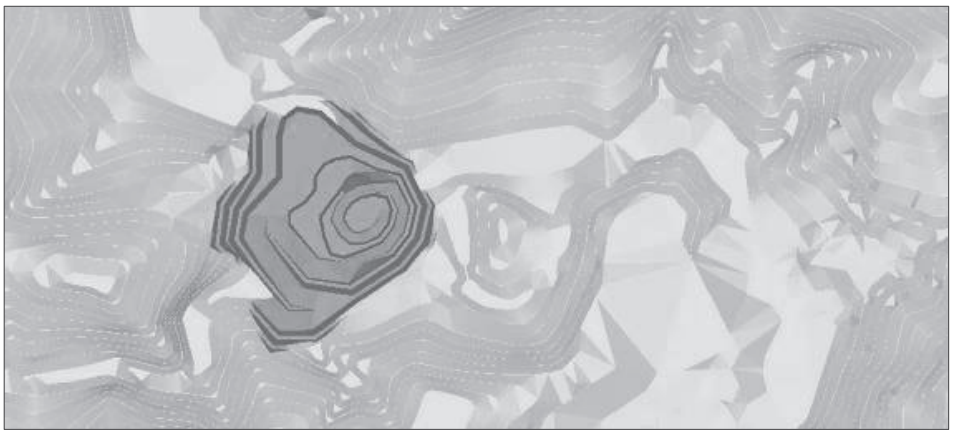


Figure 8.3 Final pit design - Manson's Lode

8.4. MINE SCHEDULE

The mine schedule was undertaken using NPV scheduler. The final pit design was imported into the optimisation package and merged with the surface topography to produce an ultimate mining surface. For Rixen, pushbacks were then created that:

- contained approximately 1 Mt of ore
- attempted to maintain similar stripping ratios.

Due to the small size of both the New Discovery and Manson's Lode pits, these were scheduled based on the final pit design, with no pushbacks.

8.4.1. SCHEDULING STRATEGY

The mine schedule had three primary objectives:

- achieve approximately 30 koz recovered gold per annum
- smooth overall material movement as much as possible to keep stripping ratio constant
- prioritise heap leach sources (Rixen, then New Discovery) and leave the higher cost vat leach / carbon in leach processing (Manson's Lode pit) to the latter part of the schedule. This is consistent with the current site mining philosophy.

Note that no Inferred Mineral Resources have been included in the mine schedule; this is a conservative approach. Under the JORC Code (2012), Inferred Mineral Resources can be included as long as the financial viability of the operation does not depend upon their inclusion and mining.

8.4.2. SCHEDULE OUTPUTS

The key outputs of the mining schedule are shown in Table 8.3.

Table 8.3 Mining schedule physicals

Source	Unit	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Rixen							
Waste	kt	15,083	2,927	2,807	3,546	5,803	-
HL ore	kt	4,615	1,247	1,247	1,247	875	-
HL ore grade	g/t	1.14	1.12	1.07	1.10	1.34	-
Gold mined (HL)	koz	169.4	44.9	42.7	44.0	37.7	-
New Discovery							
Waste	kt	1,272	-	-	-	587	685
HL ore	kt	349	-	-	-	115	234
HL ore grade	g/t	3.31	-	-	-	3.10	3.42
Gold mined (HL)	koz	37.2	-	-	-	11.4	25.7
Manson's Lode							
Waste	kt	326	-	-	-	-	326
CIL ore	kt	144	-	-	-	-	144
CIL ore grade	g/t	3.40	-	-	-	-	3.40
Gold mined (CIL)	koz	15.7	-	-	-	-	15.7
Sokor Project – total							
Waste	**kt**	**16,681**	**2,927**	**2,807**	**3,546**	**6,390**	**1,011**
Total ore	**kt**	**5,108**	**1,247**	**1,247**	**1,247**	**990**	**378**
HL ore	**kt**	**4,964**	**1,247**	**1,247**	**1,247**	**990**	**234**
CIL ore	**kt**	**144**	**-**	**-**	**-**	**-**	**144**
HL ore grade	**g/t**	**1.3**	**1.12**	**1.07**	**1.10**	**1.54**	**3.42**
CIL ore grade	**g/t**	**3.4**	**-**	**-**	**-**	**-**	**3.40**
Gold mined (HL)	**koz**	**207**	**45**	**43**	**44**	**49**	**26**
Gold mined (CIL)	**koz**	**16**	**-**	**-**	**-**	**-**	**16**
Gold mined	**koz**	**222**	**45**	**43**	**44**	**49**	**41**

8.5. MINING OPERATIONS

8.5.1. MINING METHODS

The current mining method is conventional, drill and blast, load and haul in the open pit. The dip of the orebody (35° to 40°) aligns well with the conceptual overall pit slope. One wall of the pit has been designed to follow the footwall of the orebody.

8.5.2. WORKFORCE

The current operating workforce comprises both CNMC employees and various contractors. Administration and technical services staff are employed directly by CNMC. CNMC endeavours to employ labour from the local communities as required.

8.5.3. MINING FLEET

Due to the small volumes of material movement required, the pit is mined using a small fleet of machinery on a 24/7 operating basis. A number of back-hoe type excavators in the 60 to 120 tonne class are utilised in the mining of the ore and waste, as well as in the post-heap tails relocation and rehabilitation process. A mixed fleet of 10 wheel haul trucks and 30 tonne articulated haul trucks are used in the mining operations as required. Ancillary equipment for in pit work requirements, waste dump management and road maintenance is provided by a fleet of graders, dozers and front end loaders.

Drilling of blast holes is completed by a contractor and CNMC provides the blasting supervision.

9. RESOURCE AND RESERVE ESTIMATES AND EXPLORATION RESULTS

Only exploration data used for the Mineral Resource estimate has been reviewed by Optiro. Any additional exploration data obtained by CNMC, which is not within the Mineral Resource area at Manson's Lode, New Discovery, New Found, Ketubong or Rixen, has not been included in this report.

9.1. MINERAL RESOURCE

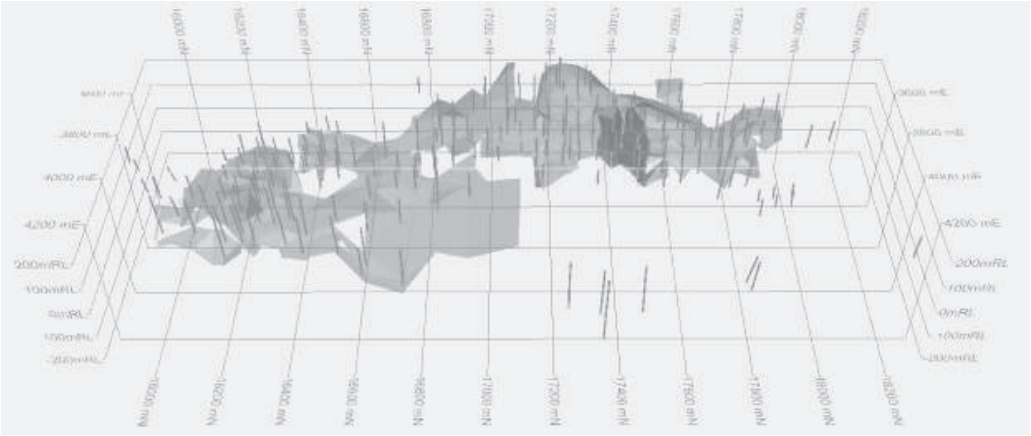
9.1.1. INTERPRETATION

CNMC provided cross-sections of the mineralisation and geology interpreted from the geological logging and assay results from drillholes to the end of 2013. Optiro used the cross-sections to guide interpretation of the mineralisation at all deposits, using a nominal 0.3 g/t gold cut-off grade. At Manson's Lode base metal mineralisation, external and additional to the gold mineralisation, was interpreted using a nominal 3% lead and zinc (Pb+Zn) cut-off grade.

Interpretation of the 2014 to 2016 drillhole data by Optiro used the geological logs provided by CNMC and the assay data, and maintained a similar orientation to that interpreted by CNMC geologists prior to 2014.

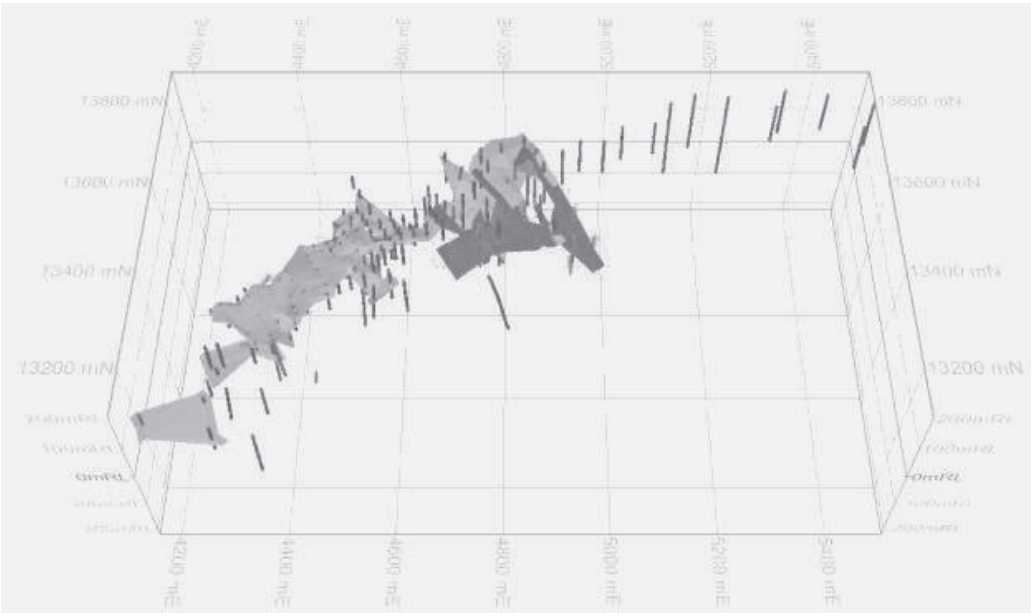
At Rixen, the 2016 drilling infilled the central area and improved the classification of resources within this area. In addition, drilling within the central area extended the resource to the east. The Mineral Resource extends for 2,000 m along strike (north-south), 500 m across strike (east-west) and up to 200 m from surface. The resource interpretation for 2015 and the updated interpretation for 2016 are illustrated in Figure 9.1.

Figure 9.1 **Rixen - Mineral Resource interpretation as at 2015 (grey), additional Mineral Resources defined in 2016 (red) and drillholes (prior to 2016 grey and 2016 green)**



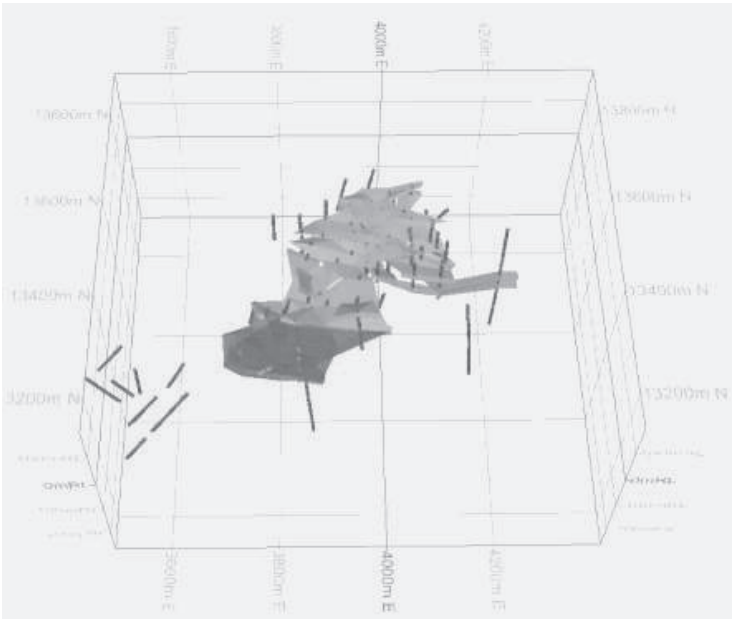
At Manson's Lode the 2016 drilling extended the mineralisation interpretation for gold and base metals down-dip to the south-east. The Mineral Resource extends for 750 m along strike (northeast-southwest), 300 m across strike (southeast-northwest) and up to 120 m from surface. The resource interpretation for 2015 and the updated interpretation for 2016 are illustrated in Figure 9.2.

Figure 9.2 **Manson's Lode - Mineral Resource interpretation as at 2015 (grey), additional Mineral Resources defined in 2016 (red) and drillholes (prior to 2016 grey and 2016 green)**



Drilling in 2015 and 2016 indicated that the mineralisation at New Discovery extended to the south: CNMC has named this area New Found. The mineralisation has been interpreted to be an extension to the mineralisation at New Discovery. The Mineral Resource for the combined New Discovery and New Found deposits extends for 500 m along strike (northeast-southwest), 300 m across strike (east-west) and up to 180 m from surface. The resource interpretation for 2015 and the updated interpretation for 2016 for New Discovery and New Found are illustrated in Figure 9.3.

Figure 9.3 **New Discovery and New Found - Mineral Resource interpretation as at 2015 (grey), additional Mineral Resources defined in 2016 (red) and drillholes (prior to 2016 grey and 2016 green)**



9.1.2. DATA ANALYSIS

Data within the interpreted mineralisation was composited to 1.5 m downhole intervals and coded for material type (alluvial/eluvial, backfill, lithologically controlled or structurally controlled). Statistical analysis of the composited and coded gold values indicated that the data populations are positively skewed and top-cut values were therefore selected for each deposit and material type. Top-cuts were not applied to the eluvial mineralisation at Ketubong or the structurally controlled mineralisation at New Discovery and New Found. For the other material types top-cut values range between 9 g/t gold within the mineralisation at Rixen and 25 g/t gold within the lithologically controlled mineralisation at New Discovery. These top-cuts affected the top 1% to 4% of the gold data.

At Manson's Lode, silver, lead and zinc grades were top-cut to 310 g/t Ag, 9% Pb and 2% Zn respectively within the backfill material and to 440 g/t Ag, 14% Pb and 17% Zn within the bedrock material. These top-cuts affected the top 1% to 4% of the data.

Mineralisation continuity was interpreted from variogram analyses to have an along strike range of 50 m to 115 m within the alluvial/eluvial and backfill material, and 75 m to 175 m within the bedrock mineralisation.

9.1.3. GRADE ESTIMATION AND CLASSIFICATION

Block models were generated for each deposit using a block size of 10 mE by 10 mN on 2 m benches at Manson's Lode, New Discovery, New Found and Ketubong and 10 mE by 20 mN on 2 m benches at Rixen. Block grades were estimated using ordinary kriging techniques with appropriate top-cuts, as previously described, applied to each deposit and style of mineralisation.

The mineralisation has been classified as Measured, Indicated and Inferred in accordance with the guidelines of the Australian JORC Code (2012). Table 1 criteria of the JORC Code and supporting comments are listed in Appendix A. Areas with well-defined geological and grade continuity were classified as either Measured or Indicated and areas with close spaced drilling with higher estimation

quality were classified as Measured. Areas with wide spaced drilling and/or poor grade continuity were classified as Inferred.

Average bulk density values for each deposit and material type were calculated using measurements from diamond drillholes and test pits. Bulk density values used for the 2016 Mineral Resource estimate at Rixen were 2.64 t/m^3 for the oxide and transitional material and 2.70 t/m^3 for the fresh material.

For the 2016 Mineral Resource for Manson's Lode a bulk density of 1.85 t/m^3 was used for the backfill material. There is a strong relationship between the sulphide mineralisation, in particular the silver, lead and zinc grades, and the bulk density. An ordinary multivariate least squares regression model between density and metal grade was developed and the following equation was used to determine the bulk density for the bedrock material at Manson's Lode:

Bulk density = 3.34+(0.004*Ag)+(-0.116*Pb)+(0.063*Zn)

The bulk density values used for the New Discovery were updated with the bulk density data obtained from the 2016 drilling at New Found. For the combined New Discovery and New Found resource estimate a bulk density of 2.2 t/m^3 was used for the for the eluvial material, 2.4 t/m^3 was used for the oxide and transitional material and 2.87 t/m^3 for the fresh material.

The Ketubong Mineral Resource was not updated in 2016. Bulk density values used for the 2013 Mineral Resource estimate were 2.2 t/m^3 for the oxide material, 2.79 t/m^3 for the transitional and the fresh material at Ketubong.

9.1.4. MINERAL RESOURCE TABULATION

The Mineral Resource estimate, as at 31 December 2016 for the Sokor Project is reported in Table 9.1. This has been classified and reported in accordance with the guidelines of the JORC Code (2012) and has been depleted for mining. The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode and Ketubong, above a 0.4 g/t gold cut-off grade at New Discovery and New Found and above a 0.3 g/t gold cut-off grade at Rixen to reflect current commodity prices, operating costs and processing options. The Mineral Resources in Table 9.1 have been reported inclusive of the material used to generate Ore Reserves.

The cut-off grades used for reporting reflect the current and anticipated processing operations. The economic cut-off grade determined from Optiro's mining study of 0.3 g/t at Rixen was used to report the Mineral Resources at Rixen. The economic cut-off grade determined from Optiro's mining study of 0.4 g/t gold at New Discovery were used to report the Mineral Resources at New Discovery and at New Found. A slightly higher cut-off grade of 0.5 g/t gold was used to report Mineral Resources at Manson's Lode and Ketubong. This cut-off grade is lower than the current economic mining cut-off grade of 1.4 g/t gold determined for Manson's Lode and reflects potential future economic extraction.

Table 9.1 Sokor Project – Gold Mineral Resource statement as at 31 December 2016 (inclusive of material modified to generate Ore Reserves)

Deposit	Measured		Indicated		Inferred		Total	
	Tonnes (kt)	Grade (Au g/t)	Tonnes (kt)	Grade (Au g/t)	Tonnes (kt)	Grade (Au g/t)	Tonnes (kt)	Grade (Au g/t)
Manson's Lode	330	2.6	170	2.4	560	1.0	1,060	1.7
New Discovery/New Found	230	3.8	220	2.7	790	1.2	1,240	2.0
Ketubong	-	-	110	3.9	730	2.4	840	2.6
Rixen	-	-	5,610	1.3	4,500	1.3	10,110	1.3
Total	**560**	**3.1**	**6,110**	**1.4**	**6,570**	**1.4**	**13,250**	**1.5**

Note: Inconsistencies in totals are due to rounding

At Manson's Lode, elevated silver and base metal concentrations are associated with the gold mineralisation and are reported in Table 9.2 above a cut-off grade of 0.5 g/t gold. Additional base metal mineralisation is present, which is external and additional to the interpreted gold mineralisation, and this has been reported above a 3% lead and zinc (Pb+Zn) cut-off grade in Table 9.2.

Table 9.2 Silver and base metal Mineral Resources at Manson's Lode as at 31 December 2016 (inclusive of material modified to generate Ore Reserves)

Cut-off grade	Measured				Indicated				Inferred				Total			
	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %
0.5 g/t Au	330	63	1.7	1.7	170	73	1.7	1.9	560	47	1.5	1.3	1,060	56	1.6	1.5
3% Zn+Pb	1	128	4.9	2.3	2	64	1.5	3.0	250	6	2.4	2.2	260	7	2.4	2.2
Total	**330**	**63**	**1.7**	**1.7**	**170**	**73**	**1.7**	**1.9**	**810**	**34**	**1.7**	**1.6**	**1,310**	**47**	**1.7**	**1.6**

Note: Inconsistencies in totals are due to rounding

The total Mineral Resource, inclusive of material used to generate Ore Reserves, is presented in Table 9.3. This has then been depleted for material used to generate Ore Reserves and the corresponding tabulation, exclusive of and additional to the material used to generate Ore Reserves, is presented in Table 9.4.

Table 9.3 Sokor Project – Mineral Resources as at 31 December 2016 (inclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.56	3.1	56	0.46	3.1	45	0%
Indicated	Gold	6.11	1.4	275	4.95	1.4	222	-8%
Inferred	Gold	6.57	1.4	292	5.32	1.4	237	10%
Total	**Gold**	**13.25**	**1.5**	**623**	**10.73**	**1.5**	**505**	**1%**
Measured	Silver	0.33	63	673	0.27	63	545	0%
Indicated	Silver	0.17	73	398	0.14	73	322	0%
Inferred	Silver	0.81	34	892	0.66	34	723	38%
Total	**Silver**	**1.31**	**47**	**1,964**	**1.06**	**47**	**1,590**	**14%**
Measured	Lead	0.33	1.7	5,631	0.27	1.7	4,561	0%
Indicated	Lead	0.17	1.7	2,925	0.14	1.7	2,369	0%
Inferred	Lead	0.81	1.7	14,122	0.66	1.7	11,439	15%
Total	**Lead**	**1.31**	**1.7**	**22,678**	**1.06**	**1.7**	**18,370**	**9%**
Measured	Zinc	0.33	1.7	5,534	0.27	1.7	4,483	0%
Indicated	Zinc	0.17	1.9	3,286	0.14	1.9	2,662	0%
Inferred	Zinc	0.81	1.6	12,628	0.66	1.6	10,229	17%
Total	**Zinc**	**1.31**	**1.6**	**21,448**	**1.06**	**1.6**	**17,373**	**9%**

Note: Inconsistencies in totals are due to rounding

Table 9.4 Sokor Project – Mineral Resources at 31 December 2016 (exclusive of material used to generate Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
Measured	Gold	209	2.2	14	169	2.2	12	1%
Indicated	Gold	2,422	1.4	113	1,962	1.4	91	11%
Inferred	Gold	6,562	1.4	292	5,315	1.4	237	10%
Total	**Gold**	**9,193**	**1.4**	**419**	**7,446**	**1.4**	**340**	**10%**

Note: Inconsistencies in totals are due to rounding

9.1.5. COMPARISON WITH DECEMBER 2015 MINERAL RESOURCE

As at 31 December 2015, the total Measured, Indicated and Inferred gold resources for the Sokor Project above a 0.3 g/t gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong (exclusive of stockpiles and inclusive of material used to generate Ore Reserves) was 13,830 kt at 1.4 g/t gold with 618,000 ounces of contained gold. The Manson's Lode Mineral Resources contained silver, lead and zinc and, as at 31 December 2015, this comprised 1,210 kt with an average grade of 44 g/t silver, 1.7% lead and 1.6% zinc. The 2015 Mineral Resources have been subdivided by resource category below in Table 9.5, and this table can be compared directly with Table 9.3.

Table 9.5 Sokor Project – Mineral Resource as at 31 December 2015 (inclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.56	3.1	56	0.46	3.1	45	-2%
Indicated	Gold	7.14	1.3	297	5.78	1.3	241	+4%
Inferred	Gold	6.13	1.4	265	4.95	1.4	215	+63%
Total	**Gold**	**13.83**	**1.4**	**618**	**11.18**	**1.4**	**501**	**+22%**
Measured	Silver	0.33	63	674	0.27	63	546	+2%
Indicated	Silver	0.17	73	398	0.14	73	322	+10%
Inferred	Silver	0.71	28	645	0.57	28	522	+36%
Total	**Silver**	**1.21**	**44**	**1,717**	**0.98**	**44**	**1,391**	**+15%**
Measured	Lead	0.33	1.7	5,632	0.27	1.7	4,562	+1%
Indicated	Lead	0.17	1.7	2,925	0.14	1.7	2,370	+11%
Inferred	Lead	0.71	1.7	12,245	0.57	1.7	9,918	+188%
Total	**Lead**	**1.21**	**1.7**	**20,802**	**0.98**	**1.7**	**16,850**	**+67%**
Measured	Zinc	0.33	1.7	5,535	0.27	1.7	4,483	+1%
Indicated	Zinc	0.17	2.0	3,299	0.14	2.0	2,672	+8%
Inferred	Zinc	0.71	1.5	10,781	0.57	1.5	8,733	+142%
Total	**Zinc**	**1.21**	**1.6**	**19,615**	**0.98**	**1.6**	**15,888**	**+51%**

Note: Inconsistencies in totals are due to rounding

Since the Mineral Resource was reported as at 31 December 2016, drilling data from 20 holes drilled at the Sokor Project were used to update the Mineral Resource estimates for Rixen and Manson's Lode and to estimate the Mineral Resources at New Found.

At Rixen, this drilling infilled the central area and improved the classification of resources within this area. In addition, drilling within the central area extended the resource to the east. Mining at Rixen has depleted both the Indicated and Inferred Resources. After depletion for mining at Rixen during 2016, the Indicated Mineral Resource tonnage has decreased by 15%, the average grade increased by 8%, with an overall increase of 9% in contained gold. The Inferred Mineral Resource tonnage has increased by 1%, the grade increased by 8%, with an overall increase of 9% in contained gold. The total Mineral Resource tonnage at Rixen has decreased by 9%, the average grade increased by 6%, with an overall decrease of 2% in contained gold.

At Manson's Lode, the 2016 drilling has extended the Mineral Resource down dip within the north-eastern area of the deposit. This drilling increased the total gold Mineral Resource tonnage of Manson's Lode by 15% and the average grade decreased by 7%, with an overall increase of 7% in contained gold. There was a small decrease in the grade of the Indicated Mineral Resource of 0.9%, a small increase in tonnes (0.4%) and an overall reduction in contained gold of 0.5%. The Inferred Mineral Resource tonnage increased by 44% and the average grade decreased by 2% for an overall increase of 31% in contained gold. The silver and base metal Inferred Mineral Resources all increased resulting in an overall increase of 14% in contained silver, 9% in contained lead and 9% in contained zinc in the total Mineral Resource.

The 2016 drilling at New Found has extended the mineralisation previously identified to the north at New Discovery. The New Discovery and New Found areas were combined for mineralisation interpretation and resource definition. The New Found drilling has extended the mineralisation to the south. A top of fresh surface was interpreted or the combined area and the bulk density values were revised. The Inferred Resources tonnage has increased by 53%, the gold grade decreased by 12% for an overall increase of 35% in the contained gold. There were minor (less than 1%) differences to the Measured and Indicated Resources. The tonnage of the total Mineral Resource at New Discovery/New Found has increased by 28% and the gold grade decreased by 13% for an overall increase of 12% in the contained gold.

As at 31 December 2016, the total Measured, Indicated and Inferred gold resources for the Sokor Project (above a 0.3 g/t gold cut-off grade at Rixen, a 0.4 g/t gold cut-off grade at New Discovery and New Found and a 0.5 g/t gold cut-off grade at Manson's Lode and Ketubong) are 13,250 kt at 1.5 g/t gold with contained gold of 623,000 ounces (inclusive of material used to define Ore Reserves). Manson's Lode Mineral Resources contain additional silver, lead and zinc Mineral Resources of 1,310 kt with an average grade of 47 g/t silver, 1.7% lead and 1.6% zinc. The share of the Mineral Resource attributable to CNMC is 81% and the figures are summarised in Table 9.3.

Compared to the 31 December 2015 Mineral Resource estimate, there has been a decrease in gold Mineral Resources of 585 kt at 0.3 g/t gold. The average grade increased from 1.4 to 1.5 g/t gold, resulting in a minor increase of 0.8% in contained gold in the 2016 Mineral Resource. The increased tonnage at Manson's Lode, of 103 kt, has an average grade of 75 g/t Ag, 1.8% Pb and 1.8% Zn with contained metal of 246,000 ounces of silver, 1,880 t of lead and 1,830 t of zinc.

9.2. ORE RESERVE ESTIMATION

The Ore Reserve estimates as stated in this document have been reported in accordance with the guidelines of the JORC Code, 2012 edition. Any inconsistencies within the tables may be attributed to the JORC requirement to report to an appropriate number of significant figures, and as such will be due to rounding.

The reporting of the Ore Reserve estimates below is laid out such that each deposit is reported and discussed individually in its own section, with a combined estimate reported at the end of Section 9.3. Where changes in ounces as a percentage are quoted, these refer to the change in ounces attributable to CNMC (not the original gross value) and are based upon the rounded figures instead of the detailed base data.

9.2.1. RIXEN PIT ORE RESERVES

Between the period of 1 January 2016 and 31 December 2016, mining activities occurred at Rixen. CNMC reported to Optiro that for the 2016 production period approximately 2,244 kt of ore was removed from the Rixen Pit; however, accurate reporting as to the precise ore tonnes, grade and amount of waste removal was not available, and hence this information has been considered in conjunction with surveyed data and the 2016 depleted block model.

With the information available to Optiro, a detailed reconciliation of actual mined against the depleted model could not be completed, therefore this Ore Reserve estimate has been compiled solely on the basis of the depleted Mineral Resource block model against the pit design and working face surveys as at 31 December 2016.

The Rixen Pit Ore Reserve estimate is reported above a 0.3 g/t gold cut-off grade, incorporating 95% mining recovery and 5% dilution at zero grade, and using a gold price of US$1,100 per ounce. The 2016 Ore Reserve estimate is quoted in Table 9.6.

Table 9.6 Rixen Pit Ore Reserves and Mineral Resources (additional to Ore Reserves) as at 31 December 2016

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
Ore Reserves								
Proved	Gold	0	0	0	0	0	0	0
Probable	Gold	3,522	1.3	147	2,853	1.3	119	-13%
Total	**Gold**	**3,522**	**1.3**	**147**	**2,853**	**1.3**	**119**	**-13%**
Additional Mineral Resources								
Measured	Gold	0	0	0	0	0	0	0
Indicated	Gold	2,089	1.2	81	1,692	1.2	66	15%
Inferred	Gold	4,502	1.3	187	3,646	1.3	152	8%
Total	**Gold**	**6,591**	**1.3**	**269**	**5,338**	**1.3**	**217**	**10%**

Notes:
- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for Rixen Mineral Resources and Ore Reserves is 0.3 g/t gold*
- *Gold price used for cut-off calculation is US$1,100 /oz*
- *No Inferred material is included in the Ore Reserves*
- *Dilution of 5% and ore loss of 5% have been applied to Ore Reserves, with zero grade attributed to dilution.*

COMPARISON WITH 2015 ORE RESERVES ESTIMATE - RIXEN

The variance between the 2015 and 2016 Ore Reserves estimates is due to increased Mineral Resources and depletion by mining activities during the year. No other modifying factors have been changed in the Rixen Pit Ore Reserves between 2015 and 2016. The previous Ore Reserves were also reported as per the JORC Code, 2012 edition.

The operating cost base used for the 2016 Ore Reserves was based on the actual (weighted) cost base as reported to Optiro over the 2014 to 2015 production years. It should be noted that there has been a significant ramp up in production at Rixen during 2015, and this is now reflected in the lower actual cost base.

Pit surveys were taken for the end-of-reporting period of 31 December 2016, and these formed the basis of the depletion model. CNMC has reported to Optiro that for the period up to 31 December 2016 2,244 kt of material has been extracted.

The variation between the claimed mined tonnes and the surveyed depletion of the Mineral Resources/Ore Reserves is attributable to dilution occurring during the mining phase, combined with the addition of material to the ore mined claimed through operational grade control work and ore loss through operational issues.

Optiro has taken a prudent and conservative approach to account for the lack of accurate and timely production data provided, and has assumed that the Ore Reserves portion was depleted prior to 31 December 2016. As no detailed reconciliation data was provided to Optiro with respect to mine production, this Ore Reserves estimate (Table 9.6) has been calculated solely on the evaluation results from the pit design using the updated and depleted block model created as part of this Ore Reserves report.

Figure 9.4 shows the differences in tonnes and metal between the 2015 and 2016 Ore Reserves figures.

Figure 9.4 Waterfall chart showing variance in 2015 and 2016 Ore Reserves estimate for Rixen (ore tonnes - left, gold ounces - right)

9.2.2. MANSON'S LODE PIT ORE RESERVES

Between the period of 1 January 2016 and 31 December 2016, no mining activity occurred at Manson's Lode. The Ore Reserves have not changed during the 2016 reporting period.

Metals other than gold have not been included within this Ore Reserves estimate, nor has the impact on either credits or penalties for the presence of other metals and contaminants been included within the cost model or cut-off grade calculations. Metallurgical testwork was commenced to determine lead and zinc recoveries from previously stockpiled material from Manson's Lode. Further testwork and study work progressed during 2016, and this data will be used to assist with the upgrade and reclassification of the Manson's Lode to meet the JORC 2012 Ore Reserve reporting criteria during 2017 and this will now include the zinc and lead minerals in addition to the gold and silver.

The Manson's Lode pit Ore Reserves are reported above a 1.4 g/t gold cut-off grade, using a 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,100 per ounce. The 2016 Ore Reserves are quoted in Table 9.7 with the 2016 Mineral Resources (additional to the Ore Reserves) presented below. The total of the Ore Reserves and additional Mineral Resources will not equal the inclusive Mineral Resources, due mainly to the difference in cut-off grade between the Mineral Resources and Ore Reserves and the exclusion of Inferred Resources inside the pit designs.

Table 9.7 Manson's Lode Pit Ore Reserves and Mineral Resources (additional to Ore Reserves) as at 31 December 2016

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
Ore Reserves								
Proved	Gold	126	3.5	17	102	3.5	14	0%
Probable	Gold	18	2.8	2	15	2.8	2	0%
Total	**Gold**	**144**	**3.4**	**19**	**117**	**3.4**	**15**	**0%**
Additional Mineral Resources								
Measured	Gold	182	2.1	12	148	2.1	10	2%
Indicated	Gold	149	2.4	11	121	2.4	9	3%
Inferred	Gold	548	1.0	17	443	1.0	14	33%
Total	**Gold**	**879**	**1.4**	**41**	**712**	**1.4**	**33**	**10%**

Notes:
- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for Manson's Lode Ore Reserves is 1.4 g/t gold*
- *Gold price used for cut-off calculation is US$1,100 /oz*
- *No Inferred material is included in the Ore Reserves*
- *Dilution of 5% and ore loss of 5% have been applied to Ore Reserves, with zero grade attributed to dilution*
- *Cut-off grade for Manson's Lode Mineral Resources is 0.5 g/t gold outside pit design and 1.4 g/t gold for Inferred Resources within pit design.*

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9.2.3. NEW DISCOVERY PIT ORE RESERVES

Between the period of 1 January 2016 and 31 December 2016, no mining activity occurred at New Discovery.

The New Discovery Pit Ore Reserves estimate has been reported above a 0.4 g/t gold cut-off grade, 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,100 per ounce. The resultant Ore Reserves for the New Discovery pit are reported below in Table 9.8 and are applicable for 2016. The additional Mineral Resources are for the combined New Discovery and New Found deposits.

Table 9.8 New Discovery Pit Ore Reserves and Mineral Resources at New Discovery and New Found (additional to Ore Reserves) as at 31 December 2016

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
Ore Reserves								
Proved	Gold	201	4.0	26	163	4.0	21	2%
Probable	Gold	149	2.8	13	120	2.8	11	2%
Total	**Gold**	**350**	**3.4**	**39**	**283**	**3.4**	**31**	**5%**
Additional Mineral Resources								
Measured	Gold	27	2.7	2	22	2.7	2	-1%
Indicated	Gold	69	2.5	6	56	2.5	5	-1%
Inferred	Gold	785	1.2	31	635	1.2	25	35%
Total	**Gold**	**880**	**1.4**	**39**	**713**	**1.4**	**32**	**26%**

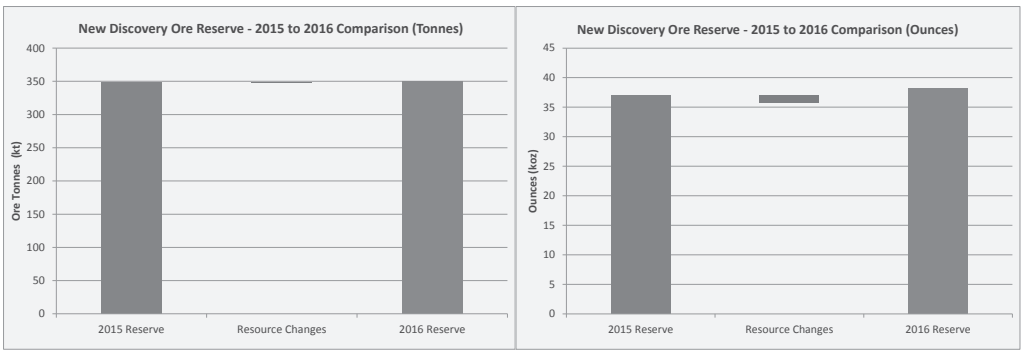
Notes:
- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for New Discovery Mineral Resources and Ore Reserves is 0.4 g/t gold*
- *Gold price used for cut-off calculation is US$1,100 /oz*
- *No Inferred material is included in the Ore Reserves*
- *Dilution of 5% and ore loss of 5% have been applied to the Ore Reserves, with zero grade attributed to dilution.*

COMPARISON WITH 2015 ORE RESERVES ESTIMATE – NEW DISCOVERY

The variance between the 2015 and 2016 Ore Reserves estimate is entirely due to the small change to the overall resource tonnes and grade in the pit area that had a very minor impact. This relates to the revised density values and definition of the top of fresh material. No other modifying factors have been changed for the New Discovery pit Ore Reserves between 2015 and 2016.

Figure 9.5 shows the differences in tonnes and metal between the 2015 and 2016 Ore Reserves figures.

Figure 9.5 Waterfall chart showing variance in 2015 and 2016 Ore Reserves estimate for New Discovery (ore tonnes - left and gold ounces - right)



9.2.4. KETUBONG

No Ore Reserve estimate was calculated or reported for the Ketubong deposit as there was no activity related to that deposit during 2016.

9.2.5. NEW FOUND

No Ore Reserve estimate was calculated or reported for the New Found deposit. Mineral Resources are classified as Inferred and thus cannot be converted to Ore Reserves, as defined by the JORC Code 2102.

9.3. STATEMENT OF SOKOR MINERAL RESOURCES AND ORE RESERVES

The combined Ore Reserves estimate for Rixen, Manson's Lode and New Discovery deposits have been calculated and is shown in Table 9.9, accompanied by the Mineral Resources tabulation for Rixen, Manson's Lode and New Discovery deposits (reported exclusive of and additional to Ore Reserves) and for Ketubong and New Found (where Ore Reserves have not been defined).

Table 9.9 Combined Sokor Project Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (at Manson's Lode, New Discovery/New Found, Rixen and Ketubong that are additional to Ore Reserves at Manson's Lode, New Discovery and Rixen) as at 31 December 2016

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
Ore Reserves								
Proved	Gold	327	3.8	43	265	3.8	34	1%
Probable	Gold	3,688	1.4	162	2,988	1.4	132	-12%
Total	**Gold**	**4,015**	**1.6**	**205**	**3,253**	**1.6**	**166**	**-9%**
Additional Mineral Resources								
Measured	Gold	209	2.2	14	169	2.2	12	1%
Indicated	Gold	2,422	1.4	113	1,962	1.4	91	11%
Inferred	Gold	6,562	1.4	292	5,315	1.4	237	10%
Total	**Gold**	**9,193**	**1.4**	**419**	**7,446**	**1.4**	**340**	**10%**

Notes:

- *Mineral Resources and Ore Reserves reported as per the JORC Code 2012 edition*
- *Calculations have been stated to two significant figures, and totals may display rounding inconsistencies*
- *Cut-off grade for Rixen Mineral Resources and Ores Reserves is 0.3 g/t gold*
- *Cut-off grade for New Discovery Mineral Resources and Ore Reserves is 0.4 g/t gold*
- *Cut-off grade for New Found Mineral Resources is 0.4 g/t gold*
- *Cut-off grade for Manson's Lode Ore Reserves (and Inferred Resources within the pit design) is 1.4 g/t gold and cut-off grade for Mineral Resources outside the pit design is 0.5 g/t gold.*
- *Cut -off grade for Ketubong Mineral Resources is 0.5 g/t gold*
- *Gold price used for cut-off calculation is US$1,100 /oz for all lodes*
- *No Inferred material is included in the Ore Reserves*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution*
- *Combined additional Mineral Resources reported in 2015 were incorrect and have been corrected for this report.*

10. INFRASTRUCTURE, FACILITIES, ENVIRONMENTAL AND COMMUNITY ISSUES

10.1. INFRASTRUCTURE

10.1.1. POWER AND WATER SUPPLY

Power to the operation has previously been provided by three on-site diesel generators. Two generators of 400 kW and 240 kW capacity provide the bulk of the power requirements, with a 160 kW unit available as a stand-by. Small portable generators provide power to living quarters. In 2013, an additional six diesel generators were added to provide additional power generation for the expanded heap leach operations.

The project site is in an area of high, consistent rainfall. Water is sourced from local streams for use in mining and processing. Potable water is trucked to the site.

10.2. MINE SITE FACILITIES

CNMC has constructed offices, accommodation camp, assay laboratory and a permanent equipment maintenance facility on the site. Communications are provided via a satellite phone system. Telephone, fax and data transmission facilities are provided.

10.3. ENVIRONMENTAL AND COMMUNITY ISSUES

Optiro understands that BDA reviewed the project's Environmental Impact Assessment in 2008, 2009 and Environmental Management Plan in 2010. The review focussed on environmental aspects and social/community issues which are considered a material part of the project and which may have implications for project feasibility, costs and timing. Optiro understands that these aspects and issues have not changed since BDA's review in 2011 and the summary below is from the BDA report (BDA, 2011a).

10.3.1. ENVIRONMENTAL IMPACT ASSESSMENT

Environmental approvals for the project include submission of an Environmental Impact Assessment in January 2008 and a supplementary EIA report in March 2009, with approval received in June 2009. An Environmental Management Plan was submitted in February 2010 and an EMP – Additional Information report was submitted in March 2010, with approval received in April 2010. The EIA and EMP cover both heap leach and pond (vat) leach processing of gold ore at the Sokor mine site.

The project mining and environmental approvals are granted by the Kelantan State Department of Environment (DOE). The EIA approval was received in June 2009 with approval conditions stipulated, whilst the EMP approval was received in April 2010. The Mining Scheme approval was obtained in January 2010 and is subject to initial mine production not exceeding 300 ktpa of mined ore. This condition will be relaxed on submission to government of a full feasibility study and mine plan directed at expanding the project to include treatment of the primary gold sulphide mineralisation using a carbon in pulp process.

As part of the environmental investigations undertaken to date, potential project impacts to physical and biological resources have been assessed to identify key environmental risks that may arise from the construction, operation and eventual mine closure of the Sokor Project. Formal assessment, documentation and communication of potential project-related impacts, including the anticipated scope, magnitude, extent and duration, have been completed in conformance with the Kelantan State permitting process, including the DOE requirements and requirements under the Environmental Quality Act 1974. The information supplied under the Supplementary EIA was in response to further information requests from the DOE and the Kelantan State Minerals and Geoscience Department.

The EIA reports were prepared by Puncak Moriah Engineering Sdn. Bhd., whilst the EMP document was prepared by EQM Ventures Sdn. Bhd. The Sokor Mining Schemes Report was prepared by CMNM Mining Consultant Engineer, KF Lee Mining Consultant & Surveyor.

10.3.2. ENVIRONMENTAL PROTECTION AND MITIGATION MEASURES

CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures, which have been implemented. These potential impacts and CNMC mitigation measures include:

- Site clearing impacting on downstream water quality – mitigation measures include the use of silt traps and runoff barriers, retention of vegetation, vegetation removal to follow natural contours to maximise effects of silt traps.

- Soil erosion and dust emissions resulting from earthmoving activities – mitigation measures include revegetation to control runoff and soil loss, water spraying of mine roads and trafficked areas to suppress dust emissions and provision of personal protection equipment to provide protection from dust and noise.
- Biomass waste and other waste disposal causing air pollution, fire hazard, unhealthy environment – mitigation measures include no burning of biomass waste allowed on site, spoils and waste materials to be buried on-site in a designated 'fill' area, properly designed spoil piles surrounded by soil containment berms and biodegradable waste to be left in-situ to decompose naturally.
- Waste water generation and disposal impacting on water quality – mitigation measures include provision of suitable sanitation facilities and potable water supply, solid waste to be recycled and composted of disposed in secure areas designed in accordance with Department of Environment of Malaysia guidelines.
- Chemicals and hazardous material use impacting on water quality – mitigation measures include prevention of leakage from tailings vats by installing water proofing materials to inhibit seepage, conducting regular maintenance of vats, engagement of Kualiti Alam (a Federal Government licensed toxic waste collector) to handle all acids and hazard chemicals resulting from the operations and provision of proper safe and secure storage facilities located away from incompatible substances that may generate heat, fire, gas or explosion.
- Traffic associated with the project impacting on air quality, noise and road safety – mitigation measures include provision of sufficient width to access roads, limiting speed of vehicles, restricting entry to active mining areas to project vehicles only.
- Mine closure impacting on water quality, employment opportunities, development opportunities, loss of environmental values – mitigation measures include developing an appropriate Mine Closure and Rehabilitation Plan which includes appropriate systems for handling site storm water runoff, compacting and sealing potentially acid-generating waste rock, closure and covering tailings dams, site re-vegetation, employee training and multi-skilled experience which is transferable to other mining operations or other sectors of employment.
- CNMC advised Optiro, in January 2017, that there had been no reported breaches of the environmental conditions and that all monitoring requirements were being carried out as per the licence requirements.

10.3.3. AIR QUALITY AND NOISE

Background air quality and noise were measured in and around the Sokor Project area in 2007 as part of baseline monitoring for environmental assessment purposes. In general, ambient air quality and noise levels in areas sampled in the project area are within Government of Malaysian ambient standards.

10.3.4. SURFACE HYDROLOGY

Based on topographical information, there are numerous streams which pass through the Sokor mine site area from east to west, flowing through Sg Tapis, Sg Amang, Sg Sejana, Sg Liang and Sg Ketubong, which eventually discharge into the Sg Pergau.

Surface water baseline evaluations have previously been conducted in the Sokor Project area as part of the environmental assessment process.

Baseline water quality analysis showed that the water quality in the project area is generally good and the parameter levels comply with the limits of Class III of the Interim National River Water Quality Standard for Malaysia and Standard B of the Malaysian Environmental Quality (Sewage & Industrial Effluents) Regulations, 1979.

10.3.5. WATER MANAGEMENT

Given the project area's high rainfall, water management is a significant issue for the project so as to minimise any potential downstream impacts.

The mine and processing plant are operated as a closed-loop circuit where no water from the site operations discharges to nearby surface waters. All process water from the plant area is channelled to the tailings storage facility while any excess water from the tailings storage facility (TSF) is recycled to the plant's processing circuits.

The TSF is designed to operate with a minimum freeboard of 1.5 m and is surrounded by berms. The design capacity is at least twice the actual design capacity of all water from the mineral processing circuit and has also been designed to accommodate the recorded maximum rainfall event.

The berms are designed to prevent overflow from discharging from the TSF and will also preclude rainfall runoff from entering the TSF. Any stormwater and water collected from the mine pits is channelled to a sedimentation pond (i.e. environmental control pond), which is designed to provide a retention time of 48 hours.

Discharge from the sedimentation control pond is via a spillway. The mine has been developed with minimum disturbance to streams and creeks in the area. Where this is unavoidable, silt traps and sediment control practices are to be used to prevent any inflow of sediment to surface water. Surface runoff from the workshop area and other vehicle service areas is channelled to an oil/water separator device prior to the water being discharged.

Discharge of waste water from the sewerage system, domestic waste water and rainwater runoff from on-site facilities such as workshops is controlled so as not to impact on surrounding surface waters.

10.3.6. TAILINGS MANAGEMENT

Originally it was proposed that the project would commence using alluvial and vat leach methods to develop the mine; however, since 2013 the ore is mainly processed via the heap leach circuit.

Optiro has been supplied with any details of the design of these plants, any expansion details on proposed plant process ponds, or any site water balance data. Optiro notes that it is prudent that any heap leach system (besides provisioning for process ponds – barren and pregnant solution ponds) provides a stormwater (safety) pond with sufficient capacity to accommodate the local maximum rainfall event. Such a pond will need to accommodate runoff from the entire process plant area, including the process ponds and heap leach area. A cyanide detoxification system will likely be necessary to handle increased rainfall on the heap leach area during the monsoon period and to provide for decommissioning of the heap leach structures and to make safe the process solutions once the heap leach system is closed. The EMP contains limited details on three possible cyanide detoxification methods; however, the information provided is considered preliminary, as no particular detoxification method has yet been selected.

The EIA Supplementary report contains design details and environmental protection measures to minimise the potential for water pollution. It is proposed that no solutions are to be discharged from the stormwater (safety) pond and that the cyanide content of water in the pond will be constantly monitored to ensure it remains below 0.1 mg/L.

All ponds, channels and impounding bunds are planned to be constructed with the required minimum freeboard and be HDPE-lined for protection against erosion and potential groundwater contamination.

10.3.7. ENVIRONMENTAL MONITORING

The approved Environmental Management Plan contains details concerning the environmental monitoring requirements stipulated under the Government approval. They include requirements for the monitoring and reporting of air quality, noise and water quality.

An Environmental Audit process is set out in the Environmental Management Plan. CNMC has advised Optiro that all monitoring is being undertaken in accordance with the requirements of the licence conditions. There have been no reported breaches during the past 12 months.

10.3.8. REHABILITATION

It is proposed that where possible, any disturbed areas will be progressively rehabilitated; however, there are some areas such as the process plant areas which cannot be rehabilitated until such time as the mine is closed and the plant is decommissioned.

An Erosion and Sediment Control Plan is set out in the Environmental Management Plan, together with other specific pollution control and occupational health and safety plans.

10.3.9. SOCIAL ISSUES

There is a possibility that the Sokor Project may encroach into fishing areas, which may impact on revenue and livelihoods for the members of the local communities who use the area. Consequently, local dissatisfaction with the project may arise if access to fish resources is restricted.

It is expected that the Sokor Project will create employment opportunities for residents of the area. In the communities surveyed, the residents expressed the desire to seek work at the site for both skilled and unskilled work opportunities.

CNMC has made substantial efforts to integrate its project activities with the local communities and is assisting them in social and economic development programmes. It is providing the local community with new employment opportunities, training and skills development for those staff employed in CNMC's mining activities and has broadened the economic and commercial base for local businesses, contributing to economic growth in the region. In addition it provides opportunities for business investors to invest in Kelantan.

The main negative social impact that can occur at mine closure is the loss of jobs resulting from the cessation of mining. CNMC's proposed mitigation measure is to ensure that the workforce that has been employed will be fully trained with multi-skilled experience that is easily transferable at the time of mine closure, thus enabling potential further employment in other sectors.

11. FINANCIAL ANALYSIS

The current production schedule was updated by Optiro to reflect the depletion due to mining at Rixen. The schedule mines the deposits in an order as determined by current site operating philosophy (Rixen, then New Discovery and finally Manson's Lode) at rates to enable gold production of approximately 30 koz per annum. Whilst this mining schedule is adequate for an Ore Reserve estimate, Optiro recommends that CNMC completes a detailed life of mine schedule combining all ore sources, for accurate reporting of tonnes and grade. This mining schedule has been authorised for use by CNMC. The mining schedule is presented in Section 8.4.2, Table 8.3 of this report.

11.1. CAPITAL AND OPERATING COSTS

Capital and operating costs have been estimated by CNMC. Optiro understands that there has been no change to the previous year's estimated costs and that CNMC plans to review the costs as part of further study work to be under taken during 2017.

11.2. OPERATING COSTS

The operating costs used to determine the economic viability of this Ore Reserve estimate have been provided to Optiro by CNMC. Whilst some actual production and processing costs have been recorded, and are lower than the study applied costs, Optiro has opted to use a combination of the current costs and the original cost projections for reasons of conservatism and consistency over variable recorded costs. The mining costs used are considered in line with current operational expectations and actuals. A forecast gold price of US$1,100 per ounce has been applied at the request of CNMC. The unit operating costs and cut-off grade calculations used are tabulated below in Table 11.1.

Table 11.1 Mining unit costs and cut-off grade

	Units	Rixen	Manson's Lode	New Discovery
Mining and processing costs				
Mining cost	US$ /t	1	3.38	2.65
Processing cost	US$ /t	5	36.1	10.02
Cost	US$ /t ore	9.26	43.05	17.3
Revenue and selling costs				
Rehabilitation cost	US$/ t ore	-	-	-
Selling cost	US$ /g	0.05	0.59	0.59
Royalty	%	-	8%	8%
	US$ /g	2.95	2.83	2.83
Total sale cost	US$ /g	3.00	3.42	3.42
Gold price	US$ /oz	1,100	1,100	1,100
	US$ /g	35.37	35.37	35.37
Final sale price	US$ /g	32.37	31.95	31.95
Mining recovery	%	95%	95%	95%
Process recovery	%	65.0%	85.0%	86.8%
Recovered revenue	$/g	20.05	25.80	26.34
Marginal cut-off	**g/t**	**0.3**	**1.4**	**0.4**

11.3. ECONOMIC EVALUATION

Economic evaluation of the Ore Reserves for the Sokor Project shows that the net cash-flow from the operation is estimated to be $83.8 M, with a Net Present Value of $60 M (based on a 10% discount rate).

Based on the economic evaluation undertaken by Optiro, Optiro is able to demonstrate and is satisfied that there is a positive financial outcome for the Manson's Lode, Rixen and New Discovery deposits. No financial analysis has been completed for the Ketubong deposit and thus no Ore Reserves have been stated.

12. INTERPRETATION AND COMMENTS

The geology and mineralisation controls at Sokor are reasonably well understood, with mineralisation being both structurally and lithologically controlled. The Rixen, Manson's Lode and New Discovery deposits are well defined by drilling. The 2016 drilling has extended the mineralisation at Rixen to the east and has extended the gold and base metal mineralisation at Manson's Lode down-dip within the north-eastern area of the deposit.

The 2015 and 2016 drilling intersected mineralisation at New Found and has extended the mineralisation intersected at New Discovery to the south. During 2016 near surface gold mineralisation was identified at New Found which was within oxide material and suitable for processing by heap leach. This mineralisation overlies the mineralisation intersected by the diamond drilling. Opportunistic extraction of the oxide mineralisation by CNMC accounted for production of 7,080 oz gold. This production is in addition to the Mineral Resources and Ore Reserves defined at New Discovery and New Found.

New Discovery, New Found and Ketubong remain open at depth and warrant additional drill testing. Drilling to the north of Ketubong intersected mineralisation at surface and at around 140 m depth; this area also warrants further testing.

To date, CNMC has focussed its exploration on the known prospects within the Sokor Block. There is considerable potential remaining in the Sokor Block mining licence to locate additional gold and base metal mineralisation. CNMC plans to expand its exploration programme in the future to assess these areas and also in the surrounding exploration licence area.

From an operational perspective, Optiro recommends that CNMC continues to improve the rigour that has been applied to the recording and reconciliation of operating activities during 2015 and 2016. Accurate reporting of mining locations and material movements on to and off of stockpiles and leach pads will provide CNMC with greatly improved production tracking and enable meaningful reconciliation of actual against planned mine performance in terms of both tonnes and grades.

The above recording should continue to be supported by accurate face and stockpile surveys on a monthly basis to provide a spatial basis of reconciliation against the reported physicals. The implementation of these processes would eliminate unaccounted for material movements and significantly streamline end of period reporting requirements. Optiro notes that there has been good improvement in this aspect of operations on site during 2016.

On a similar note, the movement of material from stockpiles to leach pads continued to be recorded during 2016. Optiro recommends additional details are recorded going forward to ensure that CNMC has a more detailed basis for measuring the performance of the heap leach circuits. Without recording this additional information from the leach circuits, the basis for determining how the leaching process has performed during the month is sub-optimal. Optiro commends CNMC on the work initiated during 2016 in this regard.

The above operational processes are considered to be essentials for a single-source mining and processing operation. With the continued potential for multiple ore sources to be mined concurrently at Sokor, the requirement for accurate and rigorous reporting processes is multiplied to ensure that operational performance is recorded on an appropriate basis.

In summary, Optiro notes the improved progress in recording of the operational performance of the Sokor Project. Optiro supports CNMC's desire and actions to continue implementing a more formalised and structured production recording and reporting process, as commenced during 2016.

13. CONCLUSIONS AND RECOMMENDATIONS

CNMC purchased Datamine mining software in 2015. CNMC intends to maintain the database and to undertake regular updates to the resource models. In addition, the following improvements have been implemented:

- A set of standardised codes for the geological logging are being used by CNMC to record oxidation, lithology and alteration.
- QAQC procedures include analysis of standard, blank and duplicate samples and analysis of duplicate samples at an umpire laboratory. The insertion rate is above industry standard, which is commended.

Optiro has the following recommendations with respect to the data used for the Mineral Resources estimate at the Sokor Project:

- Ongoing updates to the mineralisation interpretation should be undertaken during the drilling programme. This will assist with optimisation of the drilling programme and planning any additional drillholes.

- Depths to the base of oxidation and the base of transitional material should be logged from the existing drill core obtained prior to 2014 at Manson's Lode, New Discovery and Ketubong.
- A 3D interpretation of the lithology should be developed; this will improve the mineralisation interpretation and Mineral Resource definition.
- Pit survey pickups should be completed on a regular basis (at least at the end of each quarter, but ideally at the end of each month) and the Mineral Resource models should be reconciled against production at least on a quarterly basis.
- A database of the grade control data from the operating pits should be maintained and used to construct grade control block models for reconciliation with the Mineral Resource models.
- Reconciliation of the Mineral Resource models, grade control data and production should be undertaken at quarterly intervals.

Optiro has the following recommendations with respect to the data used for the Ore Reserves estimate at the Sokor Project. These are considered "best practice" recommendations:

- A detailed life-of-mine schedule should be updated with the depleted Rixen Ore Reserves and accounting for mining activities that have occurred.
- Detailed 3D topographic surfaces for each deposit should be developed to produce an accurate "as-mined" point of reference for each deposit. The current depletion surfaces for Manson's Lode and New Discovery are lacking in detail and spatial alignment accuracy.
- As more accurate actual costs are now established, the cut-off grade should be recalculated and used in the life-of-mine schedule and for future mine planning and forecasting.
- Ongoing recording of monthly operational production figures is occurring to a reasonably good standard, but needs to be supported by appropriately detailed daily tracking of mining and processing activities that include more detailed records of the material source and destination locations; this reporting standard has improved during 2016.
- A pit reconciliation system needs to be established that reconciles the actual pit production against the planned production versus the Ore Reserves and versus the Mineral Resources on a classification by classification basis. That is whether (A) the production material mined was from Proved or Probable Ore Reserves in the pit or was from Inferred Mineral Resources or additional material within the optimised pit design – Ore Reserves reconciliation; or (B) the production material mined was from Measured, Indicated or Inferred Mineral Resources in the pit or was from additional material within the optimised pit design – Mineral Resources reconciliation.
- Surveys of mining face positions and stockpile profiles should continue to occur on a monthly basis to facilitate effective reconciliation between all stages of the operation from the resource block model through to gold produced.
- Training of production staff should be implemented to ensure that continuity of production tracking and reporting is maintained whilst staff are absent from site on rosters.

14. REFERENCES

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15. GLOSSARY

Term	Explanation
Base metals	Non-ferrous (other than iron and alloys) metals excluding precious metals. These include copper, lead, nickel and zinc.
Bedrock	The solid rock lying beneath superficial material such as gravel or soil.
Bulk density	The mass of many particles of the material divided by the volume they occupy. The volume includes the space between particles as well as the space inside the pores of individual particles.
Cut-off grade	The grade that differentiates between mineralised material that is economic to mine and material that is not.
Diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
Fault	A fracture in rock along which displacement has occurred.
Indicated Mineral Resource	An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred Mineral Resource	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.
JORC Code	The JORC Code provides minimum standards for public reporting to ensure that investors and their advisers have all the information they would reasonably require for forming a reliable opinion on the results and estimates being reported. The current version is dated 2012.
Metallurgy	Study of the physical properties of metals as affected by composition, mechanical working and heat treatment.
Measured Mineral Resource	A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate

Term	Explanation
	techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are spaced closely enough to confirm geological and grade continuity.
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.
Ordinary kriging	A geostatistical estimation method relying upon a model of spatial continuity as defined in a variogram.
Ore	Mineralised material which is economically mineable at the time of extraction and processing.
Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Oxidation	The addition of oxygen to the metal ion, generally as a result of weathering.
Recovery	Metallurgical: The percentage of metal that can be recovered given the limitations of the processing equipment.
Stripping	Open pit mining term relating to the removal of uneconomic waste material to expose ore. Metallurgical term relating to the removal of copper from the organic phase in the solvent extraction process.
Top cut	A process that reduces the effect of isolated (and possible unrepresentative) outlier assay values on the estimation.
Transitional	The partially oxidised zone between oxidized and fresh material.
Volcanics	Sequence of strata formed from an erupting volcano.

Appendix A

JORC Code, 2012 Edition – Table 1 reporting

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Drill cores were photographed and logged by geologists. Core identified as having potential for mineralisation was marked up for sampling. • Half core samples were selected for analysis and quarter core samples were used for quality assurance and quality control analysis. • The 2016 sample intervals range from 0.2 m to 4.56 m with an average interval of 1.2 m. • Samples were packed by experienced site personnel and sent to SGS (Malaysia) Sdn. Bhd. laboratory in Kuala Lumpur, Malaysia. • All sample preparation and analyses were undertaken by (Malaysia) Sdn. Bhd. laboratory in Kuala Lumpur, Malaysia. • Gold analyses of the 2016 samples were by fire assay with atomic absorption spectrometry (AAS) finish of a 30 g sample, with a detection limit of 0.01 g/t gold (method FAA303). • Ag, Cu, Pb and Zn were analysed by a four acid digest using SGS method AAS43B.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Triple tube diamond core drilling - fully drilled with diamond bit without RC pre-collar. • Core diameter varies from 122 mm, 96 mm to 76 mm with depth.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core sample recovery recorded in logging sheet and recovery results assessed by geologists. • Statistical analysis indicates there is no relationship between recovery and grade.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support*	• All drillholes were logged by geologists. • Logging data recorded includes interval from and to, colour, major mineral composition,

Criteria	JORC Code explanation	Commentary
	appropriate Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	texture and structure, mineralisation and lithology types. • Cores were photographed. • All samples that were identified as having potential mineralisation were assayed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core samples were logged and intervals for analysis were marked-up by CNMC geologists. • Core samples were cut into half and collected by experienced CNMC personnel. • The 2016 sample intervals range from 0.2 m to 4.56 m with an average interval of 1.2 m. • Quarter core samples were used for quality assurance and quality control analysis.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All samples were dispatched to independent laboratory SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia. • CNMC's procedures for 2016 included the submission of blanks, blind duplicate samples and standards with samples and submission of duplicate sample to an umpire laboratory (ALS Minerals laboratory in Perth, Australia). Sample submission rates are in excess of industry practise and are to be commended. • Four standard samples (G910-7, G307-8, G910-3 and G308-4) from Geostats Pty Ltd were used. • Analysis of the QAQC data indicates high levels of precision and with no bias.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• A twin hole was drilled at New Discovery during 2013. This confirmed the mineralised intersection within the upper part of the orebody. • Signed copies of the assay certificates were used by Optiro to verify the assay data for 10% of the 2016 database. • Data validation included checking for out of range assay data and overlapping or missing intervals. • Below detection values were set to half the detection limit.

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drillhole collar locations (easting, northing and elevation) are surveyed by geologists after hole completion using SOUTH Polaris 9600 Static GPS accurate to within +/-10 cm, or GARMIN GPSmap 60CSx accurate to within +/-7 m. • Grid system used is Malaysian National Grid (MNG). • A detailed topographical surface has been defined over a 7 km^2 area that covers the four deposits. Contour intervals are at 5 m intervals and points along the contour lines are generally at intervals of around 10 m. This data was used to generate a DTM for the resource estimate. • Drillhole collars were pressed to the DTM. For data prior to 2016 differences of up to 24 m were noted between the drillhole collar elevation and the topography. • The 2016 drillhole collars matched the topographical surface.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• During 2016, data from 20 additional vertical and inclined drillholes for a total of 1,665.76 m were incorporated into the database. • Drillhole spacing and drill section spacing averaged 50 m depending on location, access and ground conditions. • Data obtained is sufficient to establish the degree of geological and grade continuity. • Samples are not composited for analysis. Downhole compositing is applied for Mineral Resource estimation.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drill sections are oriented perpendicular to the strike of the deposit. • Vertical and inclined holes have been drilled, depending on the orientation of the lithology and mineralisation. • The orientation of drilling is considered adequate for an unbiased assessment of the deposit with respect to interpreted structures and controls on mineralisation.
Sample security	• *The measures taken to ensure sample security.*	• The 2016 drill core samples were packed on site by CNMC personnel and dispatched by road freight to SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia. • All sample preparation and assaying was completed under the supervision of SGS laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Optiro visited the Sokor project during December 2011 and June 2015. Review of the sampling techniques did not reveal any material issues.

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Ulu Sokor area is covered by numerous exploration, mining and general purpose tenements which support the ongoing gold ore mining operation. • Mining Lease ML 10/2016 is held by CMNM Mining Group Sdn Bhd; a subsidiary of CNMC Goldmine Holdings Ltd. • Exploration licence EL 2/2006 has expired and is in the process of being renewed by CNMC Goldmine Holdings Ltd through its subsidiary MCS Mining Group Sdn. Bhd.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Ulu Sokor area has a long history of gold prospecting and small scale alluvial and hard rock mining since 1900s, by Duff Development Company Ltd, Eastern Mining and Metals Company, Asia Mining Sdn Bhd, and TRA Mining (Malaysia) Sdn Bhd. • BDA (Behre Dolbear Australia Pty Ltd) had provided an independent assessment of technical aspects on this project.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Ulu Sokor is located in the Central Belt of Peninsular Malaysia. Gold mineralisation is located towards the middle of Central Belt and is associated with the intersection of two major north-south trending structures with northeast to northwest trending secondary structures. • Gold mineralisation at Ulu Sokor is both lithologically and structurally controlled. It is generally hosted in acid to intermediate tuffaceous rocks and in carbonate-rich rocks. High grade gold mineralisation is typically associated with intense shearing and brecciation, veining and pervasive alteration. • Four deposits have been defined within the southern area (Manson's Lode, New Discovery Lode, New Found and Ketubong) and a fifth deposit (Rixen) is located within the northern area of the tenement. • Gold at Manson's Lode is strongly associated with pyrite, chalcopyrite, galena and sphalerite. • Manson's Lode extends along strike for 750 m, across strike for 300 m and up to 120 m from surface. • Rixen is located 3 km north of Ketubong and extends along strike for 2,000 m, 500 m across strike and up to 200 m from surface. • New Discovery and New Found have a combined strike length of 500 m, an across strike extend of 300 m and extend up to 180 m at depth.

Criteria	JORC Code explanation	Commentary
Drillhole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.*	• Not applicable – drilling was designed for resource definition.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable – drilling was designed for resource definition.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable – drilling was designed for resource definition.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable – drilling was designed for resource definition.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results*	• Not applicable – drilling was designed for resource definition.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical*	• Not applicable – drilling was designed for resource definition.

Criteria	JORC Code explanation	Commentary
	survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Future resource definition drilling is planned to further extend known mineralised zones at Rixen, New Found and Manson's Lode, and to explore for additional mineralised zones within the Sokor project area.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Data entry by site geologist, checked by geological supervisor and additional checking and validation by resource geologist. • Data validation included checking for out of range assay data and overlapping or missing intervals
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Site visit undertaken during December 2011 and June 2015 by Optiro (Competent Person for the Mineral Resource estimate). • During site visit geological logging, sampling techniques and procedures were reviewed.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• The level of confidence in the interpretations of the mineralised horizons is reflected by the Mineral Resource classification. • In general infill drilling has confirmed the mineralisation interpretations. • Previous mining of near surface, high grade ore has occurred at Manson's Lode and the pit has been backfilled with mineralised material of lower grades from Manson's Lode. • Geological interpretation has been defined by diamond drilling. Mineralisation interpretation was based on a nominal 0.3 g/t gold cut-off grade and was completed along drill sections, typically at spacings of 20 m and 50 m. The interpretations were triangulated to form 3D solids (mineralisation domains). • Additional base metal mineralisation was interpreted at Manson's Lode based on a nominal 3% Pb+Zn cut-off grade. • All available geological data has been used to interpret the mineralisation and to differentiate between mineralisation within

Criteria	JORC Code explanation	Commentary
		eluvial/alluvial, backfill and bedrock. • Mineralised domains were interpreted for the backfill material (at Manson's Lode), alluvial and eluvial mineralisation, and bedrock mineralisation that occurs sub-parallel to the lithology and is structurally controlled in the vicinity of the Ketubong-Rixen fault zone. • Where possible, a base of oxidation surface has been interpreted.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• At Manson's Lode the mineralisation strikes northeast-southwest and has a relatively flat orientation. It is 750 m along strike and 300 m across strike and extends from surface to a depth of 120 m. • At New Discovery and New Found the mineralisation strikes north-south and dips approximately 25° to the east. It has a combined strike length of 500 m and is up to 300 m across strike. Mineralisation extends from surface to a depth of approximately up to 180 m. • At Ketubong the mineralisation strikes north-south and dips approximately 50° to the east. It is 520 m along strike by 200 m down dip. Mineralisation extends from surface to a depth of approximately 200 m. • At Rixen the mineralisation strikes north-south and dips approximately 20° to the east. It is 2,000 m along strike by 300 m across strike. Mineralisation extends from surface to a depth of approximately 200 m.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of*	• Drillhole sample data was flagged using domain codes generated from three dimensional mineralisation domains and oxidation surfaces. • Sample data was composited to a 1.5 m downhole length. • The influence of extreme sample distribution outliers was reduced by top-cutting. The top-cut levels were determined using a combination of top-cut analysis tools (grade histograms, log probability plots and CVs). • Directional variograms were modelled using a normal score transformation. Mineralisation continuity was interpreted from variogram analyses to have an along strike range of 50 m to 115 m within the alluvial/eluvial and backfill material, and 75 m to 175 m within the bedrock mineralisation. • Parameters from Kriging neighbourhood analysis, undertaken in 2012 (Manson's Lode and New Discovery) and 2015 (Rixen) to optimise the block size, search distances and sample numbers, were used. • Grade estimation was into parent blocks of

Criteria	JORC Code explanation	Commentary
	selective mining units. • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	10 m by 10 m at Manson's Lode, New Discovery/New Found and Ketubong, and 10 m by 20 m at Rixen, on 2 m benches. • Block grade estimation was carried out using ordinary kriging at the parent block scale. Three estimation passes were used for all domains; the first search was based upon the variogram ranges for each domain in the three principal directions; the second search was typically two times the first search in all directions, and the third search was four or five times the initial search, with reduced sample numbers required for estimation. • Over 60% of blocks at Manson's Lode and Rixen and over 50% of the blocks at the combined New Discovery and New Found deposits were estimated in the first pass. • The estimated block model grades were visually validated against the input drillhole data and comparisons were carried out against the declustered drillhole data and by easting, northing and elevation slices.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• The tonnages are estimated on a dry basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode, and Ketubong, 0.4 g/t cut-off grade at New Discovery and New Found and above a 0.3 g/t gold cut-off grade at Rixen, to reflect current commodity prices, operating costs and processing options • Base metal Mineral Resources at Manson's Lode, in addition to the gold Mineral Resources, are reported above a 3% Pb+Zn cut-off grade.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• Planned extraction is by open pit mining. Mining factors such as dilution and ore loss have not been applied.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of*	• No metallurgical assumptions have been built into the Mineral Resource models.

Criteria	JORC Code explanation	Commentary
	determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures are being implemented.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Representative sections of core of 0.2 m were selected and weighted in water and air. • Average bulk density values for oxide and fresh material at Rixen deposits were calculated using measurements from 80 sections of diamond core. • Average bulk density values for New Discovery, New Found and Ketubong were calculated using measurements from 75 sections of diamond core. • Density measurements were obtained from 43 sections of core from Manson's Lode. An ordinary least squares model was developed that was used to determine the density from the silver, lead and zinc contents. • Average bulk density values for the eluvial/alluvial and back fill material was determined from measurements of material from 41 test pits.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).*	• Mineral Resources have been classified on the basis of confidence in geological and grade continuity using the drilling density, geological model, modelled grade continuity and conditional bias measures (kriging efficiency). • Measured Mineral Resources have been defined at Manson's Lode and New Discovery generally in areas of 20 m by 20 m drill spacing.

Criteria	JORC Code explanation	Commentary
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Indicated Mineral Resources have been defined generally in areas of 40 m by 40 m drill spacing. • Inferred Mineral Resources have been defined generally in areas of 80 m by 80 m drill spacing, at depths of over 60 m below the topographical surface and where the confidence in the block estimate (as measured by the kriging efficiency) is low.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The estimation parameters and Mineral Resource models were peer reviewed by Optiro staff.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The assigned classification of Measured, Indicated and Inferred reflects the Competent Person's assessment of the accuracy and confidence levels in the Mineral Resource estimate. • The confidence levels are believed to be appropriate for quarterly production volumes.

SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• The Mineral Resource estimate used for the Rixen, Manson's Lode and New Discovery deposits are classified as a JORC 2012 Mineral Resource Statement, and were completed by Mrs Christine Standing of Optiro on behalf of CNMC. • The Mineral Resources are reported exclusive of (additional to) the Ore Reserves as stated in this report.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	• A site visit was previously undertaken in May 2012 and June 2015 by Mr Andrew Law (the Competent Person for the Ore Reserve estimate).

Criteria	JORC Code explanation	Commentary
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• Mineral Resources have been converted to Ore Reserves on the basis of the existing operational status of the deposits and historical records. • As the mine is currently operating, no additional studies have been completed to support this Ore Reserve estimate. The mine has current, optimised mine plans in place, and material modifying factors have been derived on the basis of the current operational data.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Cut-off grades have been calculated based on forecast mined gold grades, recovery and dilution parameters, mining and processing costs and forecast commodity pricing.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• The methods and assumptions used in converting Mineral Resources to Ore Reserves are based on operating parameters from the mines. The mines have appropriate current designs developed from the recently re-done optimisation processes. • The open pit mining methods selected for the CNMC mines have been selected to best address the operational requirements of the deposit characteristics, and have been in effect since the commencement of mining operations in 2010. • Assumptions made regarding geotechnical constraints have been developed based on operating knowledge of the existing mines. • The assumptions made for pit optimisation have been based on known operating conditions from the exiting mines. • Mining dilution of 5% has been used. • Mining recovery of 95% has been used. • No minimum mining widths have been applied • Inferred Mineral Resources have not been included in any Ore Reserve figures reported. • As an operating mine, all infrastructure requirements are already in place for the applied mining methods.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Heap leaching and vat leaching are currently being used at the Sokor Project. These methods have been selected based on the prevailing ore characteristics. • The two leaching methods are well-tested and do not represent an untried processing strategy. • Metallurgical testwork has been carried out on samples from across the project area to confirm the appropriateness of the leaching

Criteria	JORC Code explanation	Commentary
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	processing methodologies. No metallurgical domaining has been applied within specific mine areas. Recovery factors have been applied on a mine by mine basis. • No assumptions or allowances have been made for deleterious elements. • A pilot scale test of the heap leach process was undertaken during 2012 to confirm the suitability of that process for the Rixen ore. The size (approx. 90 kt) of the trial was considered representative of the Rixen deposit. • There are no specifications applied to the mine production.
Environmental factors or assumptions	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures are being implemented.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• The Sokor Project is currently in operation and all required infrastructure is in place.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• There are no projected major capital costs forecast for the project as all construction is complete and the operating fleet is a mix of owner and contracted equipment. • Operating cost data has been provided by CNMC. • No allowances have been made for deleterious elements. • Metal pricing has been provided by CNMC based on current market forecasts and existing sales agreements. • All costs have been provided in US dollars with no conversions used. • Transport charges have been provided by CNMC. • Treatment and refining charges have been based on site data provided by CNMC. • A gold royalty of 5% of gross revenue is payable to the Kelantan State Government (KSG) and an additional tribute payment of 3% of gross revenue is payable to the Kelantan State Economic Development Corporation (KSEDC). CNMC holds an 81% share in the production from the project.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s)*	• As an operating project, all revenue factors have been derived from operating data. • Commodity pricing assumptions have been

Criteria	JORC Code explanation	Commentary
	exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	provided by CNMC based on gold price forecasts and existing sales arrangements.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Bullion produced is currently sold on the spot market to local buyers. There are currently no prevailing supply or demand constraints in the local gold industry. No constraints are anticipated over the production period for the project. • The local gold market is not considered to present any competitor risk given the relatively low volume of bullion to be produced by the project. • The forecast gold price used in preparation of this statement is considered to be an appropriate sales baseline for the production period applied.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• No detailed economic analysis has been completed by Optiro as the project is already in operation and demonstrates an economically viable project. • No assumptions or inputs have been applied in an NPV analysis.
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• There are no existing impediments to the licence to operate for the project.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No identifiable naturally occurring risks have been identified to impact the Ore Reserves. • There are no material legal agreements or marketing arrangements in place for the project at this time. • Government agreements include: Mining right ML 10/2016 Exploration right EL 2/2006.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured*	• Mineral Resources were converted to Ore Reserves as per JORC 2012 guidelines, i.e. Measured to Proven, Indicated to Probable. No downgrading in category has occurred for this project. • The result reflects the Competent Person's

Criteria	JORC Code explanation	Commentary
	Mineral Resources (if any).	view of the deposit. • No Measured Mineral Resources have been converted to Probable Ore Reserves.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• The Ore Reserve has been calculated by Independent consultants Optiro and an internal peer review undertaken.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Relative accuracy and confidence calculations have not been conducted for the Ore Reserve. • Current and past production and reconciliation data has been used throughout the Ore Reserve estimations.

Issued and paid-up capital	:	$23,335,633
Number of shares	:	407,693,000
Number of voting shares	:	407,293,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds 400,000 treasury shares, constituting 0.1% of the total number of issued shares (excluding treasury shares).

DISTRIBUTION OF SHAREHOLDERS

As at 17 March 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2	0.07	11	0.00
100 - 1,000	59	2.17	40,027	0.01
1,001 - 10,000	1,000	36.85	7,377,665	1.81
10,001 - 1,000,000	1,622	59.77	90,759,860	22.28
1,000,001 and above	31	1.14	309,115,437	75.90
Total	2,714	100.00	407,293,000	100.00

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 17 March 2017

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
Innovation (China) Limited[1]	106,987,500	26.27	–	–
Messiah Limited[2]	52,662,500	12.93	–	–
Ng Eng Tiong	38,957,900	9.57	–	–
Professor Lin Xiang Xiong @ Lin Ye[1]	1,100,000	0.27	106,987,500	26.27
Choo Chee Kong[2]	205,000	0.05	52,662,500	12.93
Lim Kuoh Yang[1]	–	–	108,087,500	26.54
Tan Swee Ngin[1]	–	–	106,987,500	26.27
Lim Sok Cheng Julie[2]	–	–	52,662,500	12.93

Note:

(1) Innovation (China) Limited is a private investment holding company incorporated in Hong Kong whose shareholders are Professor Lin Xiang Xiong @ Lin Ye (65%) and his wife, Tan Swee Ngin (35%). Lim Kuoh Yang is the son of Professor Lin Xiang Xiong and Tan Swee Ngin. As such, Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin are deemed interested in all the shares held by Innovation (China) Limited by virtue of their respective interests in Innovation (China) Limited and Lim Kuoh Yang is deemed interested in all the shares deemed to be held by Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin under Section 7 of the Companies Act.

(2) Messiah Limited is a private investment holding company incorporated in the British Virgin Islands whose shareholders are Choo Chee Kong (51%) and his wife, Lim Sok Cheng Julie (49%). As such, Choo Chee Kong and Lim Sok Cheng Julie are deemed to be interested in all the shares held by Messiah Limited under Section 7 of the Companies Act. The shares of Messiah Limited are registered in the name of Citibank Nominees Singapore Pte Ltd.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2017

TWENTY LARGEST SHAREHOLDERS

As at 17 March 2017

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	INNOVATION (CHINA) LIMITED	106,987,500	26.27
2	CITIBANK NOMINEES SINGAPORE PTE LTD	58,999,467	14.49
3	NG ENG TIONG	24,457,900	6.00
4	DBS NOMINEES (PRIVATE) LIMITED	17,822,500	4.38
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	15,667,200	3.85
6	RAFFLES NOMINEES (PTE) LIMITED	11,613,609	2.85
7	CHUA TEO LENG	9,265,000	2.27
8	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	9,159,836	2.25
9	KAW LAI FONG	5,000,000	1.23
10	XU DEHAN	4,706,925	1.16
11	PHILLIP SECURITIES PTE LTD	4,372,700	1.07
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,089,100	1.00
13	LIM PENG LIANG DAVID LLEWELLYN	4,086,000	1.00
14	LING SIOW MENG	3,114,100	0.76
15	OCBC SECURITIES PRIVATE LIMITED	2,944,400	0.72
16	LEE JING YI	2,943,200	0.72
17	UOB KAY HIAN PRIVATE LIMITED	2,684,600	0.66
18	YEO HUNG HEE BENJAMIN	2,500,000	0.61
19	LIM YEAN LENG	2,419,000	0.59
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,113,100	0.52
	TOTAL	294,946,137	72.40

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

Based on the information provided to the Company as at 17 March 2017, approximately 50.91% of the issued ordinary shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST has been complied with.

CNMC GOLDMINE HOLDINGS LIMITED

(Company Registration No. 201119104K)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of CNMC GOLDMINE HOLDINGS LIMITED (the "**Company**") will be held at 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455 on Friday, 28 April 2017 at 3.00 pm for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2016, together with the Directors' Statement and Independent Auditors' Report.

Resolution 2

2. To declare a final one-tier tax exempt dividend of S$0.0020 per ordinary share and a special one-tier tax exempt dividend of S$0.00534 per ordinary share for the financial year ended 31 December 2016.

Resolution 3

3. To re-elect Mr Kuan Cheng Tuck who is retiring by rotation pursuant to Article 117 of the Company's Constitution (the "**Constitution**") and who, being eligible, offers himself for re-election as a Director.

   *Mr Kuan Cheng Tuck will, upon re-election as a Director of the Company, remain as the chairman of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**").*

Resolution 4

4. To re-elect Mr Tan Poh Chye Allan who is retiring by rotation pursuant to Article 117 of the Constitution and who, being eligible, offers himself for re-election as a Director.

   Mr Tan Poh Chye Allan will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Resolution 5

5. To approve the payment of Directors' fees of up to S$190,000 for the financial year ending 31 December 2017 to be paid quarterly in arrears. [FY2016:S$176,400]

Resolution 6

6. To re-appoint KPMG LLP as the Company's Independent Auditors and to authorise the Directors to fix their remuneration.

7. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

Resolution 7

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "Authority to allot and issue shares

   That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")(the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:-

   (A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

(1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this authority is given, after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see Explanatory Note (i)]

Resolution 8

9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-

"Authority to allot and issue shares pursuant to the CNMC Performance Share Plan

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the CNMC Performance Share Plan (the "**Share Plan**") and to allot and issue from time to time such number of shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of the awards under the Share Plan, provided that the aggregate number of new Shares which may be issued pursuant to the vesting of awards under the Share Plan, when added to the number of new Shares issued and issuable in respect of all awards granted under the Share Plan and any other share-based incentive scheme of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) preceding that date of grant of award and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

[see Explanatory Note (ii)]

Resolution 9

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Share purchase mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the Directors of the Company as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary Shares (excluding any Shares held as treasury shares) of the Company as at the date of the passing of this Resolution, unless the Company has reduced its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereafter defined), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any Shares held as treasury shares);

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase : 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase : 120% of the Average Closing Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) consecutive Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[see Explanatory Note (iii)]

BY ORDER OF THE BOARD

WEE MAE ANN
Company Secretary
Singapore
13 April 2017

Explanatory Notes:

(i) Under the Catalist Rules, a share issue mandate approved by shareholders as a ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the issued share capital of the issuer (excluding treasury shares) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the issued share capital of the issuer (excluding treasury shares).

Ordinary Resolution 7, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

(ii) Ordinary Resolution 8, if passed, will empower the Directors to grant awards under the Share Plan and to allot and issue Shares pursuant to the vesting of the awards under the Share Plan, provided that the aggregate number of new Shares which may be issued under the Share Plan, when added to the number of Shares issued and issuable in respect of all awards granted under the Share Plan and any other share-based incentive scheme of the Company for the time being in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) preceding that date of grant of award.

(iii) Ordinary Resolution 9, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the Addendum which is enclosed with the Company's Annual Report.

Notes:

(1) Unless otherwise permitted under the Companies Act, Chapter 50 (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

(3) A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

(4) If the member is a corporation, the instrument appointing the proxy must be under its common seal or signed by its duly authorised officer or attorney.

(5) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455 not less than 72 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CNMC GOLDMINE HOLDINGS LIMITED

(Company Registration No. 201119104K)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy the ordinary shares in the capital of CNMC Goldmine Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such CPF investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.

ANNUAL GENERAL MEETING
PROXY FORM

I/We _____ (Name) _____ (NRIC/Passport/Registration Number)

of _____ (Address)

being a member/members of CNMC GOLDMINE HOLDINGS LIMITED (the "**Company**") hereby appoint:-

Name	**NRIC / Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC / Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person or both of the persons above, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 on Friday, 28 April 2017 at 3.00 pm and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	**Resolutions relating to:-**	**For**	**Against**
	Ordinary Business		
1.	Audited financial statements for financial year ended 31 December 2016		
2.	Payment of final and special dividends		
3.	Re-election of Mr Kuan Cheng Tuck as a Director		
4.	Re-election of Mr Tan Poh Chye Allan as a Director		
5.	Payment of Directors' fees of up to S$190,000 for financial year ending 31 December 2017		
6.	Re-appointment of KPMG LLP as auditors of the Company		
	Special Business		
7.	Authority to allot and issue shares		
8.	Authority to allot and issue shares pursuant to the CNMC Performance Share Plan		
9.	Renewal of share purchase mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of the AGM. Alternatively, if you wish to exercise your votes both for and against the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this _____ day of _____ 2017

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. Unless otherwise permitted under the Companies Act, Chapter 50 (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.

3. A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

5. This proxy form must be deposited at the registered office of the Company at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 not less than 72 hours before the time set for the AGM.

6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2017.