

CNMC GOLDMINE HOLDINGS LIMITED
(Company Registration No.: 201119104K)
(Incorporated in the Republic of Singapore)

THE PROPOSED ISSUANCE AND ALLOTMENT OF NEW ORDINARY SHARES IN THE CAPITAL OF CNMC GOLDMINE HOLDINGS LIMITED (THE “PROPOSED ISSUE”) AND

THE PROPOSED AMENDMENTS TO THE CNMC PERFORMANCE SHARE PLAN (THE “PROPOSED AMENDMENTS”)

1 THE PROPOSED ISSUE

1.1 Letters of Award

The Board of Directors of CNMC Goldmine Holdings Limited (the “**Company**”) wishes to announce that in recognition of the involvement and contributions of three (3) of the Group’s pioneer employees and a consultant geologist, the Company had on 2 April 2012 via four (4) separate letters of award, granted performance bonuses (collectively “**Performance Bonuses**”, and each “**Performance Bonus**”) to the individuals named below (collectively “**Individuals**” and each an “**Individual**”):

- (a) Ms Chia Chee Ching, Group Human Resource Manager of the Company, and formerly an employee of CNMC Goldmine Limited (“**CNMC Goldmine**”), a wholly-owned subsidiary of the Company;
- (b) Mr Yeap Kok Seng, Senior Administration Manager of CMNM Mining Group Sdn Bhd (“**CMNM**”), a 81% owned subsidiary of the Company;
- (c) Mr Lim Kwang Hui, Deputy General Manager of CMNM; and
- (d) Mr Yang Mu, Chief Consultant Geologist engaged by CMNM.

(Ms Chia Chee Ching, Mr Yeap Kok Seng and Mr Lim Kwang Hui shall collectively be referred to as “**Employees**” and Mr Yang Mu shall be referred to as the “**Consultant**”).

The Performance Bonuses were awarded to the Individuals on an ex-gratia basis, after taking into account their past contributions to CNMC Goldmine and CMNM, and their performance for the financial year ended 31 December 2011 (“**FY2011**”), which, in part, had contributed towards the successful listing of the Company on 28 October 2012. The Performance Bonuses were not made pursuant to the CNMC Performance Share Plan (as described in paragraph 2.1 below).

1.2 Details of the Proposed Issue

The Company proposes to issue and allot 3,000,000 new ordinary shares in the Company at S\$0.475 (“**Issue Price**”) per ordinary share (“**Performance Shares**” and each a “**Performance Share**”) to the Individuals as Performance Bonuses, in lieu of cash. The Performance Shares, when issued, shall be free from all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the existing issued ordinary shares (“**Shares**”). The Issue Price of \$0.475 per Performance Share represents the closing price of the Shares on 31 December 2011. As the Performance Bonuses were awarded on the basis of the Individuals’ performance for FY2011, the Company had taken the closing price of the Shares on the last day of FY2011 as the Issue Price. The Issue Price of \$0.475 per Performance Share represents a discount of 4.6% to the weighted average price of the Shares on 2 April 2012 of S\$0.498, being the full market day on which the letters of award were signed.

The Performance Bonuses amounting to US\$1,097,393 had been included in the Group's operating expenses for FY2011 and disclosed in its Financial Statement and Dividend Announcement for FY2011. The issuance of the Performance Shares will fully settle the Company's ex-gratia obligations to make payment in cash for the Performance Bonuses. The Company will be seeking its shareholders' approval for the Proposed Issue given that the Performance Shares will be issued without reliance on the Company existing general share issuance mandate approved by shareholders on 14 October 2011.

The total amount of the Performance Bonuses awarded to the Individuals amounted to S\$1,425,000 or US\$1,097,393, comprising the Employees' portion of S\$1,007,000 or US\$775,491 and the Consultant's portion of S\$418,000 or US\$321,902. A breakdown of the Performance Bonuses awarded and the number of Performance Shares to be issued and allotted to the Individuals are as follows:

Name of Individual	Performance Bonus (S\$)	Performance Bonus (US\$) ⁽²⁾	Number of Performance Shares	Percentage of the enlarged issued share capital ⁽¹⁾ (%)
Chia Chee Ching	118,750	91,449	250,000	0.06
Yeap Kok Seng	413,250	318,244	870,000	0.21
Lim Kwang Hui	475,000	365,798	1,000,000	0.25
Yang Mu	418,000	321,902	880,000	0.22
Total	1,425,000	1,097,393	3,000,000	0.74

(1) Based on the enlarged share capital of 407,693,000 ordinary shares following the issuance and allotment of the Performance Shares.

(2) Based on S\$1.00=US\$0.7701, the average exchange rate for 31 December 2011, obtained from www.oanda.com

The aggregate number of Performance Shares to be issued to the Individuals represents approximately 0.74% of the existing issued and paid-up share capital of the Company as at the date of this announcement and 0.74% of the enlarged issued and paid-up share capital of the Company. For the avoidance of doubt, as the Performance Shares will be issued to the Individuals as Performance Bonuses, no cash proceeds will be received from the Individuals.

1.3 Conditions

The Proposed Issue is subject to the following conditions:

- a) the approval of the shareholders of the Company at an extraordinary general meeting ("EGM") to be convened;
- b) the approval of, *inter alia*, the Singapore Exchange Securities Trading Limited (the "SGX-ST") or any regulatory authority or governmental bodies (where applicable), having jurisdiction over the Proposed Issue, including but not limited to the approval from the SGX-ST for the listing and quotation of the Performance Shares on the Catalist of the SGX-ST (the "LQN"), being obtained and not having been revoked or amended on or before the issuance date;
- c) an undertaking given by the Individuals that he/she has not entered into any agreement or otherwise intend to deal, assign, transfer, dispose or distribute the Performance Shares prior to their listing and quotation on the SGX-ST;
- d) an undertaking given by the Individuals that he/she will not deal, assign, transfer, dispose or distribute his/her respective number of Performance Shares as set out in the table below, for a period of one (1) year, from the date of the listing and quotation of the Performance Shares.

Name of Individual	Number of Performance Shares subject to a one (1) year moratorium period
Chia Chee Ching	250,000
Yeap Kok Seng	420,000
Lim Kwang Hui	350,000
Yang Mu	880,000
Total	1,900,000

The Proposed Issue is subject to all the conditions as set out in paragraphs 1.3(a) to (d) being met.

1.4 The Rationale for the Proposed Issue

The Individuals have been involved in the operations of CNMC Goldmine and CMNM (collectively “**Group Companies**”) since 2008. Prior to the Company’s listing, the Individuals, through their involvement in the exploration and mining of gold at the mining area covering approximately 10 sq km within Sungai Amang and Sungai Sejana, Mukim Sokor, Tanah Merah, Kelantan Malaysia (“**Sokor Gold Project**”) and the management of the Group Companies, have collectively contributed to an increase in the volume of gold production in the FY2011. Through their team efforts and commitment, the Company was successfully listed on 28 October 2011. The diligence and contributions of the Individuals during the early years prior to the listing of the Company should be given due recognition. In an effort to motivate, retain and reward these long serving Individuals, the Company proposed that the Proposed Issue be implemented. Instead of paying the Individuals a cash sum for their respective Performance Bonuses, the Proposed Issue will allow the Individuals an opportunity to have direct shareholding stakes in the Company, while at the same time, enable the Company to conserve its cash. It is the intention of the Company that these Individuals be retained to align with the Company’s long term plans. Through the Proposed Issue, the Company hopes to achieve the following objectives:

- (a) motivate each Individual to optimise his/her performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) retain the Individuals as employees and consultant as their contributions are essential to the long-term growth and profitability of the Group; and
- (c) instil loyalty to the Company and stronger identification by the Individuals with the long-term goals of the Company.

The Remuneration Committee has considered the Proposed Issue, in lieu of cash bonuses to the Employees and the Consultant and concurs with the rationale as set out above. The Remuneration Committee is of the opinion that the Proposed Issue is in the interest of the Company.

1.5 Information on the Individuals

Ms Chia Chee Ching is currently employed as the Group Human Resource Manager of the Company and is based in Singapore. Mr Yeap Kok Seng is the Senior Administration Manager of CMNM and is based in Kelantan, Malaysia. He is tasked with ensuring compliance with Malaysian regulations and procedures and regularly deals with the Malaysian authorities. Mr Lim Kwang Hui is the Deputy General Manager of CMNM, mainly tasked to oversee the operations of the Sokor Block mine(s).

The Consultant is the Chief Consultant Geologist appointed by Central South University, Changsha China (“**CSU**”) to undertake geologic gold prospecting work for CMNM at the Sokor Block mine site. Pursuant to the letter of award dated 2 April 2012 addressed to the Consultant and CSU, CSU has accepted the terms of the award by the Company to the Consultant and agreed that it shall have no claim against the Consultant or the Company for the Performance Bonus awarded by the Company to the Consultant.

1.6 Financial Effects of the Proposed Issue

(a) Share Capital

The effects of the Proposed Issue on the issued and paid-up share capital of the Company as at the Latest Practicable Date, upon completion of the Proposed Issue, are as set out below:-

	No. of Shares	S\$	US\$
Issued and paid-up share capital as at the Latest Practicable Date	404,693,000	21,465,024	16,934,840
Enlarged issued and paid-up share capital immediately after completion of the Proposed Issue	407,693,000	22,890,024	18,032,233(1)

Notes: (1) Value of the Performance Shares is calculated based on the exchange rate of S\$1.00 = US\$ 0.7701, the average exchange rate for 31 December 2011, obtained from www.oanda.com

(b) Net Asset Value (“NAV”) per Share

Based on the unaudited consolidated financial statement of the Group for FY2011 and for illustrative purposes only, the effect of the Proposed Issue on the NAV per Share of the Group as at 31 December 2011 assuming that the transaction had been effected as at 31 December 2011 is as follows:

NAV as at 31 December 2011 (US\$)	9,808,954
NAV immediately after completion of the Proposed Issue (US\$)	10,906,347
NAV per Share as at 31 December 2011 ⁽¹⁾ (US cents)	2.42
Adjusted NAV per Share immediately after completion of the Proposed Issue ⁽²⁾ (US cents)	2.68

Notes: (1) Based on the issued and paid-up share capital as at the date of this announcement of 404,693,000 Shares.

(2) Based on the enlarged issued and paid-up share capital immediately after the completion of the Proposed Issue.

(c) Loss per Share

Based on the unaudited consolidated financial statement of the Group for FY2011 and for illustrative purposes only, the effect of the Proposed Issue on the loss per Share of the Company for FY2011 assuming that the transaction had been effected at the time of the Company’s listing is as follows:

	Losses attributable to the owners of the Company for FY2011 (US\$)	Weighted average number of Shares	Basic and diluted loss per Share (US cents)
Before adjusting for Proposed Issue ⁽¹⁾	5,081,322	380,509,992	1.34
After adjusting for Proposed Issue ⁽²⁾	5,081,322	381,044,238	1.33

Notes: (1) Based on the issued and paid-up share capital as at the date of this announcement.

(2) Based on the enlarged issued and paid-up share capital immediately after the completion of the Proposed Issue, which are assumed to have been issued at the time of the Company's listing.

(d) Gearing

Based on the unaudited consolidated financial statement of the Group for FY2011 and for illustrative purpose only, the effect of the Proposed Issue on the gearing ratio of the Group as at 31 December 2011 assuming that the transaction had been effected as at 31 December 2011 is as follows:

	Before the Proposed Issue (US\$)	After the Proposed Issue (US\$)
Total liabilities as at 31 December 2011	5,586,871	4,489,478
Shareholders' funds as at 31 December 2011	9,808,954	10,906,347
Gearing ⁽¹⁾ as at 31 December 2011 (times)	0.57	0.41

Note: (1) Gearing is computed based on total liabilities divided by Shareholders' funds.

The Directors are of the opinion, after taking into consideration the Group's present financial position, including its banking facilities, its bank and cash balances, the Group will have adequate working capital for its present requirements, with or without the Proposed Issue taking place.

1.7 Interests of Individuals

None of the Individuals nor any of their associates is a director or substantial shareholder of the Company nor are they (or any of their associates) an immediate family member of any director or substantial shareholder of the Company or any of the persons specified in Rule 812(1) of the Catalist Rules. None of the Performance Shares will be allotted and issued by the Company to any person who is a director or a substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of Section B: Rules of Catalist of the SGX-ST Listing Manual.

1.8 Submission of Application

PrimePartners Corporate Finance Pte. Ltd, acting as the Sponsor, will be submitting the additional listing confirmation to the SGX-ST for the listing and quotation of the Performance Shares on the Catalist of the SGX-ST.

2. THE PROPOSED AMENDMENTS

2.1 The CNMC Performance Share Plan

In conjunction with the Company's listing on the Catalist of the SGX-ST, the Company had implemented a performance share plan known as the CNMC Performance Share Plan, which was approved at an extraordinary general meeting of the Company on 14 October 2011.

The Company proposes to amend the CNMC Performance Share Plan to allow the committee administering the CNMC Performance Share Plan ("**Award Committee**") to make an award to deserving participants under the CNMC Performance Share Plan ("**Participants**") solely on the basis of the past contributions and performance (including any exceptional one-off contribution) of the Participants, after considering the factors relevant to the Participants' service.

2.2 The Rationale for the Proposed Amendments

Under the CNMC Performance Share Plan, all awards are made contingent upon the Participants satisfying stipulated future performance conditions within the performance period(s) set by the Awards Committee.

The nature of the Company's business is such that there may be instances where a Participant may have either (i) made invaluable contributions to the Company and its subsidiaries (collectively "**Group**") over the years; or (ii) made an exceptional one-off contribution to the success of the Group in a financial year, and such contribution(s) may either not be measurable as a performance condition or may not have been set as a performance condition by the Awards Committee.

The Proposed Amendments will enable the Awards Committee to make an award of ordinary shares to such Participants, including the employees of the Group ("**Group Employees**") in deserving cases where these Group Employees have diligently contributed to the growth and success of the Group, or had made an exceptional one-off contribution to the Group, and where, an assessment of their past contributions and performance including any exceptional one-off contribution would be a fairer measure of their performance.

With the Proposed Amendments, the Awards Committee may consider the past contributions and performance (including any exceptional one-off contribution) of deserving Participants, solely as a basis for making an award. In the long term, the Group is better able to motivate or retain the services of these Participants.

The Remuneration Committee has considered the Proposed Amendments and concurs with the rationale as set out above and is of the opinion that the Proposed Amendments are in the interest of the Company.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, controlling shareholders of the Company or any of their associates has any interest, direct or indirect, in the Proposed Issue or the Proposed Amendments, other than through their respective shareholding interests in the Company (if any).

4. EXTRAORDINARY GENERAL MEETING

The Company will be seeking the approval of its shareholders at an EGM to be convened for the purposes of passing the resolutions on the Proposed Issue and the Proposed Amendments. The Company will make an announcement on the date, time and place for the convening of the EGM in due course.

For and On Behalf of the Board of
CNMC GOLDMINE HOLDINGS LIMITED

Lim Kuoh Yang
Chief Executive Officer
3 April 2012

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 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 the SGX-ST. The Sponsor has not independently verified the contents 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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