



CNMC
CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

(Company Registration No.: 201119104K)

Unaudited Financial Statement and Dividend Announcement For the Third Quarter Ended 30 September 2013

*This announcement has been prepared by CNMC Goldmine Holdings Limited (the “**Company**”) and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**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.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 62298088.

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 2013 US\$ (Unaudited)	30 September 2012 US\$ (Unaudited)	Increase/ (Decrease) %	30 September 2013 US\$ (Unaudited)	30 September 2012 US\$ (Unaudited)	Increase/ (Decrease) %
Revenue	6,310,391	6,269,723	0.6	9,247,742	12,564,436	(26.4)
Changes in inventories	(147,576)	1,022,097	n.m.	421,722	1,068,082	(60.5)
Other income	68,055	-	n.m.	124,055	154,912	(19.9)
Amortization and depreciation	(674,687)	(359,527)	87.7	(1,466,606)	(938,424)	56.3
Contractor expenses	(19,110)	(2,201,196)	(99.1)	(27,550)	(3,623,419)	(99.2)
Employees' compensation	(287,594)	(330,531)	(13.0)	(789,360)	(850,943)	(7.2)
Key management remuneration	(252,452)	(239,807)	5.3	(772,648)	(737,063)	4.8
Marketing and publicity expenses	(4,457)	(34,459)	(87.1)	(65,455)	(70,349)	(7.0)
Office and administration expenses	(51,690)	(87,148)	(40.7)	(204,234)	(238,353)	(14.3)
Professional fees	(176,120)	(121,835)	44.6	(376,986)	(250,387)	50.6
Rental expense on operating lease	(81,191)	(138,725)	(41.5)	(222,805)	(335,173)	(33.5)
Royalty and tribute fee expenses	(501,956)	(555,968)	(9.7)	(727,480)	(1,153,475)	(36.9)
Site and factory expenses	(1,175,313)	(1,121,214)	4.8	(2,726,128)	(2,245,668)	21.4
Travelling and transportation expenses	(38,528)	(960,877)	(96.0)	(121,912)	(1,636,971)	(92.6)
Other expenses	(162,984)	(18,009)	805.0	(162,985)	(13,727)	n.m.
Results from operating activities	2,804,788	1,122,524	149.9	2,129,370	1,693,478	25.7
Finance income	-	-	n.m.	410	-	n.m.
Finance costs	(21,128)	(2,426)	770.9	(25,485)	(8,043)	216.9
Net finance costs	(21,128)	(2,426)	770.9	(25,075)	(8,043)	211.8
Profit before tax	2,783,660	1,120,098	148.5	2,104,295	1,685,435	24.9
Tax expense	(830,897)	(117,234)	608.8	(759,962)	(407,104)	86.7
Profit for the period	1,952,763	1,002,864	94.7	1,344,333	1,278,331	5.2
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from consolidation of foreign subsidiaries	(3,726)	13,782	n.m.	(20,343)	20,889	n.m.
Total comprehensive income for the period	1,949,037	1,016,646	91.7	1,323,990	1,299,220	1.9
Profit attributable to:						
Owners of the Company	1,666,291	786,297	111.9	1,043,760	896,759	16.4
Non-controlling interests	286,472	216,567	32.3	300,573	381,572	(21.2)
Profit for the Period	1,952,763	1,002,864	94.7	1,344,333	1,278,331	5.2
Total comprehensive income attributable to:						
Owners of the Company	1,663,173	801,401	107.5	1,026,742	914,240	12.3
Non-controlling interests	285,864	215,245	32.8	297,248	384,980	(22.8)
Total comprehensive income for the period	1,949,037	1,016,646	91.7	1,323,990	1,299,220	1.9

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

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2013 US\$ (Unaudited)	30 September 2012 US\$ (Unaudited)	Increase / (Decrease) %	30 September 2013 US\$ (Unaudited)	30 September 2012 US\$ (Unaudited)	Increase / (Decrease) %
Profit for the period is stated at after charging / (crediting) the following:						
Borrowing costs	21,128	499	n.m.	25,485	1,620	n.m.
Unwinding of discount on rehabilitation	-	2,221	n.m.	-	6,717	n.m.
Amortization and depreciation	674,687	359,527	87.7	1,466,606	938,424	56.3
Property, plant and equipment written off	61,912	-	n.m.	61,912	-	n.m.
(Gain)/ Loss on foreign exchange	(67,635)	18,009	n.m.	(123,025)	(154,432)	(20.3)

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 2013 US\$ (Unaudited)	31 December 2012 US\$ (Audited)	30 September 2013 US\$ (Unaudited)	31 December 2012 US\$ (Audited)
ASSETS				
Non-current assets				
Exploration and evaluation assets	3,618,237	1,895,666	-	-
Mine properties	4,457,104	4,791,433	-	-
Property, plant and equipment	5,801,851	4,731,303	21,385	73,234
Investment in subsidiaries	-	-	7,856,177	7,856,177
Deferred tax assets	135,055	175,459	135,055	175,459
Total non-current assets	14,012,247	11,593,861	8,012,617	8,104,870
Current assets				
Inventories	1,496,474	1,024,281	-	-
Trade and other receivables	1,478,961	802,778	7,967,690	5,121,680
Fixed deposit	12,020	871,055	12,020	871,055
Cash and cash equivalents	2,170,968	1,815,474	115,114	575,793
Total current assets	5,158,423	4,513,588	8,094,824	6,568,528
Total assets	19,170,670	16,107,449	16,107,441	14,673,398
EQUITY				
Share capital	18,032,233	18,032,233	18,032,233	18,032,233
Capital reserve	2,824,635	2,824,635	-	-
Accumulated losses	(7,949,904)	(8,993,664)	(3,714,046)	(3,574,087)
Translation reserve	3,698	20,716	-	-
	12,910,662	11,883,920	14,318,187	14,458,146
Non-controlling interests	356,346	59,098	-	-
Total equity	13,267,008	11,943,018	14,318,187	14,458,146
LIABILITIES				
Non-current liabilities				
Loans and borrowings	16,844	25,494	-	-
Deferred tax liabilities	163,063	67,919	-	-
Total non-current liabilities	179,907	93,413	-	-
Current liabilities				
Loans and borrowings	1,484,886	9,504	1,475,594	-
Derivative financial instrument	77,444	-	77,444	-
Trade and other payables	3,449,664	3,850,085	236,216	215,252
Accrued rehabilitation costs	248,231	205,919	-	-
Current tax liabilities	463,530	5,510	-	-
Total current liabilities	5,723,755	4,071,018	1,789,254	215,252
Total liabilities	5,903,662	4,164,431	1,789,254	215,252
Total equity and liabilities	19,170,670	16,107,449	16,107,441	14,673,398

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 September 2013		As at 31 December 2012	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
9,292	1,475,594	9,504	-

Amount repayable after one year

As at 30 September 2013		As at 31 December 2012	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
16,844	-	25,494	-

Details of any collateral

The Group's collateralised borrowings comprised finance lease liabilities, which were secured on the Group's motor vehicles. These vehicles had been fully depreciated before 30 September 2013.

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

	Group			
	Three Months Ended		Nine Months Ended	
	30 September 2013 US\$ (Unaudited)	30 September 2012 US\$ (Unaudited)	30 September 2013 US\$ (Unaudited)	30 September 2012 US\$ (Unaudited)
Operating activities				
Profit for the period	1,952,763	1,002,864	1,344,333	1,278,331
Adjustments for:				
Depreciation of property, plant and equipment	366,533	336,473	1,039,801	840,654
Amortization of mine properties	308,154	23,054	426,805	97,770
Unwinding of discount on accrued rehabilitation costs	-	2,221	-	6,717
Property, plant and equipment written off	61,912	-	61,912	-
Interest income	-	(299)	(410)	(299)
Interest expense	21,128	499	25,485	1,620
Tax expense	830,897	117,234	759,962	407,104
Operating profit before working capital changes	3,541,387	1,482,046	3,657,888	2,631,897
Changes in working capital:				
Inventories	163,107	(1,296,687)	(472,193)	(1,391,617)
Trade and other receivables	(774,698)	1,906,108	-	(201,369)
Trade and other payables	(1,731,991)	(2,315,604)	(2,077,579)	(2,441,100)
Cash generated from / (used in) operations	1,197,805	(224,137)	1,108,116	(1,402,189)
Interest received	-	299	410	299
Interest paid	(356)	(499)	(9,643)	(1,620)
Net cash generated from / (used in) operating activities	1,197,449	(224,337)	1,098,883	(1,403,510)
Investing activities				
Purchase of property, plant and equipment	(1,131,458)	(377,266)	(1,933,910)	(1,909,496)
Payment for exploration and evaluation assets	(118,256)	(9,170)	(1,192,347)	(201,333)
Net cash used in investing activities	(1,249,714)	(386,436)	(3,126,257)	(2,110,829)

	Group			
	Three Months Ended		Nine Months Ended	
	30 September 2013 US\$ (Unaudited)	30 September 2012 US\$ (Unaudited)	30 September 2013 US\$ (Unaudited)	30 September 2012 US\$ (Unaudited)
Financing activities				
Deposits withdrawn/(pledged)	-	-	859,035	(868,061)
Proceeds from issue of share capital	-	-	-	1,097,393
Proceeds from issue of convertible loan	1,154,780	-	1,154,780	-
Proceed from short-term borrowings	-	-	398,046	-
Repayment of finance lease liabilities	(2,606)	(2,639)	(8,650)	(6,402)
Net cash generated from / (used in) financing activities	1,152,174	(2,639)	2,403,211	222,930
Net increase/(decrease) in cash and cash equivalents	1,099,909	(613,412)	375,837	(3,291,409)
Cash and cash equivalents at beginning of the period	1,074,785	2,766,944	1,815,474	5,407,393
Effect of exchange rate fluctuations on cash held	(3,726)	(16,656)	(20,343)	20,892
Cash and cash equivalents at end of the period⁽¹⁾	2,170,968	2,136,876	2,170,968	2,136,876

Note:-

- (1) Cash and cash equivalents as at 30 September 2013 did not include pledged fixed deposits of S\$15,094 (3Q 2012: S\$1.07 million) which was equivalent to US\$12,020 (3Q 2012: US\$0.87 million).

During the three months period ended 30 September 2013 ("3Q 2013"), the Group acquired property, plant and equipment with an aggregate cost of US\$1,339,307 (3Q 2012: US\$1,156,326) of which as at 30 September 2013, an amount of US\$207,849 (30 September 2012: US\$779,060) was outstanding and included as trade and other payables.

The Group also acquired exploration and evaluation assets with an aggregate cost of US\$285,690 in 3Q 2013 (3Q 2012: US\$11,788) from third parties of which as at 30 September 2013, a balance of US\$167,434 (30 September 2012: US\$2,618) was outstanding and included as trade and other payables.

As at 30 September 2013, the Group's cash and cash equivalents amounted to US\$2.17 million (30 September 2012: US\$2.14 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	Capital reserve	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2012	16,934,840	2,824,635	(997)	(9,737,450)	10,021,028	(212,074)	9,808,954
Total comprehensive income for the period:							
Profit for the period	-	-	-	110,462	110,462	165,005	275,467
Other comprehensive income for the period							
Exchange difference	-	-	2,377	-	2,377	4,730	7,107
Total comprehensive income for the period	-	-	2,377	110,462	112,839	169,735	282,574
Transactions with owners of the Company, recognized directly in equity							
Issue of ordinary shares	1,097,393	-	-	-	1,097,393	-	1,097,393
Total transaction with owners	1,097,393	-	-	-	1,097,393	-	1,097,393
Balance as at 30 June 2012	18,032,233	2,824,635	1,380	(9,626,988)	11,231,260	(42,339)	11,188,921
Total comprehensive income for the period:							
Profit for the period	-	-	-	786,297	786,297	216,567	1,002,864
Other comprehensive income for the period							
Exchange difference	-	-	15,104	-	15,104	(1,322)	13,782
Total comprehensive income for the period	-	-	15,104	786,297	801,401	215,245	1,016,646
Balance as at 30 September 2012	18,032,233	2,824,635	16,484	(8,840,691)	12,032,661	172,906	12,205,567

Group	Share capital	Capital reserve	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2013	18,032,233	2,824,635	20,716	(8,993,664)	11,883,920	59,098	11,943,018
Total comprehensive income for the period:							
Loss for the period	-	-	-	(622,531)	(622,531)	14,101	(608,430)
Other comprehensive income for the period							
Exchange difference	-	-	(13,900)	-	(13,900)	(2,717)	(16,617)
Total comprehensive income/(loss) for the period	-	-	(13,900)	(622,531)	(636,431)	11,384	(625,047)
Balance as at 30 June 2013	18,032,233	2,824,635	6,816	(9,616,195)	11,247,489	70,482	11,317,971
Total comprehensive income for the period:							
Profit for the period	-	-	-	1,666,291	1,666,291	286,472	1,952,763
Other comprehensive income for the period							
Exchange difference	-	-	(3,118)	-	(3,118)	(608)	(3,726)
Total comprehensive income/(loss) for the period	-	-	(3,118)	1,666,291	1,663,173	285,864	1,949,037
Balance as at 30 September 2013	18,032,233	2,824,635	3,698	(7,949,904)	12,910,662	356,346	13,267,008

Company	Share capital US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 January 2012	16,934,840	(2,998,286)	13,936,554
Loss for the period	-	(646,657)	(646,657)
3,000,000 shares issued as performance bonus ⁽¹⁾	1,097,393	-	1,097,393
Balance as at 30 June 2012	18,032,233	(3,644,943)	14,387,290
Loss for the period	-	(241,596)	(241,596)
Balance as at 30 September 2012	18,032,233	(3,886,539)	(14,145,694)
Balance as at 1 January 2013	18,032,233	(3,574,087)	14,458,146
Loss for the period	-	(526,221)	(526,221)
Balance as at 30 June 2013	18,032,233	(4,100,308)	13,931,925
Profit for the period	-	386,262	386,262
Balance as at 30 September 2013	18,032,233	(3,714,046)	14,318,187

Notes:-

- (1) Pursuant to the approval obtained at the extraordinary general meeting held on 27 April 2012, the Company issued 3,000,000 new ordinary shares at issuance price of S\$0.475 per share to three employees and a consultant on 16 May 2012 as performance bonus.

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

	Number of shares	Share capital (S\$)	Share capital (US\$)
As at 30 September 2013 and 30 June 2013	407,693,000	22,890,024	18,032,233

There was no change in the Company's share capital from 30 June 2013 up to 30 September 2013.

On 15 July 2013, the Company issued a convertible loan ("Convertible Loan") of an aggregate amount of S\$1.45 million, with an option to convert into 3,295,454 ordinary shares at S\$0.44 per share. As at 30 September 2013, the number of shares that may be issued on conversion of the Convertible Loan was 3,295,454 shares.

Save as stated above, the Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2013 and 30 September 2012.

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 2013	Company As at 31 December 2012
Total number of issued shares excluding treasury shares	407,693,000	407,693,000

The Company did not have any treasury shares as at 30 September 2013 and 31 December 2012.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period in the Company's audited financial statements for the financial year ended 31 December 2012.

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

The Group adopted a number of new Financial Reporting Standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2013. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

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

	Group			
	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Profit attributable to owners of the Company (US\$)	1,666,291	786,297	1,043,760	896,759
Weighted average number of ordinary shares	407,693,000	407,693,000	407,693,000	406,198,495
Basic earnings per ordinary share in US cents	0.41	0.19	0.26	0.22
Adjusted weighted average number of ordinary shares ⁽¹⁾	410,481,462	407,693,000	408,625,904	406,198,495
Diluted earnings per ordinary share in US cents	0.41	0.19	0.26	0.22

Note:-

- (1) Adjusted for the weighted average number of ordinary shares of 2,788,462 shares and 932,904 shares for the three months period ended 30 September 2013 and for the nine months period ended 30 September 2013 respectively, which may be allotted and issued upon the conversion of the Convertible Loan at S\$0.44 per share.

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 2013	31 December 2012	30 September 2013	31 December 2012
Net asset value (US\$)	12,910,662	11,883,920	14,318,187	14,458,146
Number of shares at the end of the period	407,693,000	407,693,000	407,693,000	407,693,000
Net asset value per share (US cents)	3.17	2.91	3.51	3.55

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

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

Revenue

Illustrated below is the summary of the financial performance of the Group for 3Q 2013 and the comparative financial performance for the three months period ended 30 September 2012 ("3Q 2012"):

	3Q 2013	3Q 2012	Increase / (Decrease) %
Production volume of fine gold (ounces)	4,762.95	466.33	921.4
Sales volume of fine gold (ounces)	4,833.05	538.33	797.8
Revenue from sale of fine gold (US\$'000)	6,310.39	862.55	631.6
Revenue from export sale of ore:			
- gold (US\$'000)	-	837.83	n.m.
- non-gold metals (US\$'000)	-	4,569.34	n.m.
Revenue – Total (US\$'000)	6,310.39	6,269.72	0.6
Average selling price – World Gold Council (US\$/ounce)	1,327.00	1,652.00	(19.7)

Despite a 19.7% fall in average gold price for 3Q 2013 as compared to 3Q2012, the Group's revenue from the sales of fine gold increased by 631.6% to US\$6.31 million in 3Q 2013 as compared to 3Q 2012 due to the significant increase in the sales volume of fine gold. The production volume of fine gold at Sokor also increased by 921.4% to 4,762.95 ounces in 3Q 2013 as compared to 466.33 ounces in 3Q 2012.

In 3Q 2012, the Group recorded revenue from the export sales of a total of approximately 23,000 tonnes of ores to a Chinese customer in China, which contributed a total of US\$5.41 million (gold and non-gold metals) to the Group's revenue. However, in 3Q 2013, there was no export sales of ore by the Group. On a total revenue basis, the Group's revenue increased by US\$0.04 million or 0.6%, from US\$6.27 million in 3Q 2012 to US\$6.31 million in 3Q 2013.

Other income or expenses

In 3Q 2013, the Group recorded a net other expenses of US\$0.09 million, as compared to a net other expenses of US\$0.02 million in 3Q 2012. This was mainly due to a service fee of US\$0.10 million paid to Innovation (China) Limited ("Service Fee¹"), a controlling shareholder of the Company pursuant to a supplemental joint venture agreement dated 30 March 2011 ("Agreement") as well as property, plant and equipment written off of US\$0.06 million, which were partly offset by a gain on foreign exchange of US\$0.07 million in 3Q 2013 as compared to a loss on foreign exchange of US\$0.02 million in 3Q 2012.

Operating expenses

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

Total operating expenses decreased by US\$1.72 million or 33.5% from US\$5.13 million in 3Q 2012 to US\$3.41 million in 3Q 2013.

The decrease in total operating expenses was mainly due to the following:-

- Decrease in contractor expenses of US\$2.18 million or 99.1%. This was mainly due to ore processing expenses of US\$2.19 million for the export sales of ore in 3Q 2012 which did not recur in 3Q 2013; and
- Decrease in travelling and transportation expenses by US\$0.92 million or 96.0% mainly due to transportation costs of US\$0.91 million for the export sales of ore in 3Q 2012 which did not recur in 3Q 2013.

¹The Service Fee is as a result of the Agreement entered into between Innovation Worldwide Group Pte. Ltd., Innovation (China) Limited, Mr Choo Chee Kong and Mr Ng Eng Tiong, which is prior to the listing of the Company on the Catalist, whereby 10% of the Group's maiden audited net profit after tax for the financial year ended 31 December 2012 shall be paid to Innovation (China) Limited for its services rendered as stated in the Agreement. The payment of the Service Fee is considered an interested person transaction under Chapter 9 of the Catalist Listing Rules with value less than 3% of the Group's latest audited net tangible assets as at 31 December 2012.

The decrease was also due to a reduction in the changes in inventories of US\$0.15 million in 3Q 2013 due to the realisation of the cost of work-in-progress as at 30 September 2013. In comparison, the changes in inventories were recorded as a credit of US\$1.02 million in 3Q 2012 mainly due to the accumulation of work-in-progress in preparation for the first heap leach trial production at the end of FY2012.

The decrease of total operating expenses was also partly offset by the increase in amortisation and depreciation expenses of US\$0.32 million or 87.7% mainly due to the increase in amortisation of producing mine as a result of the increase in the volume of gold produced.

Summarised below is the information on the Group's all-in sustaining costs and all-in costs as recommended by World Gold Council for gold mining companies. This non-GAAP measure metrics are intended to provide greater clarity into the costs associated with producing gold.

	US\$ / gold ounce sold		
	3Q 2013	3Q 2012	Increase / (Decrease) %
Sales volume of fine gold (ounces)	4,833.05	1,094.7	341.5
Mining related costs	369	640	(42.3)
Royalty and tribute expenses	104	92	13.0
Adjusted operating costs⁽¹⁾	473	732	(35.4)
General and administrative costs	44	8	450
Capital expenditure	49	117	(58.1)
All-in sustaining costs⁽²⁾	566	857	(34.0)
Capital exploration (non-sustaining)	24	8	200
Capital expenditure (non-sustaining)	185	228	(18.9)
All-in costs⁽³⁾	775	1,093	(29.1)

- (1) Adjusted operating costs includes production costs such as mining production and maintenance costs, royalties, and operating costs such as storage, net of by-product credits. The increase of gold ounces sold resulted in lower cost per gold ounce sold as fixed costs portion remains constant. These costs may vary from quarter to quarter, depending on the seasonal or cyclical factors, including among others, rainy season and grade of gold extracted from the ore.
- (2) All-in sustaining costs includes adjusted operating costs and sustaining capital expenditure, corporate general and administrative expenses, exploration expense, reflecting the full cost of gold production from current operations.
- (3) Include all-in sustaining costs and non-sustaining costs. Non-sustaining costs are those costs incurred for the new operations and costs related to construction of the new production facility and the third leaching pad for the existing operations where these projects will materially increase production in future.

Finance income and costs

Finance income and costs which comprised interest income from fixed deposits, interest on finance lease and interest on borrowings, were insignificant in 3Q 2013.

Profit before tax

The total profit before tax for 3Q 2013 increased by US\$1.66 million or 148.5% to US\$2.78 million as compared to 3Q 2012.

	3Q 2013 US\$'000	3Q 2012 US\$'000	Increase / (Decrease) %
Sales of fine gold			
Revenue	6,310.39	862.55	631.6
Costs	(3,526.73)	(1,587.75)	122.1
Profit / (Loss) before tax	2,783.66	(725.20)	n.m.
Export sale of ore			
Revenue	-	5,407.17	n.m.
Costs	-	(3,561.87)	n.m.
Profit before tax	-	1,845.30	n.m.
Total profit before tax	<u>2,783.66</u>	<u>1,120.10</u>	<u>148.5</u>

Excluding the profit from the export sales of ore in 3Q 2012, the Group reversed a loss before tax of US\$0.73 million in 3Q 2012 to achieve a profit before tax of US\$2.78 million in 3Q 2013.

Tax expense

The Group incurred a tax expense of US\$0.83 million in 3Q 2013 as compared to US\$0.12 million 3Q 2012 due to higher profit recorded in 3Q 2013.

The Group's effective tax rate for 3Q 2013 was approximately 5.0% higher than the applicable tax rate of 25.0% for the Group. This was due mainly to withholding tax arising from management fee and interest income and certain expenses incurred by the Group, which were not tax deductible.

Profit after tax

Profit after tax increased by 94.7%, or US\$0.95 million to US\$1.95 million in 3Q 2013 as compared to US\$1.00 million in 3Q 2012 due to the reasons stated above.

(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\$1.72 million from US\$1.90 million as at 31 December 2012 to US\$3.62 million as at 30 September 2013 mainly due to the exploration and evaluation activities undertaken in the first nine months of 2013.

Mine properties decreased by US\$0.33 million from US\$4.79 million as at 31 December 2012 to US\$4.46 million as at 30 September 2013 mainly due to the amortisation of US\$0.43 million.

Property, plant and equipment increased by US\$1.07 million from US\$4.73 million as at 31 December 2012 to US\$5.80 million as at 30 September 2013, mainly as a result of the construction of the second and third leach yards and factory, construction of production facilities and purchase of motor vehicles of US\$1.45 million, US\$0.28 million and US\$0.14 million respectively. The increase was partly offset by a depreciation of US\$1.04 million.

Inventories increased by US\$0.47 million from 31 December 2012 to 30 September 2013 mainly as a result of an increase in work in progress of US\$0.55 million, which was partially offset by a decrease in consumables of US\$0.08 million.

Trade and other receivables increased by US\$0.68 million as at 30 September 2013 mainly due to the increase in trade receivables from US\$0.54 million as at 31 December 2012 to US\$0.94 million as at 30 September 2013 due to timing differences of payment from customers at the end 30 September 2013. The Group had subsequently received full payment for the balance of trade receivables as at 30 September 2013 in early October 2013. The increase was also due to the deposit paid to geologist of US\$0.18 million and deposit paid for new motor vehicles of US\$0.10 million.

Liabilities

Total liabilities of the Group increased by US\$1.73 million from US\$4.16 million as at 31 December 2012 to US\$5.89 million as at 30 September 2013. This was mainly due to:

- An increase in interest-bearing borrowings of US\$1.48 million as a result of:
 - An increase in short-term borrowings of US\$0.40 million from a related party and a third party, which bear an interest rate of 5% per annum and are repayable within six months. These short-term borrowings had been fully repaid in October 2013; and
 - An increase in convertible loan of US\$1.08 million which bears an interest rate of 6.5% per annum, repayable on 14 July 2014 or by way of conversion into the Company's shares at \$0.44 per share. The total proceeds received from the Convertible Loan was US\$1.14 million (equivalent to S\$1.45 million). US\$1.08 million of the total proceeds was classified as convertible loan while US\$0.08 was classified as derivative financial instrument in accordance with the Financial Reporting Standards requirements; and
- An increase in current tax liabilities of US\$0.46 million as a result of the profit recorded in 3Q 2013.

The increase in total liabilities was partially offset by the decrease in trade and other payables of US\$0.40 million. The decrease was mainly due to the payment of royalty and tribute fees to the Kelantan State authorities which resulted in a decrease in the accrued royalty and tribute fees of US\$0.60 million.

As at 30 September 2013, the Group had a negative working capital of US\$0.57 million as compared to a positive working capital of US\$0.44 million as at 31 December 2012.

Cash flows

Net cash generated from operating activities amounted to US\$1.20 million in 3Q 2013, as compared to a net cash used in operating activities of US\$0.22 million in 3Q 2012. The net operating cash inflow was mainly due to the operating profit before working capital changes of US\$3.54 million, partially offset by the increase in trade and other receivables, as a result of the timing differences of payment from customers at the end 30 September 2013, and the decrease in trade and other payables as a result of payments of outstanding sums due to contractors and suppliers.

Net cash used in investing activities amounted to US\$1.25 million in 3Q 2013, comprising payments to acquire property, plant and equipment as well as exploration and evaluation assets. The acquisition was in relation to the construction of the second and third leach yards and factory, geological investigations and drilling work.

Net cash generated from financing activities amounted to US\$1.15 million in 3Q 2013 mainly due to the proceeds from issue of the Convertible Loan.

As at 30 September 2013, the Group had a cash and cash equivalents of US\$2.17 million, representing an increase of US\$1.1 million from US\$1.07 million as at 30 June 2013.

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

In the Company's second quarter results announcement for the six month financial period ended 30 June 2012, it was mentioned that "the second leach yard with a projected leaching capacity of 140,000 tonnes, is expected to be fully commissioned and commence production in the third quarter of 2013." The Company had on 20 September 2013 announced that it has commenced production at its second leach yard with a leaching capacity of 140,000 tonnes per leaching cycle at the Sokor Gold Project.

In the Company's announcement dated 7 August 2013 on the Clarification on News Article in Lianhe Zaobao, it was mentioned that barring any unforeseen circumstances and subject to favourable weather conditions "in the second half of 2013, the Group is expected to mine between 400,000 and 500,000 tonnes of ore and produce between 300 to 350 kilogrammes of gold doré bars²."

The Company would like to inform that a total of 166.21 kilogrammes ("kg") of gold doré bars were produced in 3Q 2013. With the October 2013 production of 81.50 kg, the Group had achieved 82.6% of the minimum targeted volume of 300kg.

² A crude gold, silver bullion, usually produced at the mine site which is then sent to a refiner where the silver and gold are parted and the gold is refined to commercial-grade gold bullion.

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

The Group's performance may be affected if gold prices continue to fall. The Group's production capacity is expected to increase by approximately 200% in the second half of 2013 following the completion of construction of the second leach yard, the commencement of construction of the third leach yard with a projected leaching capacity of 70,000 tonnes per leaching cycle and expected construction completion date by the fourth quarter of 2013 and the addition of newly ordered gold de-absorption equipment which will be installed by the fourth quarter of 2013. Upon the completion and operation of the three leach yards, it is expected that the estimated annual capacity of 1 million tonnes of ore per annum will be achievable.

As the heap leaching and technical services agreement with China Gold continues to bear fruit with positive outcome, the month of October 2013 saw the Group recording its highest single gold pour production of approximately 1,526.09 ounces of gold doré bar since the start of the Group's gold production in July 2010. As compared to the previous record of 1,311.33 ounces of gold doré bars produced from a single gold pour on 30 September 2013, this reflected an increase of approximately 16.3%.

11. Dividend

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

None.

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

None.

(c) Date payable:

Not applicable.

(d) Books closure date:

Not applicable.

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

No dividends have been declared or recommended for 3Q 2013.

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

The Group does not have a general mandate from its shareholders for IPT.

Save for the Service Fee as disclosed under the section “other income and expenses” in paragraph 8, the Group did not enter into any IPT of value greater than S\$100,000 in 3Q 2013.

14. Use of Proceeds

On 15 July 2013, the Company has entered into a convertible loan agreement and received total proceeds of S\$1.45 million from the issuance of the Convertible Loan. The proceeds has been fully utilised as follows:

Use of proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Balance S\$'000
Construction of ancillary production facilities	400	400	-
Expansion of heap leach operations	1,000	1,000	-
Working capital ¹	50	50	-
	<u>1,450</u>	<u>1,450</u>	<u>-</u>

Note:

1. Including payment of professional fees, general and administrative, production purposes and other operating expenses of the Group.

Additional Disclosure Required for Mineral, Oil and Gas companies

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

i. Use of funds/cash for the quarter:-

For 3Q 2013, funds/ cash were mainly used for the following production activities, as compared to the projections:-

Purpose	Amount (US\$ million) <i>Actual Usage</i>	Amount (US\$ million) <i>Projected Usage</i>
Exploration and evaluation activities	0.85	1.09
Payments for machinery purchased in current and prior periods	0.82	1.33
Payments for diesel and other production materials purchased in current and prior periods	0.91	1.17
Royalty and tribute fees to government	0.36	0.45
Rental of equipment	0.07	0.10
Upkeep of equipment and motor vehicles	0.07	0.10
General working capital	0.61	0.73
Total	3.69	4.97

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

For the next immediate quarter (“4Q2013”) (period from 1 October 2013 to 31 December 2013), the Group’s use of funds/cash for production activities are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.85
Payment for machinery purchased in current and prior quarter	0.68
Payment for diesel and other production materials purchased in current and prior quarter	0.71
Royalty fees to government	0.68
Rental of equipment	0.10
Upkeep of equipment and motor vehicles	0.14
General working capital	1.15
Total	4.31

The Group’s exploration plans from 1 October 2013 to 31 December 2013 are as follows:-

a) Drilling Program

The Group expects to conduct approximately 4,610 meters of drilling footage in 4Q 2013, comprising approximately 1,600 meters for Rixen’s orebody, 1,250 meters for Ketubong’s orebody, 1,110 meters for New Discovery’s orebody, 350 meters for Mason’s Lode’s orebody, and 300 meters for alluvial target. Drill hole collar survey will be conducted after each hole is completed. All the drill holes will have their collar locations accurately surveyed by electronic distance measurement (“EDM”) equipment, using NTS662 total station instruments.

b) ½ core sampling and analysis

If drilling footage is completed according to plan, approximately 2,340 pieces of ½ core samples will need to be analyzed for Au and Ag, and 1,540 pieces of ½ core samples will be analysed for Cu, Pb, and Zn.

c) Geological Mapping and Reconnaissance

In anticipation of the monsoon season in 4Q 2013, the Group intends to temporarily suspend all geological mapping and reconnaissance activities. Geological mapping and reconnaissance activities will resume after the monsoon season.

d) Data compiling

All field data, including geological points, trenches and log sheets, diamond drilling core log and sampling analysis results will be sorted and compiled for the Group’s geology team to better understand the gold mineralization, structure and ore-controlling factors within the Group’s concession to enable its team to formulate a more extensive exploration plan moving forward.

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 2013, the Group capitalised a total of US\$0.22 million for exploration and evaluation expenditures activities carried out during the period.

The Group carried out the following exploration activities in 3Q 2013:-

(a) Geological Investigation

Preliminary geological investigations were carried out to further determine drilling control and trenching control. Geological point for mapping and location of sampling was provided by hand-held GPS units.

The purpose of geological investigation was to clarify geological conditions related to gold and base metal mineralization and try to find clues of mineralization or significant structures.

(b) Drilling Program

The diamond drilling program which finished in 3Q 2013 included 4 holes of total footage of 888.57 meters. The drill holes are located at Mason's Lode's orebody, Ketubong's orebody, and alluvial target (see Table 1 for details). After each drill hole is finished, the collar locations were accurately surveyed by EDM equipment, using NTS662 total station instruments. Several sections of mineralised 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 3Q 2013

Seq. No	Drill hole No	Depth(m)
1	ZKM1-8	344.61
2	ZKK 9-5	135.90
3	ZKK 9-6	168.78
4	ZKA224-2	239.28
Total Footage		888.57

(c) ½ core sampling and analysis

Routine ½ core sampling and analysis is associated with the diamond drilling program. However, no samples were delivered to SGS Lab, Malaysia for laboratory assay because the Group only re-commenced drilling and trenching activities on 10 September 2013.

(d) Trenching

Minor trenching activities were carried by excavators at the southern part of Rixen's orebody for preliminary orebody control.

(e) Data Compiling

All field data, including geological points, trenches and log sheets, drilling core log and sampling, analysis result were sorted and compiled for the Group's geology team to better understand gold mineralization, structure and ore-controlling factors and to make proper exploration plan for further exploration work.

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 22 April 2013 despatched a copy of the qualified person's report on the updated mineral resource and ore reserve estimates as at 31 December 2012 ("QPR 2012") to update shareholders on its resource and reserve information respectively. Soft copy of the QPR 2012 is available for download on the Company's website.

There were no material updates on the QPR 2012 as at 30 September 2013.

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 ended 30 September 2013 to be false and misleading in any material aspect.

By Order of the Board

Lim Kuoh Yang
Chief Executive Officer

6 November 2013