



**CNMC**  
**CNMC GOLDMINE HOLDINGS LIMITED**

申起金礦有限公司

(Company Registration No.: 201119104K)

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## **Unaudited Financial Statement and Dividend Announcement For the First Quarter Ended 31 March 2017**

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*This announcement has been prepared by CNMC Goldmine Holdings Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of 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

	<b>Group</b>		
	<b>Three Months Ended</b>		
	<b>31 March 2017 US\$ (Unaudited)</b>	<b>31 March 2016 US\$ (Unaudited)</b>	<b>Increase/ (Decrease) %</b>
<b>Revenue</b>	4,725,436	8,403,925	(43.8)
Other operating income	362,342	1,989,741	(81.8)
Changes in inventories	44,515	58,247	(23.6)
Amortisation and depreciation	(955,013)	(1,026,096)	(6.9)
Employee benefits expenses	(706,310)	(726,248)	(2.7)
Key management remuneration	(754,824)	(639,500)	18.0
Marketing and publicity expenses	(66,801)	(21,422)	211.8
Office and administration expenses	(87,109)	(56,834)	53.3
Professional fees	(267,987)	(145,565)	84.1
Rental expense on operating lease	(230,557)	(241,906)	(4.7)
Royalty and tribute fee expenses	(636,817)	(627,964)	1.4
Site and factory expenses	(1,362,654)	(1,258,523)	8.3
Travelling and transportation expenses	(80,564)	(43,133)	86.8
Other operating expenses	(1,369)	(1,126)	21.6
<b>Results from operating activities</b>	<b>(17,712)</b>	<b>5,663,596</b>	<b>n.m.</b>
Finance income	215,291	190,186	13.2
Finance costs	(1,023)	(572)	78.8
<b>Net finance income</b>	<b>214,268</b>	<b>189,614</b>	<b>13.0</b>
<b>Profit before tax</b>	<b>196,556</b>	<b>5,853,210</b>	<b>(96.6)</b>
Tax expenses	(127,780)	(246,984)	(48.3)
<b>Profit for the period</b>	<b>68,776</b>	<b>5,606,226</b>	<b>(98.8)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from consolidation of foreign subsidiaries	6,765	22,152	(69.5)
<b>Total comprehensive profit for the period</b>	<b>75,541</b>	<b>5,628,378</b>	<b>(98.7)</b>
<b>Profit attributable to:</b>			
Owners of the Company	54,834	4,554,575	(98.8)
Non-controlling interests	13,942	1,051,651	(98.7)
<b>Profit for the period</b>	<b>68,776</b>	<b>5,606,226</b>	<b>(98.8)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	59,883	4,573,106	(98.7)
Non-controlling interests	15,658	1,055,272	(98.5)
<b>Total comprehensive income for the period</b>	<b>75,541</b>	<b>5,628,378</b>	<b>(98.7)</b>

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

	<b>Group</b>		
	<b>Three Months Ended</b>		
	<b>31 March 2017 US\$ (Unaudited)</b>	<b>31 March 2016 US\$ (Unaudited)</b>	<b>Increase/ (Decrease) %</b>
<b>Profit for the period is stated after charging/(crediting) the following:</b>			
Finance costs	1,023	572	78.8
Amortization and depreciation	955,013	1,026,096	(6.9)
Property, plant and equipment written off	-	698	(100.0)
Gain on foreign exchange			
- Unrealised	(314,558)	(1,956,450)	(83.9)
- Realised	(28,185)	(30,844)	(8.6)

**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	
	31 March 2017 US\$ (Unaudited)	31 December 2016 US\$ (Audited)	31 March 2017 US\$ (Unaudited)	31 December 2016 US\$ (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Exploration and evaluation assets	6,637,976	2,200,202	-	-
Mine properties	13,852,802	14,129,175	-	-
Property, plant and equipment	5,991,295	6,383,824	32,936	49,139
Investment in subsidiaries	-	-	11,422,627	8,306,587
<b>Total non-current assets</b>	<b>26,482,073</b>	<b>22,713,201</b>	<b>11,455,563</b>	<b>8,355,726</b>
<b>Current assets</b>				
Inventories	762,442	660,183	-	-
Trade and other receivables	1,286,522	1,396,635	11,264,586	14,595,386
Cash and cash equivalents	24,986,562	26,954,685	167,488	289,721
<b>Total current assets</b>	<b>27,035,526</b>	<b>29,011,503</b>	<b>11,432,074</b>	<b>14,885,107</b>
<b>Total assets</b>	<b>53,517,599</b>	<b>51,724,704</b>	<b>22,887,637</b>	<b>23,240,833</b>
<b>EQUITY</b>				
Share Capital	18,032,233	18,032,233	18,032,233	18,032,233
Treasury shares	(75,092)	(75,092)	(75,092)	(75,092)
Capital Reserve	2,824,635	2,824,635	-	-
Retained earnings/(Accumulated losses)	18,974,770	18,919,936	(1,151,616)	(769,255)
Translation reserves	(64,403)	(69,452)	-	-
	39,692,143	39,632,260	16,805,525	17,187,886
Non-controlling interest	6,533,608	5,914,349	-	-
<b>Total equity</b>	<b>46,225,751</b>	<b>45,546,609</b>	<b>16,805,525</b>	<b>17,187,886</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	750,304	57,689	-	-
Deferred tax liabilities	1,603,720	1,580,834	-	-
<b>Total non-current liabilities</b>	<b>2,354,024</b>	<b>1,638,523</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Loans and borrowings	39,576	38,514	-	-
Trade and other payables	4,070,702	2,791,469	6,082,112	5,489,579
Accrued rehabilitation costs	658,038	602,198	-	-
Dividend payable	-	1,029,647	-	563,368
Current tax liabilities	169,508	77,744	-	-
<b>Total current liabilities</b>	<b>4,937,824</b>	<b>4,539,572</b>	<b>6,082,112</b>	<b>6,052,947</b>
<b>Total Liabilities</b>	<b>7,291,848</b>	<b>6,178,095</b>	<b>6,082,112</b>	<b>6,052,947</b>
<b>Total equity and liabilities</b>	<b>53,517,599</b>	<b>51,724,704</b>	<b>22,887,637</b>	<b>23,240,833</b>

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

As at 31 March 2017		As at 31 December 2016	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
39,576	-	38,514	-

**Amount repayable after one year**

As at 31 March 2017		As at 31 December 2016	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
48,464	701,840	57,689	-

**Details of any collateral**

The Group's borrowings as at 31 March 2017 comprised finance lease liabilities, which were secured on the Group's motor vehicles. The net carrying amounts of the motor vehicles as at 31 March 2017 amounted to US\$22,865 (31 December 2016: US\$50,555).

**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**

	<b>Group</b>	
	<b>Three Months ended</b>	
	<b>31 March 2017 US\$ (Unaudited)</b>	<b>31 March 2016 US\$ (Unaudited)</b>
<b>Operating activities</b>		
Profit for the period	68,776	5,606,226
Adjustments for:		
Depreciation of property, plant and equipment	620,565	624,679
Amortisation of mine properties	334,448	401,417
Property, plant and equipment written off	-	698
Finance income	(215,291)	(190,186)
Finance costs	1,023	572
Unrealised gain on foreign exchange	(321,399)	(1,956,450)
Tax expense	127,780	246,984
<b>Operating profit before working capital changes</b>	<b>615,902</b>	<b>4,733,940</b>
Changes in working capital:		
Inventories	(102,259)	(155,639)
Trade and other receivables	349,885	(1,455,273)
Trade and other payables	41,991	(55,379)
Cash generated from operations	905,519	3,067,649
Tax paid	(40,477)	753
Finance income received	215,291	190,186
Finance costs paid	(1,023)	(572)
<b>Net cash generated from operating activities</b>	<b>1,079,310</b>	<b>3,258,016</b>
<b>Investing Activities</b>		
Purchases of property, plant and equipment	(132,061)	(239,986)
Payment for exploration and evaluation assets, and mine properties	(2,553)	(3,731)
Acquisition of subsidiaries, net of cash acquired (Note A)	(1,236,714)	-
<b>Net cash used in investing activities</b>	<b>(1,371,328)</b>	<b>(243,717)</b>
<b>Financing activities</b>		
Dividend paid to equity holders of the Company	(571,351)	(518,907)
Dividend paid to non-controlling interests	(468,787)	(401,337)
Repayment of borrowings	(985,556)	-
Payment of finance lease liabilities	(9,516)	(11,993)
<b>Net cash used in financing activities</b>	<b>(2,035,210)</b>	<b>(932,237)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,327,228)</b>	<b>2,082,062</b>
Cash and cash equivalents at beginning of the period	26,954,685	22,134,539
Effect of exchange rate fluctuations on cash held	352,264	2,017,910
<b>Cash and cash equivalents in the statement of financial position</b>	<b>24,979,721</b>	<b>26,234,511</b>

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During the three months period ended 31 March 2017 (“1Q 2017”), the Group acquired property, plant and equipment at an aggregate cost of US\$187,467, compared to US\$324,374 for the corresponding three months period ended 31 March 2016 (“1Q 2016”). As at 31 March 2017, a total consideration of US\$55,406 for the acquisitions made in 1Q 2017 had yet to be paid, compared to US\$84,388 as at 31 March 2015 for the acquisitions in 1Q 2016 .

The Group also acquired exploration and evaluation assets, as well as mine properties in 1Q 2017 at an aggregate cost of US\$58,075 (1Q 2016: US\$88,823), of which US\$46,589 (1Q2016: US\$84,298) relates to accrued rehabilitation costs. As at 31 March 2017, a total consideration of US\$8,933 for the acquisitions made in 1Q 2017 had yet to be paid, compared to US\$794 as at 31 March 2016 for the acquisitions made in 1Q 2016.

As at 31 March 2017, the Group’s cash and cash equivalents amounted to US\$24.99 million (31 March 2016: US\$26.23 million), comprising currencies denominated in MYR, SGD and USD. Please refer to item 8(b) on cash-flow analysis for further details.

The Group has no bank loans other than hire purchase facilities.

#### Note A

On 24 February 2017, the Company completed the subscription of new shares representing 51% of the enlarged issued and paid-up share capital of Pulai Mining Sdn. Bhd. (“Pulai Mining”) for an aggregate consideration of RM13.8 million (“Completion”). Following the Completion, Pulai Mining had also on the same day completed the acquisition of shares representing 70% of the issued and paid-up share capital of Sumberjaya Land & Mining Sdn. Bhd. at an aggregate consideration of RM4.5 million.

**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	Treasury Shares	Capital reserve	Translation reserves	Retained earnings	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2016	18,032,233	(75,092)	2,824,635	(60,624)	12,773,507	33,494,659	4,551,057	38,045,716
<b>Total comprehensive income for the period:</b>								
Profit for the period	-	-	-	-	4,554,575	4,554,575	1,051,651	5,606,226
<b>Other comprehensive income for the period</b>								
Exchange difference	-	-	-	18,531	-	18,531	3,621	22,152
<b>Total comprehensive income for the period</b>	-	-	-	18,531	4,554,575	4,573,106	1,055,272	5,628,378
Balance as at 31 March 2016	<b>18,032,233</b>	<b>(75,092)</b>	<b>2,824,635</b>	<b>(42,093)</b>	<b>17,328,082</b>	<b>38,067,765</b>	<b>5,606,329</b>	<b>43,674,094</b>
Balance as at 1 January 2017	18,032,233	(75,092)	2,824,635	(69,452)	18,919,936	39,632,260	5,914,349	45,546,609
<b>Total comprehensive income for the period:</b>								
Profit for the period	-	-	-	-	54,834	54,834	13,942	68,776
<b>Other comprehensive income for the period</b>								
Exchange difference	-	-	-	5,049	-	5,049	1,716	6,765
<b>Total comprehensive income for the period</b>	-	-	-	5,049	54,834	59,883	15,658	75,541
<b>Transactions with owners, recognized directly in equity</b>								
<b>Changes in ownership interests in subsidiaries</b>								
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	603,601	603,601
<b>Total transaction with owners</b>	-	-	-	-	-	-	603,601	603,601
Balance as at 31 March 2017	<b>18,032,233</b>	<b>(75,092)</b>	<b>2,824,635</b>	<b>(64,403)</b>	<b>18,974,770</b>	<b>39,692,143</b>	<b>6,533,608</b>	<b>46,225,751</b>



Company	Share capital US\$	Treasury shares US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 January 2016	18,032,233	(75,092)	(1,228,256)	16,728,885
Loss for the period	-	-	(178,326)	(178,326)
Balance as at 31 March 2016	18,032,233	(75,092)	(1,406,582)	16,550,559
Balance as at 1 January 2017	18,032,233	(75,092)	(769,255)	17,187,886
Loss for the period	-	-	(382,361)	(382,361)
Balance as at 31 March 2017	18,032,233	(75,092)	(1,151,616)	16,805,525

**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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 31 March 2017 and 31 December 2016	407,293,000	22,890,024	18,032,233

As at 31 March 2017, the Company held 400,000 ordinary shares as treasury shares (31 March 2016: 400,000). The total number of issued shares of the Company (excluding treasury shares) as at 31 March 2017 and 31 March 2016 was 407,293,000.

Save as stated above, the Company did not have any outstanding options, convertible securities, treasury shares or subsidiary holdings as at 31 March 2017 and 31 March 2016.

The percentage of the aggregate number of treasury shares held against the total number of shares issued as at 31 March 2017 is 0.1% (31 March 2016: 0.1%).

**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 31 March 2017 (Unaudited)	Company As at 31 December 2016 (Audited)
Total number of issued shares	407,693,000	407,693,000
Treasury shares	(400,000)	(400,000)
Total number of issued shares, excluding treasury shares	<u>407,293,000</u>	<u>407,293,000</u>

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

Not applicable. No treasury shares had been sold, transferred, cancelled or used in any other manner as at the end of the current financial period reported on.

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

Not applicable as the Company did not have any subsidiary holdings 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 audited financial statements for the year ended 31 December 2016.

**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 1 January 2017. 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 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (US\$)	54,834	4,554,575
Weighted average number of ordinary shares	407,293,000	407,293,000
Basic earnings per ordinary share:		
- US cents	0.01	1.12
- SG cents <sup>(1)</sup>	0.01	1.58

Note:-

(1) Basic earnings per ordinary share translated at an exchange rate of USD/SGD 1.4249 and 1.4144 for period ended 31 March 2017 and 31 March 2016 respectively.

**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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value (US\$) <sup>(1)</sup>	39,692,143	39,632,260	16,805,525	17,187,886
Number of shares at the end of the period	407,293,000	407,293,000	407,293,000	407,293,000
Net asset value per share:				
- US cents	9.75	9.73	4.13	4.22
- SG cents <sup>(2)</sup>	13.60	14.07	5.76	6.10

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 1.3951 and 1.4459 as at 31 March 2017 and 31 December 2016 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

Illustrated below is a summary of the financial performance of the Group for 1Q 2017 and the comparative financial performance for 1Q 2016:

	1Q 2017	1Q 2016	Increase / (Decrease) %
Production volume of fine gold (ounces)	3,669.90	7,271.35	(49.5)
Sales volume of gold (ounces)	3,669.90	7,271.35	(49.5)
Revenue – Total (US\$'000)	4,725.44	8,403.93	(43.8)
Average realised gold price (US\$/ounce)	1,287.62	1,155.76	11.4

The Group's revenue decreased 43.8% to US\$4.73 million in 1Q 2017 from US\$8.40 million in 1Q 2016. The fall was due to a decrease in the production and sales volume of fine gold but partly offset by an increase in average realised gold price in 1Q 2017 compared to 1Q 2016. The decrease in production and sales volume of fine gold was a result of lower ore grades.

## Other income or expenses

In 1Q 2017, the Group recorded net other operating income of US\$0.36 million, compared to US\$1.99 million in 1Q 2016. This was due to an unrealised foreign exchange gain of US\$0.31 million in 1Q 2017 compared to US\$1.96 million in 1Q 2016, mainly arising from MYR-denominated cash deposits. The unrealised foreign exchange gain was mainly due to the appreciation of MYR against USD.

## Operating expenses

Operating expenses comprised mainly costs incurred for changes in inventories, site and factory expenses, amortisation costs for mine properties, depreciation expenses for property, plant and equipment, rental expense 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\$0.37 million to US\$5.10 million in 1Q 2017 from US\$4.73 million in 1Q 2016.

The increase was mainly due to the following:-

- Increase in professional fees by US\$0.12 million incurred, mainly in connection with acquisition of subsidiaries;
- Increase in site and factory expenses by US\$0.11 million, mainly due to increase in diesel price; and
- Increase in key management remuneration and employees' compensation by US\$0.10 million, mainly due to the accrual of performance bonuses for 1Q 2017.

### Non-FRS Performance Measures

The Group adopts adjusted operating costs per ounce, all-in sustaining costs per ounce and all-in costs per ounce as non-FRS performance measures in accordance with the World Gold Council guidelines. The Company believes these performance measures better define the total costs associated with its gold production. However, these performance measures have no standardised meaning. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with FRS. The Company reports these measures on sales volume of fine gold.

Summarised below is the information on the Group's all-in sustaining costs and all-in costs in 1Q 2017 and 1Q 2016:

	US\$ / gold ounce sold		Increase / (Decrease) %
	1Q 2017	1Q 2016	
<b>Sales volume of fine gold (ounces)</b>	<b>3,669.90</b>	<b>7,271.35</b>	<b>(49.5)</b>
Mining related costs	647	318	103.5
Royalty and tribute expenses	174	86	102.3
<b>Adjusted operating costs<sup>(1)</sup></b>	<b>821</b>	<b>404</b>	<b>103.2</b>
General and administrative costs	125	49	155.1
Capital expenditure	7	21	(66.7)
<b>All-in sustaining costs<sup>(2)</sup></b>	<b>953</b>	<b>474</b>	<b>101.1</b>
Capital exploration (non-sustaining)	1	1	-
Capital expenditure (non-sustaining)	29	12	141.7
<b>All-in costs<sup>(3)</sup></b>	<b>983</b>	<b>487</b>	<b>101.8</b>

- (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 decrease of gold ounces sold resulted in higher 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 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 costs of US\$983 per ounce in 1Q 2017 were higher than the all-in costs of US\$487 in 1Q 2016. This was mainly due to lower production and sales volume of fine gold arising from lower ore grades mined.

### Finance income and costs

Finance income and costs comprised interest income from fixed deposits and interest on finance lease. The Group generated net finance income of US\$0.21 million in 1Q 2017, mainly due to the interest income earned from the placement of fixed deposits.

### Tax expenses

The income tax expense arose mainly as a tax on interest income earned from placement of fixed deposits and withholding taxes accrued on management fees charged by the Company in 1Q 2017.

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### Profit after tax

The Group's profit after tax declined 98.8% or US\$5.54 million to US\$0.07 million in 1Q 2017 from US\$5.61 million in 1Q 2016 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**

The comparative performance of the assets and liabilities listed below is based on financial statements as at 31 December 2016 and 31 March 2017.

#### Assets

Exploration and evaluation assets increased by US\$4.44 million to US\$6.64 million as at 31 March 2017 from US\$2.20 million as at 31 December 2016, due to assets of US\$4.44 million from newly acquired subsidiaries.

Mine properties decreased by US\$0.28 million to US\$13.85 million as at 31 March 2017 from US\$14.13 million as at 31 December 2016. The decrease was due to amortisation expenses of US\$0.33 million, partially offset by the increase in rehabilitation costs of US\$0.05 million.

Property, plant and equipment decreased by US\$0.39 million to US\$5.99 million as at 31 March 2017 from US\$6.38 million as at 31 December 2016, mainly due to the depreciation of property, plant and equipment of US\$0.64 million. The decrease was partly offset by the additions of property, plant and equipment of US\$0.19 million.

Trade and other receivables decreased by US\$0.10 million to US\$1.29 million as at 31 March 2017 from US\$1.39 million as at 31 December 2016. This was mainly due to the repayment of advances.

#### Liabilities

Total liabilities increased by US\$1.11 million to US\$7.29 million as at 31 March 2017 from US\$6.18 million as at 31 December 2016. This was mainly due to:

- An increase in loans and borrowings of US\$0.69 million, mainly arising from the newly acquired subsidiaries; and
- An increase in trade and other payables of US\$1.28 million, mainly arising from the acquisition of new subsidiaries and accrual of performance bonuses.

The increase in total liabilities was partly offset by the Company's payment of the 2<sup>nd</sup> interim dividend of S\$733,127 (equivalent to US\$571,351) for the financial year ended 31 December 2016 and the Group's payment of the 3<sup>rd</sup> interim dividend of US\$468,787 to non-controlling interests for the financial year ended 31 December 2016.

As at 31 March 2017, the Group had positive working capital of US\$22.10 million compared to US\$24.47 million as at 31 December 2016.

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## Cash flows

Net cash generated from operating activities amounted to US\$1.09 million in 1Q 2017, compared to US\$3.26 million in 1Q 2016. The net operating cash inflow was mainly due to an operating profit before working capital changes of US\$0.62 million, adjusted for working capital inflows of US\$0.29 million, mainly attributable to the decrease in trade and other receivables of US\$0.35 million, partially offset by an increase in inventories of US\$0.10 million.

Net cash used in investing activities in 1Q 2017 amounted to US\$1.37 million, comprising acquisition of subsidiaries, payments to acquire property, plant and equipment as well as mine properties.

Net cash used in financing activities in 1Q 2017 amounted to US\$2.04 million. This was mainly for repayment of borrowings of US\$0.99 million, dividends of US\$0.57 million paid to equity holders of the Company and US\$0.47 million paid to non-controlling interests.

As at 31 March 2017, the Group had cash and cash equivalents of US\$24.99 million representing a decline of US\$1.24 million from US\$26.23 million as at 31 March 2016.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

**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.**

CNMC expanded its portfolio of mining assets in Kelantan. In February 2017, the Company completed the acquisition of a 51% stake in Pulai Mining Sdn Bhd, which is authorised to mine gold, iron ore and feldspar on a brownfield site in Kelantan. Geological exploration is underway on the 38.4km<sup>2</sup> site to locate mineral resources and establish a report that complies with the internationally-accepted Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

In the meantime, CNMC is in the process of completing the proposed acquisition of KelGold Mining Sdn. Bhd., which has the rights to explore for gold, iron ore and other minerals in an area of approximately 15.5km<sup>2</sup> and renewing its rights in an area of approximately 8.7 km<sup>2</sup> in Kelantan. As disclosed in the Company's announcement dated 20 March 2017, the proposed acquisition is expected to be completed by end of the year.

While expanding its portfolio of mining assets, the Company will continue to focus on increasing output and containing production costs at its flagship Sokor gold field. As disclosed in Australia-based Optiro Pty Ltd's Qualified Person's Report ("QPR") released on 4 April 2017, the Sokor mine has approximately 623,000 ounces of gold in the ground as at the end of 2016. This is the highest in the operating history of CNMC and reaffirms its ability to find new mineral resources despite having produced 27,404 ounces of fine gold in 2016.

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To improve gold recovery, the Company will set up a carbon-in-leach (“CIL”) plant at the Sokor mine. With CIL, which is a method of extracting gold from ground ore, the gold recovery rate may be as high as 95%, based on industry norms. The Company’s board of directors has approved the budget for the CIL facility, which is targeted to be operational this year and will be CNMC’s third processing plant in Kelantan. The construction of the CIL plant, which will have a minimum leaching capacity of 500 tonnes of ore a day, will be funded using internal resources.

CNMC is also looking to monetise other minerals in the Sokor mine. As disclosed in the QPR, Sokor has 1.96 million ounces of silver, 22,678 tonnes of lead and 21,448 tonnes of zinc in the ground as at 31 December 2016. The Company will update shareholders when there are new developments on this front.

**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 recommended for 1Q 2017.

**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 1Q 2017, the Group did not enter into any IPT of more than S\$100,000 in value.



## 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 1Q 2017, funds / cash were mainly used for the following production activities:-

Purpose	Amount (US\$ million) Actual Usage	Amount (US\$ million) Projected Usage
Exploration and evaluation activities	0.24	0.21
Payments for machinery purchased in current and prior periods	0.14	0.15
Payments for diesel and other production materials	1.18	1.23
Royalty and tribute fees to government	0.71	1.32
Rental of equipment	0.19	0.20
Upkeep of equipment and motor vehicles	0.23	0.19
General working capital	0.95	1.04
<b>Total</b>	<b>3.64</b>	<b>4.34</b>

#### 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 April 2017 to 30 June 2017 ("2Q 2017")), the Group's use of funds/cash for production activities are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.19
Payments for machinery purchased in current and prior periods	0.14
Payments for diesel and other production materials	1.47
Royalty and tribute fees to government	0.65
Rental of equipment	0.23
Upkeep of equipment and motor vehicles	0.21
General working capital	0.84
<b>Total</b>	<b>3.73</b>

The Group's exploration plans from 1 April 2017 to 30 June 2017 are as follows:-

#### (a) Geological Investigation

In the second quarter of 2017, Geology Department plans to start exploration of three concessions: Ulu Sokor area, Pulau area and Jeli area. Diamond drilling and geophysics survey will be employed. Details are as below:

Ulu Sokor area:

- i) Diamond drilling in Sg. Amang, Ketubong and New Found area.
- ii) Soil sampling and mapping on southeastern part of Manson's Lode to search for lead and zinc anomalies, and a diamond drillhole to verify the anomaly.

Pulai mining area:

- i) Diamond drilling in Peninsula areas for gold potential.
- ii) Magnetic survey in Iron ore area targeting to complete by late May.

Kg. Kalai, Jeli area:

- i) Targeting to kick start the exploration work within second quarter of 2017, as soon as acquisition completes.

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 Real Time Kinematic (RTK) satellite investigation, using *CHC X91* GNSS receivers.

(b) Diamond drilling program

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

Drilling activity for 2Q 2017 will be carried out in both Sokor and Pulai areas. Table 1 shows the drilling plan for Sokor area, and Table 2 shows the drilling plan for Pulai area. Total 24 drillholes and an estimated footage of 2,978 meters are planned for both areas.

Table 1. Drilling plan for Sokor area - 9 holes in total with footage of 1826m.

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks
	Easting	Northing			
ZKNF0-1	443915	613261	65.0	60	New Found
ZKF101-6	443733	613238	170.0	58	New Found
ZKK3-5	444223	614240	320.0	72	Ketubong
ZKK5-5	444179	614190	230.0	60	Ketubong
ZKK7-5	444181	614129	235.0	60	Ketubong
ZKK9-5	444113	614090	200.0	60	Ketubong
ZKSA8-3	444939	617852	203.0	60	Sg. Amang
ZKSA12-3	444939	617772	203.0	60	Sg. Amang
ZKT01-01	445375	612683	200.0	70	Tiger

Table 2. Drilling plan for Pulai area - 15 holes in total with footage of 1152m

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks
	Easting	Northing			
ZKP00-01	818953.755	520423.126	55	60	Peninsula
ZKP00-02	818895.920	520444.176	78	60	Peninsula
ZKP00-03	818838.084	520465.227	101	60	Peninsula
ZKP03-01	818984.702	520518.280	62	60	Peninsula
ZKP03-02	818924.696	520540.120	89	60	Peninsula
ZKP03-03	818864.691	520561.960	117	60	Peninsula
ZKP04-01	818921.180	520328.564	51	60	Peninsula
ZKP04-02	818866.058	520348.627	68	60	Peninsula
ZKP04-03	818810.935	520368.690	86	60	Peninsula
ZKP07-01	819017.819	520612.644	64	60	Peninsula

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks
	Easting	Northing			
ZKP07-02	818963.781	520632.312	79	60	Peninsula
ZKP07-03	818907.573	520652.770	99	60	Peninsula
ZKP08-01	818885.351	520235.187	55	60	Peninsula
ZKP08-02	818832.398	520254.461	67	60	Peninsula
ZKP08-03	818778.903	520273.931	81	60	Peninsula

**14b. Rule 705 (6)(b) of the Catalist Listing Manual**

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the information provided in item 14b above 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 1Q 2017, the Group did not capitalise any expense for exploration and evaluation expenditures activities carried out during the financial period.

The Group carried out the following exploration activities in 1Q 2017:-

(a) Geological Investigation

Ulu Sokor area:

Geology Department compiled and finalized the data for year 2016 resource evaluation in January 2017. For the rest of 1Q 2017, the department re-evaluated all drillhole data and looked for any possibility to extend current ore bodies. The drillhole plan for 2Q 2017 will be based on the results of this re-evaluation.

In March 2017, geophysics survey for research work such as Induced Polarisation, resistivity and magnetic surveys were carried out in collaboration with University Malaya.

Pulai concession:

Site visits were carried out in Pulai concession to study and evaluate the potential of oxide ore within Peninsula areas. Rock chips sampling, trenching and detailed mapping were conducted locally for drillhole design.

The Geology Department engaged in the planning of magnetic survey in iron ore area. The purpose of the survey planning is to look for magnetic anomalies which will assist the Geology Department to determine potential ore body locations before proceeding with diamond drilling.

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Kg. Kalai, Jeli area:

In February 2017, field reconnaissance was conducted as part of the Group's due diligence process in the proposed acquisition of KelGold Mining Sdn Bhd.

(b) Drilling Program

2 drillholes were completed in 1Q 2017 with a total footage of 173.06m. Drillholes details are shown in Table 3.

Table 3: Completed drillholes for 1Q 2017

Drillholes	Designed locations		Completed depths (m)	Dip(°)	Remarks
	Easting	Northing			
ZKF 0-4	443842.96	613301.35	107.96	90	-
ZKF 1-5	443745.41	613293.42	65.10	90	-

(c) Half core sampling and analysis

A total of 144 half-core samples and 410 rock chip/ soil samples were analyzed by the Group's in-house laboratory, including 12 rock chip samples from Pulau concession and 398 samples from Sokor mine.

**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.**

A copy of the QPR 2016 issued by the Group's third party independent Mineral Resource and Ore Reserve estimation consultant, Optiro Pty Ltd to update shareholders on its resource and reserve information respectively was included in the Company's annual report for the financial ended 31 December 2016 which was despatched to shareholders on 13 April 2017.

There are no material updates as at 31 March 2017 following the despatch of the QPR 2016.

**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 first quarter ended 31 March 2017 to be false and misleading in any material aspect.

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**17. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual**

The Company has procured undertakings from all its directors and executive officers under Rule 720(1).

**By Order of the Board**

Lim Kuoh Yang  
Chief Executive Officer

15 May 2017