



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 2014

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.

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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 2014 US\$ (Unaudited)	30 September 2013 US\$ (Unaudited)	Increase/ (Decrease) %	30 September 2014 US\$ (Unaudited)	30 September 2013 US\$ (Unaudited)	Increase/ (Decrease) %
Revenue	10,046,340	6,310,391	59.2	23,426,726	9,247,742	153.3
Changes in inventories	(397,871)	(147,576)	169.6	(475,682)	421,722	n.m.
Other income	497	68,055	(99.3)	17,930	124,055	(85.5)
Amortization and depreciation	(864,313)	(674,687)	28.1	(2,108,909)	(1,466,606)	43.8
Contractor expenses	-	(19,110)	n.m.	-	(27,550)	n.m.
Employees' compensation	(647,274)	(287,594)	125.1	(1,357,225)	(789,360)	71.9
Key management remuneration	(664,135)	(252,452)	163.1	(1,453,499)	(772,648)	88.1
Marketing and publicity expenses	(43,578)	(4,457)	877.7	(59,044)	(65,455)	(9.8)
Office and administration expenses	(79,761)	(51,690)	54.3	(221,325)	(204,234)	8.4
Professional fees	(155,209)	(176,120)	(11.9)	(480,552)	(376,986)	27.5
Rental expense on operating lease	(166,565)	(81,191)	105.2	(379,601)	(222,805)	70.4
Royalty and tribute fee expenses	(758,900)	(501,956)	51.2	(1,797,594)	(727,480)	147.1
Site and factory expenses	(1,521,089)	(1,175,313)	29.4	(4,230,703)	(2,726,128)	55.2
Travelling and transportation expenses	(56,261)	(38,528)	46.0	(146,106)	(121,912)	19.8
Other expenses	(325,294)	(162,984)	99.6	(304,380)	(162,985)	86.8
Results from operating activities	4,366,587	2,804,788	55.7	10,430,036	2,129,370	389.8
Finance income	13,494	-	n.m.	14,520	410	n.m.
Finance costs	(3,584)	(21,128)	(83.0)	(31,419)	(25,485)	23.3
Net finance income/(costs)	9,910	(21,128)	n.m.	(16,899)	(25,075)	(32.6)
Profit before tax	4,376,497	2,783,660	57.2	10,413,137	2,104,295	394.9
Tax (expense)/credit	(147,574)	(830,897)	(82.2)	863,376	(759,962)	n.m.
Profit for the period	4,228,923	1,952,763	116.6	11,276,513	1,344,333	738.8
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from consolidation of foreign subsidiaries	(6,291)	(3,726)	68.8	1,267	(20,343)	n.m.
Total comprehensive income for the period	4,222,632	1,949,037	116.7	11,277,780	1,323,990	751.8
Profit attributable to:						
Owners of the Company	3,378,193	1,666,291	102.7	9,079,525	1,043,760	769.9
Non-controlling interests	850,730	286,472	197.0	2,196,988	300,573	630.9
Profit for the period	4,228,923	1,952,763	116.6	11,276,513	1,344,333	738.8
Total comprehensive income attributable to:						
Owners of the Company	3,372,931	1,663,173	102.8	9,080,585	1,026,742	784.4
Non-controlling interests	849,701	285,864	197.2	2,197,195	297,248	639.2
Total comprehensive income for the period	4,222,632	1,949,037	116.7	11,277,780	1,323,990	751.8

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

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2014 US\$ (Unaudited)	30 September 2013 US\$ (Unaudited)	Increase / (Decrease) %	30 September 2014 US\$ (Unaudited)	30 September 2013 US\$ (Unaudited)	Increase / (Decrease) %
Profit for the period is stated at after charging / (crediting) the following:						
Borrowing costs	3,584	21,128	(83.0)	31,419	25,485	23.3
Amortization and depreciation	864,313	674,687	28.1	2,108,909	1,466,606	43.8
Property, plant and equipment written off	-	61,912	n.m	-	61,912	n.m
Deposit written off	25,000	-	n.m	26,166	-	n.m
Exploration and evaluation assets written off	66,485	-	n.m	66,485	-	n.m
Impairment loss on other receivables	16,387	-	n.m.	16,387	-	n.m
Gain on disposal of property, plant and equipment	-	-	n.m.	(1,027)	-	n.m
Loss/(Gain) on foreign exchange	217,410	(67,635)	n.m.	189,268	(123,025)	n.m

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 2014 US\$ (Unaudited)	31 December 2013 US\$ (Audited)	30 September 2014 US\$ (Unaudited)	31 December 2013 US\$ (Audited)
ASSETS				
Non-current assets				
Exploration and evaluation assets	4,205,544	3,990,897	-	-
Mine properties	6,781,011	5,579,285	-	-
Property, plant and equipment	7,547,500	6,219,314	174,568	10,115
Investment in subsidiaries	-	-	8,044,787	8,202,036
Deferred tax assets	207,461	207,461	207,461	207,461
Total non-current assets	18,741,516	15,996,957	8,426,816	8,419,612
Current assets				
Inventories	1,032,216	1,092,095	-	-
Trade and other receivables	1,009,440	1,250,942	4,733,031	7,697,619
Cash and cash equivalents	9,440,416	2,995,725	1,928,073	984,459
Total current assets	11,482,072	5,338,762	6,661,104	8,682,078
Total assets	30,223,588	21,335,719	15,087,920	17,101,690
EQUITY				
Share capital	18,032,233	18,032,233	18,032,233	18,032,233
Capital reserve	2,824,635	2,824,635	-	-
Retained earnings/(Accumulated losses)	1,624,055	(6,639,065)	(3,552,827)	(3,059,898)
Translation reserve	308	(752)	-	-
	22,481,231	14,217,051	14,479,406	14,972,335
Non-controlling interests	2,344,914	325,046	-	-
Total equity	24,826,145	14,542,097	14,479,406	14,972,335
LIABILITIES				
Non-current liabilities				
Loans and borrowings	201,160	14,014	-	-
Deferred tax liabilities	482,550	331,913	-	-
Total non-current liabilities	683,710	345,927	-	-
Current liabilities				
Loans and borrowings	103,171	1,062,746	-	1,053,599
Derivative financial instrument	-	91,031	-	91,031
Trade and other payables	4,089,752	3,425,822	608,514	659,875
Accrued rehabilitation costs	501,212	317,124	-	-
Dividend payable	-	324,850	-	324,850
Current tax liabilities	19,598	1,226,122	-	-
Total current liabilities	4,713,733	6,447,695	608,514	2,129,355
Total liabilities	5,397,443	6,793,622	608,514	2,129,355
Total equity and liabilities	30,223,588	21,335,719	15,087,920	17,101,690

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 2014		As at 31 December 2013	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
103,171	-	9,147	1,053,599

Amount repayable after one year

As at 30 September 2014		As at 31 December 2013	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
201,160	-	14,014	-

Details of any collateral

The Group's collateralised borrowings comprised finance lease liabilities, which were secured on the Group's motor vehicles and plant and equipment. The net carrying amounts of the motor vehicles and plant and equipment as at 30 September 2014 amounted to US\$404,889 (31 December 2013: Nil).

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 2014 US\$ (Unaudited)	30 September 2013 US\$ (Unaudited)	30 September 2014 US\$ (Unaudited)	30 September 2013 US\$ (Unaudited)
Operating activities				
Profit for the period	4,228,923	1,952,763	11,276,513	1,344,333
Adjustments for:				
Depreciation of property, plant and equipment	555,297	366,533	1,413,134	1,039,801
Amortization of mine properties	309,016	308,154	695,775	426,805
Property, plant and equipment written off	-	61,912	-	61,912
Gain on disposal of property, plant and equipment	-	-	(1,027)	-
Deposit written off	25,000	-	26,166	-
Exploration and evaluation assets written off	66,485	-	66,485	-
Impairment on other receivables	16,387	-	16,387	-
Interest income	(13,494)	-	(14,520)	(410)
Interest expense	3,584	21,128	31,419	25,485
Tax expense/(credit)	147,574	830,897	(863,376)	759,962
Operating profit before working capital changes	5,338,772	3,541,387	12,646,956	3,657,888
Changes in working capital:				
Inventories	6,007	163,107	59,879	(472,193)
Trade and other receivables	382,569	(774,698)	198,949	-
Trade and other payables	(835,140)	(1,731,991)	(774,790)	(2,077,579)
Cash generated from operations	4,892,208	1,197,805	12,130,994	1,108,116
Tax paid	(5,245)	-	(9,843)	-
Interest received	13,494	-	14,520	410
Interest paid	(3,584)	(356)	(31,419)	(9,643)
Net cash generated from operating activities	4,896,873	1,197,449	12,104,252	1,098,883
Investing activities				
Purchase of property, plant and equipment	(419,942)	(1,131,458)	(2,348,275)	(1,933,910)
Proceeds from disposal of property, plant and equipment	-	-	6,266	-
Payment for exploration and evaluation assets	(245,265)	(118,256)	(948,461)	(1,192,347)
Net cash used in investing activities	(665,207)	(1,249,714)	(3,290,470)	(3,126,257)
Financing activities				
Deposits withdrawn	804,200	-	804,200	859,035
Proceeds from issue of convertible loan	-	1,154,780	-	1,154,780
Repayment of convertible loan	-	-	(1,144,630)	-
Proceed from short-term borrowings	-	-	-	398,046
Dividend paid to equity holders of the Company	(491,800)	-	(1,141,255)	-
Repayment of finance lease liabilities	(46,811)	(2,606)	(84,724)	(8,650)
Net cash generated from/(used in) financing activities	265,589	1,152,174	(1,566,409)	2,403,211
Net increase in cash and cash equivalents	4,497,255	1,099,909	7,247,373	375,837
Cash and cash equivalents at beginning of the period	4,952,094	1,074,785	2,195,323	1,815,474
Effect of exchange rate fluctuations on cash held	(8,933)	(3,726)	(2,280)	(20,343)
Cash and cash equivalents at end of the period	9,440,416	2,170,968	9,440,416	2,170,968
Pledged fixed deposits	-	12,020	-	12,020
Cash and cash equivalents in the statement of financial position	9,440,416	2,182,988	9,440,416	2,182,988

During the three months period ended 30 September 2014 (“3Q 2014”), the Group acquired property, plant and equipment with an aggregate cost of US\$669,845 as compared to US\$1,339,307 in the three months period ended 30 September 2013 (“3Q 2013”). As at 30 September 2014, a total consideration of US\$249,903 for the above acquisitions made in 3Q 2014 had yet to paid, as compared to US\$207,849 as at 30 September 2013 for the acquisitions in 3Q 2013.

The Group also acquired exploration and evaluation assets, and mine properties at an aggregate cost of US\$1,203,863 in 3Q 2014 (3Q 2013: US\$285,690) of which US\$100,463 (3Q2013: US\$Nil) were accrued rehabilitation cost. As at 30 September 2014, a total consideration of US\$858,135 for the acquisitions made in 3Q 2014 had yet to paid, as compared to US\$167,434 as at 30 September 2013 for the acquisitions in 3Q 2013.

As at 30 September 2014, the Group’s cash and cash equivalents amounted to approximately US\$9.44 million, comprising currencies denominated in Malaysian Ringgit and Singapore Dollar. 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

	Share capital	Capital reserve	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
Group	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 (loss)/income 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 (loss)/income 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

Group	Share capital	Capital reserve	Translation reserves	(Accumulated losses)/ Retained earnings	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 2014	16,934,840	2,824,635	(752)	(6,639,065)	14,217,051	325,046	14,542,097
Total comprehensive income for the period:							
Profit for the period	-	-	-	5,701,332	5,701,332	1,346,258	7,047,590
Other comprehensive income for the period							
Exchange difference	-	-	6,322	-	6,322	1,236	7,558
Total comprehensive income for the period	-	-	6,322	5,701,332	5,707,654	1,347,494	7,055,148
Transactions with owners, recognized directly in equity							
Final dividend declared and paid	-	-	-	(324,605)	(324,605)	-	(324,605)
Dividend declared to non-controlling interest	-	-	-	-	-	(177,327)	(177,327)
Total transaction with owners	-	-	-	(324,605)	(324,605)	(177,327)	(501,932)
Balance as at 30 June 2014	18,032,233	2,824,635	5,570	(1,262,338)	19,600,100	1,495,213	21,095,313
Total comprehensive income for the period:							
Profit for the period	-	-	-	3,378,193	3,378,193	850,730	4,228,923
Other comprehensive income for the period							
Exchange difference	-	-	(5,262)	-	(5,262)	(1,029)	(6,291)
Total comprehensive income for the period	-	-	(5,262)	3,378,193	3,372,931	849,701	4,222,632
Transactions with owners, recognized directly in equity							
Interim dividend declared and paid	-	-	-	(491,800)	(491,800)	-	(491,800)
Total transaction with owners	-	-	-	(491,800)	(491,800)	-	(491,800)
Balance as at 30 September 2014	18,032,233	2,824,635	308	1,624,055	22,481,231	2,344,914	24,826,145

Company	Share capital US\$	Accumulated losses US\$	Total equity US\$
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
Balance as at 1 January 2014	18,032,233	(3,059,898)	14,972,335
Profit for the period	-	658,388	658,388
Final dividend declared and paid	-	(324,605)	(324,605)
Balance as at 30 June 2014	18,032,233	(2,726,115)	15,306,118
Loss for the period	-	(334,912)	(334,912)
Interim dividend declared and paid	-	(491,800)	(491,800)
Balance as at 30 September 2014	18,032,233	(3,552,827)	14,479,406

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 2014 and 30 June 2014	407,693,000	22,890,024	18,032,233

There was no change in the Company's share capital from 30 June 2014 up to 30 September 2014.

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. The Company had repaid the Convertible Loan on 14 April 2014 in full via the Company's internal resources, ahead of the maturity date of the Convertible Loan, pursuant to mutual agreement between the Company and the lenders.

Save as stated above, the Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2014 and 30 September 2013.

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 2014	Company As at 31 December 2013
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 2014 and 31 December 2013.

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 as those of the Company's audited financial statements for the financial year ended 31 December 2013 ("FY2013").

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 2014. 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	
	2014	2013	2014	2013
Profit attributable to owners of the Company (US\$)	3,378,193	1,666,291	9,079,525	1,043,760
Weighted average number of ordinary shares	407,693,000	407,693,000	407,693,000	407,693,000
Basic earnings per ordinary share:				
- US cents	0.83	0.41	2.23	0.26
- SG cents ⁽¹⁾	1.04	0.51	2.78	0.33
Adjusted weighted average number of ordinary shares ⁽²⁾	407,693,000	410,481,462	408,948,411	408,625,904
Diluted earnings per ordinary share:				
- US cents	0.83	0.41	2.22	0.26
- SG cents ⁽¹⁾	1.04	0.51	2.77	0.33

Note:-

- (1) Basic/diluted earnings per ordinary share translated at an exchange rate of USD/SGD 1.2472 and 1.2550 for period ended 30 September 2014 and 30 September 2013 respectively.
- (2) Adjusted for the weighted average number of ordinary shares of 1,255,411 shares for the nine months period ended 30 September 2014, 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 2014	31 December 2013	30 September 2014	31 December 2013
Net asset value (US\$) ⁽¹⁾	22,481,231	14,217,051	14,479,406	14,972,335
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	5.51	3.49	3.55	3.67
- SG cents ⁽²⁾	7.02	4.43	4.52	4.65

Note:-

- (1) Net asset value represents total assets less total liabilities and non-controlling interests.
- (2) Net asset value per share translated at an exchange rate of USD/SGD 1.2744 and 1.2682 as at 30 September 2014 and 31 December 2013 respectively.

**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

A summary of the financial performance of the Group in 3Q 2014 and the comparative financial performance in 3Q 2013 is illustrated below:

	3Q 2014	3Q 2013	Increase / (Decrease) %
Production volume of fine gold (ounces)	7,667.17	4,762.95	61.0
Sales volume of gold (ounces)	7,667.17	4,833.05	58.6
Revenue – Total (US\$'000)	10,046.34	6,310.39	59.2
Average realised gold price (US\$/ounce)	1,310.31	1,305.67	0.4

The Group's revenue from the sales of fine gold increased by 59.2% to US\$10.05 million in 3Q 2014 as compared to US\$6.31 million in 3Q 2013. The increase was mainly due to the significant increase in the production and sales volume of fine gold in 3Q 2014.

The production volume of fine gold increased by 61.0% to 7,667.17 ounces in 3Q 2014 as compared to 4,762.95 ounces in 3Q 2013. The increase in production volume was due to the commencement of production of the Group's new facilities and higher productivity from the three leaching yards.

Other income or expenses

In 3Q 2014, the Group recorded a net other expenses of US\$0.32 million, as compared to a net other expenses of US\$0.09 million in 3Q 2013. This was mainly derived from a loss on foreign exchange of US\$0.22 million, exploration and evaluation assets written off of US\$0.07 million and deposits written off of US\$0.03 million in 3Q 2014.

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, royalty and tribute fees paid to the Kelantan State authorities, remuneration for employees and management, and other general administrative expenses.

Total operating expenses increased by US\$1.94 million or 56.9% from US\$3.41 million in 3Q 2013 to US\$5.35 million in 3Q 2014.

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

- Increase in depreciation and amortization by US\$0.19 million or 28.1%. This was mainly due to the increase in the Group's equipment base following the completion of (i) the second factory and second heap leach facility in the fourth quarter of the financial year ended 31 December 2013 ("4Q 2013"); and (ii) the tailing pond and third heap leach facility in the second quarter of 2014 ("2Q 2014");
- Increase in site and factory expenses by US\$0.35 million or 29.4%. The increase was due to the increase in production that led to higher diesel consumption arising from the increase of the Group's equipment base, more rock blasting work, higher chemical costs and higher repair and maintenance costs in 3Q 2014;

- Increase in key management remuneration and employees' compensation by US\$0.77 million or 142.8%, mainly due to the accrual of performance bonus to key management and employees in 3Q 2014 as compared to no accrual in 3Q 2013;
- Increase in royalty and tribute fee expenses by US\$0.26 million or 51.2%, mainly due to the increase in the sales value of fine gold; and
- Increase in changes in inventories by US\$0.25 million or 169.6%, mainly due to the higher realization of the cost of work-in-progress as at 30 September 2014.

Summarised below is the information on the Group's all-in sustaining costs and all-in costs for 3Q 2014 and 3Q 2013 as recommended by World Gold Council for gold mining companies. This non-generally accepted accounting principles measure metrics are intended to provide greater clarity into comparing the costs associated with producing gold across gold mining companies.

	US\$ / gold ounce sold		
	3Q 2014	3Q 2013	Increase / (Decrease) %
Sales volume of fine gold (ounces)	7,667.17	4,833.05	58.6
Mining related costs	387	369	4.9
Royalty and tribute expenses	99	104	(4.8)
Adjusted operating costs⁽¹⁾	486	473	2.7
General and administrative costs	75	44	70.5
Capital expenditure	32	49	(34.7)
All-in sustaining costs⁽²⁾	593	566	4.8
Capital exploration (non-sustaining)	32	24	33.3
Capital expenditure (non-sustaining)	23	185	(87.6)
All-in costs⁽³⁾	648	775	(16.4)

- (1) Adjusted operating costs include 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 include 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 for the existing operations where these projects will materially increase production in future.

The all-in sustaining costs of US\$593 per ounce and all-in costs of US\$648 per ounce in 3Q 2014 remained relatively stable as compared to the all-in sustaining costs of US\$585 per ounce and all-in costs of US\$649 per ounce in 2Q 2014 (Please refer to the Company's 2Q 2014 financial results announcement dated 11 August 2014 for the Group's all-in sustaining costs and all-in costs in 2Q 2014).

Lower all-in costs in 3Q 2014 as compared to 3Q 2013 were due to higher sales of fine gold and lower capital expenditure in the current financial reporting period.

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 2014.

Tax expense

The Group incurred a tax expense of US\$0.15 million in 3Q 2014 as compared to US\$0.83 million in 3Q 2013. The lower tax expense, despite recording higher profit before tax as compared to 3Q 2013, was mainly due to the pioneer status incentive being granted on 14 May 2014, by the Malaysian Investment Development Authority which entitles the Group's Sokor Gold Project to 100% income tax exemption on its statutory income for a period of 5 years from 1 July 2013 to 30 June 2018 ("Pioneer Status Incentive").

Profit after tax

Profit after tax increased by US\$2.28 million, or 116.9%, from US\$1.95 million in 3Q 2013 to US\$4.23 million in 3Q 2014 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\$0.22 million from US\$3.99 million as at 31 December 2013 to US\$4.21 million as at 30 September 2014 mainly due to the exploration and evaluation activities of US\$1.95 million undertaken in the nine months financial period ended 30 September 2014. The increase was partially offset by the transfer of US\$1.66 million from exploration and evaluation assets to mine properties and a write off of US\$0.07 million.

Mine properties increased by US\$1.20 million from US\$5.58 million as at 31 December 2013 to US\$6.78 million as at 30 September 2014, mainly due to the transfer from exploration and evaluation assets of US\$1.66 million coupled with the increase in rehabilitation costs of US\$0.24 million. The increase was partially offset by amortisation of US\$0.70 million.

Property, plant and equipment increased by US\$1.33 million from US\$6.22 million as at 31 December 2013 to US\$7.55 million as at 30 September 2014, mainly due to the additions of property, plant and equipment of US\$2.85 million, such as the construction of new crushing system and hostel and the acquisition of excavators and motor vehicles. The increase was partly offset by a depreciation of US\$1.52 million.

Trade and other receivables decreased by US\$0.24 million as at 30 September 2014 mainly due to the decrease in trade receivables from US\$0.48 million as at 31 December 2013 to US\$0.26 million as at 30 September 2014. The Group had subsequently received full payment for the balance of trade receivables as at 30 September 2014 in early October 2014.

Liabilities

Total liabilities of the Group decreased by US\$1.39 million from US\$6.79 million as at 31 December 2013 to US\$5.40 million as at 30 September 2014. This was mainly due to:

- A decrease in dividend payable of US\$0.32 million which was paid on 20 January 2014;
- A decrease in loans and borrowings of US\$0.77 million which was mainly due to the repayment of the Convertible Loan amounting to US\$1.14 million on 14 April 2014; and
- A decrease in current tax liabilities of US\$1.21 million which was mainly due to the reversal of over-provision in tax in the first quarter of 2014 and FY2013 prior to the grant of the Pioneer Status Incentive.

The decrease in total liabilities was partially offset by the increase in trade and other payables of US\$0.66 million, which was mainly due to the higher production activities.

As at 30 September 2014, the Group had a positive working capital of US\$6.77 million as compared to a negative working capital of US\$1.11 million as at 31 December 2013.

Cash flows

Net cash generated from operating activities amounted to US\$4.90 million in 3Q 2014, as compared to US\$1.20 million in 3Q 2013. The net operating cash inflow was mainly due to the operating profit before working capital changes of US\$5.34 million, adjusted for working capital outflows of US\$0.45 million, mainly attributable to the decrease in trade and other payables of US\$0.84 million, partially offset by the decrease in trade and other receivables of US\$0.38 million.

Net cash used in investing activities amounted to US\$0.67 million in 3Q 2014, comprising payments to acquire property, plant and equipment as well as exploration and evaluation assets. The acquisition was in relation to the construction of new hostel, acquisition of motor vehicle and equipment, geological investigations and drilling work.

Net cash generated from financing activities amounted to US\$0.27 million in 3Q 2013 mainly due to the proceeds from withdrawal of pledged deposits amounting to US\$0.80 million, partially offset by the dividend paid to equity holders of the Company of US\$0.49 million.

As at 30 September 2014, the Group had a cash and cash equivalents of US\$9.44 million, representing an increase of US\$7.26 million from US\$2.18 million as at 30 September 2013.

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

The actual results for 3Q 2014 are consistent with the commentary under paragraph 10 of the Company's announcement of the financial statements for the half year ended 30 June 2014.

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- 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.**

Lower gold prices are likely to affect the Group's profitability. However, the Group's relatively low all-in costs of below US\$ 700 per ounce will likely mitigate the lower gold prices impact (see Section 8 of this Announcement).

The Group is evaluating the impact of the imposition of Goods and Services Tax in Malaysia but does not anticipate any significant impact on its profitability.

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 dividend has been declared or recommend.

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.

In 3Q 2014, the Group did not enter into any IPT.

Additional Disclosure Required for Mineral, Oil and Gas companies**14a. Rule 705 (6)(a) of the Catalyst Listing Manual****i. Use of funds/cash for the quarter:-**

In 3Q 2014, 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	0.68	0.78
Payments for machinery purchased in current and prior periods	0.55	0.76
Payments for diesel and other production materials purchased in current and prior periods	1.33	1.51
Royalty and tribute fees to government	0.74	1.06
Rental of equipment	0.13	0.16
Upkeep of equipment and motor vehicles	0.25	0.26
General working capital	0.93	0.95
Total	4.61	5.48

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

For the next immediate quarter (financial period from 1 October 2014 to 31 December 2014 ("4Q2014")), the Group's use of funds/cash for production activities are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	1.09
Payment for machinery purchased in current and prior quarter	0.58
Payment for diesel and other production materials purchased in current and prior quarter	1.18
Royalty fees to government	0.97
Rental of equipment	0.14
Upkeep of equipment and motor vehicles	0.30
General working capital	1.46
Total	5.72

The Group's exploration plans from 1 October 2014 to 31 December 2014 are as follows:-

(a) Geological Investigation

The geological investigation directions for this quarter are:

- i) to increase the resources through diamond core drilling program in known gold deposits namely Rixen, Ketubong and Manson's Lode; and
- ii) to verify the anomaly areas based on previous geophysical survey results through trenching and diamond core drilling.

Rock chip and float samples will be routinely collected and tested by the Group's in-house laboratory. The geological investigation points and drillhole collars will be accurately surveyed by electronic distance measurement ("EDM") equipment using *NTS662* total station instruments.

(b) Diamond drilling program

Diamond core drilling will be fulfilled by Sinomine Resource Exploration Sdn. Bhd., using four diamond rigs capable of drilling NQ drill core size to 1,000 meters in depth.

Drilling activities will be focused on southern part of Rixen deposit to verify anomaly, as well as those must-drill holes in Rixen deposits that were not completed during 3Q 2014. Major focus will be on Au-2, AuPbZn-2 and AuPbZn-3 areas.

Table 1: Designed drillholes

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks*
	X	Y			
ZKR21-2	617794	443603	100	90	Must
ZKR21-3	617794	443653	100	90	Must
ZKR21-5	617794	443553	100	90	Must
ZKR21-6	617794	443752	100	90	Optional
ZKR23-4	617844	443686	100	90	Must
ZKR23-5	617844	443736	100	90	Optional
ZKR111-6	616894	443512	100	90	Optional
ZKR117-4	616774	443613	100	90	Must
ZKR117-5	616774	443563	100	90	Optional
ZKR173-2	616074	443767	100	80	Must
ZKR181-2	615974	443767	100	80	Optional
Total	Total designed depths as 1100m/11holes. *Must drill 600m/6 holes; Optional drill 500m/5 holes.				

(c) Half core sampling and channel sampling analysis

The half core from the diamond drilling program and trench samples are expected be delivered to third party independent laboratory, SGS Lab, Malaysia for sample preparation followed by gold analysis using Au Fire Assay finished by AAS method and Ag, Cu, Pb & Zn analysis by 4 Acid Digestion finished by AAS method.

(d) Data Compiling

All field data including geological points, trenches and log sheets, channel sampling and location and analysis results will be sorted and compiled by the end of this quarter for better understanding of gold, silver, lead, and zinc mineralization, geological structure, ore-controlling factors and to make proper exploration plan for future exploration work.

14b. 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.

15a. 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;

In 3Q 2014, the Group capitalised a total of US\$1.10 million for exploration and evaluation expenditures activities carried out during the financial period.

The Group carried out the following exploration activities in 3Q 2014:-

(a) Geological Investigation

Geological investigation was focused on the core drill sampling results from drilling activities carried out in 3 gold deposit areas known as Rixen, Manson's Lode, Ketubong, and a new area known as Sungai Amang. Rock chip and float samples was routinely collected and tested by the Group's in-house laboratory. Hand-held global positioning system units were used to locate the geological points and positions of sampling.

(b) Drilling Program

A total of 40 drill holes, comprising total footage of 5819.44 meters were finished in 3 gold deposit areas known as Rixen, Manson's Lode, Ketubong, and a new area known as Sungai Amang. Sections of mineralized and altered zones were revealed in these holes and the cores were split for sampling after geologic logging. After each drill hole was finished, the collar locations were accurately surveyed by electronic distance measurement equipment using NTS662 total station instruments.

Table 1: Completed drillholes for Rixen and Sungai Amang

Drillholes	Designed locations		Depths (m)	Dip(°)
	X	Y		
ZKR 141-1	443766	616474	143.54	80
ZKR 157-7	443875	616274	199.10	75
ZKR 161-5	443666	616224	162.69	75
ZKR 157-6	443848	616274	123.80	75
ZKR 165-6	443972	616174	209.92	75
ZKR 153-5	443902	616324	187.13	80
ZKR 149-4	443855	616374	218.91	80
ZKR 161-6	443932	616224	219.91	75
ZKR 161-7	443967	616224	222.74	75
ZKR 149-5	443890	616374	171.49	80
ZKR 113-6	443789	616844	165.93	90
ZKR 169-1	443890	616124	156.37	75
ZKR 157-8	443904	616274	209.06	75
ZKR 21-7	444207	617794	183.13	70
ZKR 21-8	444247	617794	168.48	75
ZKR 111-5	443570	616894	99.52	80
ZKR 117-7	443814	616774	117.94	80
ZKR 19-5	443753	617744	87.33	90
ZKR 137-1	443702	616524	131.24	80
ZKR 121-1	443756	616724	109.46	80
ZKR 141-3	443676	617474	139.99	80
ZKR 145-1	443702	616424	108.63	80
ZKR 21-4	443702	617794	101.86	90
ZKSA 113-1	444708	619146	173.93	70
ZKSA 113-2	444758	619148	62.18	70
Total	Total depth as 3874.28/25holes			

Table 2: Completed drillholes for Manson's Lode and Ketubong

Drillholes	Designed locations		Designed depths (m)	Dip(°)
	X	Y		
ZKM120-1	613772	444997	90.90	90
ZKM138-1	613797	445503	116.83	90
ZKM134-1	613871	445344	120.43	90
ZKM136-1	613748	445473	117.22	90
ZKM136-2	613845	445417	99.43	90
ZKM132-1	613838	445306	99.43	90
ZKL 5-1	615067	444045	85.33	70
ZKM130-1	613861	445234	230.93	90
ZKM128-1	613881	445165	158.06	90
ZKM126-1	613866	445116	209.06	90
ZKM124-1	613827	445081	89.59	90
ZKM122-1	613812	445032	96.40	90
ZKM118-1	613763	444944	89.76	90
ZKL 0-1	615058	444102	194.06	75
ZKL 0-2	615042	444065	194.85	75
Total	Total depth as 1992.28m/15holes.			

(c) Half core sampling and analysis

A total of 1419 half core samples were analysis for Au, Ag, Cu, Pb & Zn.

(d) Data compiling

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

15b. 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 April 2014 despatched a copy of the qualified person's report on the updated mineral resource and ore reserve estimates as at 31 December 2013 ("QPR 2013") to update shareholders on its resource and reserve information. The QPR 2013 is contained in the Company's annual report for FY2013 ("AR 2013"). Soft copy of the AR 2013 is available for download on the SGXNET and the Company's website.

There were no material updates on the QPR 2013 as at 30 September 2014.

16. 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 2014 to be false and misleading in any material aspect.

By Order of the Board

Lim Kuoh Yang
Chief Executive Officer

11 November 2014