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## **Financial Statement and Dividend Announcement For the Third Quarter and Nine Months Period Ended 30 September 2011**

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*CNMC Goldmine Holdings Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 28 October 2011. The initial public offering of the Company (the “**IPO**”) was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”).*

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of SGX-ST. The Sponsor has not independently verified the contents of this announcement and has not drawn on any specific technical expertise in its review of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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### **Background**

The Company was incorporated in the Republic of Singapore on 11 August 2011 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the “**Group**”) were formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) which involved an acquisition of the entire issued share capital of CNMC Goldmine Limited, a company incorporated in Hong Kong, prior to the IPO and listing on Catalist of the SGX-ST on 28 October 2011. The Restructuring Exercise was completed on 14 October 2011. Please refer to the Company’s Offer Document dated 18 October 2011 for further details on the Restructuring Exercise.

For the purpose of this announcement, the financial results of the Group for the three months period ended 30 September 2011, the nine months period ended 30 September 2011, the comparative results of the Group for the three months period ended 30 September 2010 and the nine months period ended 30 September 2010, have been prepared on the assumption that the Group’s structure following the completion of the Restructuring Exercise has been in place since 1 January 2010.

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

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

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2011 US\$	30 September 2010 US\$	Increase/ (Decrease) %	30 September 2011 US\$	30 September 2010 US\$	Increase/ (Decrease) %
<b>Revenue</b>	1,951,145	221,078	782.6	3,685,674	221,078	1,567.1
Changes in inventories of finished goods	-	17,498	(100.0)	(96,571)	17,498	n.m.
Other operating income	211,009	11,201	1,783.8	86,581	82,360	5.2
Amortisation and depreciation	(227,158)	(87,714)	159.0	(534,936)	(142,572)	275.2
Contractor expenses	(171,000)	-	n.m.	(221,000)	(109,301)	102.2
Employees' compensation	(332,317)	(169,813)	95.7	(793,471)	(307,370)	158.2
Key management remuneration	(161,465)	(182,714)	(11.6)	(477,390)	(570,653)	(16.3)
Marketing and publicity expenses	(43,566)	(11,044)	294.5	(95,679)	(23,518)	306.8
Office and administration expenses	(71,295)	(40,343)	76.7	(137,394)	(60,642)	126.6
Professional fees	(150,333)	(66,659)	125.5	(340,404)	(183,073)	85.9
Rental expense on operating lease	(156,607)	(73,781)	112.3	(354,942)	(117,998)	200.8
Royalty fee expenses	(211,597)	(18,229)	1,060.8	(363,690)	(18,229)	1,895.1
Site and factory expenses	(476,335)	(151,567)	214.3	(974,465)	(191,075)	410.0
Travelling and transportation expenses	(71,562)	(39,352)	81.9	(187,197)	(71,974)	160.1
Other operating expenses	(3,673)	(284,256)	(98.7)	(238,675)	(354,708)	(32.7)
<b>Results from operating activities</b>	<b>85,246</b>	<b>(875,695)</b>	<b>n.m.</b>	<b>(1,043,559)</b>	<b>(1,830,177)</b>	<b>(43.0)</b>
Finance expenses	(81,380)	(27,768)	193.1	(239,927)	(137,212)	74.9
<b>Net finance costs</b>	<b>(81,380)</b>	<b>(27,768)</b>	<b>193.1</b>	<b>(239,927)</b>	<b>(137,212)</b>	<b>74.9</b>
<b>Profit/(Loss) before income tax</b>	<b>3,866</b>	<b>(903,463)</b>	<b>n.m.</b>	<b>(1,283,486)</b>	<b>(1,967,389)</b>	<b>(34.8)</b>
Income tax credit / (expenses)	(88,125)	299,721	n.m.	(82,820)	296,185	n.m.
<b>(Loss) for the period</b>	<b>(84,259)</b>	<b>(603,742)</b>	<b>(86.0)</b>	<b>(1,366,306)</b>	<b>(1,671,204)</b>	<b>(18.2)</b>
<b>Other comprehensive income / (loss)</b>						
Exchange differences arising from consolidation of foreign subsidiaries	(12,810)	14,642	n.m.	(15,710)	35,472	n.m.
<b>Total comprehensive (loss) for the period</b>	<b>(97,069)</b>	<b>(589,100)</b>	<b>(83.5)</b>	<b>(1,382,016)</b>	<b>(1,635,732)</b>	<b>(15.5)</b>

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2011 US\$	30 September 2010 US\$	Increase/ (Decrease) %	30 September 2011 US\$	30 September 2010 US\$	Increase/ (Decrease) %
<b>(Loss) attributable to:</b>						
Owners of the Company	(136,439)	(522,808)	(73.9)	(1,413,831)	(1,510,253)	(6.4)
Non-controlling interests	52,180	(80,934)	n.m.	47,525	(160,951)	n.m.
<b>(Loss) for the Period</b>	<b>(84,259)</b>	<b>(603,742)</b>	<b>(86.0)</b>	<b>(1,366,306)</b>	<b>(1,671,204)</b>	<b>(18.2)</b>
<b>Total comprehensive (loss) attributable to:</b>						
Owners of the Company	(147,154)	(510,558)	(71.2)	(1,426,600)	(1,476,282)	(3.4)
Non-controlling interests	50,085	(78,542)	n.m.	44,584	(159,450)	n.m.
<b>Total comprehensive (loss) for the period</b>	<b>(97,069)</b>	<b>(589,100)</b>	<b>(83.5)</b>	<b>(1,382,016)</b>	<b>(1,635,732)</b>	<b>(15.5)</b>

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

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2011 US\$	30 September 2010 US\$	Increase / (Decrease) %	30 September 2011 US\$	30 September 2010 US\$	Increase/ (Decrease) %
<b>Profit for the period is stated at after charging / (crediting) the following:</b>						
Interest on borrowings	81,380	27,768	193.1	239,927	137,212	74.9
Amortisation and depreciation	227,158	87,714	159.0	534,936	142,572	275.2
(Gain)/loss on foreign exchange	(183,813)	284,256	n.m.	232,298	354,708	(34.5)

n.m. -- not meaningful

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

	Group		Company	
	30 September 2011 US\$	31 December 2010 US\$	30 September 2011 US\$	31 December 2010 <sup>(1)</sup> US\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Exploration and evaluation assets	1,554,773	18,475	-	-
Mine properties	4,285,570	4,401,346	-	-
Property, plant and equipment	2,288,547	1,536,383	-	-
Deferred tax assets	276,025	358,845	-	-
<b>Total non-current assets</b>	<b>8,404,915</b>	<b>6,315,049</b>	-	-
<b>Current assets</b>				
Inventories	24,372	120,714	-	-
Trade and other receivables	381,297	542,197	24,873	-
Cash and cash equivalents	367,812	1,113,671	1	-
<b>Total current assets</b>	<b>773,481</b>	<b>1,776,982</b>	<b>24,874</b>	-
<b>Total assets</b>	<b>9,178,396</b>	<b>8,091,631</b>	<b>24,874</b>	-
<b>EQUITY</b>				
Share Capital	7,291,308	7,291,308	1	-
Accumulated losses	(5,991,214)	(4,577,383)	(1,398)	-
Translation reserves	(1,680)	11,089	-	-
	1,298,414	2,725,014	(1,397)	-
Non-controlling interest	(115,166)	(159,750)	-	-
<b>Total equity</b>	<b>1,183,248</b>	<b>2,565,264</b>	<b>(1,397)</b>	-
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing borrowings	35,323	3,081,446	-	-
Derivative financial instrument	-	40,309	-	-
Rehabilitation provision	44,648	41,797	-	-
<b>Total non-current liabilities</b>	<b>79,971</b>	<b>3,163,552</b>	-	-
<b>Current liabilities</b>				
Interest-bearing borrowings	3,288,768	8,046	-	-
Derivative financial instrument	69,168	115,440	-	-
Trade and other payables	4,557,135	2,239,215	26,271	-
Current tax liabilities	106	114	-	-
<b>Total current liabilities</b>	<b>7,915,177</b>	<b>2,362,815</b>	<b>26,271</b>	-
<b>Total liabilities</b>	<b>7,995,148</b>	<b>5,526,367</b>	<b>25,271</b>	-
<b>Total equity and liabilities</b>	<b>9,178,396</b>	<b>8,091,631</b>	<b>24,874</b>	-

Note:-

- (1) There was no statement of financial position for the Company as at 31 December 2010, as the Company was only incorporated on 11 August 2011.

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

<b>As at 30 September 2011</b>		<b>As at 31 December 2010</b>	
<b>Secured US\$</b>	<b>Unsecured US\$</b>	<b>Secured US\$</b>	<b>Unsecured US\$</b>
8,253	3,280,515	8,046	-

**Amount repayable after one year**

<b>As at 30 September 2011</b>		<b>As at 31 December 2010</b>	
<b>Secured US\$</b>	<b>Unsecured US\$</b>	<b>Secured US\$</b>	<b>Unsecured US\$</b>
35,323	-	41,609	3,039,837

**Details of any collateral**

The Group's borrowings were secured on the motor vehicles with net book value of US\$5,267 as at 31 December 2010. These vehicles had been fully depreciated as at 30 September 2011.

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

	Nine Months ended	
	30 September 2011 US\$	30 September 2010 US\$
<b>Operating activities</b>		
(Loss) for the period	(1,366,306)	(1,671,204)
Adjustments for:		
Depreciation of property, plant and equipment	374,160	91,464
Amortisation of mine properties	160,776	51,108
Unwinding of discount on derivative financial instrument	(86,581)	(82,360)
Unwinding of discount on rehabilitation provision	2,851	1,881
Interest expense	237,076	135,331
Income tax expense / (credit)	82,820	(296,185)
<b>Operating (loss) before working capital changes</b>	<b>(595,204)</b>	<b>(1,769,965)</b>
Changes in working capital:		
Inventories	96,342	(17,498)
Trade and other receivables	160,900	(93,596)
Trade and other payables	948,502	1,077,133
Cash generated/(used) in operations	610,540	(803,926)
Interest paid	(237,076)	(135,331)
<b>Net cash generated from/(used in) operating activities</b>	<b>373,464</b>	<b>(939,257)</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(893,778)	(727,620)
Payment for exploration and evaluation assets	(503,863)	-
<b>Net cash used in investing activities</b>	<b>(1,397,641)</b>	<b>(727,620)</b>
<b>Financing activities</b>		
Proceeds from issuance of convertible notes	-	1,653,070
Proceeds from loans from directors	300,113	-
Payment of finance lease liabilities	(6,079)	(5,622)
<b>Cash flows generated from financing activities</b>	<b>294,034</b>	<b>1,647,448</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(730,143)</b>	<b>(19,429)</b>
Cash and cash equivalents at beginning of the period	1,112,065	48,755
Effect of exchange rate fluctuations on cash held	(15,761)	42,141
<b>Cash and cash equivalents at end of the period</b>	<b>366,161<sup>(1)</sup></b>	<b>71,467<sup>(1)</sup></b>

Note:-

(1) Cash and cash equivalents as at 30 September 2011 and 30 September 2010 did not include deposits pledged with financial institution of RM5,000 which amounted to approximately US\$1,651.

During the nine months period ended 30 September 2011, the Group acquired property, plant and equipment with an aggregate cost of US\$1,126,324 (30 September 2010: US\$767,595) of

which an amount of US\$232,546 (30 September 2010: US\$39,975) was still outstanding and was included in trade and other payables.

The Group also acquired exploration and evaluation assets with an aggregate cost of US\$1,581,297 (30 September 2010: US\$783,814) from third parties of which a balance of US\$1,077,434 (30 September 2010: US\$783,814) was still outstanding and was included in trade and other payables as at 30 September 2011.

As at 30 November 2011, the Group's cash and cash equivalents amounted to approximately US\$5.74 million, comprising currencies denominated in MYR and SGD. Please refer to item 8(b) on cash flows analysis for further details.

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

Group	Share capital	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2010	2,050,560	(20,699)	(2,839,833)	(809,972)	26,677	(783,295)
<b>Total comprehensive income/(loss) for the period:</b>						
Loss for period	-	-	(1,510,253)	(1,510,253)	(160,951)	(1,671,204)
<b>Other comprehensive income for the year</b>						
Exchange difference	-	33,971	-	33,971	1,501	35,472
<b>Total comprehensive income/(loss) for the period</b>	-	33,971	(1,510,253)	(1,476,282)	(159,450)	(1,635,732)
<b>Transactions with owners of the Company, recognized directly in equity</b>						
<b>Contributions by owner of the Company</b>						
Non-reciprocal capital contributions	2,562,939	-	-	2,562,939	-	2,562,939
Conversion of convertible notes and derivative financial instrument to shares	2,677,809	-	-	2,677,809	-	2,677,809
<b>Total transactions with owners</b>	5,240,748	-	-	5,240,748	-	5,240,748
<b>Balance as at 30 September 2010</b>	<b>7,291,308</b>	<b>13,272</b>	<b>(4,350,086)</b>	<b>2,954,494</b>	<b>(132,773)</b>	<b>2,821,721</b>

Group	Share capital	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2011	7,291,308	11,089	(4,577,383)	2,725,014	(159,750)	2,565,264
<b>Total comprehensive income/(loss) for the period:</b>						
Profit / (Loss) for period	-	-	(1,413,831)	(1,413,831)	47,525	(1,366,306)
<b>Other comprehensive loss for the year</b>						
Exchange difference	-	(12,769)	-	(12,769)	(2,941)	(15,710)
<b>Total comprehensive income/(loss) for the period</b>	-	(12,769)	(1,413,813)	(1,426,600)	44,584	(1,382,016)
Balance as at 30 September 2011	7,291,308	(1,680)	(5,991,214)	1,298,414	(115,166)	1,183,248

Company	Share capital US\$	Accumulated loss US\$	Total equity US\$
Balance as at 1 January 2010	-	-	-
Balance as at 30 September 2010	-	-	-
Balance as at 1 January 2011	-	-	-
Incorporation of the Company on 11 August 2011 <sup>(1)</sup>	1.00	-	1.00
Loss for the period		(1,398)	(1,398)
Balance as at 30 September 2011 <sup>(1)</sup>	1.00	(1,398)	(1,397)

Note:-

- (1) The Company was incorporated on 11 August 2011 with an issued and paid-up capital of S\$1.00. The Restructuring Exercise was completed on 14 October 2011.

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



	Number of share	Share capital (S\$)
As at 11 August 2011 and as at 30 September 2011	1	1

The Company was incorporated on 11 August 2011.

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2011.

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

	Company As at 30 September 2011	Company As at 31 December 2010
Total number of issued shares excluding treasury shares	1	-

The Company was incorporated on 11 August 2011.

The Company did not have any treasury shares as at 30 September 2011.

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

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation as in the Company's most recently audited financial statements for the financial year ended 31 December 2010.

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

Not applicable.

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

	Group			
	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
(Loss) attributable to owners of the Company (US\$)	(136,439)	(522,808)	(1,413,831)	(1,510,253)
Weighted average number of ordinary shares <sup>(1)</sup>	380,793,000	380,793,000	380,793,000	380,793,000
Basic and diluted (loss) per ordinary share in US cents <sup>(2)</sup>	(0.04)	(0.14)	(0.37)	(0.40)

Notes:-

(1) For comparative and illustrative purpose, loss per ordinary share for the periods under review has been calculated based on pre-listing share capital of 380,793,000 shares.

(2) The basic and diluted loss per ordinary share were the same for the periods under review as the Company did not have potential dilutive ordinary shares as at 30 September 2011 and 30 September 2010.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**

- (a) current period reported on; and**  
**(b) immediately preceding financial year**

	Group		Company	
	30 September 2011	31 December 2010	30 September 2011 <sup>(2)</sup>	31 December 2010 <sup>(2)</sup>
Net asset/(liability) value (US\$)	1,183,248	2,565,264	(1,397)	-
Number of shares at the end of the period	380,793,000 <sup>(1)</sup>	380,793,000 <sup>(1)</sup>	1	-
Net asset/(liability) value per share (US cents)	0.31	0.67	(1,397)	n.m.

n.m. = not meaningful

Notes:-

(1) For comparative and illustrative purpose, net asset per share for the Group as at 30 September 2011 and 31 December 2010 has been calculated based on pre-listing share capital of 380,793,000 shares.

(2) The Company was incorporated on 11 August 2011. As at 30 September 2011, the Company's net liability position was due to amounts owing by the Company to a subsidiary.

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

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

Revenue

The Group's revenue increased significantly by 782.6%, from US\$0.22 million in the third quarter ended 30 September 2010 ("3Q 2010") to US\$1.95 million in the third quarter ended 30 September 2011 ("3Q 2011"). Revenue also increased by 1,567.1% from US\$0.22 million for the nine months ended 30 September 2010 ("9M 2010") to US\$3.69 million for the nine months ended 30 September 2011 ("9M 2011").

This was mainly due to the increases in the production volume of gold in 3Q 2011 and 9M 2011 as the Group began to commission its production and processing facilities since its first gold pour in July 2010. Higher production volume in 3Q 2011 and 9M 2011 was also as a result of higher production efficiency due to improved expertise and experiences in the production and processing process.

The Group commenced its gold production by vat leaching in July 2010 and produced 240.3 ounces of fine gold in 3Q 2010 and 9M 2010. In 3Q 2011, a total of 1,150.82 ounces (9M 2011: 2,185.84 ounces) of fine gold were produced.

The increase in revenue was also attributable to higher gold price in 3Q 2011 as compared to 3Q 2010. According to the World Gold Council, the quarterly average gold price was US\$1,702.1 per ounce and US\$1,226.8 per ounce in 3Q 2011 and 3Q 2010 respectively while the nine months average gold price was US\$1,529.6 per ounce and US\$1,177.1 per ounce in 9M 2011 and 9M 2010 respectively. Selling prices for the Group's fine gold ranged from US\$1,531.6 per ounce to US\$1,870.9 per ounce in 3Q 2011 (US\$1,361.2 per ounce to US\$1,870.9 per ounce in 9M 2011), as compared to US\$1,180.1 per ounce to US\$1,313.3 per ounce in 3Q 2010 and 9M 2010.

	3Q 2011	3Q 2010	Increase / (Decrease) %	9M 2011	9M 2010	Increase / (Decrease) %
Production volume – total (ounces of gold)	1,150.82	240.29	378.9	2,185.84	240.29	809.7
Revenue – total (US\$'000)	1,951.1	221.1	782.6	3,685.7	221.1	1,567.1

Note:-

(1): Revenue from the fine gold produced at end of September 2010 was recognized in October 2010; therefore, revenue for 3Q 2010 and 9M 2010 are lower than what would have been achieved by multiplying the average selling price in 3Q 2010 and 9M 2010 with the production volume in 3Q 2010 and 9M 2010.

### Other operating income

Other operating income mainly included the result of unwinding of the discount on the derivative financial instrument related to the conversion rights arising from convertible loans issued by the Company's subsidiary, CNMC Goldmine Limited. The convertible loans were converted into shares in CNMC Goldmine Limited and subsequently swapped into the Company's shares. Please refer to section "Restructuring Exercise" on page 69 of the Company's Offer Document.

In addition to the result of unwinding of the discount on the derivative financial instrument, a foreign exchange gain of US\$0.18 million was also included in other operating income in 3Q 2011, as compared to a foreign exchange loss of US\$0.28 million in 3Q 2010. The foreign exchange gain in 3Q 2011 was mainly due to the revaluation of convertible loans issued by the Company's subsidiary, CNMC Goldmine Limited, and was outstanding as at the end of 3Q 2011. The revaluation was based on the USD: SGD exchange rate at the end of 3Q 2011. A foreign exchange gain was recorded as these convertible loans were denominated in SGD, which had depreciated against USD as compared to the end of the second quarter of 2011.

### Operating expenses

Operating expenses comprised mainly costs incurred for site and factory operations, amortization costs for mining rights, depreciation expenses for property, plant and equipment, rental expenses on operating lease, royalty fees paid to the Kelantan State Authorities, remuneration for employees and directors and costs incurred in relation to services provided by contractors.

Total operating expenses increased by US\$0.95 million or 84.5% from US\$1.13 million in 3Q 2010 to US\$2.08 million in 3Q 2011. Total operating expenses increased by US\$2.57 million or 119.4% from US\$2.15 million in 9M 2010 to US\$4.72 million in 9M 2011. All operating expense categories increased as a result of increased business activities due to the commencement of gold production in July 2010, except for key management remuneration which decreased slightly by US\$0.02 million due to the streamlining of board composition. With higher production efficiency achieved, most operating expense categories, except for royalty fees, increased at a much slower pace than that of revenue. Royalty fee grew faster than the increase in revenue as a result of inclusion of revenue from the pilot test run of alluvial gold production, which commenced in 2011. According to the arrangements with Kelantan State Authorities, the royalty fees levied on revenue from alluvial mining is 15% while that from vat leaching is 8%. Please refer to section "Royalties and Tributes" on page D-3 of the Company's Offer Document.

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As a result of higher revenue and comparatively lower operating expenses as a result of production expansion and improvement in efficiency, the Group recorded an operating profit of US\$0.09 million in 3Q 2011, as compared to operating losses of US\$0.88 million in 3Q 2010. The Group's operating loss reduced by US\$0.79 million or 43.0% from US\$1.83 million for 9M 2010 to US\$1.04 million for 9M 2011.

#### Finance costs

Finance costs increased by US\$0.05 million to US\$0.08 million in 3Q 2011 as compared to US\$0.03 million 3Q 2010 while it increased by US\$0.10 million from US\$0.14 million in 9M 2010 to US\$0.24 million in 9M 2011, mainly due to interests on additional convertible loans issued by the Company's subsidiary CNMC Goldmine Limited in November 2010. The convertible loans were converted into shares in CNMC Goldmine Limited and subsequently swapped into the Company's shares. Please refer to section "Restructuring Exercise" on page 69 of the Company's Offer Document.

#### Profit / (loss) before and after income tax

The Group achieved a profit before income tax of US\$3,866 in 3Q 2011, as compared to a loss before income tax of US\$0.90 million in 3Q 2010. Accordingly, loss after tax for the period reduced by 86.0% from US\$0.60 million for 3Q 2010 to US\$0.08 million for 3Q 2011. The Group's loss before income tax was reduced by 34.8% from US\$1.97 million in 9M 2010 to US\$1.28 million in 9M 2011, while loss after tax reduced by 18.2% from US\$1.67 million for 9M 2010 to US\$1.37 million for 9M 2011.

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

##### Assets

Exploration and evaluation assets increased by US\$1.54 million from US\$0.02 million as at 31 December 2010 to US\$1.55 million as at 30 September 2011. The increase was mainly due to the increase in exploration activities undertaken in 9M 2011.

Property, plant and equipment increased by US\$0.75 million from US\$1.54 million as at 31 December 2010 to US\$2.29 million as at 30 September 2011, mainly as a result of additional production and processing equipment acquired to increase production volume of gold production in 9M 2011.

Inventories decreased by US\$0.10 million from 31 December 2010 to 30 September 2011 mainly as a result of reduction in the value of finished goods. The cost of gold dore bars produced in late December 2010 was recorded as inventories of finished goods since the sale of these gold dore bars had not been completed at 31 December 2010. The Group did not maintain inventories of finished goods as at 30 September 2011.

Trade and other receivables decreased by US\$0.16 million from 31 December 2010 to 30 September 2011, mainly as a result of payments of US\$0.33 million made by shareholders during 9M 2011 that reduced the other receivables balance owing from these shareholders as at 31 December 2010. The decrease in other receivables was offset by increase in trade receivables as a result of gold dore bars sold, of which the payment had not been received as at 30 September 2011.

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## Liabilities

Total liabilities of the Group increased by US\$2.47 million from US\$5.53 million as at 31 December 2010 to US\$8.00 million as at 30 September 2011. This was mainly attributable to increases in trade and other payables of US\$2.32 million which comprised remuneration and interest-free loans due to directors, interests accrued on convertible loans and payments due to contractors undertaking exploration and evaluation activities in 9M 2011.

The Group had a negative working capital of US\$7.14 million as at 30 September 2011 as compared to a negative working capital of US\$0.59 million as at 31 December 2010.

## Cash flow

Net cash generated from operating activities amounted to US\$0.37 million in 9M 2011, which indicated a significant improvement from negative operating cash flow of US\$0.94 million in 9M 2010. The net cash inflow from operating activities was mainly due to an operating loss before working capital change of US\$0.60 million, which was lower than that in 9M 2010 by US\$1.17 million, adjusted for working capital inflows of US\$1.21 million. Change of working capital was attributable to decrease in trade and other receivables of US\$0.16 million and increase in trade and other payables of US\$0.95 million.

Net cash used in investing activities in 9M 2011 amounted to US\$1.40 million, mainly due to payments to acquire property, plant and equipment and for exploration and evaluation activities.

Cash generated from financing activities amounted to US\$0.29 million in 9M 2011, mainly from loans extended by certain directors of the Company.

The Group had a cash and cash equivalents of US\$0.37 million as at 30 September 2011 as compared to US\$0.07 million as at 30 September 2010.

Pursuant to the IPO, the Company raised IPO proceeds of S\$9.56 million (or equivalent to US\$7.36 million based on the exchange rate of SGD1:USD0.7704 as at 30 November 2011). The Group's cash and cash equivalents as at 30 November 2011 was approximately US\$5.74 million, which comprised currencies denominated in MYR and SGD.

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

The focus of the Group's operations in 2011 was mainly to expand its gold resources to vindicate Sokor Gold Project's considerable exploration potential. This was achieved by the 103% growth in reported gold resources as at June 2011 as compared to June 2010. Another focus in 2011 was the training of more operation staff as well as adding new mining equipment in preparation for production ramp-up.

Plant utilization was held back by the size and experience of operations staff and plant downtime due to technical adjustment and improvements.

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The Group produced total 3,348 ounces of fine gold and 820.69 ounces of fine silver since its first gold pour production from July 2010 to 30 November 2011, out of which 2,795 ounces of fine gold and 208.05 ounces of fine silver were produced from 1 January 2011 to 30 November 2011.

For financial year ending 31 December 2011, the Group does not expect to achieve the forecasted production level of 6,000 ounces of fine gold as stated in the Offer Document, as it is awaiting final approval to commence heap leach operations. The Group initially expected to obtain such approval and commence production using the heap leach facilities in the fourth quarter of 2011. The Group now anticipates such approval to be obtained in the first quarter of 2012. In addition, adverse weather since October 2011 has not helped the gold production.

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

Due to the uncertainties in the global financial markets and the European debt crisis, the Board of Directors of the Company (the "Board") is optimistic that gold price level will continue to move in an upward trend and that there will be continued demand for gold as it remains a much sought-after asset and/or investment. For 2012, the Group targets to commence its heap leach facility's construction and the extraction of other minerals such as silver, lead and zinc.

**11. Dividend**

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

No dividends have been declared or recommended for 3Q 2011.

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

Not applicable.

**(c) Date payable:**

Not applicable.

**(d) Books closure date:**

Not applicable.

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

Not applicable.

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

The Group does not have a general mandate from its shareholders for interested person transactions.

As disclosed in the Company's Offer Document, the Company had entered into certain interested person transactions ("IPT"). From 16 September 2011, which is the latest practicable date as stated in the Offer Document, up to 30 September 2011, the updates from the IPT as referred to in the Offer Document is as below:-

	USD
Short-term interest free loans from certain directors of the Company	96,300
Loans from the Group to CMNM-Juyuan Mining Service Sdn. Bhd. <sup>(1)</sup>	37,000

Note:-

(1) The loans from the Group to CMNM-Juyuan Mining Service Sdn. Bhd. are for its working capital. Please refer to section "Interested Person Transactions" on page 152 of the Company's Offer Document.

**14. Use of IPO proceeds**

As at the date of this announcement, the IPO proceeds has been utilised as follows:-

Use of proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Balance S\$'000
Further resource definition and continuing exploration activities	2,490	-	2,490
Construction of a heap leach facility	2,110	-	2,110
Working capital	3,770	2,067	1,703
Expenses incurred in connection with listing	1,190	692	498
	9,560	2,759	6,801

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

**15a. Rule 705 (6)(a) of the Catalist Listing Manual**

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

For 3Q 2011, funds / cash were mainly used for the following production activities:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.35
Acquisition of machinery	0.20
Diesel and other production materials	0.39



Royalty fees to government	0.19
Rental of equipment	0.13
Upkeep of equipment and motor vehicles	0.05
General working capital	0.27
Total	1.58

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

For the next immediate quarter (period from 1 October 2011 to 31 December 2011), the Group's use of funds/cash for production activities are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.55
Acquisition of machinery	0.17
Diesel and other production materials	0.28
Royalty fees to government	0.22
Rental of equipment	0.11
Upkeep of equipment and motor vehicles	0.03
General working capital	0.29
Total	1.65

The Group's exploration plans from 1 December 2011 to 31 December 2011 are as follows:-

Malaysia's weather comprises the monsoon season (November to January) and the dry season (February to October). The monsoon season features long rain duration, heavy rainfall and challenging site conditions; while the dry season is best suited for field work. Therefore, minimum field work is planned for the monsoon season and workers are deployed to do refurbishment and maintenance work.

**15b. Rule 705 (6)(b) of the Catalist Listing Manual**

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

**16a. Rule 705 (7)(a) of the Catalist Listing Manual**

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

During 3Q 2011, the following exploration and evaluation expenditures have been capitalized:-

Purpose	Amount(US\$ million)
Geological survey	0.12
Drilling	0.50

Mine design	-
Total	0.62

The Group's exploration work is on an ongoing process. The exploration activities fulfilled from 1 July 2011 to 30 November 2011 mainly include geological mapping, trenching, and drilling.

The Group carried out the following exploration activities from 1 July 2011 to 30 November 2011:-

### 1. Geological Mapping and Reconnaissance

The geologist team carried out geological mapping of creeks and track exposures in the northern section of the mining concession, i.e. around Rixen and Sg Among. Rock chip and float samples have been collected during the course of mapping. Geological points for mapping and the location of sampling was provided by hand-held GPS units.

The purpose of geological mapping and reconnaissance is to clarify geological conditions related to gold mineralization with the goal to identify mineralization or significant structures. The total area investigated was about 1.5 square kilometers and a total of 81 points were recorded.

### 2. Trenching and Channel Sampling

Four trenches were dug by excavators. Three trenches were located in the Sg Among area and one in Rixen. The total length of trenches was 180 meters, with an average depth of 3.5 meters. Two of the four trenches did not reveal the bedrock because of thick overburden. A total of 63 channel samples were collected from the trenches.

### 3. Diamond Drilling

Diamond drilling was done by Sinomine Resource (Malaysia) Sdn Bhd, using four diamond rigs capable of drilling standard NQ size of 1,000 meters. Drilling is conducted on two 12 hour shifts. Holes are collared at standard PQ size and reduced to NQ at the base of the strongly weathered zone. The core barrel is a double tube barrel.

For the period from 1 July 2011 to 30 November 2011, 21 holes of a total footage of 1,746.03 meters were drilled in Rixen and 4 holes of a total footage of 895.93 meters were finished in Ketubong (see Table 1 & 2 below for details). Several sections of mineralized and altered zones were revealed in these holes and the cores were split for sampling after geologic log.

Table 1: Drill holes and Footage Finished in Rixen

Seq. No.	Drill hole No.	Depth (m)	Seq. No.	Drill hole No.	Depth (m)
1	ZKR109-3	62.12	12	ZKR5-5	84.73
2	ZKR11-1	92.88	13	ZKR5-6	77.50
3	ZKR11-2	84.00	14	ZKR7-1	70.75
4	ZKR11-3	69.80	15	ZKR7-2	56.73
5	ZKR113-2	109.30	16	ZKR7-3	75.30
6	ZKR117-1	97.48	17	ZKR7-4	78.00
7	ZKR117-2	67.03	18	ZKR9-4	102.51

8	ZKR15-5	88.60	19	ZKS1-1	230.98
9	ZKR15-6	80.00	20	ZKS2-1	24.08
10	ZKR17-2	81.50	21	ZKS2-2	21.18
11	ZKR17-3	91.56	<b>Total Footage</b>		<b>1,746.03</b>

Table 2: Drill holes and Footage Finished in Ketubong

Seq. No	Drill hole No	Depth(m)
1	ZKK101-2	132.25
2	ZKK103-2	154.24
3	ZKK17-3	463.24
4	ZKK3-2	146.20
<b>Total Footage</b>		<b>895.93</b>

#### 4. Diamond Drilling Core Logging and Sampling

All drilling cores, with a total footage of 2,641.96 meters, were logged. Detailed geological log, oriented structure and rock quality were described and recorded. Representative mineralized core sections were selected and Specific Gravity was measured by water immersion method. Thereafter, the core is split by the diamond saw. A total of 301 half-core samples were delivered to ALS CHEMEX, Australia for assay.

#### 5. Other Exploration Work

##### (a) Drill hole Collar Survey

Drill hole collar was identified and marked on the ground using hand-held GPS. Once the drill hole was completed, all the drill holes have their collar locations accurately surveyed by electronic distance measurement (EDM) equipment, using NTS662 total station instruments.

##### (b) Rock chip sampling

Rock chip samples have been useful in confirming the position of the lode horizon. Rock chip samples assaying above 1.0g/t gold generally define the exposed lodes. A total of 26 rock chip samples were picked during field reconnaissance and tested by the Group's on-site lab.

Exploration work for the period from 1 December to 31 December 2011 mainly includes:-

##### (a) Samples preparation for ore dressing and metallurgy studies

According to the Group's independent metallurgist ALS Ammtec Limited's proposal and comments from the Group's independent technical consultant, Behre Dolbear Australia Pty Limited, 200 kg of ore samples for heap leaching test work will be selectively collected from the different drill holes which closely represent the ore in Rixen.

##### (b) Design drill holes for Reverse Circulation ("RC") drilling program

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Three drill holes will be designed to conduct test RC drilling to assess if RC drilling is suitable for the Group's Gold Project. Pursuant to successful testing for RC drilling, a 2,500-meter drilling program will begin after the end of the monsoon season.

(c) Evaluating the potential of alluvial gold

Based on the Group's previous gold production and mined area, evaluation work including panning of former sandy tailings will be carried out to decide if manual drilling (hand auger sampling) will be employed to evaluate the gold resource for alluvial mining. Route global positioning system ("GPS") survey is suggested to delineate the rough boundary of mined area.

(d) Data compiling and indoor research

The Group endeavors to reach a practical metallogenic model and an exploration model by conducting a comprehensive study on the geologic conditions, geochemical and geophysical data, assay results, combined with structures, ore-controlling factors, wallrock alteration and spatial and temporal distribution et al.

**16b. Rule 705 (7)(b) of the Catalist Listing Manual**

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

The Company had on 11 November 2011 made an announcement on SGX-NET to report a 103% growth in reported gold resources as at June 2011 as compared to June 2010.

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

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the third quarter and nine month-period ended 30 September 2011 to be false and misleading in any material aspect.

14 December 2011