CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

ANNUAL REPORT

年报 · 2017

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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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 (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).

CONTENTS

政经激荡
逆流而上

（一）

人类从原始野蛮时期走入了文明时代，历经漫长的蜕变与演变岁月。
人类自从约八千年前有了文明后，衣、食、住、行与社会建设与发展，缔造了物质文明与精神文明，因此，取得了神速发展！
尤其是近四、五千前以来的地缘版图的侵略与扩张，经济的掠夺与占据，促使全球不同种族间的心灵仇恨与抗拒。同时，史前半原始半文明时代的部落间的互相残杀与地盘争夺，在某个特定的时空里，塑造了在不同地域与不同族群间“霸主”的产生；人类在朦胧意识中遂产生了生命中的领导的依托，由此逐步迈入了封建时代。
东西方族群历经了不同时间段与封建朝代的战争与吞并的历史浮沉兴衰洗礼，以及不同宗教教规的灌输，从而在人类心灵上播下“仇外”与“排外”的相互隔膜与冲突的基因。因此，在某种层面上而言，一部人类发展史，便是一部人类战争史！而一部人类文明史，更是筑构于人类数千年以来，不息战乱与血流成河及饿殍遍野的血泪史！
文明的代价，竟然是如此的沉重与惨痛！野蛮的人类基因，想不到是这般地在人类体内不离不弃、纠缠不清。
今天，当人类的历史巨轮转入 21 世纪的高度文明时代与高端科技已穿越宇宙探秘，并破解了生命起源的崭新时代，但烽火似乎从来在地球上没有停熄过！？地缘政治版图的博弈，经济发展的角力与围堵，于今尤烈！
环顾时势，独霸的野蛮心态，失智疯狂地掀起“贸易战”——自我孤立的寡头经济战略！ 21 世纪的人类将被这种疯狂的独霸者带回原始的野蛮时代！而得来不易的人类文明将会被这野蛮的基因所侵犯、占据乃至覆灭？
文明 vs 野蛮，似乎周而复始！？
政经激荡，形势暗淡。

（二）

2017 年度对中色金矿来说，可谓忧喜参半，悲欢交织。
忧、悲的是年度产量因矿石品位骤降从而深刻地影响到产量。从 2016 年的 27,404 盎司，锐减至今年的 14,817 盎司。而销售也从 2016 年的 3,467 万美元减少至今年的 1,915 万美元，远比去年减少了许多。
集团自 2014 年至 2016 年，一连三年丰收并屡创产量与盈利新高。同时，每年都分派可观的股息与股东们分享，即使今年集团从产量与利润大幅度地下降之下，管理层为了回报股东们一向以来的信任与支持，故建议依旧分派股息予股东，（若在今年股东大会获得批准之下），聊表心意。
东方的哲学核心价值是强调“天人合一”，故天地人形成了东方文明的宇宙观。矿产资源的投资与发展，依托的兴衰似乎与天地人摆脱不了关系！因为，天然资源的勘查与寻找发掘，在某种层面上还得“聆听天意”，尤其是矿石内含的金属品位，唯因其是纯属天然“综合集成”风化而成的岩石，故其“含金量”与岩石中的品位是无法预测与人为修饰及增删的。这便是从一开始集团定下了公司对矿业的发展理念：
求索大地，聆听天意。
2017 年的产出，数据不但折射了上述因素，同时也印证了天然物资的巨大变化与落差。
索谷矿区的储量，据“奥地罗”（Optiro）在 2016 年的储量报告书说明储藏有 623,000 盎司的金属量（约 20 吨等值黄金的金属量），其中大部分是高品位的岩矿石，这便需要集团投资选厂从中产出这批高品位的岩矿石。
集团管理层很早便有计划投入选厂以便提高产量，但索谷矿区提呈延长 21 年采矿权与大矿权的申请之后，一直苦等到 2016 年 8 月份才获丹州矿务局批准，而在 2017 年 1 月份双方才签署具有法律约束的合同。因此，投厂计划延至 2017 年第二季度才开始动工，故计划中的选厂建设与高品位岩矿石的产出计划无法在 2017 年为集团提供辅助产量，从而延续自 2014 年以来的每年产出平衡数据。
这是导致 2017 年度产量与利润锐减的主要因素。
事与愿违，令人叹息。
狂风暴雨后，天际将出现璀璨彩虹，这是自然界现象。
在人文科学里，否极泰来、谷底反弹，更道出人类社会的实况！
管理层自 2016 年 8 月份得悉申请的 21 年开采证与大矿权已获批准后，即刻开展筹备投入选厂事宜，广泛联系询


TV5MONDE
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价对比，同时到设备厂家考察与深入求证，历经数月一直到 2017 年第一季度选定了投入一套日处理 500 吨的全泥氰化碳浆选厂，以及设计院与设备厂家，同时开始矿石化验测析等前期工作。同一时间段，矿区选厂址并同步进行开辟，剥离等相关建设工程，2017 年 5 月份签署了合约，历经 6 个月的日夜不停赶工与建设，设备安装、厂房建设，水电供应各个环节的紧密配合，选厂终于在 2017 年 11 月 6 日启动了调试运作。

按国际惯例，投资建设类似的选厂一般得花上 18-24 个月。而总投入则不少于 1,300 万美元，但，我司却只花了 6 个月时间建设与安装，而且整盘投入在预算案中之 600 万美元！——从时间与投资层面而言，堪称破天荒与不可思议地拼搏与节俭，而这便是集团的精神与原则！始终如一。

这便是欢喜的另一面。

选厂已在 3 月份启动联程运作试生产了！ 2018 年，按集团董事会的议决，则当全泥氰化炭浆选厂纳入正轨运作后，集团将从内部资金拨款再投资另一项日处理 500 吨含有高品位的铅、锌、岩石矿之浮选厂，为股东们再创利益。

按上述列明计划索谷矿区南北齐飞产出，预期将会为集团带来惊喜产量与利润突破的好消息！

（三）

集团于 2017 年 2 月份，全面接手 38.4 平方公里面积的普莱矿业公司 51% 控股权，并改组重整公司管理层，同时启动矿区的地质工作。系于前管理层没把矿区内重叠事件处理妥当，故造成工作上的障碍，因此矿区工作将放缓，待一切手续完全办妥后再开展相关工作。

2017 年 5 月份集团成功收购了“丹金矿业有限公司”100% 股权，公司拥有卡莱一片占地 15.5 平方公里矿区的勘探权。集团完成收购后即刻开展相关地质工作：地球物化探、槽探、钻探等。一旦证实具有商业价值与储量时，公司将拨款投入建设并生产。

（四）

2011 年 10 月 28 日，集团在新加坡交易所凯利板的矿产、石油与天然气成功挂牌上市，成了这板块第一间黄金生产公司。

上市迄今 6 年来，也许市场对矿业认识不够，股民对矿产资源较为陌生，或还有其他种种主客观因素而无法体现集团的实在价值！为此，管理层曾于 2017 年 12 月的董事会议上讨论到香港证券交易所主板作“两地上市”计划；一来为了股东们的利益而在股市活跃、股盘特大并与中国深圳、上海有互联互通的平台上寻求投资的定位，同时可与新加坡交易所相互激励、互动，体现集团的真正价值。同时配合“一带一路”在东南亚区域的推动与发展，公司不但可以与中国诸多大型矿业公司争一长短，互作攀比并相互学习与借鉴，将会是良性互动，公平竞争！当然，一旦成功在香港上市，将为中国与香港的股民们带来一股“新鲜感”，因为，我们自认为“民营”的小企业，但数年的努力与拼搏，却在国际上以金为主产的企业领域里；从生产管理透明度、法律意识、环保意识，团队精神，乃至创益及利润、勇排前列！尤其是扶贫济困，奖励教育，关怀弱势社群等，更是敢为人先。

求索大地，关怀社群。

（五）

金，数千年以来都居于闪亮的地位。其“显赫的身份”，彰显了帝皇与权贵们的尊贵。金乃是物质、生活上的保障，既因其“特殊”贵重身价，以及在人类普遍共识中的“避险”地位，故自面世以来，一直保留着它的尊贵地位。尤其是在经济萧条时代或战乱时期，更凸显其价值！

21 世纪的 20 年代，若不幸在失智疯狂的混世魔头点燃起贸易战火时，全球范围内，东西方各国度，将筑建起经济贸易围墙，进而相互围堵、抗拒，届时，国际经济形势，将难以避免地陷入萧条与苦难的深渊。而金，将会在这黝黑的时空中发出璀璨的光芒！体现出它的“生命”价值！

当然，也彰显了金矿生产者的当代价值！

经济浮沉，逆流而上！

林祥雄教授
中色金矿有限公司 执行主席
2018 年 3 月 14 日凌晨于岛国

Rising against the current amidst political and economic turbulence

(One)

Mankind progressed from primitive barbarism into the era of civilization. It was a long and slow process of transformation.

Mankind has achieved remarkable progress since attaining civilisation some 8,000 years ago. This is reflected in both materialistic and spiritual aspects such as clothing, food, shelter and mobility and the creation and development of society.

However the invasion and occupation of territories coupled with economic plunder in the recent 4,000 to 5,000 years have sowed seeds of hatred and resistance in many civilisations and people across the world. At the same time, the fights and killings over territories among tribes in prehistoric times had led to the rise of 'overlords' among different regions and tribes. Mankind in its sub-consciousness come to rely on leaders and entered the feudal era.

Wars and annexations are common themes in the rise and fall of empires in the history of both Eastern and Western civilisations. Coupled with the teachings from different religions, the seeds of xenophobia was sowed in mankind. Looking from one perspective, the civilisation of mankind was built on endless wars and bloodshed over thousands of years.

The price of civilization is heavy and painful. The barbaric DNA of mankind has been deeply entrenched in our human body.

Today in the twenty-first century, advancement in technology has allowed mankind to explore outer space to uncover more secrets and seek answers to the beginning of life. Yet, it seems the fire of warfare has never been dowsed. The fight for territory and economic gains remains as intense as ever.

Isolationism and insane trade wars pushed by self-serving powers risk dragging mankind back to the dark ages of prehistoric times. Will civilization, so painstakingly built up, be invaded and destroyed by such barbaric DNA?

Civilization vs barbaric behaviour seems to keep repeating itself.

The situation looks bleak amidst the political and economic turmoil.

(Two)

2017 was a year of a blend of happiness and worries for CNMC.

We were concerned and disappointed because production fell rather sharply – from 27,404 ounces in FY2016 to 14,817 ounces in FY2017 - due to lower ore grade. As a result, sales also declined significantly from US$34.67 million in FY2016 to US$19.15 million in 2017.

From FY2014 to FY2016, the Group achieved record production volumes and profits. We had also distributed significant dividends for shareholders. Despite the sharp decline in production and profit in FY2017, the Board would still nevertheless recommend the payment of a final dividend, subject to shareholders' approval at the forthcoming Annual General Meeting, to reward our shareholders for their unwavering support.

Eastern philosophy emphasises the "synergy of heaven and man". This forms the basis of the universe for eastern civilization. The investment and development of mining resources is closely related to such "heaven and man" relationship. The discovery of natural resources, to a great extent, depends on "heaven's will" or the nature. This is even more so when discovering ores contain gold. The gold content and its grade within rock ores cannot be man-made or predicted.

We are fully cognizant of this and hence our operational philosophy has always been "seeking the earth while listening to heaven's will".

2017's production numbers reflected the above-mentioned factors, and also proved the diversity and gap in natural resources.

According to the third party independent geologist, Optiro, the mineral resource estimate at Sokor Gold Field stood at 623,000 ounces of gold (approximately 20 tonnes of gold) as at 31 December 2016. A significant part of these are high-grade rock ores. This would require the Group to invest in a new plant or facility to process these high-grade rock ores.

In fact, the Management has long had the intention to invest in certain capital expenditure to increase production. However, our application to extend the mining lease of Sokor Gold Field by another 21 years was only approved in August 2016 and assignment of the extended mining lease was only completed in January 2017. As such, our plan to commence constructing the new facility was delayed till the second quarter of 2017. Hence, this new facility to process high-grade rock ores could not contribute to our Group's production in time in 2017. This has disrupted our track record of good growth momentum.

This is the key factor causing 2017's production and profit to fall sharply - a disappointing setback to our plans.

After every storm, there is a rainbow. This is a natural phenomenon.

In humanities, when the worst is over, good times appear. This reflects mankind's society.

Since obtaining approval for the 21-year extension of mining rights in August 2016, the Management has been actively preparing and conducting due diligence to construct a new plant to process high-grade rock ores. In the first quarter of 2017, we identified a facility capable of processing approximately 500 tonnes of ores per day. Management also commenced work on the early phases of metallurgy and ore dressing, and finding a suitable location in the concession to build the new plant. In May 2017, an agreement was signed. This followed six months of incessant construction work and installation, and the facility was finally completed on 6 November 2017.

According to industry norms, the construction of such a facility would generally take 18 to 24 months to complete and the related investment cost would be no less than US$13 million. However, we took only six months to construct the facility, and within a budget of US$6 million. From the perspectives of time and capital investment, this is unprecedented hard work and financial savings. This reflects the spirit and principle of our Group. Such remains unchanged from the beginning.

Our new facility has intensified its trial operation to start system integration since beginning of March 2018. For 2018, the Board has approved a further investment in another facility capable of processing approximately 500 tonnes of raw materials containing base metals per day. This will allow us to produce lead and zinc, to create further returns for investors.

With the above plans and barring unforeseen circumstances, Sokor Gold Field could see a heathy increase in production.

(Three)

In February 2017, the Company acquired 51% equity stake in Pulai Mining Sdn Bhd, which holds a 38.4 square kilometres concession. It has since undergone management restructuring and commenced geo-exploration work.

Over the months, there has yet to be any new breakthroughs in exploration. Coupled with previous management issues, the progress in this project was delayed. We will nevertheless continue with exploration and related works after the completion of all relevant and necessary procedures.

In May 2017, the Group completed the 100% acquisition of Kelgold Mining Sdn. Bhd. ("Kelgold"). Kelgold holds rights to explore iron ore, gold and/or other minerals in an area of approximately 15.5 square kilometres. The Group has commenced exploration work and received the initial batch of assay results. Pending the completion of the study, Kelgold intends to start production as soon as commercially viable gold is discovered.

(Four)

On 28 October 2011, the Group was successfully listed on the Catalist Board of SGX, to become the first company producing gold in this market.

Although it has been six years after listing, the investing community still seems to be not familiar with the mining industry. There might also be other reasons for the inherent value of the Group to be not fully realised in the share price. As such, it was discussed during December 2017's Board meeting to undertake a dual primary listing exercise in the Hong Kong Stock Exchange. This could be beneficial to shareholders due to the more active investment activities in the linkup of stock exchanges across Hong Kong, Shenzhen and Shanghai. At the same time, this will also better reflect its true inherent value on the SGX. Secondly, it will allow new exposures to China's "One Belt One Road" initiative in Southeast Asia and our Company to learn and compete with bigger mining counterparts in China which are listed on the Hong Kong Stock Exchange. Naturally, upon successful listing in Hong Kong, this will bring about a tint of freshness for investors. This is because, we regard ourselves as a growing enterprise. However, we have invested many years of efforts in the international sphere of gold industry as our main production; from a transparent production management system to legal consciousness, environmental consciousness, team spirit to even excelling in areas of benefits creation and profit making. We are also very active in helping the less fortunate, encouraging education, and caring for the weaker part of the society.

Seeking the earth, caring for the society.

(Five)

For thousands of years, gold has always maintained its noble status as a valuable. Its undisputed identity further enhance nobility of kings and royals. Gold has always acted as a security and a store of value in our material world. Its value is even more obvious during economic downturns or war times.

Looking forward into the 2020's, should this world enter into trade wars, the East and the West would likely build economic trade barriers to compete against each other. Given the intricate linkages in our global economy, the world will inevitably enter dark times of depression. And gold will surely unveil its full glory during such dark times and reflect its true value in our lives.

The value created by gold producers will thus be appreciated and lauded.

Floating with economy, rising against the current.

Professor Lin Xiang Xiong
Founder and Executive Chairman
CNMC Goldmine Holdings Limited
14 March 2018
Early dawn, Singapore

董事局

林祥雄教授（左三）

中色金矿创办人暨执行主席。负责集团的战略业务发展与规划，宏观策划并制定集团政策。同时，指挥并监督矿区日常工作，帷幄运筹集团业务并在扎稳中求拓展。2004 年受马来西亚吉兰丹州政府礼聘为“中国－丹州国际贸易”首席顾问。数十年以来，他“艺经并轨，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。

2013 年出版一套五大册画集、6 册文集与 4 册评论集。2017 年出版了另 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。他是“炎黄国际文化协会”的倡办者、创会会长。

2004 年，受中国艺术研究院聘为特约研究员。2011 年，受北京语言大学聘为客座教授。2014 年，受北京大学东方学研究院聘为研究教授；北京大学艺术学院礼聘为客座教授。2017 年 12 月，中国艺术研究院艺术与人文高等研究院礼聘为高级研究员。

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

朱治光先生（左二）

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（右二）

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。之后，关先生便成立并经营自己的财务咨询公司。关先生拥有新加坡南洋理工大学的会计学学士学位，英国伦敦大学的法律荣誉学士学位和新加坡国立大学法学（公司及金融服务法）硕士学位。关先生是英国特许公认会计师公会会员、新加坡特许注册会计师以及新加坡董事协会会员。他也持有新加坡律师资格。

陈宝财先生（右三）

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的 Nico Steel Holdings Limited 的独立董事与澳洲证券交易所上市的 Algae.Tec Limited 的非执行董事。陈先生拥有英国白金汉大学荣誉法律学士学位和 London-Guildhall 大学（现为 London Metropolitan University）法律硕士学位。陈先生也是 Gray’s Inn 的讼务律师。

颜秀连女士（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 Galaxy Professional Services Limited (Galaxy Entertainment Group Limited 属下子公司）之副总裁（变更管理），她曾任职于多家跨国公司，包括 Singtel、Ericsson、 IBM、Deloitte & Touche、Arthur Andersen、KPMG 和 3M。颜女士拥有多个学位，包括 University of South Australia 的工商管理硕士 ;University of Kent 的会计和电脑本科学位；英国和新加坡特许市场营销师协会的市场学研究生学位。

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 2013, he published five volumes of his painting collections, six volumes of essay collections, four volumes of Introduction of Lin's Art. In 2017, he published other four volumes of the art reviews.

In 1990, 1994 and 2013, he was invited by the Ministry of Culture of the People's Republic of China to hold solo arts exhibitions in Beijing, Shanghai, Taiyuan, Xi'an and Zhengzhou. His artworks are widely collected by museums, prestigious universities and tertiary institutions such as National Art Museum of China, Peking University and Chinese National Academy of Arts. He is the founder and President of the Global Chinese Arts and Culture Society. In 2004, he was appointed as a Distinguished Visiting Research Fellow by Chinese National Academy of Arts. In 2011, he was appointed as a visiting professor at Beijing Language and Culture University. In 2014, he was awarded as a Research Professor by Academy of Oriental Studies and as a Guest Professor by the School of Arts, Peking University. In 2017, he was appointed as the Senior Research Fellow by Institute for Advanced Studies in Arts and Humanities, Chinese National Academy of Arts.

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

CHOO CHEE KONG (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 (Second 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 has since been managing his own business and financial consulting firms. He holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore, a Bachelor of Laws (Honours) degree from the University of London and a Master of Laws (Corporate and Financial Services Law) degree from the National University of Singapore. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a member of the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors. He was also admitted to the Singapore Bar.

TAN POH CHYE ALLAN (Third 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 and a non-executive director of Algae.Tec Limited, a company listed on the ASX. He holds a Bachelor of Laws (Honours) degree from the University of Buckingham (United Kingdom) and a Master's degree in Law from the London-Guildhall University (now named as the London Metropolitan University). He is also a Barrister-at-law of Gray's Inn.

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

28 联合早报 2017年9月20日 星期三

"投资者的选择"奖●SIAS

第18届"投资者的选择"获奖名单

新加坡企业治理奖 2017

可持续奖

CapitaLand Singtel SGX DBS OCBC Bank Keppel T&T VENTURE sph Olam wilmar GLP StarHub PhilipCapital CIMB SECURITIES KGI INNOTEK MIYOSHI Sembcorp Sembcorp Marine

THE EDGE SINGAPORE | AUGUST 28, 2017

PORTFOLIO

GEAR makes a comeback, CNMC buying back shares

| BY TRINITY CHUA |

Local equities suffered losses for four consecutive sessions in the past week, with the benchmark Straits Times Index falling 0.95% between Aug 15 and 22. Our Singapore Market Portfolio also declined in value — by 0.6% — led by a 2.2% fall in the shares of high-tech equipment maker **Venture Corp**, a 2% decline each for **Singapore Exchange** and lubricant maker **AP Oil International** and a 1.8% drop in the shares of property developer **CapitaLand**.

Those losses were mitigated by a 7.7% gain in the shares of coal miner **Golden Energy and Resources**. Investors may be reacting to a rosy earnings report, released earlier this month. For the three months to June, the coal miner turned in earnings of US$11.8 million ($16.1 million), compared with losses of US$1.2 million in the same period a year ago. Revenue rose 55% to US$139.6 million in 2Q, owing mainly to a 57.6% increase in revenue from its coal mining division to US$124 million. The company attributed the improved performance to better sales and a higher selling price. The average selling price for the period rose to US$42.58 a tonne from US$31.55 a tonne a year ago.

GEAR also announced its first-ever dividend of 0.8 cent, translating into an annualised yield of 4%. The dividend will be paid out on Sept 4.

...from the Indonesian government to ... 7.5 million tonnes produced in 2016. GEAR says it is on track to produce 14 million tonnes in FY2017.

The stock may still be undervalued, according to KGI Securities analyst Joel Ng. GEAR's current share price is based on the assumption that the long-term coal price remains at US$34 a tonne. "This price would mean a 20% discount to the eight-year 4,200kcal Indonesian coal price average," he says in an Aug 17 report.

"We believe these assumptions seriously undervalue GEAR's long-term potential, given its free cash flow generating capabilities and track record in consistently increasing its coal production every year over the past five years." GEAR's production in FY2016 of 9.5 million tonnes was nearly double the production in FY2012. Ng has a "buy" call on GEAR, with a price target of 78 cents, an upside of 86%.

CNMC buying back shares

Our other commodity play, **CNMC Goldmine Holdings**, has been buying back shares on the open market. The gold miner bought back 279,900 shares in three transactions between Aug 15 and 21. The shares were purchased at an average price of 27 cents apiece. CNMC passed a share buy-back resolution on April 28.

CNMC has been the biggest drag on our portfolio, having fallen more than 30% since its addition. It has not helped that the company's latest earnings report continues to be disappointing. Lower ore grade from its Malaysian mining concession plagued the company for the third straight quarter. Earnings fell 89.8% to US$0.5 million for 2QFY2017 ended June, and revenue slipped 61.5% to US$4.9 million.

Following the results, Phillip Capital downgraded the stock to a "hold", with a lowered price target of 29 cents. Analyst Chen Guangzhi expects the poor ore situation to persist this year. FY2017 is projected to be CNMC's worst year since 2012.

But Chen is optimistic about the stock's long-term prospects. CNMC's carbon-in-leach plant, which is under construction, will raise capacity of ore processed by an additional 150,000 tonnes, to 180,000 tonnes. It will also improve the recovery rate of extracting gold. The facility will be completed by mid-November.

"We cut our earnings forecast by 84.6% for FY2017 but raise earnings forecast by 17.7% for FY2018," Chen says in an Aug 16 report. "We are upbeat that gold prices will recover [and that] performance will improve in FY2018."

GEAR recently obtained the green light from the Indonesian government to raise coal production at its Borneo Indobara concession to 12 million tonnes

Cogent earnings resilient

Logistics player **Cogent Holdings** has reported its results for 2QFY2017 ended June. Revenue increased 4% to $35 million while earnings rose 5% to $8.3 million. The company mainly attributed the growth to higher volumes handled by its container depot management services division. We expect that earnings growth could pick up next year, when Cogent's Jurong Island Chemical Logistics Facility (JICLF) is expected to go live.

In an Aug 14 note to clients following Cogent's results announcement, Phillip Capital analyst Richard Leow says the company's maiden interim dividend of 3.13 cents is a positive surprise. Leow also sees growth ahead for the company.

"While there is a warehouse oversupply, we see additional earnings coming from the container repair, maintenance and washing joint venture, which began operations in July. At the same time, contribution from the Jurong Island Container Depot project is not meaningful yet," says Leow.

"Further out, we are expecting the JICLF project to drive more than 40% earnings growth in FY2019 when it becomes operational." Leow has a "buy" call for Cogent, with a price target of $1.12, or 16.5 times his projected earnings for FY2017.

Old Chang Kee under cost pressures

Curry puff maker Old Chang Kee, meanwhile, is battling cost pressures. Higher rental, staff and raw material costs dragged its 2Q earnings down 25.8% to $0.7 million. This was despite a 10.7% increase in revenue to $20.6 million for the period. Old Chang Kee has added four new stores.

In spite of the poor performance, we are hanging on to our holdings, as we expect earnings to recover when its new facilities commence operations in 3Q2018. The new facility and revamped factory at Woodlands have advanced equipment, which would boost margins and enlarge Old Chang Kee's product portfolio, according to Phillip Capital analyst Soh Lin Sin.

Soh also expects the company to open another five stores, to have a total of 92 stores by FY2018. "We revised its FY2018 earnings down 19%, owing to cost pressures, and trimmed FY2018 to FY2020 earnings by 1% to 2% to account for the gestation period in the UK," she says. At the start of this year, Old Chang Kee had announced a joint venture to enter the UK market. Soh has a "buy" call on the stock and a price target of 98 cents.

...ENT SHARE PRICE ($)	CURRENT MARKET CAP ($ MIL)	PRICE-TO-EARNINGS RATIO (TIMES)	TRAILING 12-MONTH DIVIDEND YIELD (%)	SHARE PRICE UPON PURCHASE ($)	NO OF SHARES	DIVIDENDS PAID ($)	PURCHASE COSTS EXCLUDING BROKERAGE FEES ($)	MARKET VALUE ($)	GAIN/LOSS...
0.250	41.1	18.73	3.00	0.230	43,400	326	9,982.00	10,850.00	8
3.730	15,841.8	9.64	2.68	3.060	3,200	320	9,792.00	11,936.00	21
0.615	52.0	1.82	0.80	0.325	30,300	148.47	9,847.50	18,634.50	89
0.270	110.0	152.46	2.22	0.395	12,700	185.70	5,016.50	3,429.00	-31
0.805	385.2	11.73	3.89	0.695	14,400	-	10,008.00	11,592.00	15
20.540	52,495.1	11.92	3.07	20.690	500	-	10,345.00	10,270.00	-0
0.420	988.3	24.46	1.90	0.515	19,400	-	9,991.00	8,148.00	-18
0.485	111.5	4.02	6.70	0.480	20,800	-	9,984.00	10,088.00	1
0.970	136.7	7.34	2.58	0.965	10,300	-	9,939.50	9,991.00	0
0.780	94.7	54.09	3.85	0.810	12,400	-	10,044.00	9,672.00	-3
1.475	517.6	25.89	4.21	1.870	5,400	151	10,098.00	7,965.00	-21
0.260	194.7	22.03	0.77	0.260	38,400	-	9,984.00	9,984.00	0
7.420	7,933.0	23.33	3.77	7.530	1,400	70	10,542.00	10,388.00	-1
2.430	991.7	14.46	2.47	2.480	4,000	-	9,920.00	9,720.00	-2
8.050	6,546.8	19.55	1.86	6.980	1,500	225	10,470.00	12,075.00	15
15.810	4,460.9	20.09	3.16	10.120	1,000	500	10,120.00	15,810.00	56
					Accumulated dividends	1,925.67	156,083.50		
					Initial cash	$200,000.00	Total market value	$170,552.50	
					Total purchase cost	$156,083.50			
					Realised profits/losses:	$2,205.25			
					Remaining cash	$48,047.42			
							Total	$218,599.92	
							Total portfolio gains/losses	$18,599.92	9

...llar-based dividend = 1.3941

南洋商报 财经 BUSINESS NEWS 2018年3月2日●星期五 A2

强制金矿公司黄金抵 2%税

丹政府年获10公斤金条

(哥打峇鲁 1 日讯) 吉兰丹州务大臣拿督阿末耶谷指出，丹州政府于 2017 年开始，要求金矿公司在缴付 10%矿物税时，其中 2%以金条方式支付。

他说，丹州政府估计每年至少可获得 10 公斤的金条，这意味着短短 5 年内，州政府就可储存 50 公斤的金条。

阿末耶谷昨日在中色金矿有限公司移交 5 块各重 1 公斤的金条（矿物税）于吉兰丹州经济发展局仪式上，致词时这么说。

上述活动由吉兰丹摄政王见证，与会者包括中色金矿有限公司执行主席林祥雄教授、东姑天猛公、丹州副州务大臣拿督莫哈末阿马、丹州议长拿督阿都拉耶谷、丹州秘书拿督莫哈末法兹、丹州土地及矿物局长拿督宗希布、丹州经济发展局总执行长拿督旺查华威及丹州宗教司拿督莫哈末苏克里等人。

中色金矿3 年缴税 4040 万

阿末耶谷说，丹州经济发展局与中色金矿有限公司合作，于 2014 年获得开采金矿的执照后，展开大规模采矿，于 2014 年至 2017 年，共为丹州政府带来 4040 万令吉税收。

他说，黄金具保值功能，也是古代的流通货币，因此州政府特要求金矿公司将部分矿物税，以金条方式支付。

摄政王展示中色金矿有限公司缴献的金条，每块金条重达 1 公斤。

林祥雄：聆聽民聲加深合作

盼丹政府體恤投資者

（哥打峇魯2日訊）中色金矿有限公司執行主席林祥雄希望丹州政府成为有为的政府，善待投资者，并与投资者展开更紧密的合作，体恤投资… 总经理（营运）林光辉、副总经理（业务发展）叶国成、矿产顾问李国发、中国趣保执负责人朱志峰、中色金矿有限公司人力资源部行政高级经理…

…索谷金矿的发展及扶贫成绩，大家有目共睹。截至2016年，我们为丹州政府贡献近6000万令吉的税收，作为一家矿业公司，… 假设有个有为的政府，加上我国目前人民的总收入，到了2025年应该可以晋升为先进国。

不是一个有为的政府… "人民的普世观点，是对政府寄予厚望，希望政府更好…"

国内新闻 2018年3月

N12 NEGERI 17 - 20 JAMADILAKHIR 1439 / 5 - 8 MAC 2018 Harakah

Menteri Besar menerima jongkong emas daripada Pemangku Raja Kelantan.

Kelantan simpan 10 kg emas setahun

KOTA BHARU: Kerajaan Kelantan menjangka dapat menyimpan sekurang-kurangnya 10 kilogram jongkong emas setiap tahun.

Jumlah jongkong itu bernilai hampir RM2 juta dengan nilaian RM193,000 setiap kilogram. Dan pada Rabu lepas kerajaan negeri memperolehi 5 kg jongkong emas dengan nilaian RM965,000.

Menteri Besar, Ustaz Dato' Bentara Kanan Ahmad Yakob berkata, bermula tahun lalu kerajaan negeri memohon dua peratus daripada 10 peratus royalti perlombongan emas dibayar dalam bentuk jongkong.

Katanya, selebihnya kaedah biasa sebagai usaha untuk mengawal harga emas di pasaran berbanding mata wang biasa.

"Melalui kaedah itu kerajaan negeri akan mempunyai 50 kg rizab simpanan emas dalam tempoh lima tahun," katanya pada majlis penyerahan royalti jongkong emas kepada kerajaan negeri.

Majlis itu disempurnakan Pemangku Raja Kelantan, Dr Tengku Muhammad Fa-iz Petra Ibni Sultan Ismail Petra di sebuah hotel di sini.

Hadir sama Tengku Temenggong Kelantan, Tan Sri Tengku Muhammad Rizam Tengku Aziz; Timbalan Menteri Besar, Dato' Mohd Amar Abdullah; Speaker Dun, Dato' Abdullah Yakob.

Setiausaha Kerajaan Negeri, Dato' Mohd Faudzi Che Mamat, anggota-anggota Exco, Mufti Kelantan, Dato' Muhammad Shukri Muhammad dan Pengarah Pejabat Tanah dan Galian, Dato' Nazran Muhammad.

Royalti itu hasil perlombongan emas yang diusahakan syarikat CNMC Mining Sdn Bhd di Sokor, Tanah Merah bermula 2014.

Ustaz Ahmad juga berkata, perlombongan di Sokor bermula 2014 melalui pemberian lesen melombong kepada Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK).

Katanya, perlombongan di Sokor dilaksanakan CNMC dengan kerjasama PKINK.

…图）给殿下（右3）后，

…開始

…2%礦物稅

他是日前出席由中色金矿有限公司，移交黄金金条给州政府的仪式上，这么指出。

仪式获吉兰丹州摄政王…姑莫哈末法依殿下见证。

当天中色金矿准备了5条…澄澄的金条，并由该公司执行主席林祥雄教授移交…。

大臣阿末耶谷说，州政府于2017年起拟定的新的…矿收税方式，因为黄金自古迄今，被视为是很好的资产保值工具，也是避险资产。

他说，中色金矿是州内目前规模最大的金矿开采公司，该公司于2014年投入营运，截至2017年已给州政府带来4040万令吉的税收。

出席活动者包括副州务拿督莫哈末阿马、州议长拿督阿都拉耶谷、州秘书拿督弗兹及多位州行政议员。

中色金矿有限公司在去年12月已通过董事会议决，到香港证券交易所主板二地上市计划，希望今年下半年上市。

东三角 EASTERN TRIANGLE

林祥雄：複製索谷金礦規模
擴大礦區稅收更豐厚

林祥雄：世界次大经济体
教育促成中国崛起

（丹那美拉 24 日讯）中色金矿创办人兼执行主席林祥雄教授说，中国自 35 年前开始崛起，目前是全世界第二大经济体，其主要的促成因素就是教育。

因此，他希望马来西亚人，尤其马来人也一样能通过教育，改变自己，并将国家的发展推到另一个更高的层次。

中色金矿注重社会公益

中色金矿发扬"取诸社会，用诸社会"的精神，不时分发生活必需品，包括白米，造福地方社群。

冀政府體恤投資者

中色金礦扶貧送暖

林祥雄：中色金矿助推动经济发展
盼丹政府听取好意见

（哥打峇鲁 31 日讯）中色金矿有限公司执行主席林祥雄强调，作为投资者，他们秉承原则，加强对吉兰丹的经济发展，唯一要求是希望一个好政府能听到他们的好声音。

他说，接下来，他们将面临一个很大的考验，政府方面全面提高各个环节的税收，矿业瓶颈也越来越低，所以一高一低恐怕对公司将来的利益受到约制。

因此，他希望政府可体恤投资者，给他们一个生存的空间。

他昨晚与吉兰丹华文媒体聚餐交流时，如是指出。

出席者包括中马矿业集团总经理（营运）林光辉、副总经理（业务发展）叶国成、矿产顾问李锦发、中国勘探队负责人朱志雄、中色金矿有限公司人力资源兼行政高级经理洪琪霞等人。

他说，该公司的团队已形成，但若得不到政府的支持，会让他们感觉失落及辛苦。

他也希望将索谷金矿的规模复制至吉兰丹的其他矿区，并在未来的两三个月内，扩大一或两个大规模的矿区，为丹州政府提供更丰厚的税收。

他说，该公司在过去 12 年

中色金矿有限公司高层与媒体聚餐交流，前排左起符绩泰、叶国成、叶景华、张路易、林祥雄、林光辉、李锦发、朱志雄、洪琪霞及洪维聪。

MTD Gual Ipoh hantar bekalan makanan

BANJIR MELANDA

TANAH MERAH - Majlis Tindakan Dun (MTD) Gual Ipoh menghantar bekalan makanan kepada penduduk terkepung akibat banjir di dua lokasi di sini, semalam.

Penyelia Dun berkenaan, Wan Yusoff Wan Mustapha berkata, seramai 300 penduduk di Kampung Sokor dan 220 penduduk di Kampung Kerilla yang sebelum ini terputus hubungan menerima bantuan makanan.

Menurutnya, selain MTD Gual Ipoh, bantuan beras dan makanan asas itu disumbangkan pelbagai pihak termasuk syarikat perlombongan emas yang beroperasi di Sokor, CNMC Goldmine Holdings Limited (CNMC).

"Turut menghulurkan sumbangan, Pertubuhan Gabungan Bantuan Bencana NGO Malaysia atau BBNGO melalui anggota gabungannya, KemahangCare dan Bersatu," katanya selepas penyampaian bantuan itu, semalam.

Turut hadir, Timbalan Pengarah MTD Gual Ipoh, Razali Yusoff, Ketua Srikandi Bersatu Kelantan, Zaleha Che Kob serta wakil BBNGO dan CNMC.

Wan Yusoff berkata, bantuan sama seterusnya akan diagihkan kepada mangsa banjir yang terkepung di Kampung Jerangau, Gobek dan masyarakat India di Ladang Kerilla.

"Kita anggarkan masih ada lebih 1,000 penduduk akan menerima bantuan ini yang akan diagihkan secepat mungkin," katanya.

Wakil CNMC menyerahkan sumbangan bantuan kepada Setiausaha MTD Gual Ipoh, Mohd Kassim Mohd Noor untuk diagih kepada mangsa banjir yang terkepung di Dun berkenaan.

中色金礦捐助災民糧食

中色金矿捐助丹那美拉县的水灾灾民，该公司代表日前移交500份粮食，给予话怡保区水灾行动中心，由代表莫哈末卡欣（前左5）接领。

每份援助品有白米、罐头沙丁鱼、快熟面、饼乾和白糖等，中色金矿的代表也会进入灾区，一起分派粮食给受灾者。

矿代表移交援助品给灾黎们。

户援助品

（丹那美拉 6 日讯）中色金矿有限公司秉持求索大地，关怀社群的宗旨，在今次水灾中，分派援助品予丹那美拉县话怡保的 500 户水灾灾民。

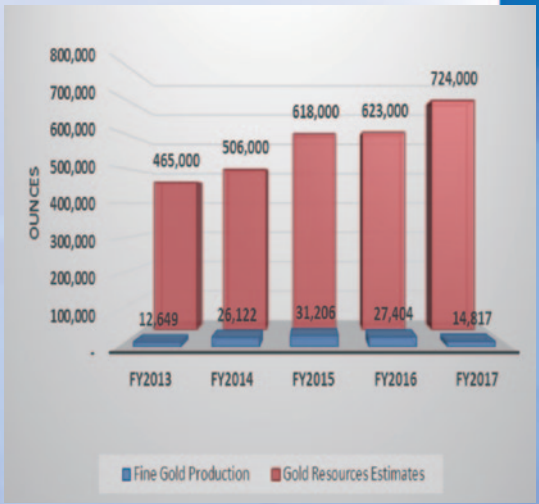
该公司每年都拨出大笔款项用作扶贫经费，今次州内多区水灾，包括丹那美拉县，因此该公司也义不容辞地提供援助品，如米、罐头沙丁鱼、速食面、饼干及白糖等，让话怡保 500 户灾民受惠。

中色金矿有限公司代表日前将援助品移交予话怡保州议席水灾行动室，之后也联同话怡保区域村长等人，一起进入灾区，分派援助品予受影响的灾民。

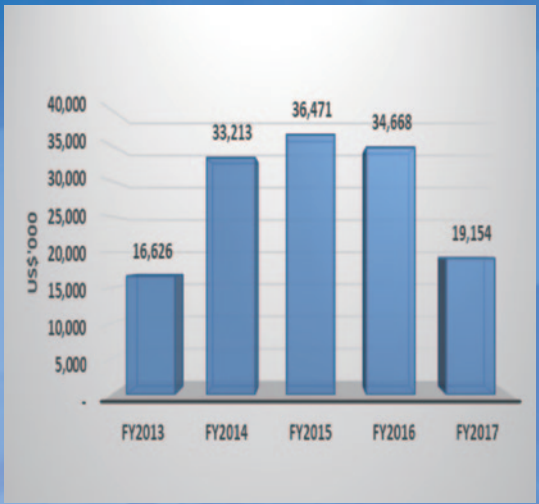
派2500書包獎勵金送米
中色金礦冒雨扶貧

Financial Highlights 2017

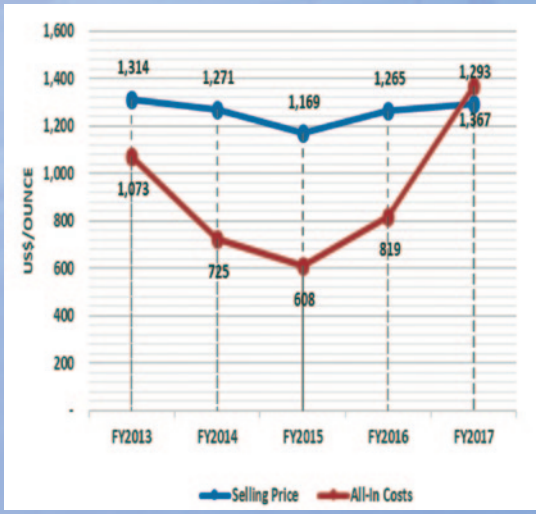
Gold Resources vs Gold Production



Revenue

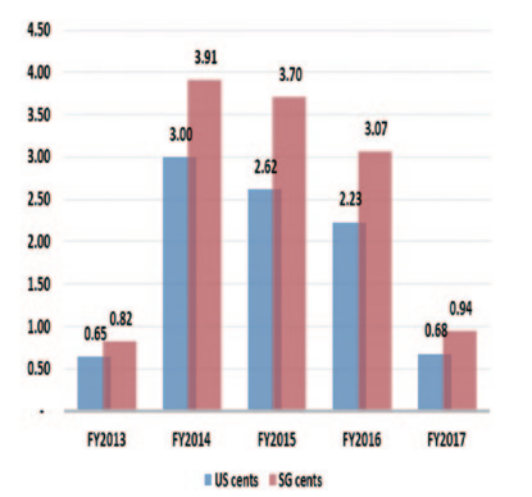


Selling Price vs All-in Costs of Fine Gold Sold

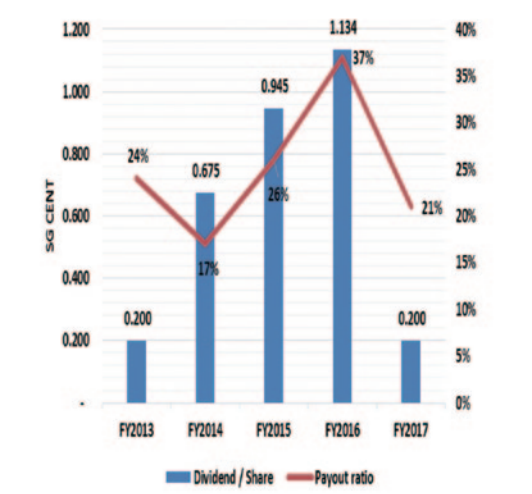


Profit After Taxation (including and excluding FX impact and FY2014 One-off Tax Credit)

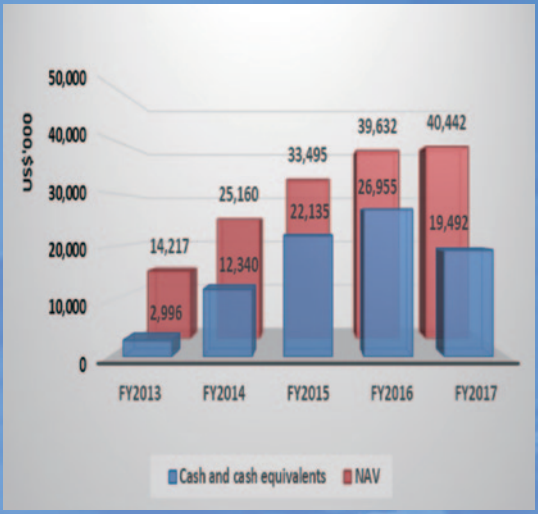
Earnings Per Share [1]



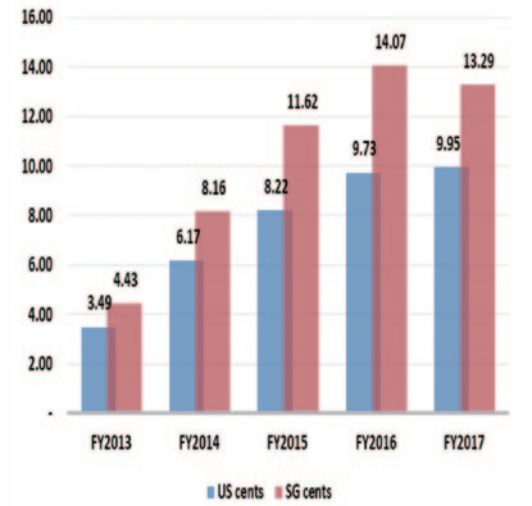
Dividend Per Share and Payout Ratio



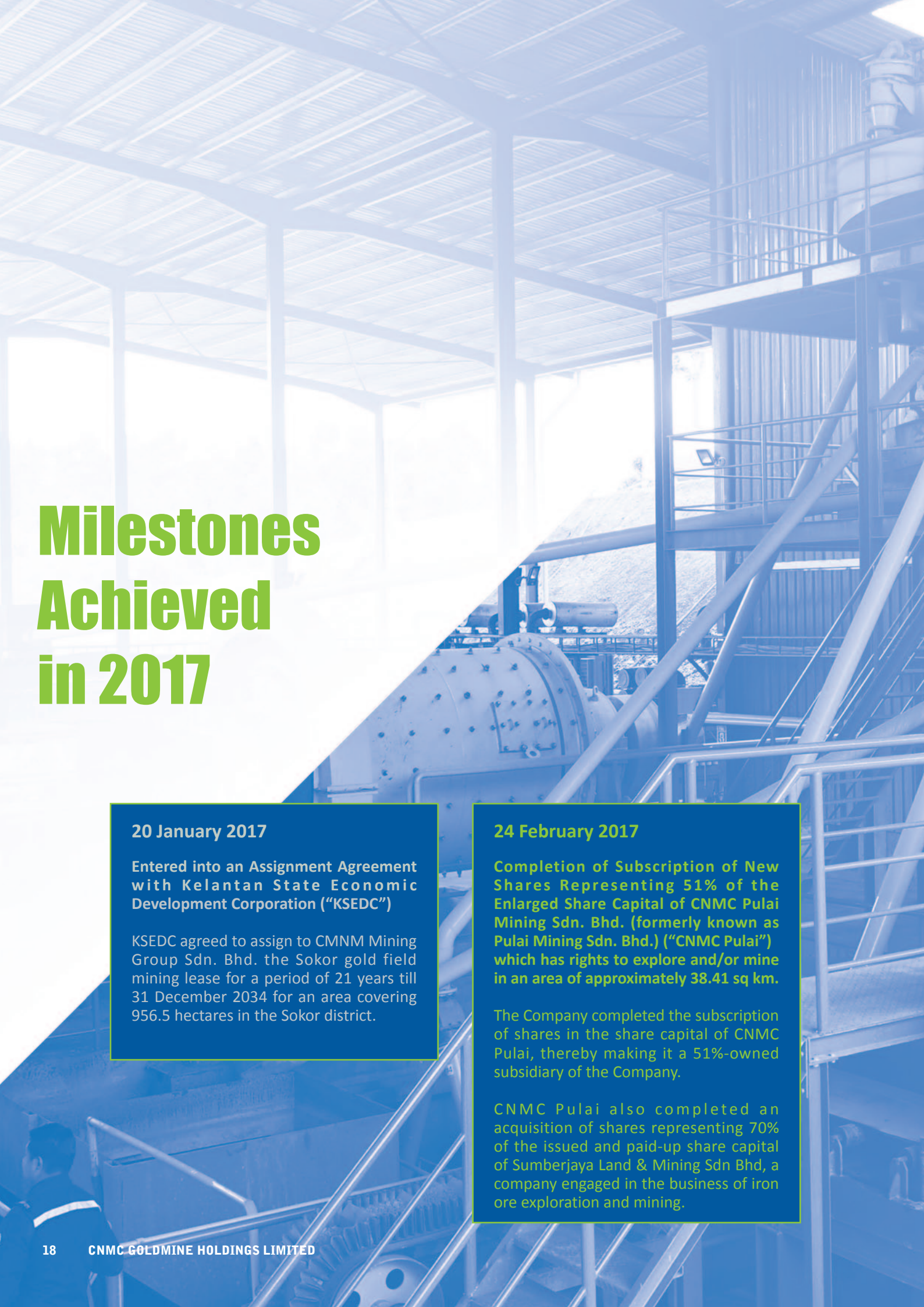
Net Assets Value and Cash and Cash Equivalents



Net Asset Value Per Share [2]



[1] Based on an exchange rate of USD/SGD 1.3837, 1.3785, 1.4128, 1.3038 and 1.2550 for the financial year ended 31 December 2017, 31 December 2016, 31 December 2015, 31 December 2014 and 31 December 2013, respectively.
[2] Based on an exchange rate of USD/SGD 1.3364, 1.4459, 1.4138, 1.3229 and 1.2682 as at 31 December 2017, 31 December 2016, 31 December 2015, 31 December 2014 and 31 December 2013, respectively.



Milestones Achieved in 2017

20 January 2017

Entered into an Assignment Agreement with Kelantan State Economic Development Corporation ("KSEDC")

KSEDC agreed to assign to CMNM Mining Group Sdn. Bhd. the Sokor gold field mining lease for a period of 21 years till 31 December 2034 for an area covering 956.5 hectares in the Sokor district.

24 February 2017

Completion of Subscription of New Shares Representing 51% of the Enlarged Share Capital of CNMC Pulai Mining Sdn. Bhd. (formerly known as Pulai Mining Sdn. Bhd.) ("CNMC Pulai") which has rights to explore and/or mine in an area of approximately 38.41 sq km.

The Company completed the subscription of shares in the share capital of CNMC Pulai, thereby making it a 51%-owned subsidiary of the Company.

CNMC Pulai 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.

4 April 2017

Gold Resources Amounted to 13.25 Million Tonnes as at 31 December 2016

Gold resources amounted to 13.25 million tonnes at 1.5g/t gold grade as at 31 December 2016. This translated into 623,000 ounces of contained gold, representing a 0.8% increase compared to gold resources as at 31 December 2015, despite mine depletion.

16 May 2017

Completion of the Acquisition of the Entire Issued Share Capital of Kelgold Mining Sdn. Bhd. ("Kelgold")

The Company completed the acquisition of Kelgold, thereby making it a wholly-owned subsidiary of the Company.

Kelgold 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 in the state of Kelantan, Malaysia.

20 September 2017

CNMC Recognised for Excellence in Shareholder Engagement at 2017 SIAS Investors' Choice Awards

The Company was named winner of the 2017 Shareholder Communications Excellence Award (Small Cap Category) in recognition of its efforts to regularly reach out to the investment community, including retail investors.

6 November 2017

Completion of the Construction and Commissioning of Carbon-in-Leach ("CIL") plant

The Company completed the construction of the CIL plant, the Company's third gold ore processing facility in Kelantan. The trial production at the CIL plant had commenced and commercial production is expected to begin once the operational process are fine-tuned. The CIL plant has the capacity to process approximately 500 tonnes of ore daily once it is fully operational.

15 January 2018

Proposed Dual Primary Listing on Main Board of the Stock Exchange of Hong Kong

The Company believes that the primary listing status in both Singapore and Hong Kong will provide the Company with ready access to these different equity markets in the Asia Pacific region, increase market visibility of the Company, potentially widen its investor base and enable the Company to benefit from exposure to a wider range of private and institutional investors. It will also be an opportunity to enhance the Company's profile.

OPERATIONS AND FINANCIAL REVIEW

OPERATIONS REVIEW

The Group recorded lower gold production in 2017 compared to a year ago. This decline in gold production was due to low ore grades in certain parts of its flagship Sokor gold mine ("Sokor Project") in Malaysia's State of Kelantan.

In late 2016, the Kelantan Government extended the Group's operating mining lease for Sokor Project from 2018 to the year 2034. With the lease extension, the primary focus of CNMC's operations in FY2017 was expanding gold production capacity through the construction of a brand-new Carbon-In-Leach ("CIL") facility – its third gold processing facility, to process Sokor Project's higher-grade ore which had been stockpiled during the year; and adding new mineral resources to its portfolio through continuing geo-exploration activities. The Company's ongoing exploration programme continues to yield positive results, as it is not only able to replenish resources depleted through mining but also to increase its gold, lead and zinc resources.

The Company has been conserving higher-grade ore, with a view to mining it once it establishes the appropriate equipment to process them. Its heap leaching plant, which is its main production facility, is more suitable for treating lower-grade ore, while its vat leaching plant is used mainly to treat ore with low percolation rates. The CIL plant, which is more suitable for treating higher-grade ore, was built within a budget of RM25 million and completed within six months. It began trial operation in November 2017.

In the year under review, the Group completed the acquisition of a majority 51%-stake in CNMC Pulai Mining Sdn Bhd. ("CNMC Pulai") to develop an area of approximately 38.4 square kilometres with potential resources that include gold, iron ore and feldspar; as well as a 100%-stake in Kelgold Mining Sdn Bhd ("Kelgold") to develop an area of approximately 15.5 square kilometres with potential gold resources.

EXPLORATION

The Group completed 34 diamond holes with total drilling footage of 5,795.74 metres at the Sokor Project. The results of 33 diamond holes were incorporated into a FY2017 Qualified Persons' Report by Australia-based mining services advisory firm Optiro Pty Ltd, CNMC's third-party independent resources and reserves estimation consultant.

Our exploration programme yielded positive results in terms of replenishing depleted resources at the Sokor Project. Taking into account the depletion from mining at Rixen, New Discovery, and Ketubong during FY2017, and based on the additional drilling from 33 diamond drill holes within the Sokor Project has increased the mineral resources for gold by approximately 101,000 ounces, lead by approximately 347 tonnes, and zinc by approximately 2,057 tonnes. A minor decline in average silver grade resulted in a decrease of approximately 35,000 ounces in silver.

The Group has kick started exploration activities at the two Kelantan-based exploration and mining assets acquired in 2017 with a view to preparing them for production. Exploration drilling was carried out for gold and iron ore at the CNMC Pulai concession since it completed the acquisition in February 2017. And active exploration including geochemistry survey, trenching and diamond drilling were carried out within the 15.5 square kilometres concession under Kelgold. As of 31 December 2017, there is insufficient data to define JORC-compliant Mineral Resources within these areas.

MINERAL RESOURCES

As at 31 December 2017, the total Measured, Indicated and Inferred gold resources for the Sokor Project (above a 0.5 gram/tonne ("g/t") gold cut-off grade at Manson's Lode and for the transitional and fresh rock at Ketubong, New Discovery and New Found. It was above a 0.25 g/t gold cut-off grade at Rixen and for the oxide material at Ketubong, New Discovery and New Found to reflect current commodity prices, differential operating costs and processing options) were 13,860 kt at 1.6 g/t gold with contained gold of 724,000 ounces (inclusive of material used to define Ore Reserves).

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

Compared to the previous estimate as at 31 December 2016, there has been an increase in gold mineral resources of 606,000 tonnes. Average gold grade has increased from 1.5 to 1.6 g/t, resulting in a 16% increase in contained gold in the 2017 Mineral Resources. There was an increase of 100,000 tonnes in the tonnage of the base metal and silver Mineral Resources at Manson's Lode. Average zinc grade increased slightly (from 1.6 to 1.7% Zn) while average silver and lead grades decreased slightly (from 47 to 42 g/t Ag and from 1.7 to 1.6% Pb).

SOKOR PROJECT – MINERAL RESOURCE STATEMENT AS AT 31 DECEMBER 2017 (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	0.49	3.1	49	0.40	3.1	40	-12%
Indicated	Gold	6.01	1.5	282	4.86	1.5	228	3%
Inferred	Gold	7.36	1.7	393	5.96	1.7	318	34%
Total	**Gold**	13.86	1.6	724	11.22	1.6	586	+16%
Measured	Silver	0.34	63	683	0.27	63	553	1%
Indicated	Silver	0.17	74	407	0.14	74	330	2%
Inferred	Silver	0.90	29	838	0.73	29	679	-6%
Total	**Silver**	1.41	42	1,928	1.14	42	1,562	-2%
Measured	Lead	0.34	1.5	5,058	0.27	1.5	4,097	-10%
Indicated	Lead	0.17	1.5	2,560	0.14	1.5	2,074	-12%
Inferred	Lead	0.90	1.7	15,407	0.73	1.7	12,480	9%
Total	**Lead**	1.41	1.6	23,025	1.14	1.6	18,650	+2%
Measured	Zinc	0.34	1.9	6,370	0.27	1.9	5,160	15%
Indicated	Zinc	0.17	2.0	3,365	0.14	2.0	2,726	2%
Inferred	Zinc	0.90	1.5	13,770	0.73	1.5	11,154	9%
Total	**Zinc**	1.41	1.7	23,505	1.14	1.7	19,039	+10%

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

OPERATIONS AND FINANCIAL REVIEW

ORE RESERVES

In terms of Ore Reserves, the Sokor Project registered a 2% decrease as at 31 December 2017 compared to 31 December 2016. The combined gold Ore Reserves estimate for Rixen, Manson's Lode and New Discovery is shown in the table below. Total Ore Reserves as at 31 December 2017 are reported in accordance with the JORC Code 2012.

COMBINED SOKOR PROJECT GOLD ORE RESERVES (MANSON'S LODE, NEW DISCOVERY AND RIXEN) AND MINERAL RESOURCES (AT MANSON'S LODE, NEW DISCOVERY AND NEW FOUND, RIXEN AND KETUBONG THAT ARE ADDITIONAL TO ORE RESERVES AT MANSON'S LODE, NEW DISCOVERY AND RIXEN) STATEMENT AS AT 31 DECEMBER 2017

		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	387	3.35	42	306	3.38	33	-5
Probable	Gold	3,453	1.45	160	2,792	1.45	130	-2
Total	**Gold**	**3,841**	**1.64**	**202**	**3,098**	**1.64**	**163**	**-2**
Additional Mineral Resources								
Measured	Gold	90	1.7	5	70	1.7	4	-66%
Indicated	Gold	2,530	1.4	112	2,050	1.4	90	0%
Inferred	Gold	7,360	1.7	393	5,960	1.7	318	35%
Total	**Gold**	**9,980**	**1.6**	**509**	**8,080**	**1.6**	**413**	**21%**

GROWTH STRATEGY

The Group intends to ramp up full commercial production at the CIL plant in 2018. It will also look into constructing a flotation plant at the Sokor Project dedicated to extracting silver, lead and zinc, which will potentially create a new source of revenue and earnings.

The Group will accelerate exploration activities to continue replacing depleted resources, as well as increasing gold, silver, lead and zinc resources and reserves in the Sokor Project. We plan to expedite exploration for gold, iron ore and feldspar at our two Kelantan-based mining assets acquired in 2017.

OPERATIONS AND FINANCIAL REVIEW

FINANCIAL REVIEW

REVENUE AND PROFITABILITY

The Group's revenue decreased by 44.8% to US$19.15 million in FY2017 from US$34.67 million in FY2016. The fall was due to a decline in production and sales volume of fine gold, as a result of lower ore grade. There was a slight increase in average realised gold price per ounce, which rose by 2.2% to US$1,293 in FY2017 from US$1,265 in FY2016.

The Group's profit after tax declined by 71.4% to US$3.30 million in FY2017 from US$11.52 million in FY2016. This was mainly due to the lower sales volume of fine gold, as well as other factors including contributions to corporate social responsibility activities and a higher rate for royalty fees. Profits were helped by lower staff benefits as well as tax writebacks.

As a result, the Group's earnings per share decreased by 69.5% to 0.68 US cents in FY2017 from 2.23 US cents in FY2016.

ALL-IN COSTS

In FY2017, the all-in costs per ounce increased to US$1,367 from US$819 in FY2016. This was mainly due to the significantly lower production and sales volume of fine gold arising from lower ore grades which had affected production in 2017, as well as costs for the construction of the new CIL plant.

FINANCIAL POSITION

The Group's net assets rose by US$0.8 million to US$40.4 million as at 31 December 2017 from US$39.6 million as at 31 December 2016. Net asset value per share increased to 9.95 US cents as at 31 December 2017 from 9.73 US cents over the comparative period.

As at 31 December 2017, the Group had cash and cash equivalents of US$19.5 million, a decrease from US$26.9 million as at the end of the previous year. The decrease was mainly due to the cash used in the construction of the CIL plant and the acquisition of two new subsidiaries during the financial year.

The Group has no bank borrowings.

DIVIDENDS

For FY2017, the Group is proposing a final tax exempt dividend of S$0.0020 per share, subject to shareholders' approval at the forthcoming annual general meeting.

INVESTOR RELATIONS

2017 was arguably the most challenging year for us as a gold miner since our public listing in 2011. Our flagship Sokor gold mine yielded substantially less gold last year than in 2016 due to low ore grades. In fact, output from Sokor sank to a four-year low in 2017. Shareholders and investors were naturally concerned.

Even as we busied ourselves with setting up a carbon-in-leach ("CIL") plant to reverse the slide in gold production, we continued to engage the investment community in 2017 through regular briefings to keep shareholders, fund managers and analysts abreast of the Company's plans and progress. Mindful of their concerns, we took pains to reassure them of Sokor's untapped potential.

In addition to our quarterly results briefings for fund managers and analysts, as well as dialogue sessions for shareholders, we have also reached out to dealers and trading representatives from several stockbroking houses. These included RHB Securities, which invited us to speak at a seminar on 11 April 2017 which features mining companies listed on the Singapore Exchange ("SGX"), as well as Phillip Securities, which hosted us to a lunchtime talk on 26 July 2017 to give its traders an update of our mining operations.

Reaching Out To Retail Investors

We also reached out to retail investors in 2017 by presenting at several large-scale seminars. One was an evening seminar on 29 March 2017 organised by a private investment education organisation which seeks to help retail investors build passive income through value investing. About 500 active stock investors and students attended the seminar, during which we gave them an overview of our business and answered their queries.

We also participated in a seminar on 11 November 2017 organised by the SGX in conjunction with the 10th anniversary of the Catalist board. About 600 active retail investors attended the event, "SGX Corporate-Investor Forum: Small, Mid Cap Companies", which was one of the largest organised by SGX last year.

SIAS Award

In recognition of our efforts to regularly engage the investment community, we were awarded the 2017 Shareholder Communications Excellence Award (Small Cap Category) by the Securities Investors Association Singapore ("SIAS") on 19 September 2017.

This was the first time such an award was presented at the annual SIAS Investors' Choice Awards. The SIAS started in 2000 to acknowledge Singapore-listed companies with good corporate governance practices.

Nominees for the Shareholder Communications Excellence Award are assessed based on their investor relations policy, ease of public access to corporate information, and frequency of engagement with shareholders. The assessment criteria is developed by the SIAS and the NUS Business School's Centre for Governance, Institutions & Organisations.

INVESTOR RELATIONS

Outreach In 2018

As part of efforts to assure the market that we have a concrete turnaround plan after the rough patch in 2017, we have released a corporate and business update on 26 February 2018 outlining our growth strategies for 2018 and beyond.

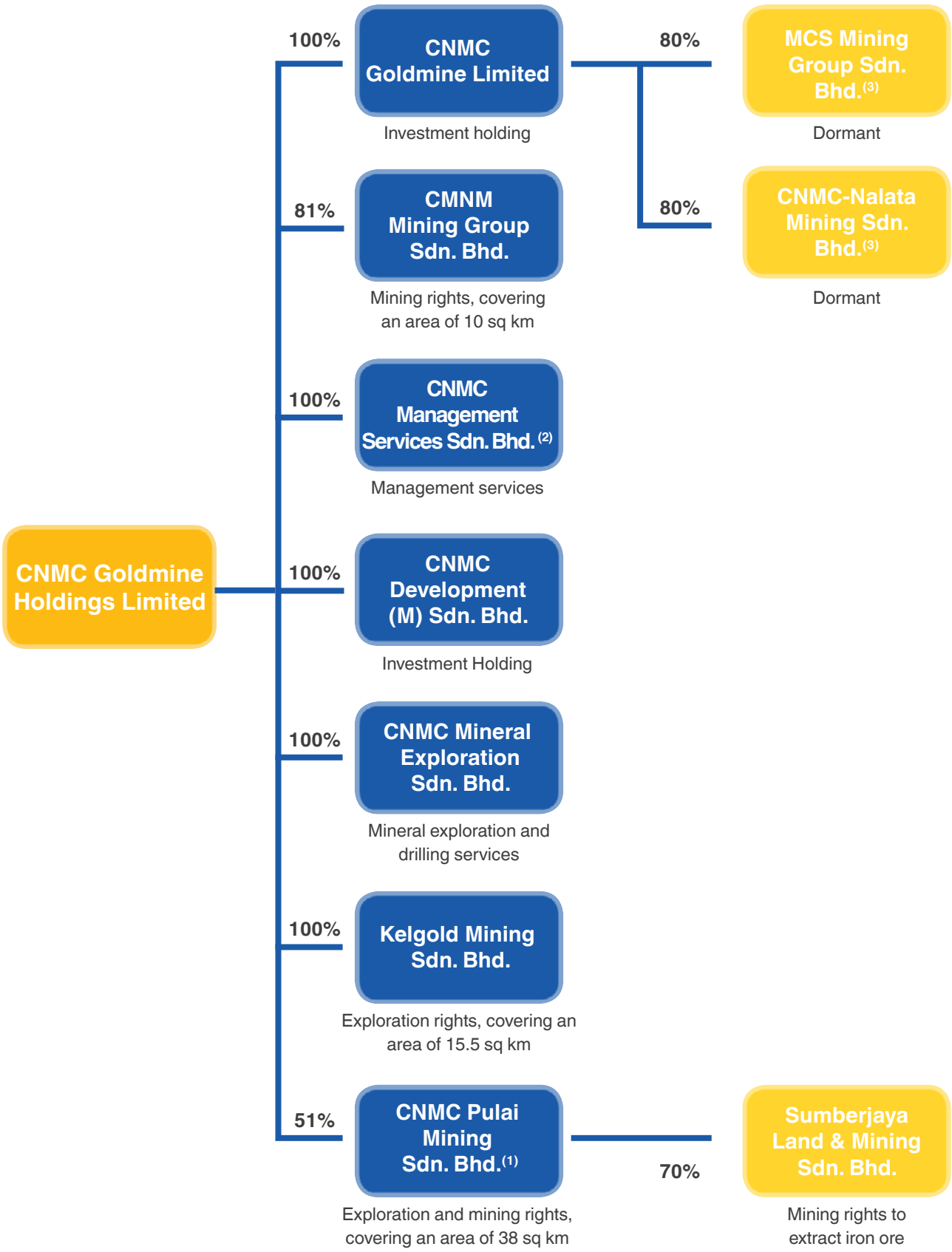
In a nutshell, we will ramp up gold production through our newly completed CIL plant; develop a new income stream by monetizing silver, lead and zinc resources at Sokor; expedite exploration at the two Kelantan-based mining assets acquired in 2017 with a view to preparing them for production; and to continue to explore acquisition opportunities in Malaysia.

We held a combined briefing for fund managers, analysts, high net worth investors and the media on the day we released the corporate and business update to share with them in detail each of our growth strategies.

We will step-up outreach efforts in 2018 not only in Singapore but also elsewhere as we want to share our story with more investors. Hong Kong will be a market which we intend to spend more time in reaching out to investors as we are in the process of applying for a dual primary listing on the Mainboard of the Stock Exchange of Hong Kong Limited.

CNMC CEO Chris Lim (second from right) received the inaugural Shareholder Communications Excellence Award from Ms Sim Ann, Senior Minister of State at the Ministry of Culture, Community and Youth and the Ministry of Trade and Industry at the SIAS Investors' Choice Awards gala dinner held on 19 September 2017. From the left is SGX CEO Loh Boon Chye and on the far right is SIAS President and CEO, David Gerald.

GROUP STRUCTURE



Note : *(1) Formerly known as Pulai Mining Sdn. Bhd.*
(2) Formerly known as MCS Tin Holdings Sdn. Bhd.
(3) In the process of liquidation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Professor Lin Xiang Xiong @ Lin Ye
Executive Chairman

Choo Chee Kong
Executive Vice Chairman

Lim Kuoh Yang
Executive Director and Chief Executive Officer

Kuan Cheng Tuck
Lead Independent Director

Tan Poh Chye Allan
Independent Director

Gan Siew Lian
Independent Director

AUDIT COMMITTEE

Kuan Cheng Tuck *Chairman*
Tan Poh Chye Allan
Gan Siew Lian

NOMINATING COMMITTEE

Gan Siew Lian *Chairman*
Kuan Cheng Tuck
Tan Poh Chye Allan

REMUNERATION COMMITTEE

Tan Poh Chye Allan *Chairman*
Kuan Cheng Tuck
Gan Siew Lian

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CNMC GOLDMINE HOLDINGS LIMITED

Sustainability Report

可持續報告 FY2017

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天地人和 自然共處

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宗旨

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OUR VISION

HARMONY WITH HEAVEN, EARTH AND PEOPLE.
LIVING PEACEFULLY WITH THE ENVIRONMENT.

OUR MISSION

TO MINE THE EARTH. TO MIND SOCIAL NEEDS.

OUR CORE VALUE

TO SERVE THE WORLD WITH HUMANITARIANISM.

CNMC CEO Chris Lim (second from right) received the inaugural Shareholder Communications Excellence Award from Ms Sim Ann, Senior Minister of State at the Ministry of Culture, Community and Youth and the Ministry of Trade and Industry at the SIAS Investors' Choice Awards gala dinner held on 19 September 2017. From the left is SGX CEO Loh Boon Chye and on the far right is SIAS President and CEO, David Gerald.

ABOUT THIS REPORT

CNMC Goldmine Holdings Limited (hereafter referred to as "CNMC" or the "Group") is pleased to present the Group's first annual Sustainability Report (the "Report") covering the period from 1 January 2017 to 31 December 2017 (the "reporting period"). This report is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. CNMC has chosen the Global Reporting Initiative[1] ("GRI") Standards as it is the most established international sustainability reporting standard and in respect of the extent to which such framework is applied, this report has been prepared in accordance with the GRI Standards: Core Option.

This Report summarises CNMC's key sustainability issues, its approach to managing them and its operating performance. The report focuses only on the Sokor goldmining project in Kelantan, Malaysia. CNMC's exploration projects, namely Pulai (under CNMC Pulai Mining Sdn Bhd) and Kelgold (under Kelgold Mining Sdn Bhd), are excluded from the scope of this Report as they have yet to generate any significant economic, environmental or social impact. Information on these two projects can be found on the Group's website[2] and in CNMC's Annual Report 2017.

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

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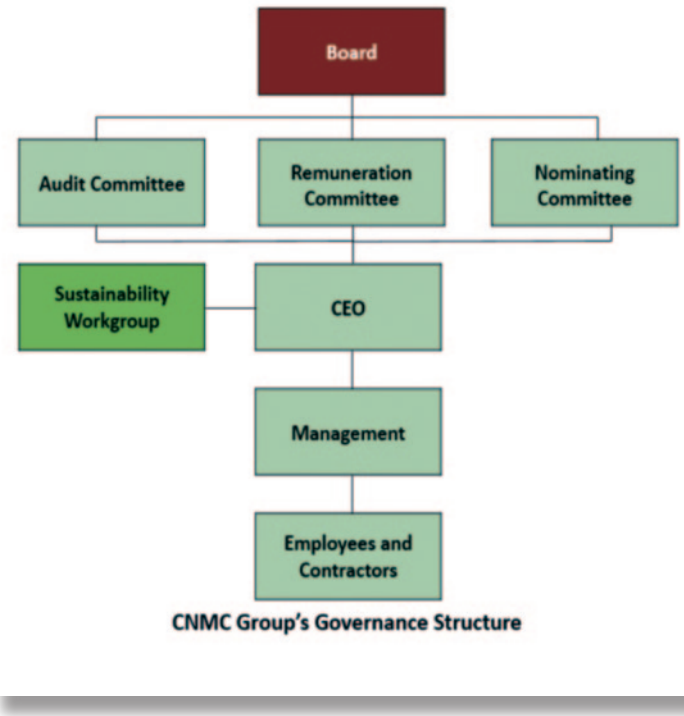
SUSTAINABILITY STATEMENT OF TOP MANAGEMENT

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

As an established gold miner in Malaysia's Kelantan state, we are committed to sustainable mining, which we believe is essential for creating and preserving value for all stakeholders, including the local communities in the areas where we operate.

This commitment is all-encompassing and is what has kept us in business for more than 10 years now. It involves using best practices, benchmarking ourselves against industry standards, reporting our progress in a timely and transparent manner, and even creating employment for the local communities.

We have a dedicated sustainability workgroup, which reports directly to the CEO, who reviews the environmental, social and governance factors identified as material to CNMC. The Board oversees the management and monitoring of these factors and takes them into account when formulating strategic policies and initiatives for CNMC.



CNMC Group's Governance Structure

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At our flagship Sokor goldmining project in Kelantan, we invest substantial resources not only in our mining operations but also in safeguarding the environment. For instance, land is cleared through bulldozing and never through the use of fire so as to prevent air pollution and preserve soil structures. CNMC's environmental management practices and initiatives are approved by the Kelantan government. While operating conditions at Sokor were challenging in 2017, we took some difficult but necessary actions to keep production going and to try to maintain output. While doing so, our sustainability practices were never compromised.

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

Lim Kuoh Yang
Chief Executive Officer
CNMC Goldmine Holdings Limited

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SUSTAINABILITY AT CNMC

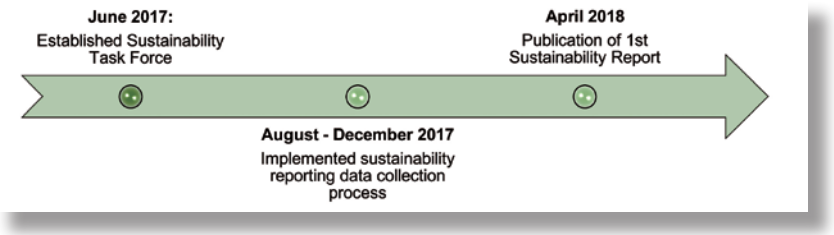
Sustainability Governance

Sustainability at CNMC is governed through the Group's Sustainability Workgroup which provides the Board with an overview of its performance in the areas of health, safety, environment, social responsibility and sustainable development. The workgroup also advises and makes recommendations to the Board when significant sustainability-related issues arise. The workgroup is guided by CNMC's Chief Executive Officer (CEO) and reports directly to the Board of CNMC.

The Sustainability Workgroup meets at least twice a year. CNMC's Management Team and external consultants are invited when appropriate to brief the Sustainability Workgroup and attend its meetings. The workgroup reviews CNMC's relevant policies and guidelines to ensure that they reflect current and emerging international standards. In addition, it monitors CNMC's performance on sustainability topics and the operational effectiveness of its policies and guidelines. The workgroup also considers reports related to significant accidents, environmental incidents, community concerns, policy breaches or systems failures, and reviews internal and external audit reports to ensure that CNMC's operations are in compliance with the relevant legislations. Any significant areas of concern are escalated from the workgroup to the Board.

Milestone Achievements

CNMC is committed to enhancing and formalising its governance and reporting practices to provide more transparent and timely information on its sustainability efforts. In June 2017, the Sustainability Task Force was established to provide accountability over data collection process. Working closely with the Task Force, the Sustainability Workgroup monitors the progress for implementing the sustainability framework.



Business Ethics and Anti-Fraud

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

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

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

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

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

Noteworthy Awards

CNMC was named winner of the 2017 Shareholder Communications Excellence Award (Small Cap Category) in recognition of its efforts to regularly reach out to the investment community, including retail investors. This is the first time the award has been presented at the annual Securities Investors Association (Singapore) ("SIAS") Investors' Choice Awards, which SIAS started in 2000 to acknowledge Singapore-listed companies with good corporate governance practices. Nominees for the Shareholder Communications Excellence Award were assessed on their investor relations policy, ease of public access to corporate information, and frequency of engagement with shareholders. The assessment criteria is developed by SIAS and the NUS Business School's Centre for Governance, Institutions & Organisations. CNMC meets shareholders once every three months at a dialogue session to share its quarterly results. It also meets shareholders a week before its annual general meetings through an outreach organised by SIAS. The Group also holds results briefings every quarter for fund managers, analysts, individuals and the media.

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KEY STAKEHOLDERS ENGAGEMENT

Stakeholders[3] include those with the potential to be impacted by as well as those that could impact a project. Reflective of the diverse range of environments and communities where CNMC operates or has interests, the Group has a broad range of stakeholders, including the following:

Stakeholders	How we engage	Key topics raised	Refer to sections
Employees	• Annual performance reviews • Workplace health and safety activities	• Health and safety • Career advancement	• Our People • Health and Safety
Communities	• Communities program during festive season • Community education development • Sharing of infrastructure • Blood donation activities	• Financial and logistic support to the community	• Local Communities • Working with Local Communities
Government and regulatory bodies	• Scheduled and ad-hoc site visits • Ad-hoc meetings • Reports from third independent mining consultants	• Environmental matters • Productivity • Compliance	• Sustainability at CNMC • Environmental Topics
Contractors	• Meetings • Enterprise development	• Local procurement • Business continuity • Health and safety	• Procurement Practices • Environmental Topics • Health and Safety

CNMC regularly consults and engages with its stakeholders so that it can respond effectively to the issues they raise. Stakeholder consultation is undertaken through formal and informal communication on an on-going basis.

[3] As per the herein applied GRI Standards, a stakeholder is defined as an entity or individual that can reasonably be expected to be significantly affected by the reporting organisation's activities, products and services, or whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives.

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MATERIAL TOPICS AND BOUNDARIES

To identify those topics that are most material to CNMC and its stakeholders, and to define the content of this Report, CNMC has applied the GRI Principles for Defining Report Content. A materiality assessment, facilitated by independent consultant, RSM Risk Advisory Pte Ltd was carried out with the CEO and CFO during the year 2017 based on the guidelines of GRI Standards.

To identify its material topics, CNMC considered all topics and standard disclosures included in the GRI Standards across the economic, environmental and social categories as well as those included in the GRI disclosures. During the process, the interests of stakeholders were considered along with the issues addressed by the mining sector in general. CNMC also sought to capture a broad Group perspective on the importance of various performance outcomes. To prioritise and determine the materiality of each aspect they were ranked according to the following categories:

- Topics of most significance/importance to CNMC and its stakeholders
- Topics of moderate to low importance to CNMC and its stakeholders
- Topics of minor importance to CNMC and its stakeholders

CNMC's exploration projects, Pulai and Kelgold, are excluded from this Report, as they are still in the exploration stage and have yet to generate any significant impact.

Those topics that were determined to be of most significance/importance to CNMC's business and its stakeholders are presented in table below. The related performance outcomes are discussed throughout this Report.

Material Topics	Boundaries (country or entity)
ECONOMIC	
GRI 201: Economic Performance	The Group
GRI 202: Market Presence	The Group
GRI 203: Indirect Economic Impacts	Malaysian entities
GRI 204: Procurement Practices	Malaysian entities
GRI 205: Anti-corruption Economic Performance	The Group
ENVIRONMENTAL	
GRI 302: Energy	Malaysian entities
GRI 303: Water	
GRI 304: Biodiversity	
GRI 305: Emissions	
GRI 306: Effluents and Waste	
GRI 307: Compliance	The Group
SOCIAL	
GRI 401: Employment	The Group
GRI 403: Occupational Health and Safety	Malaysian entities
GRI 404: Training and Education	The Group
GRI 405: Diversity and Equal Opportunity	The Group
GRI 406: Non-discrimination	The Group
GRI 413: Local Communities	The Group
GRI 419: Socioeconomic Compliance	The Group

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PROCUREMENT PRACTICES

CNMC positively contributes to its communities by creating opportunities for local businesses to provide goods and/or services to its mines. CNMC recognises local suppliers' rights to tender for contracts and is committed to building strong relationships with these local providers.

The supply chain[4] for mining and processing operations, such as those run by CNMC, is extensive and includes both direct and indirect suppliers[5] to the mines. There are numerous suppliers for Sokor including consultants, contractors and sub-contractors, distributors of many materials required for mining and processing, manufacturers of various goods, primary producers for food supplies, and transport companies for materials and personnel.

Approach and Performance

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

Sokor's expenditure on locally or regionally based suppliers at Sokor for this reporting period is presented in the table below:

Expenditure on Goods Materials and Services (US$'000)

Year	2017
Malaysia	14,225
International	3,755

[4] As per the herein applied GRI Standards, a supply chain is defined as the sequence of activities or parties that provides products or services to an organisation.

[5] As per the herein applied GRI Standards, a supplier is defined as an organisation or person that provides a product or service used in the supply chain of the reporting organisation.

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ENVIRONMENTAL TOPICS

Approach

As a mining company, CNMC has a fundamental responsibility to carefully manage the impact of its operations on the environment. This responsibility covers every aspect of our activities, ranging from acquisition and development of land and concessions, operations, disposal of waste to rehabilitation. 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 March 2016 approved an updated supplementary Environmental Impact Assessment ("EIA") report prepared by CNMC. An environmental management plan, which sets out the processes to ensure compliance with environmental regulations, was subsequently approved by the DOE in June 2016.

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

CNMC aims to minimise its impact on the environment through:
- effective environmental management across all aspects of its operations;
- preventing, minimising, mitigating and remediating any adverse impact of its operations on the environment; and
- achieving continuous improvement in environmental performance.

Environmental Governance

CNMC is committed to set standards of excellence in regard to environmental matters.

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We will, at all times, strive 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.

The Environmental Policy is designed in accordance with Malaysia Environmental Quality Act 1974, and implemented through endorsing CNMC's environmental standards and conducting performance reviews and reporting. Managers are responsible for site-based performance and report directly to their General Managers. Regular on-site inspections conducted by a licensed third-party environmental consultant further promote good environmental practice at the site-level, taking into account the local operationing environment.

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

Performance Assessment and Reporting

A licensed third-party environmental consultant regularly monitors CNMC's activities to ensure that the environmental performance of each operation is monitored and that findings are reported directly to relevant authorities. Internal and external environmental monitoring exercises are undertaken at Sokor to ensure compliance with Group and regulatory requirements.

The monthly environmental monitoring reports issued by I.Z. Environmind are submitted directly to DOE and CNMC.

Three Environmental Audit Exercises are carried out during the year by another licensed third party environmental auditor, which submits its reports directly to DOE and CNMC.

The issues identified in the monitoring exercises and audits during the reporting period that required specific management attention were immediately addressed by the relevant department, after which feedback together with photos of the actions taken were submitted to the authorities for inspection.

During FY2017, there were no fines or non-monetary sanctions for non-compliance with laws and regulations.

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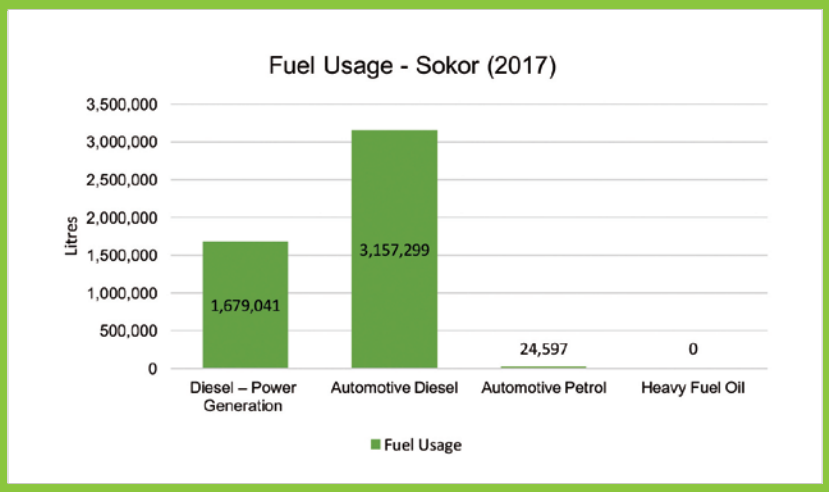
ENERGY

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

Energy Consumption

At Sokor, energy is generated using a diesel-fuelled power plant. The total energy consumption (vehicle fuel, power generation) at Sokor for the reporting period was estimated at 668TJ.

All the energy consumed is generated from non-renewable sources.



In addition to fuel, CNMC also used 149.65 tonnes of emulsion for blasting.


WARNING
BAHAN MUDAH TERBAKAR
HIGHLY FLAMMABLE
WARNING
WARNING

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WATER

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

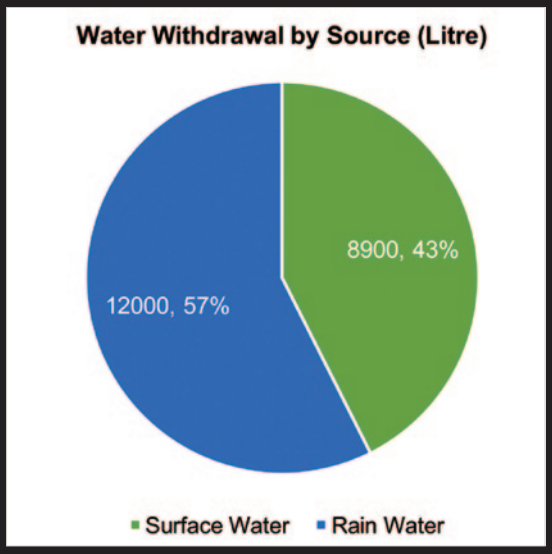
CNMC endeavours to ensure the efficient, safe and sustainable use of water and the protection of water resources and ecosystems around its sites. Sokor has water management strategies in place and maintain whole of site water balances to ensure that the Group achieves its water usage, supply and resource protection objectives. In addition, Sokor also stores water in water collection ponds on site to ensure sufficient capacity remains in the ponds to capture rainfall runoff from the mining and processing areas. It also recycles and reuses water to reduce the need to discharge operational water.

Water Withdrawal by Source

Rainwater is reused and recycled as much as possible for CNMC's operations.

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

The estimated volumes of water from the various sources of supply are shown in the chart:



Students of University of Malaya site field visit at Sokor goldmining project.

Impact on Water Sources

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

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

Canteen serving halal meals at Sokor goldmining project.

Local communities and ecosystems have the potential to be affected by the discharge of water. At Sokor, water is recycled and reused. As such, no water is discharged to the environment unless necessary. A limited quantity of treated water was discharged at Sokor during monsoon seasons within the reporting period. Monitoring has shown that this discharge had no significant impacton the receiving water body (Sokor River).

During operations at Sokor, rainfall run-off water captured in the ponds is used in the processing of gold ore. The water from the ponds is first treated after it is used before being discharged, if necessary.

Comprehensive monitoring by a third party independent environmental consultant of the water quality in the local river systems is being undertaken upstream and downstream from Sokor. The monitoring results are shared between the Group and the Government.

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BIODIVERSITY

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

CNMC aims to conserve biodiversity by obtaining knowledge of local ecosystems. Prior to project development and expansion projects, environmental baseline studies are conducted, potential impacts is assessed and environmental management plans and monitoring programmes are established, in order to minimise the impact on biodiversity over the life of the mine. Sokor has a relatively low impact on biodiversity as it is located within a secondary forested area and most of its operation is carried out on leased land.

Where impacts is unavoidable, rehabilitation measures are, or will be, undertaken to return disturbed land to a stable, self-sustaining landform compatible with the surrounding environment. CNMC has set aside a rehabilitation fund for this purpose. Wherever practicable, progressive rehabilitation of disturbed areas is conducted at Sokor's site. This includes planting grass and deploying trucks to water the roads. In addition, CNMC contributes to related government agencies to assist them in efforts to conserve biological diversity.

EMISSIONS

Direct and Indirect Greenhouse Gas Emissions

Mining requires a significant amount of energy, which is a major component of CNMC's operating costs. We work continually on improving our energy efficiency asthe efficient use of energy is central to reducing greenhouse gas emissions and operating costs. Total direct and indirect greenhouse gas emissions[6] at Sokor are shown in the table below:

Source	Unit	CO_2 (tonnes)	CH_4 (tonnes)	N_2O (tonnes)	All GHGs (tonnes CO_2e)
Diesel (Power)	1,679,041L	4,493.940	0.1819	0.03639	4508.677
Automotive Diesel	3,157,299L	8,450.486	-	-	8,450.486
Automotive Petrol	24,597L	55.879	-	-	55.879
Emulsion	149.65 tonnes	25.441	-	-	25.441

[6] All calculations are based on default values in Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories (2006) for global warming potential.

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EFFLUENTS AND WASTE

Waste by Type and Disposal Method

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

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

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

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

Tailings management continues to be a high priority for CNMC has measures to ensure that its tailing facilities are appropriately designed, operated and managed according to acceptable standards. Qualified engineers have designed the tailing facilities to ensure that tailings are contained and that any potential environmental impacts is minimised. Risks associated with the tailing facilities have been identified and included in the management plans.
The total volume of waste rocks and tailings produced during this reporting period and the previous period, and the area the facilities cover at the sites are shown in table below:

Mineral Waste Type	Sokor (FY2017)
Waste Rock Moved	2,124,710 tonnes
Tailings	2,161,772 tonnes

Significant Spills and Environmental Incidents

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

To ensure consistency across CNMC's business in terms of environmental incident classification and reporting, an Incident Reporting Procedure is in place for all of CNMC's operations. In the procedure, incidents are divided into those that are externally and internally reportable. Externally reportable incidents are those reportable under Acts, Regulations or Licences, while internally reportable incidents are those within the categories reportable to CNMC's management.

SUPPLIER ENVIRONMENT ASSESSMENT

CNMC currently does not have a practice of evaluating new suppliers using environmental criteria although suppliers may have relevant certifications and knowledge. Supplier Environment Assessment is not considered a material topic as most of CNMC's suppliers only deliver goods to site. CNMC only subcontracts two non-critical operations (i.e. blasting and exploration drilling) to subcontractors. All mining and processing activities are conducted in house. Any environmental concerns are communicated directly to the subcontractors through regular reporting and communication channels.

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OUR PEOPLE

CNMC recognises that its people are the most important contributors to its business. During the reporting period, CNMC focused on retaining its workforce. Rationalisation and consolidation of organisational structures contributed to the decrease in total employee numbers across the Group.

Approach

CNMC has internal practices in place to ensure the equitable recruitment, promotion, and remuneration of employees as well as policies to protect and promote individual privacy and ethical behaviour. In addition, all employees and contractors are protected by CNMC's Whistleblowing Policy, through which they can raise concerns and file complaints without fear of intimidation or reprisal

Responsibility for managing human resources at Sokor resides with the site-based Senior Administration and Human Resource Managers who have direct reporting lines to the General Managers Operation and Group Executive Chairman.

CNMC seeks to develop the skills and expertise of its employees on a continuous basis through active employee relations, communication and learning. Employees have access to a variety of training options including conferences, short training courses, seminars and professional studies.

CNMC signed MoU with University of Malaya for research collaboration.

Diversity and Equal Opportunity

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

NEW SUNDAY TIMES JUNE 12, 2016

2 LEARNING CURVE

IN THE NEWS

"We are thankful when companies come forward to support **our research projects and studies** aimed at advancing geological knowledge in the country and region. For students, **real-world exposure providing hands-on experience** is valuable and always welcome."

Prof Dr Awang Bulgiba Awang Mahmud, UM deputy vice-chancellor (academic & international)

UM, mining group in research tie-in

MUTUAL BENEFIT: MoU signed with CNMC Goldmine Holdings

O.C. YEOH

A LEADER in the local mining industry has signed a memorandum of understanding (MoU) with the University of Malaya (UM) for research collaboration that will also benefit the former's ongoing exploration activities.

CNMC Goldmine Holdings Limited operates a gold mine in the state of Kelantan and is on the lookout for opportunities to expand its minerals portfolio, which may include acquiring mining assets in other parts of Malaysia.

Based on the MoU, the company and UM have agreed to form a research unit for in-depth studies on mineralisation of gold and rare earth elements in Malaysia.

Research work, to be carried out in Malaysia by a PhD student and four MSc students from UM, will be refunded by a grant of RM1.5 million over three years.

The students involved in this research collaboration are Nur Nadwa Syahirah Al Zamruddin, Ahmad Fauzan Yusoff, Farhan Zul Bahari, Iman Muhammad Mohd Noor Azam and Siti Nadzirah Nazri.

From the collaboration, the students from UM will get to work with CNMC's geologists who, in return, will be able to make use of UM's research facilities.

UM deputy vice-chancellor (academic & international) Prof Dr Awang Bulgiba Awang Mahmud called the signing of the MoU a "beginning of a new partnership that adds value to this university as the leading research institution".

CNMC Goldmine Holdings founder and executive chairman Professor Lin Xiang Xiong said his company has been focused on its flagship project, the Sokor gold field in Kelantan, over the past decade.

"This research collaboration, which includes the awarding of scholarships and internships to students from the Department of Geology at UM, is a form of CNMC's corporate social responsibility," he said.

Dr Jasmi Hafiz Abdul Aziz, head of UM's Economic Geology Research Group and a council member of the Geological Society of Malaysia, will oversee the students' research work.

"Through this collaboration, we hope to also identify new resources for gold and other minerals," he said.

Added Prof Dr Awang Bulgiba: "We are thankful when companies come forward to support our research projects and studies aimed at advancing geological knowledge in the country and region.

"For students, real-world exposure providing hands-on experience is valuable and always welcome."

PhD student Nur Nadwa Syahirah Al Zamruddin said that industry grants for external research are highly beneficial to those pursuing postgraduate studies, as such collaboration gives the students opportunities to work with professionals in the field.

Siti Nadzirah Nazri hoped the efforts from the collaboration would impact both parties as well as the nation's economy.

Professor Lin Xiang Xiong (second from left) **exchanging documents** with **Professor Dr Awang Bulgiba Awang Mahmud.** Looking on are (from left) CNMC Goldmine vice-chairman Peter Chao Chee Kong, UM's Faculty of Science dean Professor Dr Zanariah Abdullah and Dr Jasmi Hafiz Abdul Aziz.

The students who will be conducting the research.

talented, diverse and motivated workforce. CNMC's Board is responsible for reviewing all matters contained within the Diversity Policy. No incidents of discrimination on diversity matters were reported during the reporting period.

CNMC is conscious of the importance of ensuring a gender balance in its workforce and providing employment opportunities locally and regionally wherever possible. CNMC's Board consists of six Directors, one of whom is a female. There is a low percentage of females employed at the mine site, as achieving gender parity continue to be a major challenge for the mining industry, given that most mining projects (including Sokor) are geographically remote and centre on shift work. In Sokor, we focus on maximising local employment. Sokor's workforce consists of 267 employees and five contractors. A breakdown of the workforce at Sokor is presented in the following charts:

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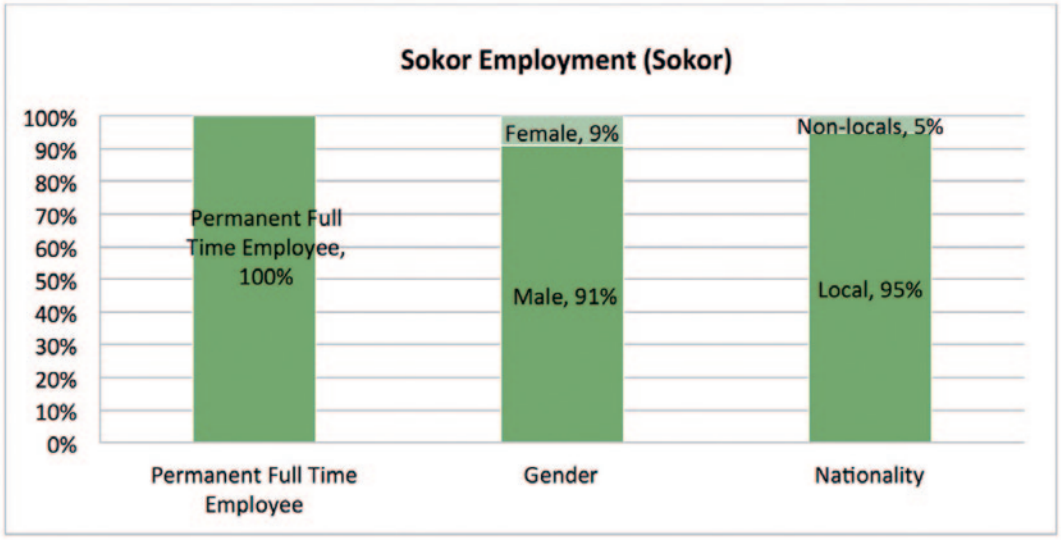
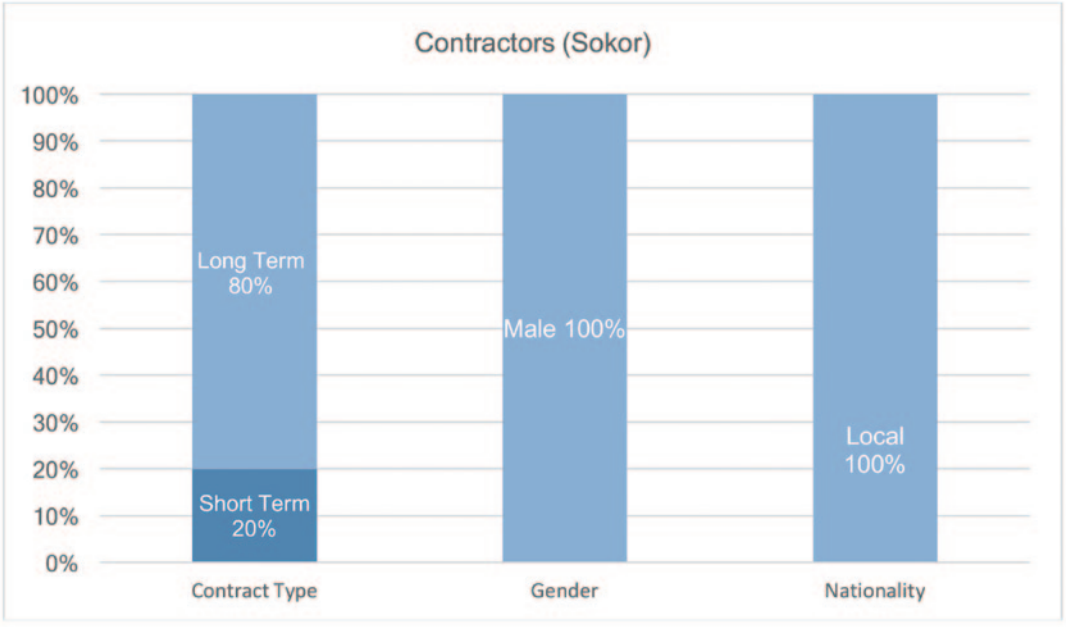
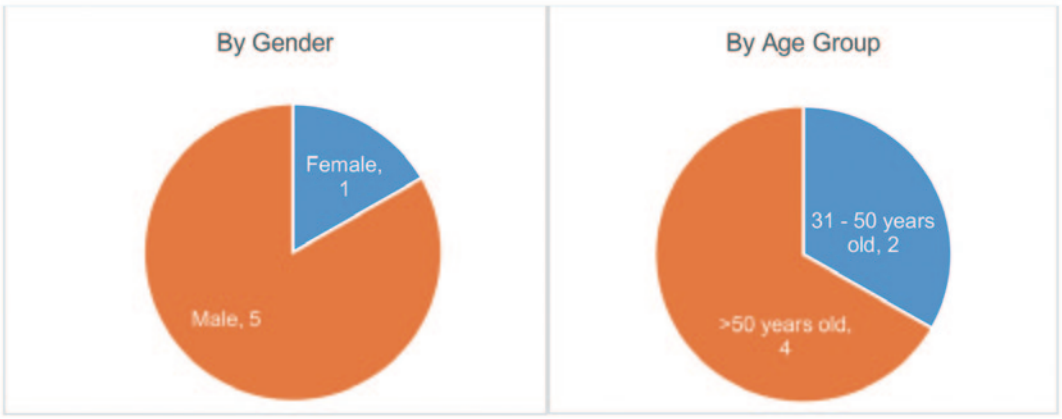


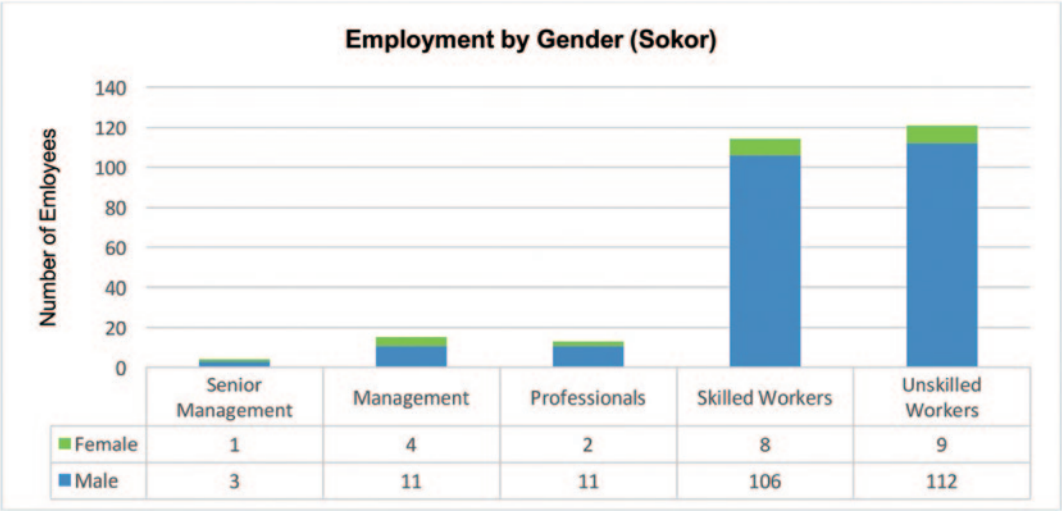


CNMC is committed to moving towards a workforce with an improved gender balance. During the reporting period, females made up 9% of the total number of employees.

The breakdown of CNMC's Board Composition by gender and age group, as well as the breakdown of Sokor's workforce by gender and employee categories and workforce turnover rate, is shown in the following tables, respectively.

CNMC Board Composition





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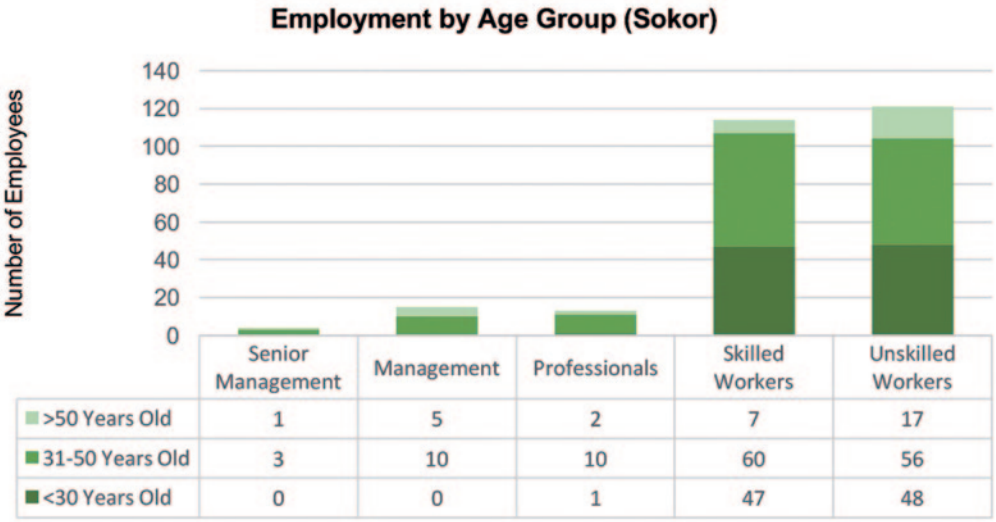

	Senior Management	Management	Professionals	Skilled Workers	Unskilled Workers
>50 Years Old	1	5	2	7	17
31-50 Years Old	3	10	10	60	56
<30 Years Old	0	0	1	47	48

CNMC does not permit child labour. In 2017, our youngest employee was aged 18 and worked at Sokor, as a general worker. CNMC has transparent mechanisms for reporting labour grievances and for whistleblowing. They are communicated to all workers through dedicated training and visual materials, such as notices available widely at work sites.

Employment

CNMC's successful employee engagement is evident from our employees' length of service. The average tenure of our employees is about two years and more than 53.9% of our employees have been with CNMC for more than three years. CNMC's employee turnover rate of 8.6% remains low in 2017. The breakdown of workforce turnover is shown in the following table.

Workforce Turnover

Total Resignations in 2017	22
Employees Turnover	8.6%

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Education and Training

CNMC's human capital is developed and strengthened through its investment in its people. Continuous training and professional development programmes have helped to boost the skills of employees, positioning them in good stead to take up challenges in the challenging business environment we operate in. Regular review of the skills of our current workforce against future business requirements allow CNMC to take steps to train employees in the skills required for advancement.

During 2017, our employees participated in over 210 hours of training programme in Singapore, Malaysia and Australia.

CNMC's recruitment programmes target recent graduates by providing internship for local university students and giving training and mentoring to help them develop their careers. A Human Resources Development Fund ("HRDF") is also provided.

- Internship for University of Malaya students
- Sponsorship for 1 employee under Open University Malaysia

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

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HEALTH AND SAFETY

CNMC believes that all major incidents, occupational injuries and illnesses are preventable. The Group is fully committed to providing and maintaining a safe and healthy work environment with the aim of keeping employees free from occupational injuries and illnesses.

Approach

This policy provides the framework for the development of Health and Safety 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 for 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 appropriate actions are taken;
• foster a culture within the workplace where employees take ownership of workplace safety; and
• ensure that HSE expectations are clearly communicated to all contract principals and that their management systems are randomly and regularly audited.

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

CNMC's approach to health and safety management is guided by its Occupational Health and Safety Policy, which enshrines the safety, health and wellbeing of employees, contractors and the community as a core value to business success.

CNMC seeks to ensure the safe behaviour of employees and contractors by fostering a mindset that injuries are preventable, and providing regular safety education and training.

Performance

Health and Safety Audits

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

Safety

During the reporting period, Sokor reported two Lost Time Injuries (LTIs) resulting in an annual Lost Time Injury Frequency Rate of 2.85.

The Safety statistics at Sokor for employees and contractors for the reporting period are shown in the table below (information contained in annual report to DOSH using JKKP 8 form, under NADOPOD REG 2004)

Injury Type	Number of Incidents
Fatality	0
Lost Time Injury	2
Medial Treated Injury	5
First Aid Injury	10
Total	**17**
Days Lost	**74 days**

Emergency Response

Transport and Emergency Management Plans are in place at Sokor with on-site Emergency Response Teams.

Sokor's Transport and Emergency Management Plan addresses emergency procedures for spillage of materials transported for operations and provides assistance to the transport contractors in the event of such spillage.

Health and Wellbeing

CNMC places significant importance on the health and wellbeing of its workforce, without which the Group would not succeed. This emphasis is reflected in and formalised through CNMC's policies, code of conduct as well as employment contracts. CNMC's code of conduct states the Group's zero tolerance in relation to drugs and alcohol-affected personnel on site.

At Sokor, regular medical examinations are conducted pre-employment and annually during employment (for employees exposed to chemicals). The examinations are undertaken to monitor the health and wellbeing of employees, contractors and service providers, particularly with regard to their physical ability to undertake the work on site. The number of medical examinations conducted for this and the last reporting periods are shown in the table below:

Type of Examination	Sokor
Pre-Employment	23
During Employment	0
Post-Employment	0
Total	**23**

CNMC places significant importance on employee health and wellness and collaborates with external health organisations, including the Ministry of Health Malaysia, to provide employee wellness screenings and counselling events on site. During the reporting period, blood donation clinics were held at an off-site office, where 101 units of blood were collected for hospitals.

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

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LOCAL COMMUNITIES

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 upgrading 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 2017, CNMC made a donation to Iftar Dinnar and distributed "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 programmes run by local hospitals.

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

Approach and Performance

Contributing to the growth and prosperity of host countries and local communities, and responding to community attitudes and expectations is something CNMC takes very seriously. CNMC has a Community Relations Guideline that aims to strike a balance between economic, environmental and social needs. The Guideline outlines CNMC's commitment to:

- adhere to the laws and regulations of host countries;
- respect and respond to local customs, traditions and cultures unless these are at variance with CNMC's policies and standards;
- contribute to local economic development of communities;
- be open and transparent in all communications and dealing with communities and responding in a timely fashion to any community-based grievances;
- establish grievance mechanisms for all stakeholders where community related complaints can be received and addressed;
- invest in projects that are of mutual benefit to the Group and the community;
- embrace sound principles of local procurement and employment that contributes to local economic development;

• encourage, where practicable, suppliers and contractors to adopt the same or similar policies, standards and practices; and
• undertake activities in a manner that is conducive to ensuring that the local operating company is, and remains, a responsible member of the community.

Community Development and Contributions to Local Economies

CNMC contributes both directly and indirectly to its local communities and, more broadly, to host countries, through various avenues including:

• targeted community development programmes and initiatives;
• industry participation (please refer to the Industry Participation section of this Report);
• payment of Government taxes (please refer to the Anti-Corruption section of this Report); and
• local hiring and purchasing practices (please refer to the Our People and the Procurement Practices sections of this Report).

Direct and indirect contributions made to local communities by CNMC are shown in the following tables.

CNMC's Direct Community Contributions (US$)

Type of Contribution	Amount/Contribution
Infrastructure	CMNM maintains and repairs the track road from the main road to its mining area with its own movable equipment. This also benefits other users (including local communities) of the track road.
Donations	US$280,095
Other	US$11,438
Total	US$291,533

CNMC's Indirect Community Contributions (US$'000)

Type of contribution	Amount
Local rates and taxes	US$2,971
Purchase of local goods and services	US$14,225
Total	US$17,196

CNMC supports and invests in a number of short, medium, and long-term community development programmes and initiatives. CNMC constantly monitors the implementation of these programmes and initiatives, and evaluates their effectiveness be collecting feedback from various stakeholder groups.

Indirect Economic Contributions

CNMC is able to make indirect economic contribution to the local community through efforts to maintain the local infrastructures. Other industries like plantation and forestry around the Sokor Gold Project can utilise the track road that CNMC helps maintain and repair to not only gain access to their concession area but also to transport their equipment and products. The other industries around Sokor also create job opportunities for the local communities and help drive local economic diversification.

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WORKING WITH LOCAL COMMUNITIES

When it comes to collaborating with local communities, CNMC's approach is to be respectful and inclusive as we work to understand and help them achieve their goals and values. CNMC seeks to engage early and meaningfully and to reach mutually beneficial agreements that reflect an understanding of the history of the area and its traditional uses. CNMC aim to contribute to economic dynamism and social welfare and to address the needs, concerns and aspirations of our local communities.

Approach and Performance

Respect for the local communitities is vital for the success and sustainability of CNMC. As such, CNMC actively engages with them byhiring locally and sourcing services and supplies from local communities.

CNMC's approach in this regard is governed by the Group's Procurement Policy, which provides an overarching framework to support CNMC's commitment to working with local communities. Through this policy, CNMC identifies opportunities in procurement and works with local business owners to make their ventures more sustainable. It also, works with local contractors to support the diversification of their services and client base in order to help them develop economic resilience.

Working with Local Communities Assessment

At Sokor, more than 95% of the workforce members comprise of Malaysians. Sokor enjoys positive relations with local communities and helps them benefit from opportunities such as employment, training and contracting associated with Sokor's operation.

During 2017, at Sokor, US$14,225 million (79% of our direct total procurement spending) went to local Malaysia companies and joint ventures.

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SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	▪ Key Stakeholders Engagement ▪ Material Topics and Boundaries ▪ Procurement Practices ▪ Environmental Topics ▪ Our People ▪ Health and Safety ▪ Local Communities ▪ Working with Local Communities
2	Policies, Practices & Performance	▪ Sustainability Statement of Top Management ▪ Sustainability at CNMC ▪ Procurement Practices ▪ Environmental Topics ▪ Our People ▪ Local Communities
3	Board Statement	Sustainability Statement of Top Management
4	Targets	Sustainability at CNMC
5	Framework	About this report

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GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title	Section Reference
GRI 101: Foundation 2017		
General Disclosures		
GRI 102: General Disclosures 2017	102-1: Name of the organisation	Note 7 to the Financial Statements
	102-2: Activities, brands, products, and services	Financial Review, Operations Review, Group Structure
	102-3: Location of headquarters	Note 7 to the Financial Statements
	102-4: Location of operations	Note 7 to the Financial Statements
	102-5: Ownership and legal form	Note 7 to the Financial Statements
	102-6: Markets served	Note 7 to the Financial Statements
	102-7: Scale of the organisation	Financial Review, Operations Review, Our People
	102-8: Information on employees and other workers	Our People
	102-9: Supply chain	Procurement Practices
	102-10: Significant changes to the organisation and its supply chain	No significant changes during FY2017
	102-11: Precautionary Principle or approach	Corporate Governance Report, Sustainability at CNMC
	102-12: External initiatives	Sustainability Statement of the Top Management
	102-13: Membership of associations	None
	102-14: Statement from senior decision-maker	Sustainability Statement of the Top Management
	102-16: Values, principles, standards, and norms of behavior	About this Report
	102-18: Governance structure	Board of Directors, Corporate Governance Report, Sustainability Statement of Top Management
	102-40: List of stakeholder groups	Key Stakeholders Engagement
	102-41: Collective bargaining agreements	N.A.
	102-42: Identifying and selecting stakeholders	Key Stakeholders Engagement
	102-43: Approach to stakeholder engagement	Key Stakeholders Engagement
	102-44: Key topics and concerns raised	Material Topics and Boundaries
	102-45: Entities included in the consolidated financial statements	Note 7 to the Financial Statements
	102-46: Defining report content and topic Boundaries	About this Report
	102-47: List of material topics	Material Topics and Boundaries
	102-48: Restatements of information	N.A., first report
	102-49: Changes in reporting	N.A., first report
	102-50: Reporting period	About this Report
	102-51: Date of most recent report	N.A., first report
	102-52: Reporting cycle	About this Report
	102-53: Contact point for questions regarding the report	ir@cnmc.com.hk info@cnmc.com.hk
	102-54: Claims of reporting in accordance with the GRI Standards	About this Report
	102-55: GRI content index	This section
	102-56: External assurance	We aim to seek external assurance in future.

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GRI Standard	Disclosure Number and Title	Page References
Material Topics		
Economic | Economic Performance		
GRI 103[7]	103-1 to 103-3: DMA	
GRI 201: Economic Performance	201-1: Direct economic value generated and distributed	Statement of Comprehensive Income
	201-4: Financial assistance received from government	Note 24 to the Financial Statements
Economic | Market Presence		
GRI 103	103-1 to 103-3: DMA	Our People
GRI 202: Market Presence	202-1: Ratios of standard entry level wage by gender compared to local minimum wage	Our People
Economic | Indirect Economic Impacts		
GRI 103	103-1 to 103-3: DMA	Local Communities
GRI 203: Indirect Economic Impacts	203-1: Infrastructure investments and services supported	Local Communities
	203-2: Significant indirect economic impacts	Working with Local Communities
Economic | Procurement Practices		
GRI 103	103-1 to 103-3: DMA	Procurement Practices
GRI 204: Procurement Practices	204-1: Proportion of spending on local suppliers	
Economic | Anti-corruption		
GRI 103	103-1 to 103-3: DMA	Sustainability at CNMC
GRI 205: Anti-corruption	205-1: Operations assessed for risks related to corruption	

[7] GRI 103 requires the following disclosures (Disclosures of Management Approach, "DMA") for each material topics:

- GRI 103-1: Explanation of the material topic and its Boundary
- GRI-103-2: The Management Approach and its Boundary
- GRI 103-3: Evaluation of the Management Approach

	205-2:	Communication and training about anti-corruption policies and procedures	
	205-3:	Confirmed incidents of corruption and actions taken	
Environmental | Energy			
GRI 103	103-1 to 103-3: DMA		Environmental Topics - Energy
GRI 302: Energy	302-1:	Energy consumption within the organisation	
Environmental | Emissions			
GRI 103	103-1 to 103-3: DMA		Environmental Topics - Emissions
GRI 305: Emissions	305-1:	Direct greenhouse gas emissions (Scope 1)	
	305-2:	Energy indirect greenhouse gas emissions (Scope 2)	
Environmental | Water			
GRI 103	103-1 to 103-3: DMA		Environmental Topics - Water
GRI 303: Water	303-1:	Water withdrawal by source	
	303-2:	Water sources significantly affected by withdrawal of water)	
Environmental | Biodiversity			
GRI 103	103-1 to 103-3: DMA		Environmental Topics - Biodiversity
GRI 304: Biodiversity	304-1:	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	304-2:	Significant impacts of activities, products and services on biodiversity	
Environmental | Effluents and Waste			
GRI 103	103-1 to 103-3: DMA		Environmental Topics – Effluents and Waste
GRI 306: Effluents and Waste	306-1:	Water discharged by quality and destination	
	306-2:	Waste by type and disposal method	
	306-3:	Significant spills	
Environmental | Compliance			
GRI 103	103-1 to 103-3: DMA		Sustainability at CNMC, Environmental Topics - Performance Assessment and Reporting
GRI 307: Compliance	307-1:	Non-compliance with environmental laws and regulations	
Environmental | Supplier Environment Assessment			
GRI 103	103-1 to 103-3: DMA		Environmental Topics – Supplier Environment Assessment
GRI 308: Supplier Environment Assessment	308-1:	Percentage of new suppliers that were screened using environmental criteria	
	308-2:	Significant actual and potential negative environmental impacts in the supply chain and actions taken	
Social | Employment			
GRI 103	103-1 to 103-3: DMA		Our People
GRI 401: Employment	401-1:	New employee hires and employee turnover	
Social | Occupational Health and Safety			
GRI 103	103-1 to 103-3: DMA		Health and Safety
GRI 403:	403-1:	Workers representation in formal joint management-worker health and safety committee	

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Occupational Health and Safety	403-2:	Injury and incidents	
	403-3:	Workers with high incidence or high risk of diseases related to their occupation	
GRI Standard	**Disclosure Number and Title**		**Page References**
Material Topics (Cont'd)			
Social | Training and Education			
GRI 103	103-1 to 103-3: DMA		Our People
GRI 404: Training and Education	404-2:	Programs for upgrading skills and transition assistance	
	404-3:	Regular performance and career development review	
Social | Diversity and Equal Opportunity			
GRI 103	103-1 to 103-3: DMA		Our People
GRI 405: Diversity and Equal Opportunity	405-1:	Diversity of governance bodies and employees	
Social | Non-discrimination			
GRI 103	103-1 to 103-3: DMA		Our People
GRI 406: Non-discrimination	406-1:	Incidents of discrimination and corrective actions taken	Our People
Social | Local Communities			
GRI 103	103-1 to 103-3: DMA		Local Communities
GRI 413: Local Communities	413-1:	Operations with local community engagement, impact assessments & development programs	
Social | Socioeconomic Compliance			
GRI 103	103-1 to 103-3: DMA		Sustainability at CNMC
GRI 419: Socioeconomic Compliance	419-1:	Non-compliance with laws & regulations in the social & economic area	

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 FY2017

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	3	–	–	–
Lim Kuoh Yang	4	–	–	–
Kuan Cheng Tuck	4	4	1	1
Tan Poh Chye Allan	4	4	1	1
Gan Siew Lian	4	4	1	1

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 FY2017.

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 FY2017, 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.

The Independent Directors did not receive any significant compensation from the Company for the provision of services in FY2017.

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.

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

Board size and composition

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

Role of Independent Directors

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

During FY2017, 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.

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. A majority of the NC, 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 proposed an objective performance criteria , subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value; and

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

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

Directors' time commitments and multiple directorships

The Board notes that none of the Directors holds more than 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 Lim Kuoh Yang and Ms Gan Siew Lian be nominated for re-election at the forthcoming annual general meeting. In making the recommendation, the NC had considered the Directors' overall contribution and performance based on the assessment parameters.

Key information regarding Directors

Key information regarding the Directors, including their shareholdings in the Company, is set out on pages 12 and 88 of this Annual Report.

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

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

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies (other than the Company)	Past directorships in listed companies (preceding three years)	Other principal commitments
Professor Lin Xiang Xiong @ Lin Ye	20 September 2011	28 April 2016	None	None	- 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 2017	- CW Group Holdings Limited (listed on HKEx) - Green Build Technology Limited - Kori Holdings Limited	- China Star Food Group Limited	- KCT Consulting Pte. Ltd. (Director)
Tan Poh Chye Allan	20 September 2011	28 April 2017	- Nico Steel Holdings Limited - Algae.Tec Limited (Listed on ASX)	- Avexa Limited (Listed on ASX) - XYEC Holdings Co., Ltd.	- Virtus Law LLP (Partner)
Gan Siew Lian	1 July 2012	28 April 2015	None	None	- Galaxy Professional Services Limited (Vice President)

Board Performance

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

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

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

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

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

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

Access to Information

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

Complete, adequate and timely information

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

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

Company secretary

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

Independent professional advice

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

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

The RC comprises Mr Tan Poh Chye Allan, Mr Kuan Cheng Tuck and Ms Gan Siew Lian, all of whom are 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 FY2017, no remuneration consultants were engaged.

Level and Mix of Remuneration

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

Remuneration of executive directors and key management personnel

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

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

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

The Company recognises the importance of motivating its employees and in this regard, the CNMC Performance Share Plan (the "**PSP**") was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011. Please refer to page 79 for further details on the PSP. The PSP is administered by the Remuneration Committee. No award was granted under the PSP in FY2017.

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

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

Remuneration of independent directors

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

Disclosure on Remuneration

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

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

The breakdown of the remuneration of the Directors and key management personnel for FY2017 is set out as below:

Remuneration of Directors for FY2017

Remuneration Band and Name of Director	Base/Fixed Salary	Director's Fees	Bonus	Total
Between S$1,000,000 and S$1,250,000 per annum				
Professor Lin Xiang Xiong @ Lin Ye	58%	–	42%	100%
Between S$250,000 and S$500,000 per annum				
Lim Kuoh Yang	86%	–	14%	100%
Choo Chee Kong	81%	–	19%	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
Below S$250,000 per annum			
Cheam Chee Chian	87%	13%	100%
Lim Kwang Hui	52%	48%	100%
Ang Kee Har	60%	40%	100%
Kan Wai Khen	82%	18%	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 FY2017 was S$609,002. 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 FY2017.

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 FY2017, 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 legislative and regulatory requirements, including requirements under the Catalist Rules, for instance, by establishing written policies where appropriate.

Risk Management and Internal Controls

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

Risk Management

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

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

Internal Controls

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

Apart from the above, the AC also commissions and reviews the findings of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. The Board reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls on an annual basis. In FY2017, 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 2017 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 2017.

Audit Committee

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

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

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

The Directors recognise the importance of corporate governance and in offering high standards of accountability to the shareholders. The AC will meet at least once every quarter. 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;

(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 FY2017, 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 FY2017, 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 whistleblowing committee member, the whistle blower and the report received shall be treated with utmost confidentiality and will be attended to immediately. The whistle blowing policy is posted on a notice board at the Company's premises. The email addresses of Mr Kuan Cheng Tuck and Mr Tan Poh Chye Allan are stated in the whistle blowing policy.

When making a report, the whistleblower should provide the following information as stated in the whistleblower report form:

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

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

The AC oversees the administration of the whistle blowing policy. Periodic reports will be submitted to the AC stating the number and the complaints received, results of the investigations, follow-up actions required and any unresolved complaints. There were no whistle blowing reports received in FY2017.

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 FY2017, 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 the general meetings. The voting procedures are also explained to all the shareholders during these general meetings.

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

Communication with Shareholders

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

Disclosure of information on a timely basis

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

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

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

Interaction with shareholders

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

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

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

Dividend Policy

To reward shareholders, the Company is proposing a final dividend of S$0.0020 per share for FY2017, 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.

In encouraging 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 FY2017.

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

Material Contracts

On 25 August 2016, the Company entered into a share subscription agreement with CNMC Pulai to subscribe for 51% of the enlarged issued and paid-up share capital of CNMC Pulai. The completion of the aforesaid share subscription took place on 24 February 2017. Mr Choo Chee Kong, the Vice Chairman and Executive Director of the Company, holds an indirect interest of less than 3% in the issued share capital of CNMC Pulai.

Save as aforesaid, 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 FY2017 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 FY2017.

Financial Report

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 2017.

In our opinion:

(a) the financial statements set out on pages 95 to 145 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 2017 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 children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings at beginning of the year		Holdings at end of the year	
Name of director and corporation in which interests are held	**Direct interest**	**Deemed interest**	**Direct interest**	**Deemed interest**
CNMC Goldmine Holdings Limited				
- ordinary shares				
Professor Lin Xiang Xiong @ Lin Ye	1,100,000	106,987,500	1,100,000	106,987,500
Choo Chee Kong	205,000	52,662,500	205,000	50,662,500
Lim Kuoh Yang	–	108,087,500	–	108,087,500

	Holdings at beginning of the year		Holdings at end of the year	
Name of director and corporation in which interests are held	**Direct interest**	**Deemed interest**	**Direct interest**	**Deemed interest**
CNMC Pulai Mining Sdn. Bhd.				
- ordinary shares				
Choo Chee Kong	–	52,500	–	52,500

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

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2018.

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 2018

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CNMC Goldmine Holdings Limited ('the Company') and its subsidiaries ('the Group'), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, 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 95 to 145.

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 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

<table>
<tr><td colspan="2">Valuation of exploration and evaluation ("E&E") assets of US$ 8,929,713 (2016: US$ 2,200,202) (Note 4) and mine properties of US$ 14,049,323 (2016: US$ 14,129,175) (Note 5).</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Management is required to assess whether there are facts and circumstances indicating that they should test the E&E assets and mine properties for impairment.

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

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

The Group has engaged external specialists to provide an estimate of the reserves at Sokor. We assessed the objectivity and competency of the external specialists and considered whether the latest estimate provided in April 2017 was indicative of impairment.</td></tr>
<tr><td colspan="2"><u>Our findings</u>

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

The external specialists belong to the Australasian Institute of Mining and Metallurgy and their report issued in April 2017 did not indicate triggers of impairment.</td></tr>
</table>

Accounting for the acquisitions of CNMC Pulai Mining Sdn. Bhd. ("CNMC Pulai"), Sumberjaya Land & Mining Sdn. Bhd. ("SLM") and Kelgold Mining Sdn. Bhd. ("Kelgold") (Note 7).	
The key audit matter	*How the matter was addressed in our audit*
The Group acquired CNMC Pulai, SLM and Kelgold during the year. Judgement is involved in determining whether each transaction is a business combination or the acquisition of an asset, with different accounting treatment applicable.	We assessed the Group's process for the review and determination of the accounting for acquisition. We also challenged the accounting of significant acquisitions by examining legal and contractual documents to determine whether each acquisition is a business combination or the acquisition of an asset.
Our findings The judgement applied by the Group in determining whether significant acquisitions are business combination or acquisitions of assets was appropriate.	

Other information

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

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

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

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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.

INDEPENDENT AUDITORS' REPORT

Members of the Company
CNMC Goldmine Holdings Limited

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 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group		Company	
		2017	2016	2017	2016
		US$	US$	US$	US$
Assets					
Exploration and evaluation assets	4	8,929,713	2,200,202	–	–
Mine properties	5	14,049,323	14,129,175	–	–
Property, plant and equipment	6	10,504,862	6,383,824	9,839	49,139
Interests in subsidiaries	7	–	–	12,050,251	8,306,587
Non-current assets		33,483,898	22,713,201	12,060,090	8,355,726
Inventories	8	1,013,129	660,183	–	–
Trade and other receivables	9	1,467,821	1,396,635	9,717,531	14,595,386
Cash and cash equivalents	10	19,491,957	26,954,685	82,383	289,721
Current assets		21,972,907	29,011,503	9,799,914	14,885,107
Total assets		55,456,805	51,724,704	21,860,004	23,240,833
Equity					
Share capital	11	18,032,233	18,032,233	18,032,233	18,032,233
Preference shares	11	2,800	–	–	–
Treasury shares	12	(200,845)	(75,092)	(200,845)	(75,092)
Reserves	13	3,104,244	2,755,183	–	–
Retained earnings/(Accumulated losses)		19,504,023	18,919,936	(1,981,118)	(769,255)
Equity attributable to owners of the Company		40,442,455	39,632,260	15,850,270	17,187,886
Non-controlling interests	14	6,754,793	5,914,349	–	–
Total equity		47,197,248	45,546,609	15,850,270	17,187,886
Liabilities					
Loans and borrowings	15	628,507	57,689	–	–
Derivative financial instrument	16	154,686	–	–	–
Deferred tax liabilities	17	505,564	1,580,834	–	–
Non-current liabilities		1,288,757	1,638,523	–	–
Loans and borrowings	15	44,697	38,514	–	–
Accrued rehabilitation costs	18	863,249	602,198	–	–
Trade and other payables	19	5,560,072	2,791,469	6,009,734	5,489,579
Dividends payable		437,538	1,029,647	–	563,368
Current tax liabilities		65,244	77,744	–	–
Current liabilities		6,970,800	4,539,572	6,009,734	6,052,947
Total liabilities		8,259,557	6,178,095	6,009,734	6,052,947
Total equity and liabilities		55,456,805	51,724,704	21,860,004	23,240,833

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Note	2017 US$	2016 US$
Revenue		19,153,576	34,668,274
Other income	20	2,264,559	77,587
Changes in inventories of work in progress		208,703	(160,279)
Amortisation and depreciation	21	(3,564,993)	(4,526,517)
Employee benefits expenses		(2,716,707)	(3,056,955)
Key management remuneration		(1,768,918)	(3,015,078)
Marketing and publicity expenses		(554,553)	(285,511)
Office and administration expenses		(364,604)	(399,945)
Professional fees		(806,641)	(517,555)
Rental expense on operating lease		(1,130,893)	(940,806)
Royalty and tribute fee expenses		(2,570,941)	(3,081,785)
Site and factory expenses		(6,082,328)	(5,586,595)
Travelling and transportation expenses		(256,817)	(265,349)
Other expenses	22	(24,563)	(1,608,037)
Total expenses		(19,633,255)	(23,444,412)
Finance income	23	770,597	1,008,455
Finance costs	23	(34,668)	(2,937)
Net finance income		735,929	1,005,518
Profit before tax		2,520,809	12,306,967
Tax credit/(expense)	24	777,244	(791,517)
Profit for the year	25	3,298,053	11,515,450
Profit attributable to:			
Owners of the Company		2,777,464	9,087,610
Non-controlling interests	14	520,589	2,427,840
Profit for the year		3,298,053	11,515,450
Earnings per share			
Basic and diluted (cents)	26	0.68	2.23

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017 US$	2016 US$
Profit for the year	3,298,053	11,515,450
Other comprehensive income/(loss)		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation of foreign subsidiaries	76,237	(10,554)
Other comprehensive income/(loss) for the year, net of tax	76,237	(10,554)
Total comprehensive income for the year	3,374,290	11,504,896
Total comprehensive income attributable to:		
Owners of the Company	2,825,408	9,078,782
Non-controlling interests	548,882	2,426,114
Total comprehensive income for the year	3,374,290	11,504,896

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

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 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	27	–	–	–	–	(1,761,742)	(1,761,742)	–	(1,761,742)
Interim dividends declared for year ended 31 December 2016	27	–	–	–	–	(1,179,439)	(1,179,439)	–	(1,179,439)
Dividends paid to non-controlling interests	27	–	–	–	–	–	–	(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 CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2017

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 US$	2016 US$
Cash flows from operating activities			
Profit for the year		3,298,053	11,515,450
Adjustments for:			
Amortisation of mine properties	21	1,400,492	1,948,909
Depreciation of property, plant and equipment	21	2,164,501	2,577,608
Gain on disposal of property, plant and equipment		(251,560)	–
Interest expense		34,668	2,937
Interest income		(770,597)	(1,008,455)
Plant and equipment written off		–	100,070
Unrealised (gain)/loss on foreign exchange		(1,930,350)	1,455,456
Tax (credit)/expense		(777,244)	791,517
		3,167,963	17,383,492
Changes in:			
- Inventories		(352,946)	208,617
- Trade and other receivables		41,970	(1,291,616)
- Accrued rehabilitation costs, and trade and other payables		263,720	7,324
Cash generated from operations		3,120,707	16,307,817
Interest received		770,597	1,008,455
Interest paid		(34,668)	(2,937)
Tax paid		(399,921)	(407,431)
Net cash generated from operating activities		3,456,715	16,905,904
Cash flows from investing activities			
Payment for exploration and evaluation assets, and mine properties		(1,870,899)	(5,509,391)
Proceeds from sales of property, plant and equipment		260,716	–
Purchase of property, plant and equipment		(5,375,693)	(893,769)
Acquisition of subsidiaries, net of cash required	7	(1,637,926)	–
Net cash used in investing activities		(8,623,802)	(6,403,160)
Cash flows from financing activities			
Purchase of treasury shares		(125,753)	–
Dividends paid to equity holders of the Company		(2,714,247)	(2,888,371)
Dividends paid to non-controlling interests		(468,787)	(992,294)
Payment of finance lease liabilities		(40,053)	(47,457)
Repayment of borrowings		(985,556)	–
Net cash used in financing activities		(4,334,396)	(3,928,122)
Net increase in cash and cash equivalents		(9,501,483)	6,574,622
Cash and cash equivalents at 1 January		26,954,685	22,134,539
Effect of exchange rate fluctuations on cash held		2,038,755	(1,754,476)
Cash and cash equivalents at 31 December	10	19,491,957	26,954,685

During the year ended 31 December 2017, the Group acquired property, plant and equipment with an aggregate cost of US$6,505,364 (2016: US$1,016,310). As at 31 December 2017, a total consideration of US$1,129,671 (2016: US$122,541) 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$2,981,465 (2016: US$6,576,202) of which US$195,454 (2016: US$290,284) was included in accrued rehabilitation costs (note 18). As at 31 December 2017, a total consideration of US$568,478 (2016: US$154,527) 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 2018.

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 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in note 7 to the financial statements.

2 Basis of preparation

2.1 Statement of compliance

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

(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.

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

(i) Measurement of fair values (cont'd)

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 the following notes:

- Note 11 – Preference shares
- Note 16 – Derivative financial instrument
- Note 31 – Financial instruments

2.5 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- Disclosure Initiative (Amendments to FRS 7);
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and
- Clarification of the scope of FRS 112 (Improvements to FRSs 2016).

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendments to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see note 15).

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, except as explained in note 2.5, which addresses changes in accounting policies.

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 translation 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 to occur in the foreseeable future, foreign exchange gains and losses arising from such monetary items are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3 Significant accounting policies (cont'd)

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables 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 currently has a legally enforceable right to offset the amounts and intends either to settle them 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 or 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 currently has a legally enforceable right to offset the amounts and intends either to settle them 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 initially measured 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 (cont'd)

(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.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Subsidiary's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

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.

(iv) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Malaysian Ringgit that can be converted to ordinary share capital at the option of the holder, where the number of shares to be issued is variable.

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

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

3.4 Property, plant and equipment, and mine properties

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;

3 Significant accounting policies (cont'd)

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

(i) Recognition and measurement (cont'd)

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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

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

The gain or loss on disposal of an item of property, plant and equipment and mine properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Amortisation/Depreciation

Accumulated mine development costs are amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for 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 as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is provided on construction work in progress.

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

3 Significant accounting policies (cont'd)

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

(iii) Amortisation/Depreciation (cont'd)

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

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

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

3.5 Mineral exploration, evaluation and development expenditure

(i) Pre-mining rights costs

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

(ii) Exploration and evaluation costs

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

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

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

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

- Geology - whether or not there is sufficient geologic and economic certainty of being able to convert a residual mineral deposit into a proven and probable reserve at a development.

- Scoping - there is a scoping study or preliminary feasibility study that demonstrates the additional resources will generate a positive commercial outcome. Known metallurgy provides a basis for concluding there is a significant likelihood of being able to recoup the incremental costs of extraction and production.

- Accessible facilities - mining property can be processed economically at accessible mining and processing facilities where applicable.

- Life of mine plans - an overall life of mine plan and economic model to support the mine and the economic extraction of resources/reserves exists. A long-term life of mine plan, and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.

- Authorisations - operating permits and feasible environmental programs exist or are obtainable.

3 Significant accounting policies (cont'd)

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

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

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

- There is a probable future benefit that will contribute to future cash inflows;
- The Group can obtain the benefit and controls access to it;
- The transaction or event giving rise to the future benefit has already occurred; and
- Costs incurred can be measured reliably.

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

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

(ii) Mines under construction

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

3.6 Leased assets

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

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

3.7 Inventories

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

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

3 Significant accounting policies (cont'd)

3.8 Impairment

(i) Non-derivative financial assets

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.

(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 Significant accounting policies (cont'd)

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.

3.10 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 Significant accounting policies (cont'd)

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.

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 Significant accounting policies (cont'd)

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.

3.15 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.

4 Exploration and evaluation assets

	Note	Group 2017 US$	Group 2016 US$
At 1 January		2,200,202	2,084,960
Expenditure incurred during the year		1,660,825	115,242
Acquisition of subsidiaries	7	4,834,259	–
Effect of movement in exchange rate		234,427	–
At 31 December		8,929,713	2,200,202

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

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

5 Mine properties

	Mining rights US$	Producing mines US$	Total US$
Group			
Cost			
At 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
Additions	371,750	948,890	1,320,640
At 31 December 2017	6,675,600	14,447,946	21,123,546
Accumulated amortisation			
At 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
Amortisation charge for the year	408,806	991,686	1,400,492
At 31 December 2017	1,068,485	6,005,738	7,074,223
Carrying amounts			
At 1 January 2016	115,921	9,501,203	9,617,124
At 31 December 2016	5,644,171	8,485,004	14,129,175
At 31 December 2017	5,607,115	8,442,208	14,049,323

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.

Impairment of mine properties

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

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

Amortisation

The carrying amount of the mining rights 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

Group	Note	Buildings US$	Plant and equipment US$	Fixtures and fittings US$	Motor vehicles US$	Construction work in progress US$	Total US$
Cost							
At 1 January 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
Acquisition of subsidiaries	7	–	16,092	24,575	10,423	–	51,090
Additions		73,827	1,910,947	–	–	4,520,590	6,505,364
Disposals/Written off		–	(1,022,735)	(20,387)	–	–	(1,043,122)
Reclassification		2,690,083	3,201,387	–	–	(5,891,470)	–
Effect of movement in exchange rate		–	21,249	8,529	10,789	233	40,800
At 31 December 2017		8,931,757	11,389,883	255,409	1,679,472	254,983	22,511,504
Accumulated depreciation and impairment losses							
At 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
Depreciation charge for the year		1,119,340	1,148,885	19,611	146,631	–	2,434,467
Disposals/Written off		–	(1,022,551)	(11,415)	–	–	(1,033,966)
Effect of movement in exchange rate		–	16,426	5,025	11,142	–	32,593
At 31 December 2017		4,172,516	5,932,846	248,918	1,652,362	–	12,006,642
Carrying amounts							
At 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
At 31 December 2017		4,759,241	5,457,037	6,491	27,110	254,983	10,504,862

6 Property, plant and equipment (cont'd)

The depreciation for the year is analysed as follows:

	Note	Group 2017 US$	Group 2016 US$
Depreciation for the year		2,434,467	2,695,848
Depreciation included in construction work in progress, and exploration and evaluation assets		(269,966)	(118,240)
Depreciation charged to profit or loss	21	2,164,501	2,577,608

	Plant and equipment US$	Fixtures and fittings US$	Motor vehicles US$	Total US$
Company				
Cost				
At 1 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
Additions	3,888	–	–	3,888
At 31 December 2017	25,788	172,077	155,316	353,181
Accumulated depreciation and impairment losses				
At 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
Depreciation charge for the year	4,868	3,805	34,515	43,188
At 31 December 2017	18,246	169,780	155,316	343,342
Carrying amounts				
At 1 January 2016	8,599	14,639	86,287	109,525
At 31 December 2016	8,522	6,102	34,515	49,139
At 31 December 2017	7,542	2,297	–	9,839

Leased motor vehicles

The Group leases motor vehicles under a number of finance leases which secure lease obligations. At 31 December 2017, the carrying amount of leased motor vehicles was US$Nil (2016: US$50,555).

7 Interests in subsidiaries

	Company 2017 US$	Company 2016 US$
Equity investments at cost	12,238,967	8,495,303
Allowance for impairment	(188,716)	(188,716)
	12,050,251	8,306,587

7 Interests in subsidiaries (cont'd)

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

	Company	
	2017	2016
	US$	US$
At 1 January	188,716	188,716
Impairment loss recognised	–	–
At 31 December	188,716	188,716

The following are the Company's subsidiaries:

	Company name	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group	
				2017	2016
				%	%
Held by the Company					
[1]	CNMC Goldmine Limited ("CNMC HK")	Investment holding company	Hong Kong SAR	100	100
[2]	CMNM Mining Group Sdn. Bhd. ("CMNM Mining")	Exploration and mining of gold deposits	Malaysia	81	81
[2]	CNMC Development (M) Sdn. Bhd. ("CNMC Development")	Investment holding company Currently dormant	Malaysia	100	100
[2]	CNMC Management Services Sdn. Bhd. (formerly known as MCS Tin Holdings Sdn. Bhd.) ("CNMC MS")	Non-mining related service provider	Malaysia	100	100
[2]	CNMC Mineral Exploration Sdn. Bhd. ("CNMC ME")	Mineral exploration and drilling service provider	Malaysia	100	100
[2]	CNMC Pulai Mining Sdn. Bhd. ("CNMC Pulai")	Exploration and mining of gold deposits	Malaysia	51	–
[2]	Kelgold Mining Sdn. Bhd. ("Kelgold")	Exploration and mining of gold deposits	Malaysia	100	–

7 Interests in subsidiaries (cont'd)

Company name	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group 2017 %	2016 %
Held by CNMC HK				
[2,3,4] MCS Mining Group Sdn. Bhd. ("MCS Mining")	Exploration and mining of gold deposits Currently dormant	Malaysia	80	80
[2,4] CNMC-Nalata Mining Sdn. Bhd. ("Nalata")	Exploration and mining of gold deposits Currently dormant	Malaysia	80	80
Held by CNMC Pulai				
[2] Sumberjaya Land & Mining Sdn. Bhd. ("SLM")	Exploration and mining of iron ore deposits	Malaysia	36	–

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

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

[3] CNMC HK is the registered holder of 87.5% interest in MCS Mining. CNMC HK has an arrangement with the Kelantan State Government to hold 7.5% interest in MCS Mining for the Kelantan State Government, and such interest will be transferred from CNMC HK in due course. Accordingly, the effective equity held by Group in MCS Mining is 80% % (2016: 80%) as at 31 December 2017.

[4] Under the progress of winding up.

Acquisition of subsidiaries

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

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

The acquisitions were accounted for as acquisitions of assets and were out of scope of FRS 103.

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

7 Interests in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

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

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

8 Inventories

	Group	
	2017 US$	2016 US$
Work in progress/Stockpile	706,417	497,714
Consumables	306,712	162,469
	1,013,129	660,183

In 2017, work in progress, stockpile and consumables recognised as an expense in profit or loss amounted to US$11,086,553 (2016: US$13,549,415).

9 Trade and other receivables

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Trade receivables	357,335	116,901	–	–
Amounts due from subsidiaries				
- trade	–	–	1,647,435	7,332,623
- non-trade	–	–	7,998,477	6,644,719
Other receivables	622,275	574,438	33,061	524,986
Deposits	461,025	622,720	18,645	17,232
	1,440,635	1,314,059	9,697,618	14,519,560
Prepayments	27,186	82,576	19,913	75,826
	1,467,821	1,396,635	9,717,531	14,595,386

9 Trade and other receivables (cont'd)

The outstanding trade receivables are not past due as at 31 December 2017. 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% (2016: 8.0%) per annum.

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

10 Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Cash at banks and in hand	2,869,945	3,171,885	82,383	289,721
Fixed deposits	16,622,012	23,782,800	–	–
Cash and cash equivalents in the statements of financial position/statements of cash flows	19,491,957	26,954,685	82,383	289,721

11 Share capital

	Group and Company	
	2017	2016
	Number of shares	Number of shares
Issued and fully-paid ordinary shares with no par value:		
At 1 January and 31 December	407,693,000	407,693,000

Ordinary shares

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

Performance shares

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

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

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

11 Share capital (cont'd)

Performance shares (cont'd)

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 2016 and 2017.

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

Non-redeemable preference shares

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

12 Treasury shares

	Group and Company			
	2017		2016	
	No. of shares	US$	No. of shares	US$
At 1 January	(400,000)	(75,092)	(400,000)	(75,092)
Purchase of treasury shares	(637,900)	(125,753)	–	–
At 31 December	(1,037,900)	(200,845)	(400,000)	(75,092)

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

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

13 Reserves

	Group	
	2017	2016
	US$	US$
Capital reserve	3,125,752	2,824,635
Translation reserve	(21,508)	(69,452)
	3,104,244	2,755,183

13 Reserves (cont'd)

Capital reserve

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

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

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

The capital reserve as presented in the Group's consolidated financial statements represents the difference between the cost of acquisition for the Restructuring Exercise and the amount of paid up capital of CNMC HK at the date of acquisition, and the difference between the fair value of the preference shares for the Preference Shares Issuance as described in note 11 and the aggregate subscription price of preference shares at the date of issuance.

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	
			2017	2016
			%	%
CMNM Mining Group Sdn. Bhd.	Malaysia	Gold mining	19	19
CNMC Pulai Mining Sdn. Bhd.	Malaysia	Gold mining	49	–
Sumberjaya Land & Mining Sdn. Bhd.	Malaysia	Gold mining	30	–

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

14 Non-controlling interests (cont'd)

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

15 Loans and borrowings

	Group	
	2017	2016
	US$	US$
Non-current		
Finance lease liabilities	19,043	57,689
Convertible loan	609,464	–
	628,507	57,689
Current		
Finance lease liabilities	44,697	38,514
Total loans and borrowings	673,204	96,203

Terms and debt repayment schedule

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

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
		%		US$	US$
Group					
At 31 December 2017					
Finance lease liabilities	Ringgit Malaysia ("RM")	2.4 to 3.0	2018 to 2019	66,052	63,740
Convertible loan	RM	5.00%	2022	609,464	609,464
				675,516	673,204
At 31 December 2016					
Finance lease liabilities	RM	2.4 to 3.0	2017 to 2019	102,106	96,203

15 Loans and borrowings (cont'd)

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Future minimum lease payments US$	Interest US$	Principal US$
Group			
At 31 December 2017			
Within 1 year	46,764	2,067	44,697
After 1 year but within 5 years	19,288	245	19,043
	66,052	2,312	63,740
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

Convertible loan

	Group	
	2017 US$	2016 US$
Issue of convertible loan	764,150	–
Conversion rights (note 16)	(154,686)	–
Carrying amount of liability at 31 December 2017	609,464	–

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

The main terms of the convertible loan are as follows:

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

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

15 Loans and borrowings (cont'd)

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

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

16 Derivative financial instrument

	Group	
	2017	2016
	US$	US$
At January	–	–
Conversion rights recognised during the year (note 15)	154,686	–
At 31 December	154,686	–

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

17 Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group	
	2017	2016
	US$	US$
Property, plant and equipment and mine properties	(505,564)	(1,580,834)

Movement in temporary differences during the year

	At 1 January 2016	Recognised in profit or loss (note 24)	At 31 December 2016	Recognised in profit or loss (note 24)	At 31 December 2017
	US$	US$	US$	US$	US$
Group					
Property, plant and equipment and mine properties	(1,251,776)	(329,058)	(1,580,834)	1,075,270	(505,564)
Unutilised tax losses carried forward	2,127	(2,127)	–	–	–
Deferred tax liabilities	(1,249,649)	(331,185)	(1,580,834)	1,075,270	(505,564)

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

Unrecognised deferred tax assets

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

	Group	
	2017	2016
	US$	US$
Unutilised tax losses	2,112,037	–
Unabsorbed capital allowance	140,004	–
	2,252,041	–

18 Accrued rehabilitation costs

	Group	
	2017	2016
	US$	US$
Accrued rehabilitation costs	863,249	602,198

Included in the accrued rehabilitation costs is an amount of US$195,454 (2016: US$290,284) which are capitalised to mine properties during the year.

18 Accrued rehabilitation costs (cont'd)

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

As at 21 March 2018, management believes that there are no further obligations in respect to the accrued rehabilitation costs.

19 Trade and other payables

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Trade payables	1,072,948	493,286	51,338	59,726
Other payables	1,753	72,625	–	–
Amount due to a subsidiary (non-trade)	–	–	5,815,405	5,349,752
Amounts due to contractors	752,584	583,698	–	–
Accrued operating expenses	3,547,931	1,631,616	142,991	80,101
Remuneration and fees payable to key management	184,856	10,244	–	–
	5,560,072	2,791,469	6,009,734	5,489,579

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

The Group and the Company's exposure to liquidity and market risks related to trade and other payables are disclosed in note 31.

20 Other income

	Group	
	2017 US$	2016 US$
Gain on disposal on property, plant and equipment	251,560	–
Net foreign exchange gain	1,916,266	–
Others	96,733	77,587
	2,264,559	77,587

21 Amortisation and depreciation

	Note	Group 2017 US$	Group 2016 US$
Amortisation of mine properties	5	1,400,492	1,948,909
Depreciation of property, plant and equipment	6	2,164,501	2,577,608
		3,564,993	4,526,517

22 Other expenses

	Group 2017 US$	Group 2016 US$
Net foreign exchange loss	–	1,505,434
Plant and equipment written off	313	100,070
Others	24,250	2,533
	24,563	1,608,037

23 Finance income and costs

	Group 2017 US$	Group 2016 US$
Finance income		
Interest income on cash and cash equivalents	770,597	1,008,455
Finance costs		
Interest expenses on finance lease liabilities	(3,880)	(2,937)
Interest expenses on convertible notes	(30,788)	–
	(34,668)	(2,937)
Net finance income recognised in profit or loss	735,929	1,005,518

24 Tax (credit)/expense

	Note	Group 2017 US$	Group 2016 US$
Current tax expense			
Current year		311,481	457,270
Adjustment for prior years		(13,455)	3,062
		298,026	460,332
Deferred tax expense			
Origination and reversal of temporary differences		(278,290)	268,198
Adjustment for prior years		(796,980)	62,987
	17	(1,075,270)	331,185
Total tax (credit)/expense		(777,244)	791,517

24 Tax (credit)/expense (cont'd)

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	
	2017	2016
	US$	US$
Reconciliation of effective tax rate		
Profit for the year	3,298,053	11,515,450
Total tax (credit)/expense	(777,244)	791,517
Profit excluding tax	2,520,809	12,306,967
Tax using Malaysian tax rate of 24% (2016: 24%)	604,994	2,953,672
Effect of tax rates in foreign jurisdictions	16,797	69,553
Pioneer Status Incentive	(1,275,652)	(3,036,611)
Non-deductible expenses	539,678	436,214
(Over)/Under provision in respect of prior years:		
- current tax expense	(13,455)	3,062
- deferred tax expense	(796,980)	62,987
Withholding tax	215,894	296,287
Others	(68,520)	6,353
	(777,244)	791,517

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 2017, the current tax payable and net deferred tax liabilities are US$65,244 (2016: US$77,744) and US$505,564 (2016: US$1,580,834) respectively.

25 Profit for the year

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

	Group	
	2017	2016
	US$	US$
Audit fees paid/payable to:		
- auditors of the Company	136,464	112,683
- other auditors	17,972	21,881
Non-audit fees paid/payable to:		
- auditors of the Company	3,980	3,837
- other auditors	26,183	18,898

26 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2017 was based on the profit attributable to ordinary shareholders of US$2,777,464 (2016: US$9,087,610) and a weighted-average number of ordinary shares outstanding of 407,135,660 (2016: 407,293,000).

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

	Group	
	2017 No. of shares	2016 No. of shares
Issued number of ordinary shares	407,693,000	407,693,000
Effect of own shares held	(557,340)	(400,000)
Weighted-average number of ordinary shares during the year	407,135,660	407,293,000

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the financial years ended 31 December 2017 and 2016.

27 Dividends

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

For the year ended 31 December	Group and Company	
	2017 US$	2016 US$
Paid/payable by the Company to owners of the Company		
Dividends on ordinary shares:		
- Final and special dividends for the year ended 2016: S$0.00734 (equivalent to US$0.00526) (2015: S$0.00585 (equivalent to US$0.00433)) per ordinary share	2,142,896	1,761,742
- First interim dividends for the year ended 2017: S$Nil (equivalent to US$Nil) (2016: S$0.00200 (equivalent to US$0.00149)) per ordinary share	–	608,088
- Second interim dividends for the year ended 2017: S$Nil (equivalent to US$Nil) (2016: S$0.00200 (equivalent to US$0.00140)) per ordinary share	–	571,351
	2,142,896	2,941,181

For the year ended 31 December	Group	
	2017 US$	2016 US$
Paid/payable by a subsidiary to non-controlling interests		
Dividends on ordinary shares:		
- First interim dividends for the year ended 2017: RM16.00 (equivalent to US$3.9104) (2016: RM12.00 (equivalent to US$2.9196)) per ordinary share	371,488	277,362
- Second interim dividends for the year ended 2017: RMNil (equivalent to US$Nil) (2016: RM14.00 (equivalent to US$3.3334)) per ordinary share	–	316,673
- Third interim dividends for the year ended 2017: RMNil (equivalent to US$Nil) (2016: RM22.00 (equivalent to US$4.9346) per ordinary share	–	468,787
Dividends on preference shares:		
- Preference dividends for the year ended 2017: RM16.00 (equivalent to US$4.1547) (2016: RMNil (equivalent to US$Nil)) per preference share	11,841	–
	383,329	1,062,822

27 Dividends (cont'd)

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	
	2017	2016
	US$	US$
Payable by the Company to owners of the Company		
- Final dividends for the year ended 2017: S$0.00200 (equivalent to US$0.001497 (2016: S$0.00200 (equivalent to US$0.001383) per ordinary share	608,763	563,368
- Special dividends for the year ended 2017: S$Nil (equivalent to US$Nil) (2016: S$0.00534 (equivalent to US$0.00369) per ordinary share	–	1,504,192
	608,763	2,067,560

28 Operating segments

Business segments

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

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

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

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

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

Information about reportable segments

	Gold mining	Other operations	Inter-segment eliminations	Total
	US$	US$	US$	US$
Group				
31 December 2017				
Total revenue from external customers	19,153,576	–	–	19,153,576
Interest income	792,517	550,058	(571,978)	770,597
Management fee	789,535	1,902,867	(2,692,402)	–
Interest expense	(616,512)	–	581,844	(34,668)
Amortisation and depreciation	(3,525,754)	(43,188)	3,949	(3,564,993)
Reportable segment profit before tax	2,792,074	1,268,966	(1,540,231)	2,520,809
Reportable segment assets	54,131,460	30,591,961	(29,266,616)	55,456,805
Capital expenditure*	9,482,942	3,888	–	9,486,830
Reportable segment liabilities	(19,491,319)	(8,394,916)	20,132,242	(7,753,993)

28 Operating segments (cont'd)

Information about reportable segments (cont'd)

	Gold mining US$	Other operations US$	Inter-segment eliminations US$	Total 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)

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

Reconciliation of reportable segment assets and liabilities

	Group	
	2017 US$	2016 US$
Assets		
Total assets for reportable segments	55,456,805	51,724,704
Unallocated assets	–	–
Consolidated total assets	55,456,805	51,724,704
Total liabilities for reportable segments	(7,753,993)	(4,597,261)
Unallocated liabilities	(505,564)	(1,580,834)
Consolidated total liabilities	(8,259,557)	(6,178,095)

Geographical segments

The operations of the Group are principally located in Malaysia.

Major customer

There is one (2016: one) major customer which accounts for 100% (2016: 100%) of the Group's revenue.

29 Commitments

(i) Capital commitments

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

	Group	
	2017 US$	2016 US$
Exploration and evaluation assets, and mine properties	–	3,088,020
Property, plant and equipment	13,562	–

29 Commitments (cont'd)

(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	
	2017	2016
	US$	US$
Within 1 year	108,781	92,588
After 1 year but within 5 years	2,551	4,083
	111,332	96,671

30 Related parties

Key management personnel compensation

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

Key management personnel compensation comprised:

	Group	
	2017	2016
	US$	US$
Short-term employee benefits	1,570,911	2,807,188
Post-employment benefits	70,780	79,948
Directors' fees	127,227	127,942
	1,768,918	3,015,078

Included in key management personnel compensation is remuneration of certain directors of the Company amounting to US$1,356,484 (2016: US$2,423,461). Director's remuneration includes salaries, bonuses, fees and other emoluments.

31 Financial instruments

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

31 Financial instruments (cont'd)

Risk management framework (cont'd)

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.

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 2017					
Non-derivative financial liabilities					
Loans and borrowings	673,204	(1,002,136)	(84,972)	(917,164)	–
Trade and other payables	5,560,072	(5,560,072)	(5,560,072)	–	–
Dividends payable	437,538	(437,538)	(437,538)	–	–
	6,670,814	(6,999,746)	(6,082,582)	(917,164)	–
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)	–

31 Financial instruments (cont'd)

Exposure to liquidity risk (cont'd)

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

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.

31 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 2017				
Loans and receivables	225,858	51,706	1,163,071	1,440,635
Cash and cash equivalents	227,513	141,903	19,122,541	19,491,957
Loans and borrowings	–	–	(673,204)	(673,204)
Trade and other payables	(731,325)	(200,110)	(4,628,637)	(5,560,072)
Net financial (liabilities)/assets	(277,954)	(6,501)	14,983,771	14,699,316
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	277,954	–	(893,370)	(615,416)
Net currency exposure	–	(6,501)	14,090,401	14,083,900
Sensitivity analysis	–	650	1,409,040	1,408,390
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 assets	(73,429)	290,638	25,163,863	25,381,072
Less: Net financial liabilities 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)
Company				
At 31 December 2017				
Loans and receivables	2,059,369	7,499,306	138,943	9,697,618
Cash and cash equivalents	3,151	79,232	–	82,383
Trade and other payables	(421,610)	(5,522,555)	(65,569)	(6,009,734)
Net financial assets	1,640,910	2,055,983	73,374	3,770,267
Less: Net financial assets denominated in the respective entities' functional currencies	(1,640,910)	–	–	(1,640,910)
Net currency exposure	–	2,055,983	73,374	2,129,357
Sensitivity analysis	–	(205,598)	(7,337)	(212,935)
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)

31 Financial instruments (cont'd)

Exposure to currency risk (cont'd)

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.

31 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 US$	Other financial liabilities US$	Total US$	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Group								
At 31 December 2017								
Financial assets not measured at fair value								
Trade and other receivables*	9	1,440,635	–	1,440,635				
Cash and cash equivalents	10	19,491,957	–	19,491,957				
		20,932,592	–	20,932,592				
Financial liabilities measured at fair value								
Derivative financial instrument	16	–	(154,686)	(154,686)	–	–	(154,686)	(154,686)
		–	(154,686)	(154,686)				
Financial liabilities not measured at fair value								
Convertible loan	15	–	(609,464)	(609,464)	–	–	(609,464)	(609,464)
Finance lease liabilities	15	–	(63,740)	(63,740)	–	(66,052)	–	(66,052)
Trade and other payables	19	–	(5,560,072)	(5,560,072)				
Dividends payable		–	(437,538)	(437,538)				
		–	(6,670,814)	(6,670,814)				
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	19	–	(2,791,469)	(2,791,469)				
Dividends payable		–	(1,029,647)	(1,029,647)				
		–	(3,917,319)	(3,917,319)				

31 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 US$	Other financial liabilities US$	Total US$	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Company								
At 31 December 2017								
Financial assets not measured at fair value								
Trade and other receivables*	9	9,697,618	–	9,697,618				
Cash and cash equivalents	10	82,383	–	82,383				
		9,780,001	–	9,780,001				
Financial liability not measured at fair value								
Trade and other payables	19	–	(6,009,734)	(6,009,734)				
		–	(6,009,734)	(6,009,734)				
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	19	–	(5,489,579)	(5,489,579)				
Dividends payable		–	(563,368)	(563,368)				
		–	(6,052,947)	(6,052,947)				

* Excluded prepaid expenses of US$27,186 (2016: US$82,576) and US$19,913 (2016: US$75,826) for the Group and the Company respectively.

31 Financial instruments (cont'd)

Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Derivative financial instrument	*Discounted cash flows:* The valuation model considers the present value of expected payment upon maturity date, discounted using a risk-adjusted discount rate.	• Risk-adjusted discount rate at 5.14% (2016 Nil%).	The estimated fair value would increase (decrease) if: • the risk-adjusted discount rate was higher (lower).

Sensitivity analysis

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

Derivative financial instrument

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

32 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards

Applicable to 2018 financial statements

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

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

32 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

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

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

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 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.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, and the comparative period presented in the 2018 financial statements will be restated.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The Group has completed its assessment of the impact on the Group's financial statements. Based on its assessment, the Group does not expect an material changes on the adoption of SFRS(I) 15.

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

32 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

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

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.

  – The determination of the business model within which a financial asset is held.

  – The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  – The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income (FVOCI).

- If an investment in a debt security has low credit risk at 1 January 2018, the Group plans to assume that the credit risk on the asset has not increased significantly since its initial recognition.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15.

The Group has 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.

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9.

Applicable to financial statements for the year 2019 and thereafter

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

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*

- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

- *Long-term Interests in Associates and Joint Ventures (Amendments to SFRS(I) 1-28)*

- *Prepayment Features with Negative Compensation (Amendments to SFRS(I) 9)*

Mandatory effective date deferred

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

32 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 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.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 29).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

CNMC Goldmine Holdings Limited
Sokor Project – updated Mineral Resource and Ore Reserve estimates as at 31 December 2017

J_2197

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March 2018

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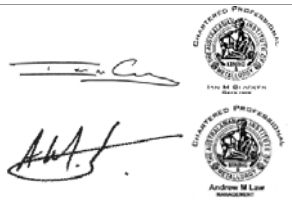
Principal Reviewers:	Ian Glacken *BSc (Hons) (Geology), MSc (Geology), MSc (Geostatistics), DIC, FAusIMM(CP), FAIG, MIMMM, CEng* Andrew Law *HND (MMin.) MBA, FAusIMM(CP,) FIQA, MAICD, AFAIM*	Signature:	
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The Board of Directors
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Dear Sirs

SOKOR PROJECT – UPDATED MINERAL RESOURCE AND ORE RESERVE ESTIMATES AS AT 31 DECEMBER 2017

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

At CNMC's request, Optiro Pty Ltd (Optiro) has updated the Mineral Resource estimate for the Sokor Project and has incorporated data from 33 diamond holes drilled by CNMC during 2017, since CNMC's 31 December 2016 Mineral Resource and Ore Reserve Statement. Mineral Resources have been updated for Rixen, Manson's Lode, Ketubong and the combined mineralisation at New Discovery and New Found. Ore Reserve estimates have been updated for Rixen, New Discovery and Manson's Lode. CNMC has mined ore from Rixen, Ketubong and New Discovery during 2017. The Mineral Resources at Rixen, Ketubong and New Discovery have been depleted for mining to 31 December 2017.

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 2017. Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological Mineral Resource and Ore Reserve estimation services, but also corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 16 Ord Street, West Perth, Western Australia, and Optiro's staff work on a variety of projects in a range of commodities worldwide.

The report has been provided to the Directors of CNMC in relation to reporting of the Mineral Resource and Ore Reserves estimates for the Sokor Project as at 31 December 2017 for incorporation into CNMC's Annual Report for the Year 2017; as such, it should not be used or relied upon for any other purpose.

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

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

The Ore Reserve Estimate has been compiled by Mr Michael Leak, Senior Consultant at Optiro and Member of the Australasian Institute of Mining and Metallurgy, under the direction of Mr Andrew Law, Director of Optiro and Fellow of the Australasian Institute of Mining and Metallurgy. Mr Andrew Law fulfils the requirement of a Competent Person as defined in the JORC Code 2012 and accepts responsibility for the qualified persons' report and the JORC Code 2012 categorisations of the Ore Reserve estimate as tabulated in the form and context in which they appear in this report.

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

Yours faithfully
OPTIRO

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

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

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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, June 2015 and January 2018 to review data for the Mineral Resource estimate, and during October 2012, June 2015 and January 2018 to review the mining operations for the Ore Reserve estimate. CNMC provided Optiro with the drillhole logging, assay and survey data for the drilling undertaken during 2017 and updated topographical data and production data for mining undertaken during 2017.

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 updated the Mineral Resource and Ore Reserves estimates for Rixen, updated the Mineral Resource estimates at Manson's Lode and estimated the Mineral Resources at New Found (Optiro, 2017).

During 2017, CNMC drilled 34 diamond core holes at Rixen, Manson's Lode, Ketubong, New Discovery and New Found. Assay results were not available for one of the holes drilled at Manson's Lode. Optiro updated the Mineral Resource and Ore Reserve estimates at Rixen, New Discovery and Manson's Lode and updated the Mineral Resource estimates at Ketubong and New Found.

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).

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

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 potentially economic zinc and lead grades.

Optiro interpreted the gold mineralisation at all deposits above a nominal 0.25 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 2% 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 2017 extracted 1,872 kt of ore for the production of 11,472 ounces of gold via heap leach extraction, which was ongoing as at 31 December 2017. CNMC reports that no ore tonnes were extracted from the tailings area located to the north-east of the Rixen pit, as this was completed in 2016.

Mining at New Discovery and Ketubong during 2017 extracted 105.1 kt of ore for the production of 3,345 ounces of gold via vat leach extraction, which was ongoing as at 31 December 2017. A total of 8 kt of ore was mined and provided to the newly commissioned CIL plant as part of the trial operation process. There was no mining at the Manson's Lode deposit during 2017.

1.3. MINERAL RESOURCE AND ORE RESERVE TABULATION

The Mineral Resource estimate, as at 31 December 2017, for the Sokor Project is reported in Table 1.1 below. This has been classified and reported in accordance with the guidelines of the JORC Code (2012) and has been depleted for mining at Manson's Lode (as at 2012) and at Rixen, Ketubong and New Discovery/New Found to 31 December 2017. The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode and for the transitional and fresh rock at Ketubong, New Discovery and New Found, and above a 0.25 g/t gold cut-off grade at Rixen and for the oxide material at Ketubong, New Discovery and New Found to reflect current commodity prices, differential operating costs and processing options. As at 31 December 2017, the total Measured, Indicated and Inferred gold Mineral Resource for the Sokor Project (above a 0.25 g/t gold cut-off grade at Rixen and for oxide rock at Ketubong, New Discovery and New Found and above a 0.5 g/t gold cut-off grade at Manson's Lode and for transitional and fresh rock at Ketubong, New Discovery and New Found) is 13,860 kt at 1.6 g/t gold for 724,000 ounces of contained gold.

Gold mineralisation at Manson's Lode has associated silver and base metal mineralisation. Silver, lead and zinc Mineral Resources have been reported for Manson's Lode, both within the gold mineralisation, above a 0.5 g/t gold cut-off grade, and also external to the gold mineralisation, above a cut-off of 2% lead plus zinc (Table 1.1).

The total Measured, Indicated and Inferred gold resources for the Sokor Project, previously reported in December 2016, were 13,250 kt at 1.5 g/t gold, with contained gold of 623,000 ounces. After depletion for mining at Rixen, New Discovery and Ketubong the December 2017 Mineral Resource represents an increase of 16% in contained gold. The Manson's Lode Mineral Resource also contains silver, lead and zinc. As at 31 December 2016 this was 1,310 kt with an average grade of 47 g/t silver, 1.7% lead and 1.6% zinc. The 31 December 2017 Mineral Resource represents a decrease of 2% in contained silver and an increase of 2% and 10% in lead and zinc respectively over the December 2016 totals. The Mineral Resource figures discussed above contain material which has subsequently been modified to produce Ore Reserves.

Table 1.1 Sokor Project – Mineral Resource statement as at 31 December 2017 (inclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.49	3.1	49	0.40	3.1	40	-12%
Indicated	Gold	6.01	1.5	282	4.86	1.5	228	3%
Inferred	Gold	7.36	1.7	393	5.96	1.7	318	34%
Total	**Gold**	**13.86**	**1.6**	**724**	**11.22**	**1.6**	**586**	**16%**
Measured	Silver	0.34	63	683	0.27	63	553	1%
Indicated	Silver	0.17	74	407	0.14	74	330	2%
Inferred	Silver	0.90	29	838	0.73	29	679	-6%
Total	**Silver**	**1.41**	**42**	**1,928**	**1.14**	**42**	**1,562**	**-2%**
Measured	Lead	0.34	1.5	5,058	0.27	1.5	4,097	-10%
Indicated	Lead	0.17	1.5	2,560	0.14	1.5	2,074	-12%
Inferred	Lead	0.90	1.7	15,407	0.73	1.7	12,480	9%
Total	**Lead**	**1.41**	**1.6**	**23,025**	**1.14**	**1.6**	**18,650**	**2%**
Measured	Zinc	0.34	1.9	6,370	0.27	1.9	5,160	15%
Indicated	Zinc	0.17	2.0	3,365	0.14	2.0	2,726	2%
Inferred	Zinc	0.90	1.5	13,770	0.73	1.5	11,154	9%
Total	**Zinc**	**1.41**	**1.7**	**23,505**	**1.14**	**1.7**	**19,039**	**10%**

Note: Inconsistencies in totals are due to rounding

The Mineral Resources in 2016 were 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. Optiro's mining study for Rixen and New Discovery indicates that the current economic cut-off grade for reporting of oxide material is 0.25 g/t gold, and pit optimisation at New Discovery and Manson's Lode indicates that the current economic cut-off grade for reporting of transitional and fresh material is 0.7 g/t gold. Optiro has reported the 2017 Mineral Resources above a cut-off grade of 0.25 g/t at Rixen and for oxide material at New Discovery, New Found and Ketubong and above 0.5 g/t gold at Manson's Lode and for transitional and fresh material at New Discovery, New Found and Ketubong. This cut-off grade for Manson's Lode and for transitional and fresh rock resources at New Discovery, New Found and Ketubong is lower than the current economic mining cut-off grade of 0.7 g/t gold and reflects potential future economic extraction.

The change to the cut-off grade has resulted in the definition of additional Mineral Resources within the oxide rock and the exclusion of some mineralisation from the resources previously reported within the transitional and fresh rock. Furthermore, mining at Rixen, New Discovery and Ketubong during 2017 has depleted the Mineral Resource.

At Rixen, the 2017 drilling infilled a small portion of the central area and extended the resource to the east. At Manson's Lode, the 2017 drilling, which infilled the north-eastern area of the deposit, indicated that the gold, silver and base mineralisation was less continuous than interpreted in 2016 and decreased the total Mineral Resource tonnage there. At Ketubong, the 2017 drilling extended the interpreted mineralisation down-dip to the east. At the combined New Discovery and New Found deposits the

additional drilling has extended the Inferred Mineral Resources down-dip to the east and along strike to the south.

In reporting the 2017 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 2017. This means that there will be material declared in Table 1.1 which is neither reported as Mineral Resources nor Ore Reserves in Table 1.2; for instance, material which falls within the final pit, but which is below the Ore Reserve cut-off grade. Thus, it is not possible to add the Ore Reserves and Mineral Resources in Table 1.2 together to produce the total Mineral Resources in Table 1.1. Moreover, the Ore Reserves include factors for ore loss and dilution which, by convention, have not been applied to the Mineral Resources. All Ore Reserves have been reported in accordance with the JORC Code (2012).

The Ore Reserves reported for 2017 are marginally lower than 2016. The Ore Reserves have increased at Manson's Lode, due to lower processing and mining costs reducing the incremental cut-off grade. Ore Reserves have decreased at Rixen due to the positive impact of gold price not completely offsetting 2017 mining depletion and Mineral Resource changes. Ore Reserves have decreased at New Discovery due to a higher cut-off grade associated with the new Carbon in Leach (CIL) processing stream. Optiro has depleted the Ore Reserves for the Rixen and New Discovery pits with the current 2017 pit production, which is in accordance with guidelines of the JORC Code.

Table 1.2 **Combined Sokor Project gold Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (at Manson's Lode, New Discovery and New Found, Rixen and Ketubong that are additional to Ore Reserves at Manson's Lode, New Discovery and Rixen) as at 31 December 2017**

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	387	3.35	42	306	3.38	33	-5
Probable	Gold	3,453	1.45	160	2,792	1.45	130	-2
Total	**Gold**	**3,841**	**1.64**	**202**	**3,098**	**1.64**	**163**	**-2**
Additional Mineral Resources								
Measured	Gold	90	1.7	5	70	1.7	4	-66%
Indicated	Gold	2,530	1.4	112	2,050	1.4	90	0%
Inferred	Gold	7,360	1.7	393	5,960	1.7	318	35%
Total	**Gold**	**9,980**	**1.6**	**509**	**8,080**	**1.6**	**413**	**21%**

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) by way of an Initial Public Offering on 28 October 2011.

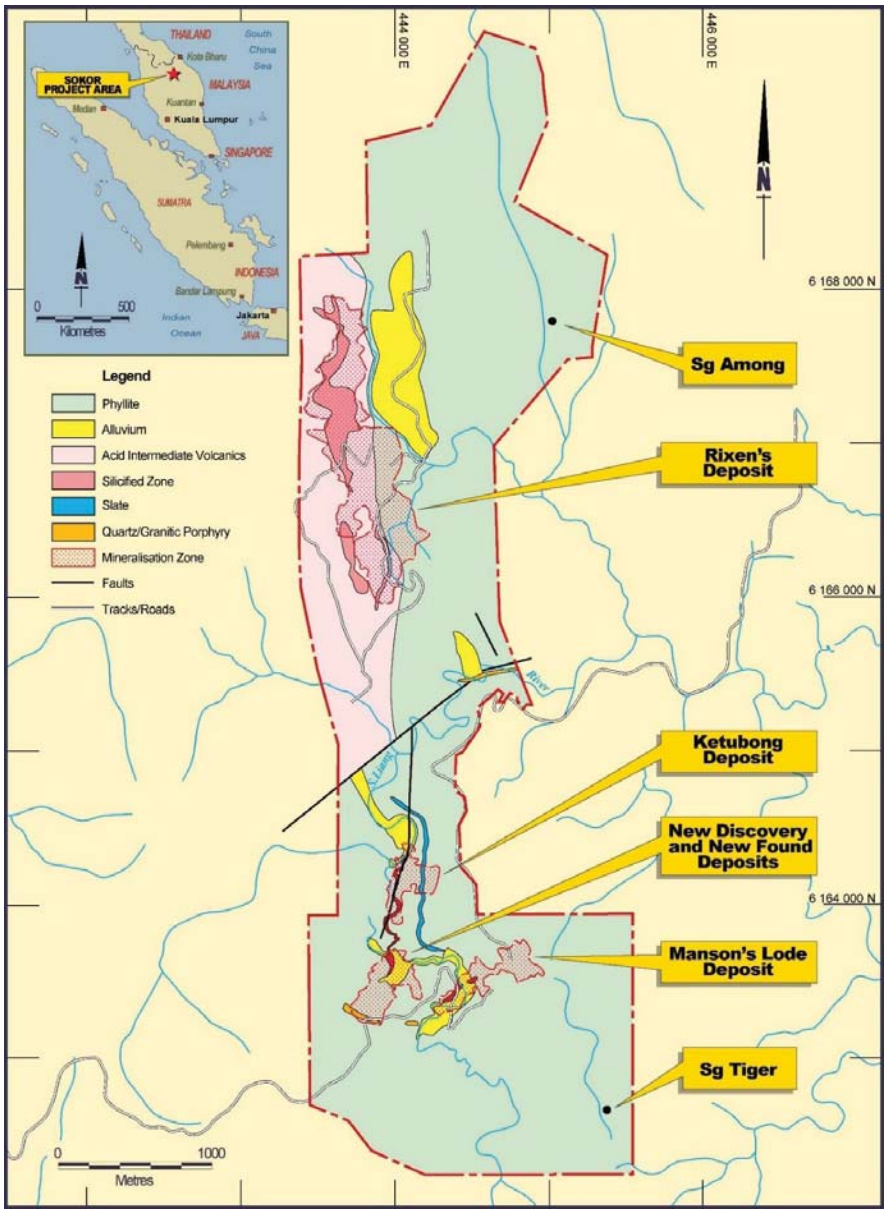
Optiro has prepared this report to document the update to the Mineral Resource and Ore Reserve estimates in support of the planned 2017 Annual Report, and to provide a market update on Mineral Resources and Ore Reserves as at 31 December 2017, as required under the mineral, oil and gas guidelines of 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, and at Sg Tiger, within the southern part of the Sokor Project area. At present there is insufficient data to define Mineral Resources within these areas.

During 2017, CNMC drilled an additional 34 holes for 5,795.74 m at Rixen, Manson's Lode, Ketubong, New Discovery and New Found. Assay results were not available for one of the holes drilled at Manson's Lode. The Mineral Resource estimates have been updated for Rixen, Manson's Lode, Ketubong and the combined New Found and New Discovery deposits.

Ore was mined at Rixen, New Discovery and Ketubong during 2017. The Mineral Resource and Ore Reserve estimates have been depleted for mining to 31 December 2017. All the Mineral Resources and Ore Reserves have been classified and reported in accordance with the guidelines of the JORC Code.

Figure 2.1 Sokor Project – local geology and deposit location



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

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

Mrs Christine Standing [BSc (Hons) Geology, MSc (Min Econs), MAusIMM, MAIG] is a geologist with over 35 years' worldwide experience in the mining industry. She has six years' experience as an exploration geologist in Western Australia and over 25 years' experience as a consultant specialising in resource estimation, reconciliation, project management and statutory and Competent Persons' reporting on worldwide projects for a range of commodities. She has acted as a Qualified Person and Competent Person for gold, silver, copper, mineral sands, nickel, chromium, kaolin and PGEs.

Mr Ian Glacken [BSc (Hons) Geology, MSc (Mining Geology), MSc (Geostatistics), Grad. Dip (Comp), FAusIMM (CP), FAIG, CEng, MIMMM, DIC] has 35 years worldwide experience in the mining industry. Ian is a geologist with postgraduate qualifications in geostatistics, mining geology and computing. Mr Glacken has over 20 years' experience in consulting, including a decade as Group General Manager of a major consulting organisation. He has worked on mineral projects and given over 250 training courses to thousands of attendees on every continent apart from Antarctica. Mr Glacken's skills are in resource evaluation and due diligence reviews, public reporting, training and mentoring, quantitative risk assessment, strategic advice, geostatistics, reconciliation, project management, statutory and Competent Persons' reporting and mining geology studies. He was a founding Director of Optiro.

The Ore Reserve Estimate has been compiled by Mr Michael Leak, Senior Consultant at Optiro and Member of the Australasian Institute of Mining and Metallurgy, under the direction of Mr Andrew Law, Director of Optiro and Fellow of the Australian Institute of Mining and Metallurgy. Mr Leak and Mr Law fulfil the definition and requirements of Competent Persons as defined in the JORC Code and accept 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 34 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.

Mr Michael Leak [BEng Mining (Hons), MAusIMM(CP)] is a mining engineer with over 17 years' experience in both open pit and underground operations in Australia, Africa and Europe. He has experience in various commodities including gold, copper, nickel, tin and lead-zinc and his skills are in operational management, due diligence, Ore Reserves, feasibility studies, mine planning and financial analysis.

2.2. 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 thence by gravel track from Kampong Bukit to site. Kota Bharu is connected to Kuala Lumpur by a 55 minute flight. The nearest town, Tanah Merah, is located approximately half way between the project site and Kota Bharu.

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

3.2. PROJECT OWNERSHIP AND STATUS

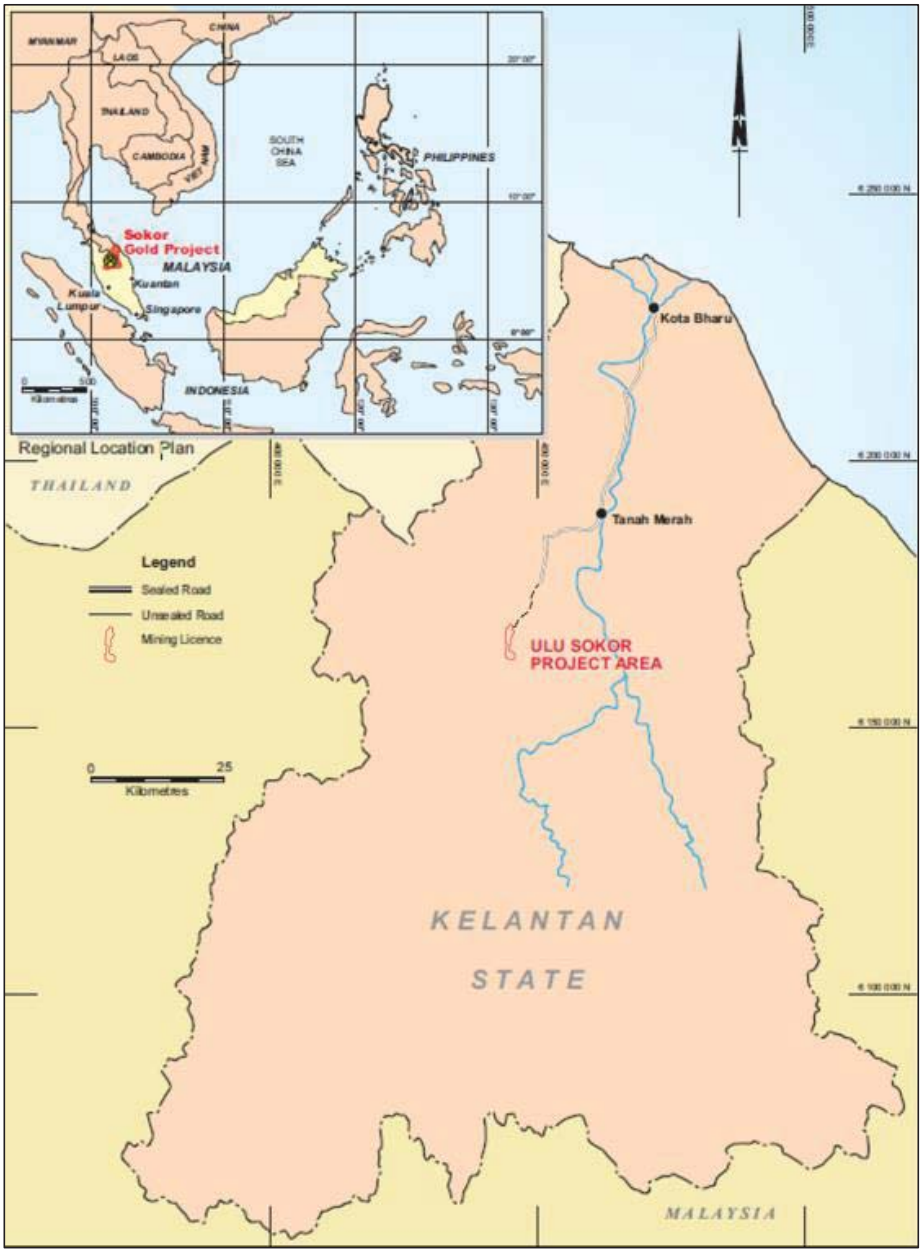
The Sokor Project consists of a Mining Licence (ML 10/2016) covering approximately 10 km^2 (known as the "Sokor Block"). In 2016, CNMC's mining rights to the Sokor Block were extended until 31 December 2034.

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

Environmental approval was obtained from KSG in April 2010. Environmental approvals for the project included the submission of an Environmental Impact Assessment (EIA) in January 2008 and a supplementary EIA report in March 2009, with approval received in June 2009. An Environmental Management Plan (EMP) was submitted in February 2010 and an EMP Additional Information report

submitted in March 2010, with approval received in April 2010. The EIA and EMP include approval for both heap leach and pond (vat) leach processing of gold ore at the Sokor mine site. The EIA for CIL plant was approved in February 2018. Where possible, CNMC will progressively rehabilitate disturbed areas and some areas, such as the process plant, will be rehabilitated when the mine is closed and the plant is decommissioned.

Figure 3.1 Sokor Project area and location of Mining Licence and Exploration Licence (modified from 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 CNMC have advised that they will not proceed with the renewal process for this licence.

Table 3.1 Sokor Project tenement schedule

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

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

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

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

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 mineralisation of 227,000 t, with gold grades ranging from 1.94 g/t to 3.33 g/t gold and oxide mineralisation of 156,000 t, with gold grades ranging from 2.85 g/t to 5.34 g/t gold.

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

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

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

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

During 2017, CNMC commissioned the design of a Carbon in Leach (CIL) flowsheet and subsequently build a 500 tonne per day CIL processing plant for Sokor. As of January 2018, some 8 kt of ore material had been processed through the CIL plant (as part of trial operation in November and December 2017). The current mine operating practice is that ore from Rixen and all oxide ore from the adjacent deposits will continue to be treated by both heap leach and vat leach processes and fresh rock ore sources from the adjacent deposits will be treated by the CIL plant.

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 2017, which is summarised in Table 4.1.

Table 4.1 Sokor production statistics for 2012 to 2017

Commodity	Production statistics	2012	2013	2014	2015	2016	2017
Rixen							
Mined	Ore tonnes mined (claimed)	90,000	323,000	1,362,138	2,236,674	2,243,667	1,871,856
	Ore tonnes processed	90,000	386,000	1,362,138	2,236,674	2,243,667	1,871,856
	Ore stockpiled (not processed as at 31 December)	63,000	63,200	-	-	-	-
Gold	Calculated grade (g/t)	0.3	1.07	0.94	0.61	0.41	0.33
	Recovered gold (oz)	861	11,800	27,685	29,645	20,324	11,472
Ketubong, New Discovery and New Found							
Mined	Ore tonnes mined (claimed)	-	31,000	-	-	154,241	105,101
	Ore tonnes processed	-	31,000	-	-	154,241	105,101
Gold	Calculated grade (g/t)	-	1.14	-	-	1.92	1.40
	Recovered gold (oz)	-	1,100	-	-	7,080	3,345
Silver	Calculated grade (g/t)	-	N/A	-	-	-	-
	Recovered silver (oz)	-	690	-	-	-	-
Manson's Lode							
Mined	Ore tonnes mined (claimed)	50,000	-	-	-	-	-
	Ore tonnes processed	46,791	-	-	-	-	-
Gold	Calculated grade (g/t)	0.65	-	-	-	-	-
	Recovered gold (oz)	984	-	-	-	-	-
Silver	Calculated grade (g/t)	75.00	-	-	-	-	-
	Recovered silver (oz)	112,451	-	-	-	-	-
Lead	Calculated grade (%)	0.003	-	-	-	-	-
	Recovered lead (kg)	1,397	-	-	-	-	-
Zinc	Calculated grade (%)	0.004	-	-	-	-	-
	Recovered zinc (kg)	1,752	-	-	-	-	-
Total							
Mined	**Ore tonnes mined (claimed)**	**140,000**	**354,000**	**1,362,138**	**2,236,674**	**2,397,908**	**1,976,957**
	Ore tonnes processed	**136,791**	**417,000**	**1,362,138**	**2,236,674**	**2,397,908**	**1,976,957**
Gold	**Calculated grade (g/t)**	**0.42**	**0.96**	**0.94**	**0.61**	**0.51**	**0.45**
	Recovered gold (oz)	**1,845**	**12,900**	**27,685**	**29,645**	**27,190**	**14,817**
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, an across strike length of up to 550 m and to a depth of 300 m. The Rixen deposit has been tested by 226 diamond drillholes totalling 25,168.86 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 175 diamond drillholes totalling 11,065.85 m. This excludes the hole drilled at Manson's Lode during 2017 for which assay data has not yet been received in January 2018.

The average width of mineralisation exposed in trenches is 15 m, varying from a few metres to up to 34 m. The thickness of mineralisation is variable, ranging from 5 m to 20 m, and the dip of the mineralisation is shallow (10° to 15°) to the southeast. Trench mapping by CNMC suggests that the mineralisation is associated with a breccia zone. A quartz porphyry dyke, which is exposed to the southeast of Manson's Lode, may be a causative intrusion for the base metal-gold mineralisation. The dyke contains pyrite mineralisation as disseminations and veinlets, with rock chips returning grades of 0.5 g/t to 0.7 g/t gold.

The base metal mineralisation has the same general strike and dip as the gold mineralisation and extends along strike to the northeast and down-dip to the southeast, external to the gold mineralisation. Much of the surface area has been disturbed by previous mining activity and hence the relationship between the different rock types is not clear.

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 280 m from surface and generally remains open at depth. The mineralisation at New Discovery and New Found has a combined strike length of 500 m and a maximum width of 330 m. Mineral Resources at the New Discovery and New Found deposits have been defined by 108 diamond drillholes totalling 9,346.82 m.

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 that the gold is associated with disseminated-stockwork quartz-sulphide mineralisation and more massive sulphide, consisting predominantly of pyrite with minor, sporadic galena, chalcopyrite and sphalerite. Drilling data indicates that the mineralisation is closely associated with a limestone unit within phyllite.

CNMC has tested the Ketubong deposit with 57 diamond drillholes totalling 9,851.73 m and Mineral Resources have been defined over a strike length of 520 m and an across strike length of around 200 m. Mineralisation has been intersected to a depth of 270 m.

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 582 diamond drillholes for 58,189.8 m have been drilled at the Sokor Project for Mineral Resource definition. This excludes the hole drilled at Manson's Lode during 2017, for which assay data has not yet been received.

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 2017 drillhole data as a series of Excel spreadsheets and as Datamine files. Optiro used these files to update the master Datamine database used for Mineral Resource estimation.

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) devices and from this data a digital terrain model (DTM) was produced.

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

The 2017 drillholes were surveyed using industry standard downhole survey equipment at the start and end of the hole and at approximately 50 m intervals downhole. For the 2017 drillholes the dip deviations are generally less than 1°, although a dip deviation of 12.75°has been recorded for one drillhole. The azimuth deviations average less than 1°, with a maximum deviation of 6°.

Mining at Rixen, Ketubong and at New Discovery was undertaken during 2017, and pit surveys were conducted in early 2018. These had been matched to the original topography and were suitable for Mineral Resource depletion.

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 2017 drillholes are between 0.05 m and 2.75 m, with an average sample interval of 0.96 m.

Systematic logging of oxidation boundaries (base of oxide and base of transitional) was introduced by CNMC for the 2011 exploration programme and oxidation was recorded as a separate field in the 2012 core logging. This practice was not continued during 2013 but was reinstated during 2014: the geological logs for all holes drilled during 2014 to 2017 drillholes recorded oxidised, transition and fresh material.

Half core samples were selected for analysis, with quarter core samples used for quality assurance/quality control (QAQC) analysis. Prior to 2012, sample preparation was undertaken at the ALS Group Laboratory in Perth, Australia; the samples collected from 2012 to 2015 were prepared by SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia, and the samples collected from the 2016 and 2017 drilling were prepared at CNMC's on-site laboratory. Sample weights range from 1 kg to 3 kg. Samples are dried, crushed to 6 mm and the whole sample is pulverised to 85% passing 75 microns. A pulp sample of 200 g is split for assay and the pulp reject bagged and retained.

6.4. SAMPLE SECURITY

Prior to 2016, exploration samples were selected, bagged and labelled by site geologists at Sokor and placed in sealed cartons for transport to the assay laboratory. The samples were stored at the Sokor exploration office in the sample storage area prior to dispatch to the laboratory, and the camp was patrolled day and night by security personnel. During 2016 and 2017, samples were analysed at CNMC's on-site laboratory.

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 (ALS); samples from the 2012 to 2015 drilling programmes were analysed by SGS (Malaysia) Sdn. Bhd. Laboratory. Samples from 16 of the 2013 drillholes were assayed using a 50 g fire assay charge.

Samples from Manson's Lode are routinely analysed for Au, Ag, Cu, Pb and Zn. Prior to 2012, Ag, Cu, Pb and Zn were analysed at the ALS Group Laboratory in Perth, Australia by four-acid digest and ICP Atomic Emission Spectrometry (ICPAES). The samples from the 2012 to 2015 drilling programmes were analysed by SGS (Malaysia) Sdn. Bhd. Laboratory by four-acid digest, followed by AAS.

The samples from 2017 drilling programmes were analysed at the CNMC on-site laboratory with 18% of the samples sent to SGS (Malaysia) Sdn. Bhd. Laboratory for check analysis. Approximately 50% of the check samples were sent to ALS Group Laboratory in Perth for inter-laboratory check analysis.

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

6.6. QUALITY ASSURANCE/QUALITY CONTROL

CNMC's QAQC protocols for the 2017 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) being submitted to ALS in Perth, Australia.

Field duplicate samples (337) were analysed by SGS (Malaysia) Sdn. Bhd. Laboratory and pulp samples (160) were analysed by the umpire laboratory, ALS Perth. For both sets of data, the original and duplicate results show a high correlation and no bias in the data sets.

For the 2017 drilling programme, standard samples have been inserted at a rate of 10% and blank samples at a rate of 6%, which is well above the industry standard insertion rate. All but three blank samples returned below detection assay results and below detection values were 0.02, 0.05 and 0.06 g/t gold. This indicates good sample preparation with little sample contamination.

All but two of the results from the standard samples are within three standard deviations of the expected certified value and indicate acceptable precision of the assay data. The results from the standards indicate a bias to lower than expected results obtained from analysis of the certified reference material. CNMC is investigating this bias with the on-site laboratory. Repeat analysis of some of the 2017 samples may be required, or it could be that the standard material has degraded and needs to be replaced.

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 (weight in air and water). Samples are dried before measurement. Bulk density values for each deposit and material type were calculated using measurements from 260 sections of diamond drill core (including 56 measurements obtained during 2017) 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, during 2016 with ore from the Rixen and New Found pits, and during 2017 with ore being supplied from the Rixen, New Discovery and Ketubong pits. Heap leach recoveries ranged from 51% to 70% during the year, with the average recovery being 60% for 2017.

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

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 continues as part of the current operations, with the results being applied to the leaching processes as required to ensure that the operational parameters remain appropriate for the anticipated variations in ore characteristics across the various deposits, as well as to validate the new process flowchart for the recently constructed and commissioned CIL plant.

7.1.2. LEACHING OPTIONS

CNMC is currently using a combination of heap and vat leaching. The heap leach was the predominant processing method in 2017.

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 60% being achieved during 2017. The spent heap leach material is then removed from the heap pad to a tailings storage area, which is then progressively rehabilitated during the year.

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 to allow it to soak. The pregnant solution is then drained from the vat into the pregnant solution pond. Pregnant solution is pumped through the carbon columns, an estimated 97% of the contained gold is captured on the carbon and the solution discharging from the columns is recirculated to the barren pond, whence it is pumped back to the vat. The loaded carbon for both the heap leach and vat processes is transferred to the gold room for acid washing, elution and regeneration prior to recirculation to the adsorption columns. Eluate from the elution stage is circulated through an electrowinning process to produce a gold sludge which is dried and smelted to produce gold doré bars.

7.1.3. CARBON IN LEACH CIRCUIT

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

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

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

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

The CIL plant consists of:

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

No gold room has been built as part of the plant. The current design involves removal of the activated carbon from the leach tanks to be trucked to the existing gold room (currently used for heap leaching operations) for acid washing and elution to remove the gold from the carbon. The gold solution is then electrowon and smelted to produce gold doré bars.

The flowsheet for the recently built Sokor CIL plant is shown in Figure 7.1, and pictured in Figure 7.2 when constructed in January 2018.

As of January 2018, some 8 kt of ore material had been processed through the CIL plant (as part of trial operation in November and December 2017) and had achieved an average recovery of 91.5%. The current mine operating practice is that all oxide ore will continue to be treated via the heap leach and vat leach processes and certain fresh rock ore sources will be treated via the CIL plant.

Figure 7.1 Sokor CIL flowsheet

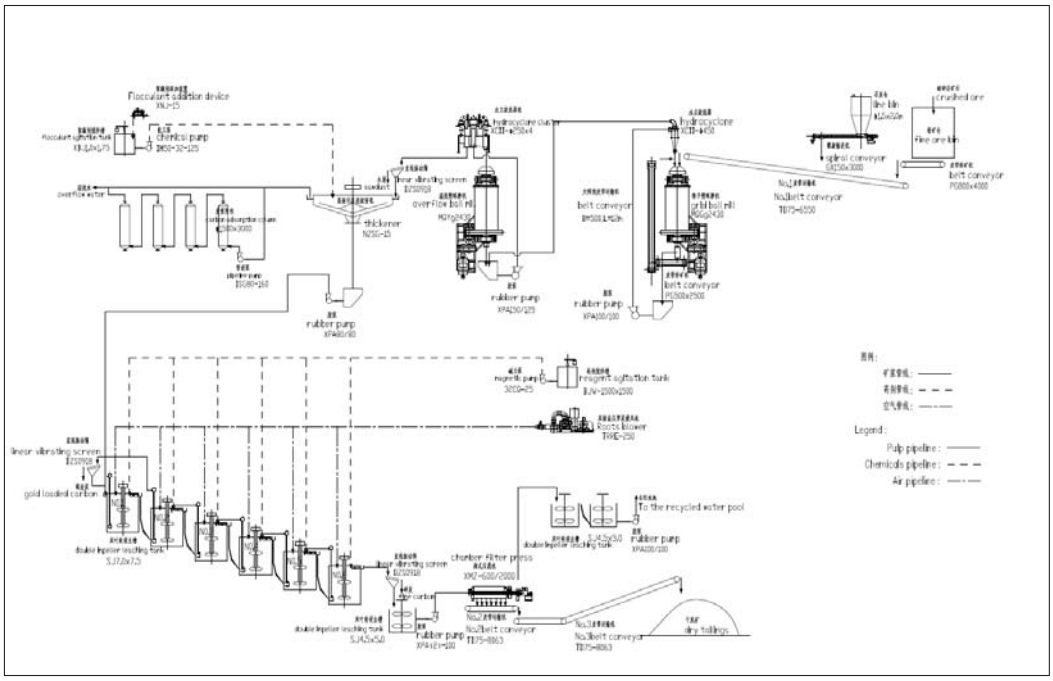


Figure 7.2 Sokor CIL plant and tailings facility – January 2018

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 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 programme uses the input parameters of costs and revenues and applies these via an algorithm to create a series of "nested" pit shells, which are evaluated to find the shell with the highest NPV.

8.2.2. PROCESSING STREAMS

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

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

8.2.3. COSTS

Site costs were provided by CNMC for the 2017 calendar year. The total costs were back-calculated to yield unit costs ($/t) and were compared with the previously supplied 2014 and 2015 figures to estimate appropriate future mining costs. It is understood that the CNMC figures reported to Optiro do not contain the final rehabilitation costs and these have been added back on, based on known costs of similarly sized, geographically similarly located operations.

Mining Costs for New Discovery and Manson's Lode are not well known as there has been minimal mining in these pits over the previous few years. A more conservative approach has been undertaken by Optiro in this regard, with Rixen mining costs escalated to account for the smaller nature and different geographic locations of the pits (relative to Rixen).

To date, the limit of processing through the new CIL plant is approximately 8 kt of material for plant commissioning undertaken in November and December 2017. Optiro considers the amount of material treated thus far to be too small to consider that costs incurred by CNMC to date are representative. As such, Optiro has re-estimated the CIL operating costs based on knowledge of similar operations and taken a more conservative view than the CNMC costs incurred to date.

8.2.4. DILUTION AND RECOVERY

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

8.2.5. GEOTECHNICAL

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

- 40° for oxide material
- 42° for transitional material
- 45° for fresh rock.

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

8.2.6. OPTIMISATION INPUTS

Input parameters used for pit optimisation are listed in Table 8.1.

Table 8.1 Optimisation input parameters

Item	Units	Amount	Comment
Overall slope angle – Rixen and New Discovery			
Oxide material	degrees	40	Oxidation states have not been fully logged at Manson's Lode, hence one overall wall angle which roughly approximates the Rixen average slope angle was used
Transitional material	degrees	42	
Fresh material	degrees	45	
Overall slope angle – Manson's Lode	degrees	42	
Production factors			
Dilution	%	5	Optiro estimates, align well with previous performance
Mining recovery	%	95	
Ore processing limit	Mtpa	1.0	
Mining costs			
Oxide Material	US$ /t	1.00	Historical CNMC data
Transitional and fresh material - Rixen	US$ /t	1.50	2017 CNMC actual costs
Transitional and fresh material - Manson's Lode and New Discovery	US$ /t	2.50	Optiro estimate based on CNMC costs extrapolated for other pits
Processing recovery			
Heap Leach	%	60%	2017 CNMC actual recoveries
CIL	%	91.5%	Nov / Dec CNMC actual CIL performance from CIL commissioning
Processing costs			
Heap Leach	US$ /t ore	1.90	Historical CNMC data
CIL	US$ /t ore	20	Optiro estimate
Administration and royalty	US$ /t ore	3.1	Historical CNMC data
Revenue			
Gold	US$ /oz	1,200	

8.2.7. OPTIMISATION RESULTS

The optimisation results for each deposit are shown in Figure 8.1 to Figure 8.3. In each instance a pit shell smaller than the highest theoretically conceivable value pit has been chosen as the basis for the design. Optiro believes pits larger than the chosen shell do not have sufficient reward (contained ounces, NPV, free cashflow) to justify the additional risk (larger pit, higher stripping ratio and higher costs). In each instance the pit shell chosen as the basis for design is shown in red.

Figure 8.1 Optimisation results - Rixen

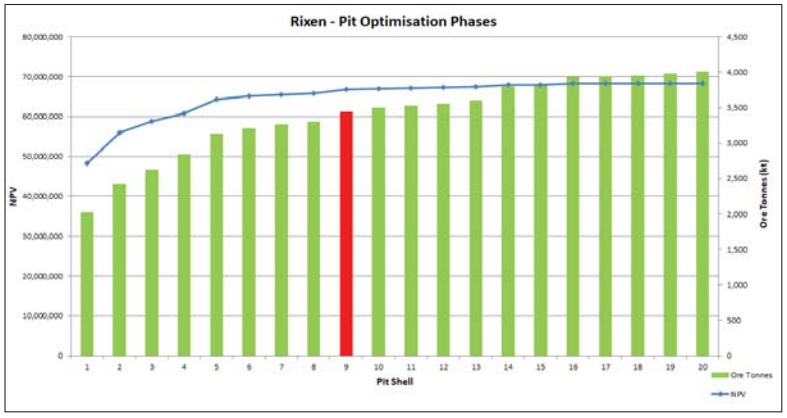


Figure 8.2 Optimisation results – New Discovery

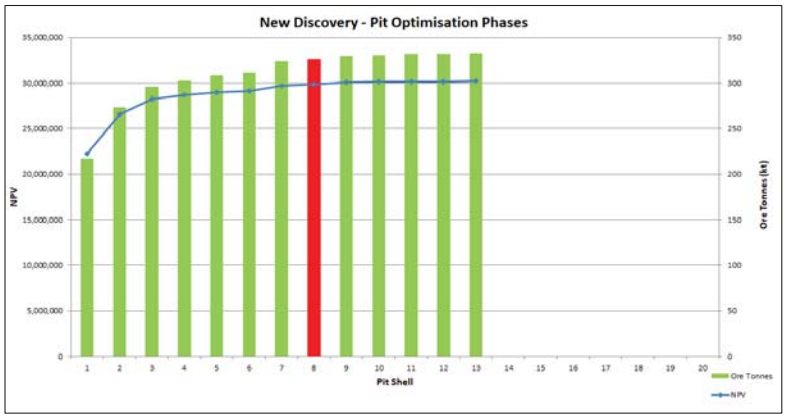
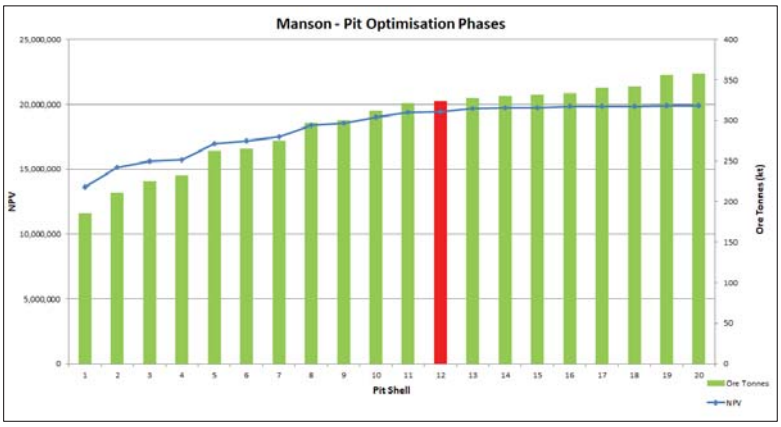


Figure 8.3 Optimisation results - Manson's Lode



8.2.8. SENSITIVITY

A sensitivity analysis (Figure 8.4 to Figure 8.6) was undertaken to:

- ensure that the chosen pit shell for design was still relevant at an appropriate range of key input drivers
- test overall project sensitivity.

Sensitivity analysis was undertaken on the following parameters:

- a gold price of US$1,000 and US$1,400 per ounce (base case is US$1,200 per ounce)
- ± 20% on processing cost
- ± 20% on mining cost.

Figure 8.4 Sensitivity results - Rixen

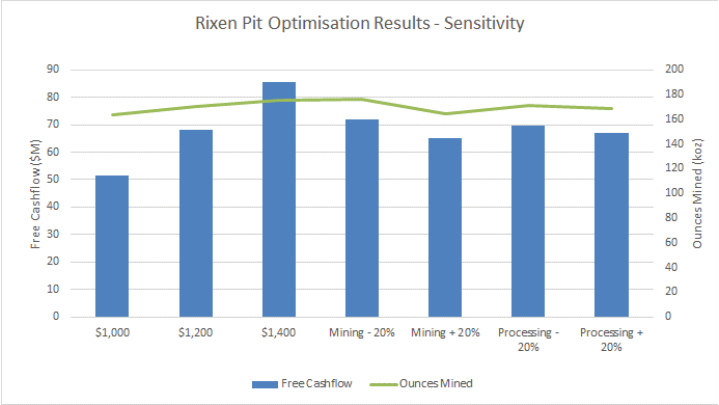


Figure 8.5 Sensitivity results - New Discovery

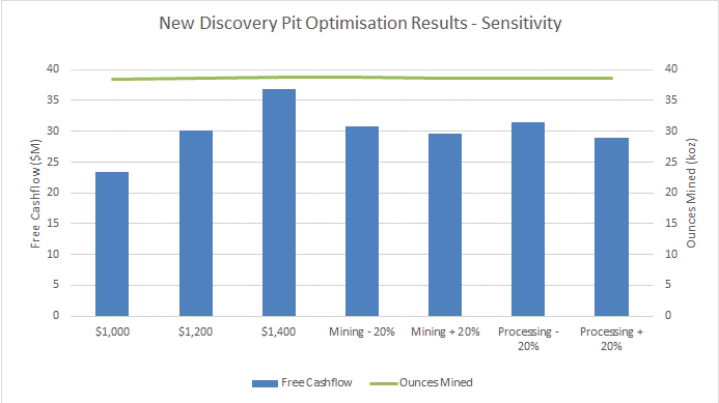
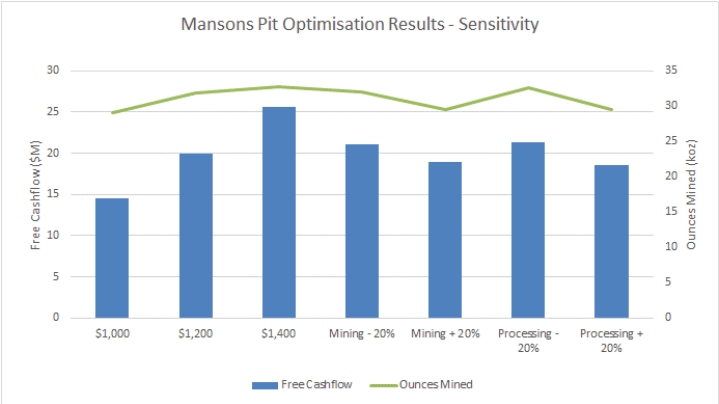


Figure 8.6 Sensitivity results - Manson's Lode



The results of the sensitivity analysis (highest theoretical NPV pit is shown for comparison) show that whilst the value (free cashflow) of the mine changes with input parameter, the key physical (contained ounces) is relatively unchanged (relatively insensitive). The results also show that all cases (including downside sensitivities) contain, at the very least, a pit with equivalent tonnes, grade, contained ounces and similar stripping ratios as that chosen as the basis of the pit design. Thus, the pit selection as the basis for design is robust and a relatively low-risk option.

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

Design parameters are summarised in Table 8.2.

Table 8.2 Mine design parameters

Item	Units	Amount
Batter angles		
Oxide and transitional	degrees	60
Fresh	degrees	75
Batter height	m	10
Berm width	m	5
Ramp width		
Dual lane	m	20
Single lane*	m	10
Minimum mining width	m	30

** Single lane employed at bottom of pit and in small pits that do not warrant dual lane ramps*

8.3.2. PIT DESIGN

Pit designs are depicted in Figure 8.7 to Figure 8.9.

Figure 8.7 Final pit design - Rixen

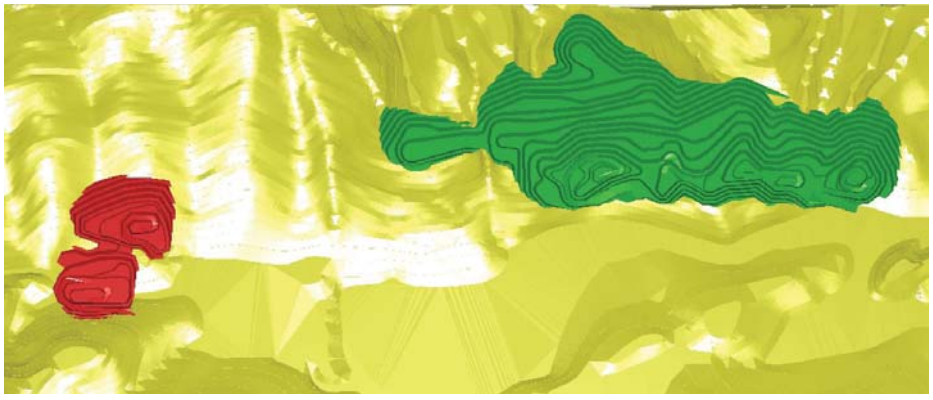


Figure 8.8 Final pit design - New Discovery

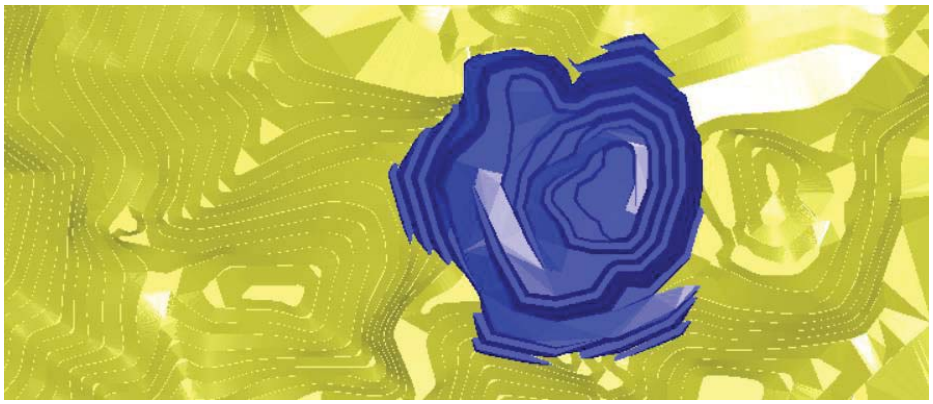


Figure 8.9 Final pit design - Manson's Lode

8.3.3. MINE DESIGN PHYSICALS

The mine designs were reimported into the optimisation package to report key physicals. This was done to ensure that a consistent method of reporting ore and waste by rock type, processing stream and the applicable cut-off grade was adhered to. The key physicals of each mine design are shown in Table 8.3.

Table 8.3 Mine design physicals

Deposit	Waste	Ore tonnes (kt)			Ore grade (g/t Au)			Gold mined (koz)		
	kt	Heap leach	CIL	Total	Heap leach	CIL	Total	Heap leach	CIL	Total
Manson's Lode	868	-	263	263	-	2.8	2.8	-	23.7	23.7
New Discovery	1,587	25	286	311	4.6	3.5	3.6	3.7	32.6	36.3
Rixen	9,983	3,266	-	3,266	1.4	-	1.4	142.4	-	142.4
Total	**11,681**	**3,291**	**550**	**3,841**	**1.4**	**3.2**	**1.6**	**146.1**	**119.0**	**202.4**

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:

- Continue to mine Heap leach sources as per current operating practice (scheduled at a nominal 1 Mtpa)
- achieve the nominal CIL rate of 500 tpd
- mine CIL sources in order of decreasing grade (New Discovery First, then Mansons Lode)
- smooth overall material movement as much as possible to keep the stripping ratio constant.

8.4.2. SCHEDULE OUTPUTS

The key outputs of the mining schedule are shown in Table 8.4.

Table 8.4 Mining schedule physicals

Source	Unit	Total	Year 1	Year 2	Year 3	Year 4
Manson's Lode						
Waste	kt	868	0	703	165	0
Total ore	kt	263	0	82	181	0
Heap leach ore	kt	0	0	0	0	0
CIL ore	kt	263	0	82	181	0
Heap leach ore grade	g/t	0.0	0.0	0.0	0.0	0.0
CIL ore grade	g/t	2.78	0.00	2.10	3.08	0.00
Gold mined (heap leach)	koz	0.0	0.0	0.0	0.0	0.0
Gold mined (CIL)	koz	23.5	0.0	5.5	18.0	0.0
Gold mined	koz	23.5	0.0	5.5	18.0	0.0
New Discovery						
Waste	kt	1,587	1,404	184	0	0
Total ore	kt	311	208	104	0	0
Heap leach ore	kt	25	25	0	0	0
CIL ore	kt	286	183	104	0	0
Heap leach ore grade	g/t	4.57	4.57	0.00	0.00	0.00
CIL ore grade	g/t	3.5	3.8	3.1	0.0	0.0
Gold mined (heap leach)	koz	3.7	3.7	0.0	0.0	0.0
Gold mined (CIL)	koz	32.6	22.2	10.4	0.0	0.0
Gold mined	koz	36.3	25.9	10.4	0.0	0.0
Rixen						
Waste	kt	9,983	3,324	2,833	2,932	893
Total ore	kt	3,266	1,000	1,000	1,000	265
Heap leach ore	kt	3,266	1,000	1,000	1,000	265
CIL ore	kt	0	0	0	0	0
Heap leach ore grade	g/t	1.36	1.46	1.23	1.35	1.49
CIL ore grade	g/t	0.0	0.0	0.0	0.0	0.0
Gold mined (heap leach)	koz	142.4	47.0	39.4	43.3	12.8
Gold mined (CIL)	koz	0.0	0.0	0.0	0.0	0.0
Gold mined	koz	142.4	47.0	39.4	43.3	12.8
Sokor Project - Total						
Waste	**kt**	**12,438**	**4,728**	**3,720**	**3,097**	**893**
Total ore	**kt**	**3,841**	**1,208**	**1,186**	**1,182**	**265**
Heap leach ore	**kt**	**3,291**	**1,025**	**1,000**	**1,000**	**265**
CIL ore	**kt**	**550**	**183**	**186**	**181**	**0**
Heap leach ore grade	**g/t**	**1.4**	**1.54**	**1.23**	**1.35**	**1.49**
CIL ore grade	**g/t**	**3.2**	**3.78**	**2.67**	**3.08**	**0.00**
Gold mined (heap leach)	**koz**	**146**	**51**	**39**	**43**	**13**
Gold mined (CIL)	**koz**	**56**	**22**	**16**	**18**	**0**
Gold mined	**koz**	**202**	**73**	**55**	**61**	**13**

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. Several back-hoe type excavators in the 60 t to 120 t class are utilised in the mining of the ore and waste, as well as in the post-heap tails relocation and rehabilitation process. A mixed fleet of 10-wheel haul trucks and 30 t articulated haul trucks are used in the mining operations as required. Ancillary equipment for in pit work requirements, waste dump management and road maintenance is provided by a fleet of graders, dozers and front-end loaders.

Drilling of blast holes is completed by a contractor and CNMC provides the blasting supervision.

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

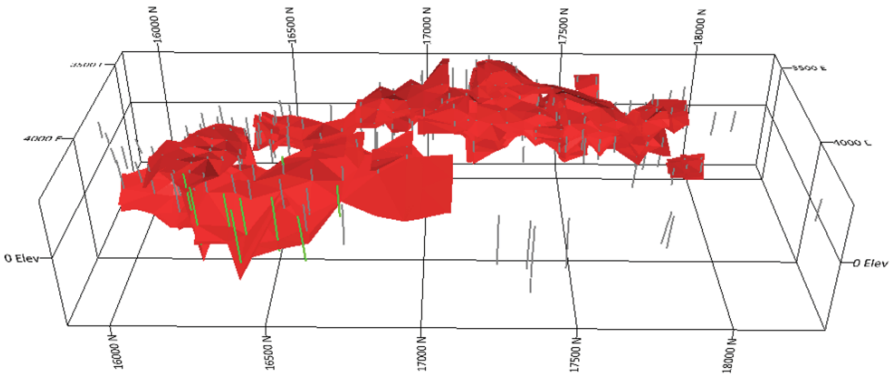
9.1.1. INTERPRETATION

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 0.25 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 2% lead plus zinc (Pb+Zn) cut-off grade.

Interpretation of the 2014 to 2017 drillhole data was by Optiro, and used the geological logs provided by CNMC and the assay data. It maintained a similar orientation to that interpreted by CNMC geologists prior to 2014.

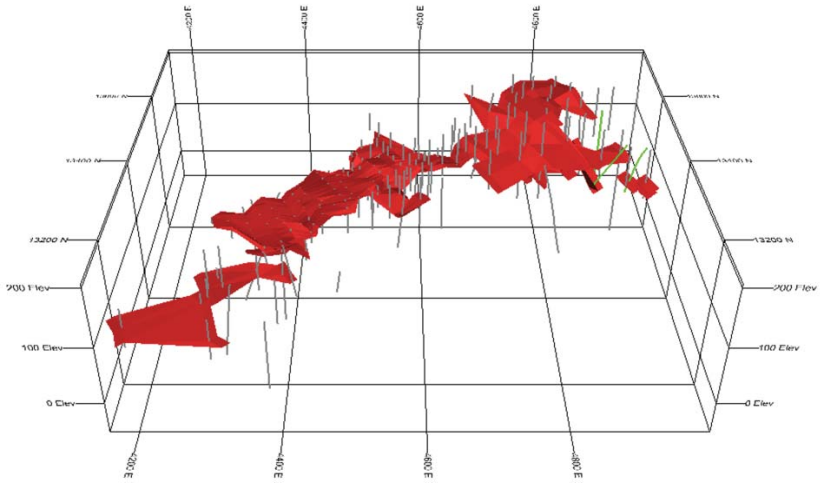
At Rixen, the 2017 drilling infilled a small portion of the central area and extended the resource down-dip to the east. The Mineral Resource extends for 2,000 m along strike (north-south), 500 m across strike (east-west) and up to 300 m from surface. The drillholes and the resource interpretation for 2017 are illustrated in Figure 9.1.

Figure 9.1 Rixen - Mineral Resource interpretation as at 2017 (red) and drillholes (prior to 2017 grey and 2017 green)



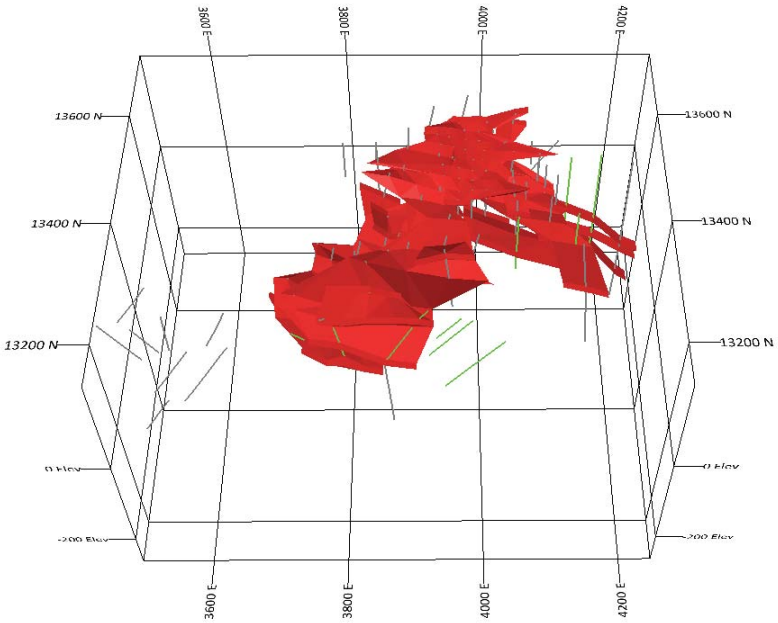
At Manson's Lode, the 2017 drilling infilled the north-eastern area of the deposit, and this drilling indicated that the mineralisation was less continuous than that interpreted in 2016. The Mineral Resource extends for 750 m along strike (northeast-southwest), 300 m across strike (southeast-northwest), and up to 120 m from surface. The drillholes and the resource interpretation for 2017 are illustrated in Figure 9.2.

Figure 9.2 **Manson's Lode - Mineral Resource interpretation as at 2017 (red) and drillholes (prior to 2017 grey and 2017 green)**



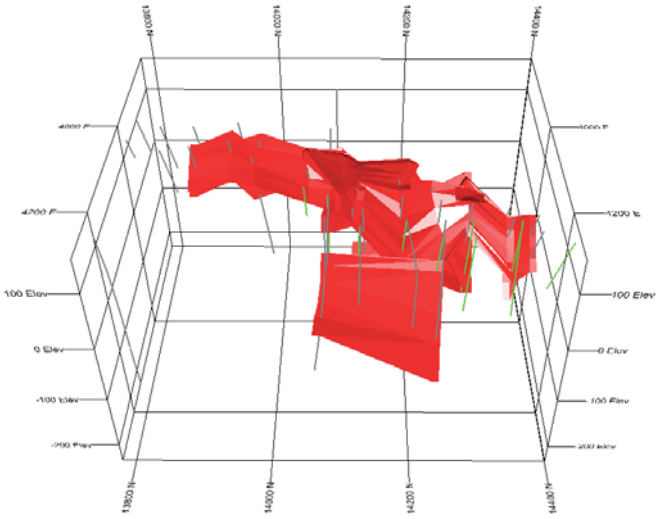
At New Discovery, the 2017 drilling has extended the mineralisation at depth (down-dip to the east) and has extended the mineralisation at New Found to the south. Drilling to the east of New Found did not intersect mineralisation. The drillholes and the resource interpretation for 2017 for New Discovery and New Found are illustrated in Figure 9.3.

Figure 9.3 **New Discovery and New Found - Mineral Resource interpretation as at 2017 (red) and drillholes (prior to 2017 grey and 2017 green)**



Drilling in 2017 at Ketubong has extended the mineralisation interpretation down-dip to the east. CNMC is investigating the potential to extract this deeper mineralisation by underground mining. The drillholes and the resource interpretation for 2017 for Ketubong is illustrated in Figure 9.4.

Figure 9.4 **Ketubong - Mineral Resource interpretation as at 2017 (red) and drillholes (prior to 2017 grey and 2017 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. A top-cut was not applied to the eluvial mineralisation at Ketubong. For the other material types top-cut values range between 8 g/t gold (within the structurally controlled mineralisation at New Discovery and New Found) to 30 g/t gold (within the elluvial and lithologically controlled mineralisation at New Discovery and New Found). These top-cuts affected the top 1% to 3.5% of the gold data.

At Manson's Lode, silver, lead and zinc grades were top-cut to 310 g/t Ag, 9% Pb and 2% Zn respectively within the backfill material, and to 440 g/t Ag, 14% Pb and 14% Zn within the bedrock material. These top-cuts affected the top 1% to 3.6% of the data.

Mineralisation continuity was interpreted from variogram analysis to have an along-strike range of 33 m to 115 m, and a down-dip range of 52 m to 175 m. The longest ranges of continuity are within the fresh rock at Rixen.

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 with appropriate top-cuts, as previously described, applied per deposit and style of mineralisation.

The mineralisation has been classified as Measured, Indicated and Inferred in accordance with the guidelines of the Australian JORC Code (2012). Table 1 criteria of the JORC Code and supporting comments are listed in Appendix A. Areas with well-defined geological and grade continuity were classified as either Measured or Indicated, and areas with close-spaced drilling with higher estimation quality were classified as Measured. Areas with wide spaced drilling and/or poor grade continuity were classified as Inferred.

Average bulk density values for each deposit and material type were calculated using measurements from diamond drillholes and test pits. Bulk density values used for the 2017 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 combined New Discovery and New Found resource estimate, a bulk density of 2.2 t/m^3 was used for the eluvial material, 2.47 t/m^3 was used for the oxide material and 2.83 t/m^3 for the transitional and fresh material. Bulk density values used for the 2017 Mineral Resource estimate at Ketubong were 2.2 t/m^3 for the eluvial material, 2.47 t/m^3 for the oxide material and 2.85 t/m^3 for the transitional and fresh material.

For the 2017 Mineral Resource for Manson's Lode a bulk density of 1.85 t/m^3 was used for the backfill material. There is a strong relationship between the sulphide mineralisation, in particular the silver, lead and zinc grades, and the bulk density. An ordinary multivariate least squares regression model between density and metal grade was developed and the following equation was used to determine the bulk density for the bedrock material at Manson's Lode as a function of the silver, lead and zinc grades:

Bulk density = 3.34+(0.004*Ag)+(-0.116*Pb)+(0.063*Zn)

9.1.4. MINERAL RESOURCE TABULATION

The Mineral Resource estimate, as at 31 December 2017 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 0.25 g/t gold cut-off grade at Rixen and for oxide material at Ketubong, New Discovery and New Found and above a 0.5 g/t gold cut-off grade at Manson's Lode and for transitional and fresh material at Ketubong, New Discovery and New Found to reflect current commodity prices, operating costs and processing options. The Mineral Resources in Table 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 0.25 g/t at Rixen and New Discovery was used to report the Mineral Resources at Rixen and the oxide Mineral Resources at New Discovery, New Found and Ketubong. Optiro's mining study at New Discovery and Manson's Lode indicates that the current economic cut-off grade for reporting of transitional and fresh material (to be processed using CIL) is 0.7 g/t gold. A cut-off grade of 0.5 g/t gold was used to report the Mineral Resources at Manson's Lode and the transitional and fresh Mineral Resources at New Discovery, New Found and Ketubong. This cut-off grade is lower than the current economic mining and reflects potential future economic extraction.

Table 9.1 Sokor Project – Gold Mineral Resource statement as at 31 December 2017 (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	340	2.6	170	2.4	500	0.9	1,000	1.7
New Discovery/New Found	150	4.4	190	3.2	900	1.3	1,250	2.0
Ketubong	-	-	110	3.6	1,040	3.3	1,150	3.3
Rixen	-	-	5,530	1.3	4,920	1.5	10,460	1.4
Total	490	3.1	6,000	1.5	7,360	1.7	13,860	1.6

Note: Inconsistencies in totals are due to rounding

At Manson's Lode, elevated silver and base metal concentrations are associated with the gold mineralisation and are reported in Table 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 2% lead plus 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 2017 (inclusive of material modified to generate Ore Reserves)

Cut-off grade	Measured				Indicated				Inferred				Total			
	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %
0.5 g/t Au	340	63	1.5	1.9	170	74	1.5	2.0	500	48	1.4	1.3	1,000	57	1.5	1.6
2% Zn+Pb	1	68	4.2	7.2	3	47	1.3	2.2	400	6	2.0	1.8	410	6	2.0	1.9
Total	340	63	1.5	1.9	173	74	1.5	2.0	900	29	1.7	1.5	1,410	42	1.6	1.7

Note: Inconsistencies in totals are due to rounding

The total Mineral Resource, inclusive of material used to generate Ore Reserves, is presented in Table 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 2017 (inclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.49	3.1	49	0.40	3.1	40	-12%
Indicated	Gold	6.01	1.5	282	4.86	1.5	228	3%
Inferred	Gold	7.36	1.7	393	5.96	1.7	318	34%
Total	**Gold**	**13.86**	**1.6**	**724**	**11.22**	**1.6**	**586**	**16%**
Measured	Silver	0.34	63	683	0.27	63	553	1%
Indicated	Silver	0.17	74	407	0.14	74	330	2%
Inferred	Silver	0.90	29	838	0.73	29	679	-6%
Total	**Silver**	**1.41**	**42**	**1,928**	**1.14**	**42**	**1,562**	**-2%**
Measured	Lead	0.34	1.5	5,058	0.27	1.5	4,097	-10%
Indicated	Lead	0.17	1.5	2,560	0.14	1.5	2,074	-12%
Inferred	Lead	0.90	1.7	15,407	0.73	1.7	12,480	9%
Total	**Lead**	**1.41**	**1.6**	**23,025**	**1.14**	**1.6**	**18,650**	**2%**
Measured	Zinc	0.34	1.9	6,370	0.27	1.9	5,160	15%
Indicated	Zinc	0.17	2.0	3,365	0.14	2.0	2,726	2%
Inferred	Zinc	0.90	1.5	13,770	0.73	1.5	11,154	9%
Total	**Zinc**	**1.41**	**1.7**	**23,505**	**1.14**	**1.7**	**19,039**	**10%**

Note: Inconsistencies in totals are due to rounding

Table 9.4 Sokor Project – gold Mineral Resources at 31 December 2017 (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	90	1.7	5	70	1.7	4	-66%
Indicated	Gold	2,530	1.4	112	2,050	1.4	90	0%
Inferred	Gold	7,360	1.7	393	5,960	1.7	318	35%
Total	**Gold**	**9,980**	**1.6**	**509**	**8,080**	**1.6**	**413**	**21%**

Note: Inconsistencies in totals are due to rounding

9.1.5. COMPARISON WITH DECEMBER 2016 MINERAL RESOURCE

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 and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong (exclusive of stockpiles and inclusive of material used to generate Ore Reserves) were 13,250 kt at 1.5 g/t gold, for 623,000 ounces of contained gold. The Manson's Lode Mineral Resources contained silver, lead and zinc and, as at 31 December 2016, this comprised 1,310 kt with an

average grade of 47 g/t silver, 1.7% lead and 1.6% zinc. The 2016 Mineral Resources have been subdivided by resource category below in Table 9.5; this table can be compared directly with Table 9.3.

Table 9.5 Sokor Project – Mineral Resource 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 Mineral Resources in 2016 were 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. Pit optimisation New Discovery indicates that the current economic cut-off grade for reporting of oxide material is 0.25 g/t gold and pit optimisation at New Discovery and Manson's Lode indicates that the current economic cut-off grade for reporting of transitional and fresh material is 0.7 g/t gold. Optiro has reported the 2017 Mineral Resources above a cut-off grade of 0.25 g/t at Rixen and for oxide material at New Discovery, New Found and Ketubong and above 0.5 g/t gold at Manson's Lode and for transitional and fresh material at New Discovery, New Found and Ketubong. This cut-off grade for transitional and fresh resources is lower than the current economic mining cut-off grade of 0.7 g/t gold and reflects potential future economic extraction.

Since the Mineral Resource was reported as at 31 December 2016, drilling data from 33 holes drilled at the Sokor Project were used to update the Mineral Resource estimates for Rixen, Manson's Lode, Ketubong, New Discovery and New Found.

At Rixen, this drilling infilled a small portion of the central area and extended the resource to the east. Mining at Rixen has depleted both the Indicated and Inferred Resources. After depletion for mining at Rixen during 2017 and application of the revised cut-off grades, the Indicated Mineral Resource tonnage has decreased by 1%, the average grade increased by 5%, with an overall increase of 3% in contained gold. The Inferred Mineral Resource tonnage has increased by 9%, the grade increased by 13%, with an overall increase of 23% in contained gold. The total Mineral Resource tonnage at Rixen has increased by 3%, the average grade increased by 9%, with an overall increase of 12% in contained gold.

At Manson's Lode, the 2017 drilling infilled the north-eastern area of the deposit. This drilling indicated that the mineralisation was less continuous than interpreted in 2016 and decreased the total gold Mineral Resource tonnage of Manson's Lode by 6%. The average grade increased by 1%, with an overall decrease of 5% in contained gold. The silver and base metal Inferred Mineral Resources tonnages increased and there was a small decrease in the average silver grade, resulting in an overall decrease of 2% in contained

silver and an overall increase of 2% in contained zinc and 10% in contained lead in the total Mineral Resource.

The 2017 drilling at New Discovery and New Found has extended the mineralisation down dip to the east and to the south. Mining at New Discovery has depleted the Measured, Indicated and Inferred Resources. The combined New Discovery and New Found Mineral Resources tonnage has increased by 1%, the gold grade increased by 1% for an overall increase of 2% in the contained gold.

At Ketubong, the 2017 drilling extended the mineralisation interpretation down-dip to the east. Mining during 2017 has depleted the Indicated Mineral Resources by 4% on the Indicated Resource tonnage, 7% in average grade for an overall decrease of 11% in contained gold. The additional drilling increased the Inferred Mineral Resource tonnage by 42%, with an increase in average grade of 35% and an increase in contained gold of 92%. The total Mineral Resource tonnage at Ketubong has increased by 36%, the average grade increased by 26%, with an overall increase of 71% in contained gold.

As at 31 December 2017, the total Measured, Indicated and Inferred gold Mineral Resource for the Sokor Project (above a 0.25 g/t gold cut-off grade at Rixen and for oxide material at Ketubong, New Discovery and New Found and above a 0.5 g/t gold cut-off grade at Manson's Lode and for transitional and fresh material at Ketubong, New Discovery and New Found) is 13,860 kt at 1.6 g/t gold for 724,000 ounces of contained gold (inclusive of material used to define Ore Reserves). Manson's Lode Mineral Resources contain additional silver, lead and zinc Mineral Resources of 1,410 kt, with an average grade of 42 g/t silver, 1.6% lead and 1.7% zinc. The share of the Mineral Resource attributable to CNMC is 81% and the figures are summarised in Table 9.3.

Compared to the 31 December 2016 Mineral Resource estimate, there has been an increase in gold Mineral Resource tonnage of 606 kt. The average gold grade has increased from 1.5 to 1.6 g/t, resulting in an increase of 16% in contained gold in the 2017 Mineral Resource. There was a small increase in the tonnage of the base metal and silver Mineral Resources at Manson's Lode, of 100 kt. The average grade of zinc increased slightly (from 1.6 to 1.7% Zn) and the average silver and lead grades decreased slightly (from 47 to 42 g/t Ag and from 1.7 to 1.6% Pb).

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 are due to rounding.

The reporting of the Ore Reserve estimates below is laid out such that each deposit is reported and discussed individually in its own section, with a combined estimate reported at the end of Section 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 2017 and 31 December 2017, there was mining at Rixen. CNMC reported to Optiro that for the 2017 production period, approximately 1,871 kt of ore was removed from the Rixen Pit; however, accurate reporting of the precise ore tonnes, grade and amount of waste removal was not available, and hence this information has been considered in conjunction with surveyed data and the 2017 depleted block model.

With the information available to Optiro, a detailed reconciliation of actual mined against the depleted model could not be completed; therefore this Ore Reserve estimate has been compiled solely on the basis of the depleted Mineral Resource block model against the pit design and working face surveys at 31 December 2017.

The Rixen Pit Ore Reserve estimate is reported above a 0.25 g/t gold cut-off grade for all ore going to the heap leach, incorporating 95% mining recovery and 5% dilution at zero grade, and using a gold price of US$1,200 per ounce. The 2017 Ore Reserve estimate is quoted in Table 9.6.

Table 9.6 Rixen Pit gold Ore Reserves and Mineral Resources (additional to Ore Reserves) as at 31 December 2017

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	3,266	1.36	142	2,639	1.36	115	-3
Total	**Gold**	**3,266**	**1.36**	**142**	**2,639**	**1.36**	**115**	**-3**
Additional Mineral Resources								
Measured	Gold	0	0	0	0	0	0	0
Indicated	Gold	2,260	1.2	86	1,830	1.2	69	6%
Inferred	Gold	4,920	1.5	231	3,990	1.5	187	23%
Total	**Gold**	**7,180**	**1.4**	**317**	**5,820**	**1.4**	**256**	**18%**

Notes:
- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Totals may display rounding inconsistencies*
- *Cut-off grade for Rixen Mineral Resources and Ore Reserves is 0.25 g/t gold*
- *Gold price used for cut-off calculation is US$1,200 /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 2016 ORE RESERVES ESTIMATE - RIXEN

The variance between the 2016 and 2017 Ore Reserves estimates is due to:

- changes in the Mineral Resources
- reductions due to depletion by mining during the year
- previous Ore Reserves for Rixen have had another pit in between the northernmost and southernmost Rixen pits; this is not economic based on the 2017 Mineral Resource
- increases due to an increased gold price and changes to the cost base lowering the overall cut-off grade.

The operating cost base used for the 2017 Ore Reserves was based on the actual (weighted) cost base as reported to Optiro over the 2017 production year for oxide material mined in the Rixen Pit. The cost for mining fresh material was taken from the 2017 actual mining costs for New Found and Ketubong which produced fresh material during 2017.

Pit surveys were taken for the end-of-reporting period of 31 December 2017, and these formed the basis of the depletion model. CNMC has reported to Optiro that for the period up to 31 December 2017 1,871 kt of material had been mined.

Any variation between the claimed mined tonnes and the surveyed depletion of the Mineral Resources/Ore Reserves is attributable to dilution occurring during the mining phase, combined with the addition of material to the ore mined claimed through operational grade control work and ore loss during mining.

Optiro has taken a prudent and conservative approach to account for the lack of accurate and timely production data provided and has assumed that the Ore Reserve portion was depleted prior to 31 December 2017. As no detailed reconciliation data was provided to Optiro with respect to mine production, this Ore Reserve 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 Reserve report.

9.2.2. MANSON'S LODE PIT ORE RESERVES

Between the period of 1 January 2017 and 31 December 2017, no mining activity occurred at Manson's Lode.

Metals other than gold have not been included within this Ore Reserve estimate, nor has the impact on either credits or penalties for the presence of other metals and contaminants been included within the cost model or cut-off grade calculations. Metallurgical testwork was previously undertaken to determine lead and zinc recoveries from previously stockpiled material from Manson's Lode. No further testwork and study work was progressed during 2017.

The Manson's Lode Pit Ore Reserves are reported above a 0.7 g/t gold cut-off grade, using a 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,200 per ounce. The 2017 Ore Reserves are quoted in Table 9.7 with the 2017 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 gold Ore Reserves and Mineral Resources (additional to Ore Reserves) as at 31 December 2017

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	238	2.8	22	183	2.8	17	18
Probable	Gold	25	2.5	2	19	2.5	2	-23
Total	**Gold**	**263**	**2.8**	**24**	**203**	**2.8**	**18**	**13**
Additional Mineral Resources								
Measured	Gold	85	1.8	5	69	1.8	4	-60%
Indicated	Gold	142	2.4	11	115	2.4	9	-1%
Inferred	Gold	498	0.9	15	403	0.9	12	-13%
Total	**Gold**	**725**	**1.3**	**30**	**587**	**1.3**	**25**	**-26%**

Notes:
- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Totals may display rounding inconsistencies*
- *Cut-off grade for Manson's Lode Ore Reserves is 0.7 g/t gold*
- *Cut-off grade for Manson's Lode Mineral Resources is 0.5 g/t gold outside optimised pit and 0.7 g/t gold for Inferred transitional and fresh material inside optimised*
- *Gold price used for cut-off calculation is US$1,200 /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 2016 ORE RESERVES ESTIMATE – MANSON'S LODE

The variance between the 2016 and 2017 Ore Reserves estimate is almost entirely due to cut-off grade changes. The incremental cut-off grade for ore material from the Manson's Lode Pit is approximately half that applied in previous years due to:

- an increased gold price used for the Ore Reserve
- a lower estimate of CIL processing costs now the mill has been built and partially commissioned
- lower mining costs as a result of actual fresh rock mining costs now being available at Sokor.

9.2.3. NEW DISCOVERY PIT ORE RESERVES

Between the period of 1 January 2017 and 31 December 2017, only minimal mining activity occurred at New Discovery. CNMC reported to Optiro that for the 2017 production period approximately 105 kt of ore was mined from the New Discovery Pit

The New Discovery Pit Ore Reserve estimate has been reported above a 0.25 g/t gold cut-off grade for oxide ore going to the heap leach and a 0.7 g/t gold cut-off grade for transitional and fresh ore going to the CIL plant, 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,200 per ounce. The resultant Ore Reserves for the New Discovery pit are reported below in Table 9.8 and are applicable for 2017. The additional Mineral Resources (exclusive of Ore Reserves) are for the combined New Discovery and New Found deposits.

Table 9.8 New Discovery Pit gold Ore Reserves and Mineral Resources at New Discovery and New Found (additional to Ore Reserves) as at 31 December 2017

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	149	4.2	20	123	4.2	17	-21
Probable	Gold	162	3.1	16	133	3.1	13	20
Total	**Gold**	**311**	**3.6**	**36**	**256**	**3.6**	**30**	**-4**
Additional Mineral Resources								
Measured	Gold	3	1.1	0	2	1.1	0	-96%
Indicated	Gold	24	3.3	2	19	3.3	2	-56%
Inferred	Gold	900	1.3	39	730	1.3	31	25%
Total	**Gold**	**930**	**1.4**	**41**	**750**	**1.4**	**34**	**6%**

Notes:
- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Totals may display rounding inconsistencies*
- *Cut-off grade for New Discovery Ore Reserves is 0.25 g/t gold for oxide ore going to the heap leach and 0.7 g/t gold for transitional and fresh ore going to the CIL plant*
- *Cut-off grade for Mineral Resources is 0.25 g/t gold for oxide material, 0.5 g/t gold for transitional and fresh material outside optimised pit and 0.7 g/t gold for Inferred transitional and fresh rock inside optimised*
- *Gold price used for cut-off calculation is US$1,200 /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 2016 ORE RESERVES ESTIMATE – NEW DISCOVERY

The variance between the 2016 and 2017 Ore Reserve estimate is due to small changes in the Mineral Resource, mining depletion and to cut-off grade changes. Due to the increased gold price the cut-off grade for heap leach material has reduced to 0.25 g/t gold. Due to processing changes (transitional and fresh rock now sent to CIL, not heap leach), the cut-off grade for transitional and fresh rock material has increased to 0.7 g/t gold. No other modifying factors have been changed for the New Discovery Pit Ore Reserves between 2016 and 2017.

9.2.4. NEW FOUND

No Ore Reserve estimate was calculated or reported for the New Found deposit. Mineral Resources are classified as Inferred and thus cannot be converted to Ore Reserves, as defined by the JORC Code 2012.

9.2.5. KETUBONG

No Ore Reserve estimate was calculated or reported for the Ketubong deposit. CNMC is investigating potential underground mining at Ketubong. Optiro will determine the Ore Reserves at Ketubong once underground cost parameters have been determined by CNMC and either sufficient mining has occurred, or appropriate studies have been undertaken to determine the modifying factors, so as to have sufficient confidence to allow the reporting of an Ore Reserve.

9.3. STATEMENT OF SOKOR MINERAL RESOURCES AND ORE RESERVES

The combined Ore Reserve estimate for Rixen, Manson's Lode and New Discovery deposits has been calculated and is shown in Table 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 gold Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (at Manson's Lode, New Discovery/New Found, Rixen and Ketubong that are additional to Ore Reserves at Manson's Lode, New Discovery and Rixen) as at 31 December 2017

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	387	3.35	42	306	3.38	33	-5
Probable	Gold	3,453	1.45	160	2,792	1.45	130	-2
Total	**Gold**	**3,841**	**1.64**	**202**	**3,098**	**1.64**	**163**	**-2**
Additional Mineral Resources								
Measured	Gold	90	1.7	5	70	1.7	4	-66%
Indicated	Gold	2,530	1.4	112	2,050	1.4	90	0%
Inferred	Gold	7,360	1.7	393	5,960	1.7	318	35%
Total	**Gold**	**9,980**	**1.6**	**509**	**8,080**	**1.6**	**413**	**21%**

Notes:
- *Mineral Resources and Ore Reserves reported as per the JORC Code 2012 edition*
- *Totals may display rounding inconsistencies*
- *Cut-off grade for Ore Reserves is 0.25 g/t gold for ore going to the heap leach (all Rixen material and other sources of oxide) and 0.7 g/t gold for transitional and fresh ore going to the CIL plant (transitional and fresh rock from Manson's Lode, and New Discovery)*
- *Cut-off grade for Mineral Resources is 0.25 g/t gold for Rixen, 0.5 g/t gold for Manson's Lode, and at New Discovery, New Found and Ketubong it is 0.25 g/t gold for oxide material, 0.5 g/t gold for transitional and fresh material outside optimised pit and 0.7 g/t gold for Inferred transitional and fresh material inside the optimised pit*
- *Gold price used for cut-off calculation is US$1,200 /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.*

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, an assay laboratory and an 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 its Environmental Management Plan in 2010. The review focussed on environmental aspects and social/community issues which are considered a material part of the project and which may have implications for project feasibility, costs and timing. Optiro understands that these aspects and issues

have not changed since BDA's review in 2011 and the summary below is from the BDA report (BDA, 2011a).

10.3.1. ENVIRONMENTAL IMPACT ASSESSMENT

The project mining and environmental approvals are granted by the Kelantan State Department of Environment (DOE). Environmental approvals for the project include submission of an Environmental Impact Assessment in January 2008 and a supplementary EIA report in March 2009, with approval received in June 2009. An Environmental Management Plan was submitted in February 2010 and an EMP – Additional Information report was submitted in March 2010, with approval received in April 2010. The EIA and EMP cover both heap leach and pond (vat) leach processing of gold ore at the Sokor mine site. CNMC obtained the large scale mining permit for the Sokor Project in December 2016 and EIA approval for the CIL plant in February 2018.

As part of the environmental investigations undertaken to date, potential project impacts to physical and biological resources have been assessed to identify key environmental risks that may arise from the construction, operation and eventual mine closure of the Sokor Project. Formal assessment, documentation and communication of potential project-related impacts, including the anticipated scope, magnitude, extent and duration, have been completed in conformance with the Kelantan State permitting process, including the DOE requirements and requirements under the Environmental Quality Act 1974. The information supplied under the Supplementary EIA was in response to further information requests from the DOE and the Kelantan State Minerals and Geoscience Department.

The EIA reports were prepared by I.Z. Environmind Sdn. Bhd., whilst the EMP document was prepared by I.Z. Environmind Sdn. Bhd. The Sokor Mining Schemes Report was prepared by CMNM Mining Consultant Engineer, KF Lee Mining Consultant and Surveyor.

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 2018, that there had been no reported breaches of the environmental conditions and that all monitoring requirements were being carried out as per the licence requirements.

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 Malaysia 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, with the need to minimise any potential downstream impacts.

The mine and processing plant are operated as a closed-loop circuit where no water from the site operations discharges to nearby surface waters. All process water from the plant area is channelled to the tailings storage facility, while any excess water from the tailings storage facility (TSF) is recycled to the plant's processing circuits.

The TSF is designed to operate with a minimum freeboard of 1.5 m and is surrounded by berms. The design capacity is at least twice the actual design capacity of all water from the mineral processing circuit and has also been designed to accommodate the recorded maximum rainfall event.

The berms are designed to prevent overflow from discharging from the TSF and will also preclude rainfall runoff from entering the TSF. Any storm-water and water collected from the mine pits is channelled to a sedimentation pond (i.e. environmental control pond), which is designed to provide a retention time of 48 hours.

Discharge from the sedimentation control pond is via a spillway. The mine has been developed with minimum disturbance to streams and creeks in the area. Where this is unavoidable, silt traps and sediment control practices are to be used to prevent any inflow of sediment to surface water. Surface runoff from the workshop area and other vehicle service areas is channelled to an oil/water separator device prior to the water being discharged.

Discharge of waste water from the sewerage system, domestic waste water and rainwater runoff from on-site facilities such as workshops is controlled so as not to impact on surrounding surface waters.

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 not been supplied with any details of the design of these plants, any expansion details on proposed plant process ponds, or any site water balance data. Optiro notes that it is prudent that any heap leach system (besides provisioning for process ponds – barren and pregnant solution ponds) provides a storm-water (safety) pond with sufficient capacity to accommodate the local maximum rainfall event. Such a pond will need to accommodate runoff from the entire process plant area, including the process ponds and heap leach area. A cyanide detoxification system will likely be necessary to handle increased rainfall on the heap leach area during the monsoon period and to provide for decommissioning of the heap leach structures and to make safe the process solutions once the heap leach system has closed. The EMP contains limited details on three possible cyanide detoxification methods; however, the information provided is considered preliminary, as no particular detoxification method has yet been selected.

The EIA Supplementary report contains design details and environmental protection measures to minimise the potential for water pollution. It is proposed that no solutions are to be discharged from the storm-water (safety) pond and that the cyanide content of water in the pond will be constantly monitored to ensure it remains below 0.1 mg/L.

All ponds, channels and impounding bunds are planned to be constructed with the required minimum freeboard and be HDPE-lined for protection against erosion and potential groundwater contamination.

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, which cannot be rehabilitated until the mine is closed and the plant is decommissioned.

An Erosion and Sediment Control Plan is set out in the Environmental Management Plan, together with other specific pollution control and occupational health and safety plans.

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 local communities which use the area. Consequently, local dissatisfaction with the project may arise if access to fish resources is restricted.

It is expected that the Sokor Project will create employment opportunities for residents of the area. In the communities surveyed, the residents expressed the desire to seek work at the site for both skilled and unskilled work opportunities.

CNMC has made substantial efforts to integrate its project activities with the local communities and is assisting them in social and economic development programmes. It is providing the local community with new employment opportunities, training and skills development for those staff employed in CNMC's mining activities and has broadened the economic and commercial base for local businesses, contributing to economic growth in the region. In addition, it provides opportunities for business investors to invest in Kelantan.

The main negative social impact that can occur at mine closure is the loss of jobs resulting from the cessation of mining. CNMC's proposed mitigation measure is to ensure that the workforce that has been employed will be fully trained with multi-skilled experience that is easily transferable at the time of mine closure, thus enabling potential further employment in other sectors.

11. FINANCIAL ANALYSIS

The current production schedule was updated by Optiro to reflect the depletion due to mining at Rixen, Manson's Lode and New Discovery. The schedule mines the deposits to achieve the production rate of the newly commissioned CIL plant, ensuring that heap leach Ore Reserves are depleted at the same rate (i.e. the heap leach processing and CIL processing are scheduled to finish at the same time). Whilst this mining schedule is adequate for 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 and Table 8.4 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 undertaken during 2018.

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 escalated cost assumptions for reasons of conservatism and consistency over variable recorded costs. The mining costs used are considered to be in line with current operational expectations and actuals. A forecast gold price of US$1,200 per ounce has been applied at the request of CNMC. The unit operating costs and cut-off grade calculations used are presented in Table 11.1.

11.3. ECONOMIC EVALUATION

Economic evaluation of the Ore Reserves for the Sokor Project shows that the net cashflow from the operation is estimated to be US$96 M, with a Net Present Value of US$88 M (based on a 10% discount rate). In-line with the pit optimisation sensitivity, the financial metrics were tested at an upside and downside gold price case of US$1,400/oz and US$1,000/oz respectively, the results of which are shown in Table 11.2.

Table 11.1 Mining unit costs and cut-off grade

	Units	Heap Leach	CIL Material
Processing costs			
Processing cost	US$ /t	5	20
Revenue and selling costs			
Rehabilitation cost	US$ /t ore	-	-
Selling cost	US$ /g US$ /g	0.05 2.95	0.05 2.95
Total sale cost	US$ /g	3	3
Gold price	US$ /oz US$ /g	1,200 38.6	1,200 38.6
Final sale price	US$ /g	32.37	32.37
Mining recovery	%	95%	95%
Process recovery	%	65.00%	91.50%
Recovered revenue	US$ /g	20.0	28.1
Marginal cut-off	**g/t**	**0.25**	**0.7**

Table 11.2 Financial metrics at varying gold prices

Gold Price (US$ /oz)	$1,000	$1,200	$1,400
Free cashflow (US$ M)	79	106	133
NPV (US$ M)	65	88	110

Based on the economic evaluation undertaken by Optiro, Optiro can demonstrate, and is satisfied that, there is a positive financial outcome for the Manson's Lode, Rixen and New Discovery deposits. No financial analysis has been completed for:

- the Ketubong deposit as sufficient underground mining or technical studies do not yet exist in January 2018 to support the determination of an Ore Reserve
- the New Found deposit as the Mineral Resource is classified as Inferred and thus no Ore Reserves have been stated.

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, Ketubong, New Discovery and New Found deposits have been well defined by drilling. The drilling has essentially defined the limits of gold and base metal mineralisation at Manson's Lode.

The 2017 drilling has extended the mineralisation at Rixen, New Discovery and Ketubong down-dip to the east. The mineralisation at these deposits remains open at depth (down-dip) and these deposits 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.

Optiro considers that there is considerable potential remaining in the Sokor Block mining licence to locate additional gold and base metal mineralisation and CNMC's exploration programme is assessing targets within the exploration licences held by CNMC Pulai Mining Sdn Bhd and Kelgold Mining Sdn Bhd. Additional base metal mineralisation has been identified at Sg Among, to the east of Rixen, and at Sg Tiger, within the southern part of the Sokor Project area.

From an operational perspective, Optiro recommends that CNMC continues to improve the rigour that has been applied to the recording and reconciliation of operating activities during 2015 to 2017. Accurate reporting of mining locations and material movements on to and off stockpiles and leach pads will provide CNMC with greatly improved production tracking and enable meaningful reconciliation of actual against planned mine performance in terms of both tonnes and grades.

The above recording should continue to be supported by accurate face and stockpile surveys on a monthly basis to provide a spatial basis for reconciliation against the reported physicals. The implementation of these processes would eliminate unaccounted for material movements and significantly streamline end of period reporting requirements. Optiro notes that there has been good improvement in this aspect of operations on site during 2016 and 2017.

On a similar note, the movement of material from stockpiles to leach pads continued to be recorded during 2017. Optiro recommends that additional details are recorded in the future to ensure that CNMC has a more detailed basis for measuring the performance of the heap leach circuits. Without recording this additional information from the leach circuits, the basis for determining how the leaching process has performed during the month is sub-optimal.

The above operational processes are considered to be essentials for a single-source mining and processing operation. With the continued potential for multiple ore sources to be mined concurrently at Sokor, the requirement for accurate and rigorous reporting processes is multiplied to ensure that operational performance is recorded on an appropriate basis.

In summary, Optiro notes the improved progress in recording of the operational performance of the Sokor Project. Optiro supports CNMC's desire and actions to continue implementing a more formalised and structured production recording and reporting process, as commenced during 2016.

13. CONCLUSIONS AND RECOMMENDATIONS

CNMC purchased Datamine mining software in 2015. CNMC is maintaining the database and using this to plan drilling programmes to test for Mineral Resource extensions. CNMC is intending to undertake regular updates to the resource models. 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.
- Additional geological staff have been employed.

Optiro has the following recommendations with respect to the data used for the Mineral Resources estimate at the Sokor Project:

- The QAQC data indicates bias to lower than expected results obtained from analysis of the certified reference material used for the standards. CNMC is investigating this bias with the on-site laboratory. Repeat analysis of some of the 2017 samples may be required or it could be that the standard material has degraded and needs to be replaced.
- The majority of the 2016 and 2017 drilling was designed to extend the Mineral Resources and a 32% increase in the Inferred Resources was achieved. In accordance with the JORC Code, Inferred Resources cannot be converted to Ore Reserves. In order to increase the Ore Reserves at Sokor additional infill drilling is required to improved confidence in the Inferred Mineral Resources and to upgrade these to a Measured or Indicated classification.
- Ongoing updates to the mineralisation interpretations should be undertaken during the drilling programmes. This will assist with optimisation of the drilling programmes and with planning any additional drillholes.
- 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.
- Facilities at the core shed should be improved to allow drill core to be laid out from an entire drillhole and tables should be installed so the core is at waist height.

Optiro has the following recommendations with respect to the data used for the Ore Reserves estimate at the Sokor Project. These are considered "best practice" recommendations:

- A detailed life-of-mine schedule should be updated with the depleted Ore Reserves and accounting for mining activities that have occurred.
- Certain sections of the resource block models are believed to be backfill material (due to changes year on year of the provided topographical surface) that has been placed in situ from nearby mining activities. Now that detailed 3D topographic surfaces for each deposit have been developed, this assumption should be validated on the ground at Sokor and the block models updated should the historical assumption not be accurate.
- A more detailed cost capturing process should be developed to allow understanding of different cost elements by mining location. This will allow more deposit specific cost and cut-off grade assumptions for future mine planning and forecasting.
- Ongoing recording of monthly operational production figures is occurring to a reasonably good standard, but needs to be supported by appropriately detailed daily tracking of mining and processing activities that include more detailed records of the material source and destination locations; this reporting standard improved during 2016.
- A pit reconciliation system needs to be established that reconciles the actual pit production against the planned production versus the Ore Reserves and versus the Mineral Resources on a classification by classification basis. That is whether (A) the production material mined was from Proved or Probable Ore Reserves in the pit or was from Inferred Mineral Resources or additional material within the optimised pit design – Ore Reserves reconciliation; or (B) the production material mined was from Measured, Indicated or Inferred Mineral Resources in the pit or was from additional material within the optimised pit design – Mineral Resources reconciliation.
- Surveys of mining face positions and stockpile profiles should continue to be generated on a monthly basis to facilitate effective reconciliation between all stages of the operation from the resource block model through to gold produced.
- Training of production staff should be implemented to ensure that continuity of production tracking and reporting is maintained whilst staff are absent from site on rosters.

14. REFERENCES AND BIBLIOGRAPHY

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15. GLOSSARY

Term	Explanation
Abbreviations	AAS - Atomic Absorption Spectrometry, Ag – silver, AIG – Australian Institute of Geoscientists, Au – gold, AusIMM – Australasian Institute of Mining and Metallurgy, CEng – Chartered Engineer, CIL – carbon in leach, CIM – Canadian Institute of Mining, Metallurgy and Petroleum, CP – Chartered Professional of the AusIMM, Cu – copper, DTM – digital terrain model, g/t – grams per tonnes, EL – Exploration Licence, ICPAES – Inductively Coupled Plasma with Atomic Emission Spectroscopy (assay device), IMMM – Institute of Materials, Mining and Metallurgy, kg – kilogram, km - kilometre, km^2 - square kilometre, koz – one thousand ounces, kt – one thousand tonnes. ktpa, kilo tonnes per annum, kW – kilowatt, one thousand watts, m - metre, m^3 - cubic metres, Ma - million years, mm - millimetre, M - million, ML – Mining Licence, Mt - million tonnes, Mtpa - million tonnes per annum, NPV – net present value, oz - (troy ounce – 31.1 g), % - percentage, Pb – lead, RQD – rock quality designation, QA/QC – quality control and quality assurance, SGX – Singapore Stock Exchange, t - metric tonnes, t/m^3 – tonnes per metre cubed, US$ – United States dollars, Zn – zinc..
Base metals	Non-ferrous (other than iron and alloys) metals excluding precious metals. These include copper, lead, nickel and zinc.
Bedrock	The solid rock lying beneath superficial material such as gravel or soil.
Bulk density	The mass of many particles of the material divided by the volume they occupy. The volume includes the space between particles as well as the space inside the pores of individual particles.
Cut-off grade	The grade that differentiates between mineralised material that is economic to mine and material that is not.
Diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
Fault	A fracture in rock along which displacement has occurred.
Indicated Mineral Resource	An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Term	Explanation
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 techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are spaced closely enough to confirm geological and grade continuity.
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.
Ordinary kriging	A geostatistical estimation method relying upon a model of spatial continuity as defined in a variogram.
Ore	Mineralised material which is economically mineable at the time of extraction and processing.
Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Oxidation	The addition of oxygen to the metal ion, generally as a result of weathering.
Recovery	Metallurgical: The percentage of metal that can be recovered given the limitations of the processing equipment.
Reverse Circulation (RC)	Drilling method that uses compressed air and a hammer bit to produce rock chips.
Stripping	Open pit mining term relating to the removal of uneconomic waste material to expose ore. Metallurgical term relating to the removal of copper from the organic phase in the solvent extraction process.
Top cut	A process that reduces the effect of isolated (and possible unrepresentative) outlier assay values on the estimation.
Transitional	The partially oxidised zone between oxidized and fresh material.
Volcanics	Sequence of strata formed from an erupting volcano.

Appendix A

JORC Code, 2012 Edition – Table 1 reporting

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• All drilling at Sokor is by diamond drill rigs. • Drill cores were photographed and logged by geologists. Core identified as having potential for mineralisation was marked up for sampling. • Half core samples were selected for analysis and quarter core samples were used for quality assurance and quality control analysis. • The 2017 sample intervals range from 0.05 m to 2.75 m with an average interval of 0.96 m. • All sample preparation and analyses were undertaken by the Sokor on-site laboratory. • Gold analyses of the 2017 samples were by fire assay with atomic absorption spectrometry (AAS) finish of a 30 g sample, with a detection limit of 0.01 g/t gold (method FAA303). • Ag, Cu, Pb and Zn were analysed by a four acid digest using SGS method AAS43B.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Triple tube diamond core drilling - fully drilled with diamond bit without RC pre-collar. • Core diameter varies from 122 mm, 96 mm to 76 mm with depth.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core sample recovery recorded in logging sheet and recovery results assessed by geologists. • Statistical analysis indicates there is no relationship between recovery and grade.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All drillholes were logged by geologists. • Logging data recorded includes interval from and to, colour, major mineral composition, texture and structure, mineralisation and lithology types. • Cores were photographed. • All samples that were identified as having potential mineralisation were assayed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core samples were logged and intervals for analysis were marked-up by CNMC geologists. • Core samples were cut into half and collected by experienced CNMC personnel. • The 2017 sample intervals range from 0.05 m to 2.75 m with an average interval of 0.96 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 assayed at Sokor's on-site laboratory. • CNMC's procedures for 2017 included the submission of blanks, blind duplicate samples and standards with samples and submission of duplicate sample to independent laboratory SGS (Malaysia) Sdn. Bhd. laboratory, Malaysia and ALS, Perth, Western Australia and an umpire laboratory (ALS Minerals laboratory in Perth, Australia). • Five standard samples (G910-7, G307-8, G916-2, G910-3 and G308-4) from Geostats Pty Ltd were used. • Analysis of the QAQC data indicates acceptable levels of precision for all standards, however there is a bias to lower grades than expected across all grade ranges. This is being investigated by CNMC.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data*	• A twin hole was drilled at New Discovery during 2013. This confirmed the mineralised intersection within the upper part of the orebody. • Data validation included checking for out of range assay data and overlapping or

Criteria	JORC Code explanation	Commentary
	storage (physical and electronic) protocols. • *Discuss any adjustment to assay data.*	missing intervals. • Below detection values were set to half the detection limit.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drillhole collar locations (easting, northing and elevation) are surveyed by geologists after hole completion using 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 2017 drillhole collars matched the topographical surface, after allowances for the removal of material for drill pad construction was taken into account.
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 2017, data from 33 additional vertical and inclined drillholes for a total of 5,705.51 m were incorporated into the database. An additional hole was drilled at Manson's Lode, but assay data was not available for the 2017 resource esrimate. • 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 to 1.5 m intervals 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.*	• All sample preparation and assaying was completed at the Sokor on-site laboratory. • Security procedures are in place including inspection of vehicles and personnel entering and leaving the mine site.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Optiro visited the Sokor project during December 2011, June 2015 and January 2018. Review of the sampling techniques did not reveal any material issues.

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Ulu Sokor area is covered by numerous exploration, mining and general purpose tenements which support the ongoing gold ore mining operation. • Mining Lease ML 10/2016 is held by CMNM Mining Group Sdn Bhd; a subsidiary of CNMC Goldmine Holdings Ltd
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.
Drillhole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:*	• Not applicable – drilling was designed for resource definition.

Criteria	JORC Code explanation	Commentary
	○ *easting and northing of the drillhole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.*	
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 survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock*	• Not applicable – drilling was designed for resource definition.

Criteria	JORC Code explanation	Commentary
	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, Ketubong, New Discovery, New Found and Manson's Lode, and to explore for additional mineralised zones within the Sokor project area. • Exploration drilling has been undertaken at Sg Among and Sg Tiger and results from this will be evaluated for further exploration drilling.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Data entry by site geologist, checked by geological supervisor and additional checking and validation by resource geologist. • Data validation included checking for out of range assay data and overlapping or missing intervals
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Site visit undertaken during December 2011, June 2015 and January 2018 by Optiro (Competent Person for the Mineral Resource estimate). • During site visit geological logging, sampling techniques and procedures were reviewed.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative 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 0.25 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 2% Pb+Zn cut-off grade. • All available geological data has been used to interpret the mineralisation and to

Criteria	JORC Code explanation	Commentary
		differentiate between mineralisation within eluvial/alluvial, backfill and bedrock. • Mineralised domains were interpreted for the backfill material (at Manson's Lode), alluvial and eluvial mineralisation, and bedrock mineralisation that occurs sub-parallel to the lithology and is structurally controlled in the vicinity of the Ketubong-Rixen fault zone. • Where possible, a base of oxidation surface has been interpreted.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• At Manson's Lode the mineralisation strikes northeast-southwest and has a relatively flat orientation. It is 750 m along strike and 300 m across strike and extends from surface to a depth of 120 m. • At New Discovery and New Found the mineralisation strikes north-south and dips approximately 25° to the east. It has a combined strike length of 500 m and is up to 330 m across strike. Mineralisation extends from surface to a depth of up to 280 m. • At Ketubong the mineralisation strikes north-south and dips approximately 50° to the east. It is 520 m along strike by 200 m down dip. Mineralisation extends from surface to a depth of approximately 270 m. • At Rixen the mineralisation strikes north-south and dips approximately 20° to the east. It is 2,000 m along strike by 550 m across strike. Mineralisation extends from surface to a depth of approximately 300 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.*	• 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 • Mineralisation continuity was interpreted from variogram analyses to have an along strike range of 33 m to 115 m and a down dip range of 52 m to 175 m. • Parameters from kriging neighbourhood analysis, undertaken in 2012 (Manson's Lode and New Discovery) and 2015 (Rixen) to optimise the block size, search distances

Criteria	JORC Code explanation	Commentary
	• *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	and sample numbers, were used. • Grade estimation was into parent blocks of 10 m by 10 m at Manson's Lode, New Discovery/New Found and Ketubong, and 10 m by 20 m at Rixen, on 2 m benches. • Block grade estimation was carried out using ordinary kriging at the parent block scale. Three estimation passes were used for all domains; the first search was based upon the variogram ranges for each domain in the three principal directions; the second search was typically two times the first search in all directions, and the third search was four or five times the initial search, with reduced sample numbers required for estimation. • Over 65% of blocks at Manson's Lode, 75% of the blocks at Rixen and over 40% of the blocks at Ketubong and the combined New Discovery and New Found deposits were estimated in the first pass. • The estimated block model grades were visually validated against the input drillhole data and comparisons were carried out against the declustered drillhole data and by easting, northing and elevation slices.
Moisture	• *Whether the tonnages are estimated on a 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 for the transitional and fresh material at Ketubong, New Discovery and New Found and above a 0.25 g/t gold cut-off grade at Rixen and for the oxide material Ketubong, New Discovery and New Found to reflect current commodity prices, differential operating costs and processing options. • Base metal Mineral Resources at Manson's Lode, in addition to the gold Mineral Resources, are reported above a 2% Pb+Zn cut-off grade.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an*	• Planned extraction is by open pit mining. Mining factors such as dilution and ore loss have not been applied.

Criteria	JORC Code explanation	Commentary
	explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical assumptions have been built into the Mineral Resource models.
Environmen-tal 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 around 0.2 m were selected and weighted in water and air. • Average bulk density values were calculated using measurements from 91 sections of diamond core for New Discovery and New Found, from 80 sections of core for Rixen and from 32 sections of core for Ketubong. • Density measurements were obtained from 51 sections of core from Manson's Lode. An ordinary least squares model was developed that was used to determine the density from the silver, lead and zinc contents. • Average bulk density values for the eluvial/alluvial and back fill material was determined from measurements of material from 41 test pits.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations,*	• 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).

Criteria	JORC Code explanation	Commentary
	reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Measured Mineral Resources have been defined at Manson's Lode and New Discovery generally in areas of 20 m by 20 m drill spacing. • Indicated Mineral Resources have been defined generally in areas of 40 m by 40 m drill spacing. • 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*	• A site visit was previously undertaken in May 2012 and June 2015 by Mr Andrew

Criteria	JORC Code explanation	Commentary
	those visits. *If no site visits have been undertaken indicate why this is the case.*	Law (the Competent Person for the Ore Reserve estimate). • A follow up site visit has been undertaken by Mr Michael Leak in January 2018 to examine the changes in mining and processing practices since 2015.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• Mineral Resources have been converted to Ore Reserves on the basis of the existing operational status of the deposits and historical records. • As the mine is currently operating, no additional studies have been completed to support this Ore Reserve estimate. The mine has current, optimised mine plans in place, and material modifying factors have been derived on the basis of the current operational data.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Cut-off grades have been calculated based on forecast mined gold grades, recovery and dilution parameters, mining and processing costs and forecast commodity pricing.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The 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.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Heap leaching and vat leaching are currently being used at the Sokor Project. These methods have been selected based on the prevailing ore characteristics. • The two leaching methods are well-tested and do not represent an untried processing strategy. • Metallurgical testwork has been carried out on samples from across the project area to confirm the appropriateness of the leaching processing methodologies. No metallurgical domaining has been applied within specific mine areas. Recovery factors have been applied on a mine by mine basis. • No assumptions or allowances have been made for deleterious elements. • A pilot scale test of the heap leach process was undertaken during 2012 to confirm the suitability of that process for the Rixen ore. The size (approx. 90 kt) of the trial was considered representative of the Rixen deposit. • There are no specifications applied to the mine production.
Environmen-tal factors or assumptions	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue 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*	• 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.

Criteria	JORC Code explanation	Commentary
	for failure to meet specification, etc. • *The allowances made for royalties payable, both Government and private.*	• Treatment and refining charges have been based on site data provided by CNMC. • A gold royalty of 10% of gross revenue is payable to the Kelantan State Government (KSG) and an additional tribute payment of 4% of gross revenue is payable to the Kelantan State Economic Development Corporation (KSEDC). CNMC holds an 81% share in the production from the project.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• As an operating project, all revenue factors have been derived from operating data. • Commodity pricing assumptions have been provided by CNMC based on gold price forecasts and existing sales arrangements.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Bullion produced is currently sold on the spot market to local 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*	• 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.

Criteria	JORC Code explanation	Commentary
	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.	
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• Mineral Resources were converted to Ore Reserves as per JORC 2012 guidelines, i.e. Measured to Proven, Indicated to Probable. No downgrading in category has occurred for this project. • The result reflects the Competent Person's view of the deposit. • No Measured Mineral Resources have been converted to Probable Ore Reserves.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• The Ore Reserve has been calculated by Independent consultants Optiro and an internal peer review undertaken.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which 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.

Additional Information

STATISTICS OF SHAREHOLDINGS

As at 19 March 2018

Issued and paid-up capital	:	$23,335,633
Number of shares	:	407,693,000
Number of voting shares	:	406,655,100
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds 1,037,900 treasury shares, constituting 0.26% of the total number of issued shares (excluding treasury shares), and there are no subsidiary holdings.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 19 March 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 99	3	0.10	15	0.00
100 - 1,000	68	2.28	43,027	0.01
1,001 - 10,000	978	32.82	7,323,365	1.80
10,001 - 1,000,000	1,897	63.66	116,820,033	28.73
1,000,001 and above	34	1.14	282,468,660	69.46
Total	**2,980**	**100.00**	**406,655,100**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 19 March 2018

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
Innovation (China) Limited[1]	106,987,500	26.31	–	–
Messiah Limited[2]	50,662,500	12.46	–	–
Ng Eng Tiong	24,520,000	6.03	–	–
Professor Lin Xiang Xiong	1,100,000	0.27	106,987,500	26.31
Choo Chee Kong[2]	205,000	0.05	50,662,500	12.46
Lim Kuoh Yang[1]	–	–	108,087,500	26.58
Tan Swee Ngin[1]	–	–	106,987,500	26.31
Lim Sok Cheng Julie[2]	–	–	50,662,500	12.46

Notes:

(1) Innovation (China) Limited is a private investment holding company incorporated in Hong Kong whose shareholders are Professor Lin Xiang Xiong (65%) and his wife, Tan Swee Ngin (35%). Lim Kuoh Yang is the son of Professor Lin Xiang Xiong and Tan Swee Ngin. As such, Professor Lin Xiang Xiong and Tan Swee Ngin are deemed interested in all the shares held by Innovation (China) Limited by virtue of their respective interests in Innovation (China) Limited and Lim Kuoh Yang is deemed interested in all the shares deemed to be held by Professor Lin Xiang Xiong and Tan Swee Ngin under Section 7 of the Companies Act.

(2) Messiah Limited is a private investment holding company incorporated in the British Virgin Islands whose shareholders are Choo Chee Kong (51%) and his wife, Lim Sok Cheng Julie (49%). As such, Choo Chee Kong and Lim Sok Cheng Julie are deemed to be interested in all the shares held by Messiah Limited under Section 7 of the Companies Act. The shares of Messiah Limited are registered in the name of Citibank Nominees Singapore Pte Ltd.

TWENTY LARGEST SHAREHOLDERS

As at 19 March 2018

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	INNOVATION (CHINA) LIMITED	106,987,500	26.31
2	CITIBANK NOMINEES SINGAPORE PTE LTD	73,050,854	17.96
3	RAFFLES NOMINEES (PTE) LIMITED	10,522,700	2.59
4	DBS NOMINEES (PRIVATE) LIMITED	9,523,200	2.34
5	CHUA TEO LENG	9,265,000	2.28
6	PHILLIP SECURITIES PTE LTD	6,047,800	1.49
7	XU DEHAN	4,706,925	1.16
8	NG ENG TIONG	4,520,000	1.11
9	LIM PENG LIANG DAVID LLEWELLYN	4,086,000	1.00
10	LIU WENYING	3,800,000	0.93
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,441,279	0.85
12	KAW LAI FONG	3,399,900	0.84
13	UOB KAY HIAN PRIVATE LIMITED	3,131,600	0.77
14	LEE JING YI	2,943,200	0.72
15	LING SIOW MENG	2,917,500	0.72
16	OCBC SECURITIES PRIVATE LIMITED	2,902,000	0.71
17	TAN CHONG MENG	2,714,800	0.67
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,705,202	0.67
19	LIM YEAN LENG	2,419,000	0.59
20	YEO HUNG HEE BENJAMIN	2,400,000	0.59
	TOTAL	**261,484,460**	**64.30**

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

Based on the information provided to the Company as at 19 March 2018, approximately 54.88% 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.

NOTICE OF ANNUAL GENERAL MEETING

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, 27 April 2018 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 2017, together with the Directors' Statement and Independent Auditors' Report.

Resolution 2

2. To declare a final one-tier tax exempt dividend of S$0.0020 per ordinary share for the financial year ended 31 December 2017.

Resolution 3

3. To re-elect Mr Lim Kuoh Yang who is retiring by rotation pursuant to Article 117 of the Company's Constitution (the "**Constitution**") and who, being eligible, offers himself for re-election as a Director.

[see Explanatory Note(i)]

Resolution 4

4. To re-elect Ms Gan Siew Lian who is retiring by rotation pursuant to Article 117 of the Constitution and who, being eligible, offers herself for re-election as a Director.

[see Explanatory Note(i)]

Resolution 5

5. To approve the payment of Directors' fees of up to S$190,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears [FY2017: S$190,000].

Resolution 6

6. To re-appoint KPMG LLP as the Company's Independent Auditors and to authorise the Directors to fix their remuneration.

7. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

Resolution 7

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:-

(A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

(1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this authority is given, after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see Explanatory Note (ii)]

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, 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 and subsidiary holdings) 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 (iii)]

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

WEE MAE ANN
Company Secretary
Singapore
12 April 2018

Explanatory Notes:

(i) Ms Gan Siew Lian will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Board considers her to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Lim Kuoh Yang and Ms Gan Siew Lian can be found under the "Board of Directors" section in the Company's Annual Report 2017. Save that Mr Lim Kuoh Yang is the son of Professor Lin Xiang Xiong @ Lin Ye (the Company's Chairman and Executive Director), there are no material relationships (including immediate family relationships) between Mr Lim Kuoh Yang and Ms Gan Siew Lian and the other Directors, the Company or its 10% shareholders.

(ii) Under the Catalist Rules, a share issue mandate approved by shareholders as a ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the issued share capital of the issuer (excluding treasury shares and subsidiary holdings) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the issued share capital of the issuer (excluding treasury shares and subsidiary holdings).

Ordinary Resolution 7, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

(iii) 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 and subsidiary holdings) preceding that date of grant of award.

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, 27 April 2018 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 2017		
2.	Payment of final dividend		
3.	Re-election of Mr Lim Kuoh Yang as Director		
4.	Re-election of Ms Gan Siew Lian as a Director		
5.	Payment of Directors' fees of up to S$190,000 for financial year ending 31 December 2018		
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		

(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 _____ 2018

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 12 April 2018.

CNMC

www.cnmc.com.hk

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