

**Unaudited Financial Statement and Dividend Announcement
For the First Quarter Ended 31 March 2018**

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		
	31 March 2018 US\$ (Unaudited)	31 March 2017 US\$ (Unaudited)	Increase/ (Decrease) %
Revenue	6,095,261	4,725,436	29.0
Other operating income	976,294	362,342	169.4
Changes in inventories	307,283	44,515	590.3
Amortisation and depreciation	(1,156,407)	(955,013)	21.1
Employee benefits expenses	(986,381)	(706,310)	39.7
Key management remuneration	(491,778)	(754,824)	(34.8)
Marketing and publicity expenses	(152,742)	(66,801)	128.7
Office and administration expenses	(43,877)	(87,109)	(49.6)
Professional fees	(210,331)	(267,987)	(21.5)
Rental expense on operating lease	(397,221)	(230,557)	72.3
Royalty and tribute fee expenses	(853,375)	(636,817)	34.0
Site and factory expenses	(2,391,862)	(1,362,654)	75.5
Travelling and transportation expenses	(83,962)	(80,564)	4.2
Other operating expenses	(182,542)	(1,369)	n.m.
Results from operating activities	428,360	(17,712)	n.m.
Finance income	147,026	215,291	(31.7)
Finance costs	(32,371)	(1,023)	n.m.
Net finance income	114,655	214,268	(46.5)
Profit before tax	543,015	196,556	176.3
Tax credit/(expenses)	70,316	(127,780)	n.m.
Profit for the period	613,331	68,776	791.8
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from consolidation of foreign subsidiaries	14,769	6,765	118.3
Total comprehensive profit for the period	628,100	75,541	731.5
Profit attributable to:			
Owners of the Company	528,345	54,834	863.5
Non-controlling interests	84,986	13,942	509.6
Profit for the period	613,331	68,776	791.8
Total comprehensive income attributable to:			
Owners of the Company	530,301	59,883	785.6
Non-controlling interests	97,799	15,658	524.6
Total comprehensive income for the period	628,100	75,541	731.5

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

	Group		
	Three Months Ended		
	31 March 2018 US\$ (Unaudited)	31 March 2017 US\$ (Unaudited)	Increase/ (Decrease) %
Profit for the period is stated after charging/(crediting) the following:			
Finance costs	32,371	1,023	n.m.
Amortization and depreciation	1,156,407	955,013	21.1
Gain on disposal of property, plant and equipment	(77,181)	-	n.m.
(Gain)/Loss on foreign exchange			
- Unrealised	(898,857)	(314,558)	185.8
- Realised	38,604	(28,185)	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	
	31 March 2018 US\$ (Unaudited)	31 December 2017 US\$ (Audited)	31 March 2018 US\$ (Unaudited)	31 December 2017 US\$ (Audited)
<u>ASSETS</u>				
Non-current assets				
Exploration and evaluation assets	9,227,759	8,929,713	-	-
Mine properties	13,969,861	14,049,323	-	-
Property, plant and equipment	11,021,725	10,504,862	178,122	9,839
Investment in subsidiaries	-	-	12,050,251	12,050,251
Total non-current assets	34,219,345	33,483,898	12,228,373	12,060,090
Current assets				
Inventories	1,596,495	1,013,129	-	-
Trade and other receivables	2,388,078	1,467,821	9,554,285	9,717,531
Cash and cash equivalents	17,941,718	19,491,957	107,202	82,383
Total current assets	21,926,291	21,972,907	9,661,487	9,799,914
Total assets	56,145,636	55,456,805	21,889,860	21,860,004
<u>EQUITY</u>				
Share Capital	18,032,233	18,032,233	18,032,233	18,032,233
Treasury shares	(200,845)	(200,845)	(200,845)	(200,845)
Preference shares	2,800	2,800	-	-
Capital Reserve	3,125,752	3,125,752	-	-
Retained earnings/(Accumulated losses)	20,032,368	19,504,023	(2,201,530)	(1,981,118)
Translation reserves	(19,552)	(21,508)	-	-
	40,972,756	40,442,455	15,629,858	15,850,270
Non-controlling interest	6,852,592	6,754,793	-	-
Total equity	47,825,348	47,197,248	15,629,858	15,850,270
<u>LIABILITIES</u>				
Non-current liabilities				
Loans and borrowings	674,882	628,507	-	-
Derivative financial instrument	162,593	154,686	-	-
Deferred tax liabilities	366,636	505,564	-	-
Total non-current liabilities	1,204,111	1,288,757	-	-
Current liabilities				
Loans and borrowings	47,545	44,697	-	-
Trade and other payables	5,989,608	5,560,072	6,260,002	6,009,734
Accrued rehabilitation costs	970,879	863,249	-	-
Dividend payable	62,858	437,538	-	-
Current tax liabilities	45,287	65,244	-	-
Total current liabilities	7,116,177	6,970,800	6,260,002	6,009,734
Total Liabilities	8,320,288	8,259,557	6,260,002	6,009,734
Total equity and liabilities	56,145,636	55,456,805	21,889,860	21,860,004

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 2018		As at 31 December 2017	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
47,545	-	44,697	-

Amount repayable after one year

As at 31 March 2018		As at 31 December 2017	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
7,919	666,963	19,043	609,464

Details of any collateral

The Group's secured borrowings as at 31 March 2018 comprised finance lease liabilities, which are secured over the Group's motor vehicles. The net carrying amounts of the motor vehicles as at 31 March 2018 amounted to US\$ Nil (31 December 2017: US\$ Nil).

The Group's unsecured borrowings as at 31 March 2018 comprised a convertible loan issued by a subsidiary.

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	
	31 March 2018 US\$ (Unaudited)	31 March 2017 US\$ (Unaudited)
Operating activities		
Profit for the period	613,331	68,776
Adjustments for:		
Depreciation of property, plant and equipment	743,427	620,565
Amortisation of mine properties	412,980	334,448
Gain on disposal of property, plant and equipment	(77,181)	-
Finance income	(147,026)	(215,291)
Finance costs	32,371	1,023
Unrealised gain on foreign exchange	(898,857)	(314,558)
Tax expense/(credit)	(70,316)	127,780
Operating profit before working capital changes	608,729	622,743
Changes in working capital:		
Inventories	(583,366)	(102,259)
Trade and other receivables	(876,932)	349,885
Trade and other payables	(699,415)	41,991
Cash generated from operations	(1,550,984)	912,360
Tax paid	(34,744)	(40,477)
Finance income received	147,026	215,291
Finance costs paid	(32,371)	(1,023)
Net cash (used in)/generated from operating activities	(1,471,073)	1,086,151
Investing Activities		
Purchases of property, plant and equipment	(609,306)	(132,061)
Proceed from disposal of property, plant and equipment	77,181	-
Payment for exploration and evaluation assets, and mine properties	(35,681)	(2,553)
Acquisition of subsidiaries, net of cash acquired	-	(1,236,714)
Net cash used in investing activities	(567,806)	(1,371,328)
Financing activities		
Dividend paid to equity holders of the Company	-	(571,351)
Dividend paid to non-controlling interests	(374,680)	(468,787)
Repayment of borrowings	-	(985,556)
Payment of finance lease liabilities	(11,265)	(9,516)
Net cash used in financing activities	(385,945)	(2,035,210)
Net decrease in cash and cash equivalents	(2,424,824)	(2,320,387)
Cash and cash equivalents at beginning of the period	19,491,957	26,954,685
Effect of exchange rate fluctuations on cash held	874,585	352,264
Cash and cash equivalents in the statement of financial position	17,941,718	24,986,562

During the three months period ended 31 March 2018 (“1Q 2018”), the Group acquired property, plant and equipment at an aggregate cost of US\$1,287,314, compared to US\$187,467 for the corresponding three months period ended 31 March 2017 (“1Q 2017”). As at 31 March 2018, a total consideration of US\$678,008 for the acquisitions made in 1Q 2018 had yet to be paid, compared to US\$55,406 as at 31 March 2017 for the acquisitions in 1Q 2017.

The Group also acquired exploration and evaluation assets as well as mine properties in 1Q 2018 at an aggregate cost of US\$485,286 (1Q 2017: US\$58,075) of which US\$62,317 (1Q 2017: US\$46,589) relates to accrued rehabilitation costs. As at 31 March 2018, a total consideration of US\$387,288 for the acquisitions made in 1Q 2018 had yet to be paid, compared to US\$8,933 as at 31 March 2017 for the acquisitions in 1Q 2017.

As at 31 March 2018, the Group’s cash and cash equivalents amounted to US\$17.94 million (31 March 2017: US\$24.99 million), comprising major currencies denominated in MYR and SGD. Please refer to item 8(b) on cash flows analysis for further details.

The Group has no bank loans. The loans and borrowings relate to hire purchase liabilities and a convertible loan issued by a subsidiary.

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 (Unaudited)	Share shares US\$	Treasury shares US\$	Preference shares	Capital reserve US\$	Translation reserves US\$	Retained earnings US\$	Total attributable to equity holders of the Company US\$	Non-controlling interests US\$	Total equity US\$
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
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	54,834	54,834	13,942	68,776
Other comprehensive income for the period									
Exchange difference	-	-	-	-	5,049	-	5,049	1,716	6,765
Total comprehensive income for the period	-	-	-	-	5,049	54,834	59,883	15,658	75,541
Transactions with owners, recognized directly in equity									
Changes in ownership interests in subsidiaries									
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	603,601	603,601
Total transaction with owners	-	-	-	-	-	-	-	603,601	603,601
Balance as at 31 March 2017	18,032,233	(75,092)	-	2,824,635	(64,403)	18,974,770	39,692,143	6,533,608	46,225,751
Balance as at 1 January 2018	18,032,233	(200,845)	2,800	3,125,752	(21,508)	19,504,023	40,442,455	6,754,793	47,197,248
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	528,345	528,345	84,986	613,331
Other comprehensive income for the period									
Exchange difference	-	-	-	-	1,956	-	1,956	12,813	14,769
Total comprehensive income for the period	-	-	-	-	1,956	528,345	530,301	97,799	628,100
Balance as at 31 March 2018	18,032,233	(200,845)	2,800	3,125,752	(19,552)	20,032,368	40,972,756	6,852,592	47,825,348

Company	Share capital US\$	Treasury shares US\$	Accumulated losses US\$	Total equity US\$
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
Balance as at 1 January 2018	18,032,233	(200,845)	(1,981,118)	15,850,270
Loss for the period	-	-	(220,412)	(220,412)
Balance as at 31 March 2018	18,032,233	(200,845)	(2,201,530)	15,629,858

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 2018 and 31 December 2017	406,655,100	22,890,024	18,032,233

As at 31 March 2018, the Company held 1,037,900 ordinary shares as treasury shares (31 March 2017: 400,000). The total number of issued shares of the Company (excluding treasury shares) as at 31 March 2018 and 31 March 2017 was 406,655,100 and 407,293,000 respectively.

The percentage of the aggregate number of treasury shares held against the total number of shares issued as at 31 March 2018 was 0.3% (31 March 2017: 0.1%).

Save as stated above, the Company did not have any outstanding options, convertible securities, treasury shares or subsidiary holdings as at 31 March 2018 and 31 March 2017.

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 2018 (Unaudited)	Company As at 31 December 2017 (Audited)
Total number of issued shares	407,693,000	407,693,000
Treasury shares	(1,037,900)	(1,037,900)
Total number of issued shares, excluding treasury shares	<u>406,655,100</u>	<u>406,655,100</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. 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 2017.

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 2018. 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	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (US\$)	528,345	54,834
Weighted average number of ordinary shares	406,655,100	407,293,000
Basic earnings per ordinary share:		
- US cents	0.13	0.01
- SG cents ⁽¹⁾	0.17	0.01

Note:-

(1) Basic/diluted earnings per ordinary share translated at an exchange rate of USD/SGD 1.3224 and 1.4249 for period ended 31 March 2018 and 31 March 2017 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 2018 (Unaudited)	31 December 2017 (Audited)	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Net asset value (US\$) ⁽¹⁾	40,972,756	40,442,455	15,629,858	15,850,270
Number of shares at the end of the period	406,655,100	406,655,100	406,655,100	406,655,100
Net asset value per share:				
- US cents	10.08	9.95	3.84	3.90
- SG cents ⁽²⁾	13.21	13.29	5.03	5.21

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 1.3104 and 1.3364 for period ended 31 March 2018 and 31 December 2017 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 the summary of the financial performance of the Group for 1Q 2018 and the comparative financial performance for 1Q 2017:

	1Q 2018	1Q 2017	Increase / (Decrease) %
Production volume of fine gold (ounces)	4,518.50	3,669.90	23.1
Sales volume of gold (ounces)	4,518.50	3,669.90	23.1
Revenue – Total (US\$'000)	6,095.26	4,725.44	29.0
Average realised gold price (US\$/ounce)	1,348.96	1,287.62	4.8

The Group's revenue increased 29.0% to US\$6.10 million in 1Q 2018 from US\$4.73 million in 1Q 2017. The improvement was due to an increase in the production and sales volumes of fine gold, as well as the increase in average realised gold price in 1Q 2018.

Other income or expenses

In 1Q 2018, the Group recorded net other operating income of US\$0.79 million, compared to US\$0.36 million in 1Q 2017. This was due to an unrealised foreign exchange gain of US\$0.90 million in 1Q 2018, mainly arising from MYR-denominated cash deposits (1Q 2017: US\$0.31 million) and a gain on disposal of vehicle of US\$0.07 million (1Q 2017: Nil).

The increase was partly offset by listing expenses of US\$0.18 million in relation to the proposed dual primary listing in Hong Kong (1Q 2017: Nil).

Operating expenses

Operating expenses comprised mainly effect of 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\$1.36 million to US\$6.46 million in 1Q 2018 from US\$5.10 million in 1Q 2017. This was mainly due to the following:

- increase in site and factory expenses by US\$1.03 million as a result of the trial run operation of the new carbon-in-leach ("CIL") plant.
- increase in royalty and tributes to the Kelantan State authorities by US\$0.22 million, due to higher production;

- increase in amortisation and depreciation by US\$0.20 million, resulting from the increased volume of gold dore bars produced and sold and a higher asset base;
- increase in operating lease expenses by US\$0.17 million, resulting from the increased hire of dump trucks; and
- increase in employee benefit expenses by US\$0.28 million due to the annual increment for employees at operations level and increase in employee headcount following the addition of a new production line.

The increases above were partly offset by a favourable effect of changes in inventories amounting to US\$0.26 million, mainly attributable to higher work-in-progress balances as of 31 March 2018, as well as a decrease in key management remuneration arising from the lower performance bonuses accrued for 1Q2018.

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 2018 and 1Q 2017:

	US\$ / gold ounce sold		
	1Q 2018	1Q 2017	Increase / (Decrease) %
Sales volume of fine gold (ounces)	4,518.50	3,669.90	23.1
Mining related costs	744	647	15.0
Royalty and tribute expenses	189	174	8.6
Adjusted operating costs⁽¹⁾	933	821	13.6
General and administrative costs	119	125	(4.8)
Capital expenditure	61	7	771.4
All-in sustaining costs⁽²⁾	1,113	953	16.8
Capital exploration (non-sustaining)	8	1	700.0
Capital expenditure (non-sustaining)	35	29	(20.7)
All-in costs⁽³⁾	1,156	983	17.6

- (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. 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\$1,156 per ounce in 1Q 2018 were higher than the all-in costs of US\$983 per ounce in 1Q 2017. This was mainly due to higher mining related costs of: commissioning the new CIL facility for trial operation during the quarter, purchases of mining consumables, construction of new lab facility at the CIL plant and purchase of equipment such as excavators and generators.

Finance income and costs

Finance income and costs comprised interest income from fixed deposits and interest expense on finance leases. The Group generated net finance income of US\$0.11 million in 1Q 2018, mainly due to interest income earned from fixed deposits.

Tax credit/(expense)

The tax credit mainly related to the decrease in deferred tax liabilities, offset by the tax on interest income earned from fixed deposits and withholding taxes accrued on management fees charged by the Company in 1Q 2018.

Profit after tax

The Group's profit after tax rose 791.8% or US\$0.54 million to US\$0.61 million in 1Q 2018 from US\$0.07 million in 1Q 2017 due to the reasons stated above.

Excluding the unrealised gain on foreign currency exchange of US\$0.90 million in 1Q 2018 (1Q 2017: US\$0.31 million), the Group would have recorded a loss of US\$0.29 million in 1Q 2018 compared to a loss of US\$0.25 million in 1Q 2017 as the Group has only enjoyed economic benefit of the CIL production representative of about two weeks in 1Q2018 since its trial run had only been commenced then, when a maiden 863 ounces of gold dore bars were produced.

The functional currency of the Company and its operating subsidiaries is that of US dollar. During the quarter, US dollar weakened against Malaysian Ringgit. As such, higher operating expenses were recorded in US dollar terms as these expenses were mainly denominated in Malaysian Ringgit. However, this unfavourable impact was mitigated by the 1Q 2018 unrealized exchange gain arising from the revaluation of Malaysian Ringgit denominated net monetary assets to US dollar terms. Conversely, if US dollar were to strengthen against Malaysian Ringgit, with all other variables held constant, the operating expenses would be expected to decrease. Accordingly, these recurrent foreign exchange gains or losses recorded constitute an integral part of and in determining the continuing operational results of the Group.

(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 2017 and 31 March 2018.

Assets

Property, plant and equipment increased by US\$0.52 million to US\$11.02 million as at 31 March 2018 from US\$10.50 million as at 31 December 2017, mainly due to purchase of equipment and vehicles of US\$1.29 million, partly offset by depreciation of US\$0.77 million.

Trade and other receivables increased by US\$0.92 million to US\$2.39 million as at 31 March 2018 from US\$1.47 million as at 31 December 2017. This was mainly due to an increase in trade receivables of US\$0.88 million from US\$0.36 million as at 31 December 2017 to US\$1.24 million as at 31 March 2018. The Group subsequently received full payment for the balance US\$1.24 million in early April 2018.

Inventories increased by US\$0.59 million to US\$1.60 million as at 31 March 2018 from US\$1.01 million as at 31 December 2017. This was mainly due to an increase in work-in-progress of US\$0.31 million and increase in consumables of US\$0.28 million, both resulting from the new CIL facility.

Liabilities

Total liabilities increased by US\$0.06 million to US\$8.32 million as at 31 March 2018 from US\$8.26 million as at 31 December 2017. This was mainly due to:

- an increase in accrued rehabilitation costs of US\$0.11 million; and
- an increase in trade and other payables of US\$0.43 million, mainly derived from higher purchase of mining consumables and heavy earth moving equipment.

The overall increase was partly offset by decreases in deferred tax liabilities of US\$0.14 million and dividend payable of US\$0.37 million.

As at 31 March 2018, the Group had positive working capital of US\$14.81 million compared to US\$15.00 million as at 31 December 2017.

Cash flows

Net cash used in operating activities amounted to US\$1.47 million in 1Q 2018, compared to net cash generated from operating activities of US\$1.09 million in 1Q 2017. The net operating cash outflow was mainly due to operating profit before working capital changes of US\$0.61 million, adjusted for working capital outflows of US\$2.16 million, which were mainly attributable to the increase in trade and other receivables of US\$0.88 million, increase in inventories of US\$0.58 million and decrease in trade and other payables of US\$0.70 million.

Net cash used in investing activities in 1Q 2018 amounted to US\$0.57 million, comprising payments to acquire property, plant and equipment as well as mine properties and exploration and evaluation assets.

Net cash used in financing activities in 1Q 2018 amounted to US\$0.39 million. This was mainly for dividends of US\$0.37 million paid to non-controlling interests.

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

There is no material deviation in the actual results for the 1Q 2018 from what was previously discussed under paragraph 10 of the announcement of the Company's financial results for the 4Q 2017.

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 is committed to executing the various initiatives outlined in its corporate and business update issued on SGXNet in February 2018 to ensure the continued growth of its mining projects in Kelantan.

As announced on 2 May 2018, our newly-built carbon-in-leach plant has started commercial production after several months of trial operations, paving the way for us to ramp up production at our flagship Sokor gold mine. The Group has been mining gold at Sokor project since 2010 and the project remains commercially viable. As disclosed in a report in March 2018 by Australia-based Optiro Pty Ltd, Sokor has an estimated 724,000 ounces of JORC-compliant gold resources in the ground as at 31 December 2017. This is the highest amount on record since we started exploration work in 2007.

Besides Sokor, we will continue to explore for gold and other minerals in the two mining projects under our other subsidiaries, KelGold Mining Sdn Bhd and CNMC Pulai Mining Sdn Bhd. We intend to build leaching facilities at KelGold's premises to extract gold once commercially viable ores are located. A full-fledged production plant is not required in the initial production stage as output from such leaching facilities can be trucked to the main gold de-absorption and smelting plant at Sokor for processing, given the two projects' close proximity to each other. For CNMC Pulai, besides continuing to explore for gold and iron ores, we also plan to begin exploration for feldspar this year.

We will update shareholders on the progress of our proposed primary dual listing on the mainboard of the Stock Exchange of Hong Kong in due course.

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 2018.

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 2018, 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 2018, funds/cash was mainly used for the following production activities, as compared to the projections:-

Purpose	Amount (US\$ million) Actual Usage	Amount (US\$ million) Projected Usage
Exploration and evaluation activities	0.19	0.54
Payments for plant and machinery	1.03	1.16
Payments for diesel and other production materials	2.07	1.97
Royalty and tribute fees to government	0.90	0.80
Rental of equipment	0.34	0.40
Upkeep of equipment and motor vehicles	0.32	0.38
General working capital	1.80	1.78
Total	6.65	7.03

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 2018 to 30 June 2018 (“2Q 2018”)), the Group’s use of funds/cash for production activities is expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.50
Payments for plant and machinery	1.01
Payments for diesel and other production materials	2.36
Royalty and tribute fees to government	1.08
Rental of equipment	0.44
Upkeep of equipment and motor vehicles	0.29
General working capital	1.78
Total	7.46

The Group’s exploration plans for 2Q 2018 are as follows:-

(a) Geological Investigation

Exploration activities in Kelgold concession will be carried out as below:

- i) Trenching activity to verify anomaly zones northward and westward of the concession with planned length of approximately 4,128m.
- ii) Diamond drilling to verify and expand the gold mineralization found in trenches.

Exploration activities in Pulai concession will be carried out as below:

- i) Previous workings are currently under review and discussion with consultant for planning and execution. Our in-house geologist team plans to include feldspar, iron ore prospect and gold prospect in Peninsula area as exploration targets.

Exploration activities in Sokor concession will be carried out as below:

- i) Diamond drilling in southern segment of Rixen deposit in attempt to expand the eastern boundary of orebody.
- ii) Diamond drilling at middle section of Sokor mine site to verify previously identified geochemistry lead-zinc and gold anomalies.

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

(b) Diamond drilling program

Diamond core drilling will be fulfilled by drilling sub-contractor, using one diamond rig capable of drilling NQ drill core size to 1,000 meters in depth.

Planned drilling activity for 2Q 2018 for Sokor and Kelgold concession:

Table 1. Drilling plan for Sokor area, 13 holes in total with footage of 3,839m

Drillholes	Designed locations		Designed depths (m)	Dip(°)
	Easting	Northing		
ZKR157-15	444605	616275	430.0	80
ZKR165-9	444223	616173	330.0	80
ZKR173-5	444257	616077	260.0	80
ZKR175-8	444357	615977	270.0	80
ZKR149-10	444314	616367	350.0	80
ZKR169-5	444291	616111	340.0	80
ZKR165-10	444323	616173	360.0	80
ZKR145-8	444325	616423	370.0	80
ZKR165-13	444623	616173	450.0	80
ZK13-1	444062	615032	126.0	90
ZK15-1	444029	615009	101.0	90
ZK14-1	444127	615078	224.0	90
ZK14-2	444104	615111	228.0	90

Table 2. Drilling plan for Kelgold concession, 37 holes in total with footage of 6,470m

Drillholes	Designed locations		Designed depths (m)	Dip(°)
	Easting	Northing		
ZK27-1	413440	636440	170.0	60
ZK29-1	413432	636490	150.0	50
ZK29-2	413389	636490	200.0	50
ZK37-1	413442	636690	150.0	80
ZK37-2	413427	636690	200.0	80
ZK41-1	413545	636790	150.0	50
ZK41-2	413576	636790	200.0	50
ZK45-1	413587	636890	150.0	50
ZK45-2	413616	636890	200.0	50
ZK49-1	413632	636990	150.0	50
ZK49-2	413660	636990	200.0	50
ZK53-1	413678	637090	150.0	50
ZK53-2	413705	637090	200.0	50
ZK57-1	413725	637190	150.0	50
ZK57-2	413753	637190	200.0	50
ZK61-1	413775	637290	150.0	50
ZK61-2	413803	637290	200.0	50
ZK65-1	413823	637390	150.0	50
ZK65-2	413853	637390	200.0	50
ZK88-1	411574	633540	150.0	50
ZK88-2	411605	633540	200.0	50
ZK92-1	411548	633440	150.0	50
ZK92-2	411579	633440	200.0	50
ZK96-1	411526	633340	150.0	50
ZK96-2	411551	633340	200.0	50
ZK100-1	411502	633240	150.0	50
ZK100-2	411530	633240	200.0	50
ZK104-1	411481	633140	150.0	50
ZK104-2	411510	633140	200.0	50
ZK108-1	411460	633040	150.0	50
ZK108-2	411488	633040	200.0	50
ZK3-1	411611	635840	150.0	50
ZK3-2	411644	635840	200.0	50
ZK0-1	411604	635740	150.0	50
ZK0-2	411634	635740	200.0	50
ZK4-1	411596	635640	150.0	50
ZK4-2	411625	635640	200.0	50

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 14a 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 2018, the Group capitalised a total of US\$0.30 million for exploration and evaluation expenditures incurred during the financial period.

The Group carried out the following exploration activities in 1Q 2018:-

(a) Geological Investigation

Sokor concession:

The exploration purpose in Sokor remained the same, to expand the resources of Rixen deposit to the east at the southern part. Drillhole ZKR157-11 was conducted to serve this purpose and still ongoing as at 31st March 2018 at the depth of 105.25m.

Pulai concession:

Extensive geological mapping and sampling were conducted in feldspar mine for better understanding and preparation for future in-depth exploration. Iron ore and gold potential explorations are on-hold pending further analysis of geodata consultation.

Kelgold concessions:

Trench sampling and diamond drilling were conducted in Kelgold concession, a 132m-long trench was constructed and sampled to verify the northward extension of gold anomaly. Simultaneously, diamond drilling was carried out to explore the mineralization boundaries. ZK33-3 is ongoing as at 31st March 2018 at depth of 65.25m.

(b) Drilling Program

In 1Q 2018, one drillhole was completed in Kalai concession with footage of 233.28m. No drillhole was completed in Ulu Sokor and Pulai concessions.

Table 3: Completed drillhole in Kalai concession for 1Q 2018

Drillhole	Designed locations		Completed depths (m)	Dip(°)
	Easting	Northing		
ZK33-2	413436	636605	233.28	67

(c) Half core sampling and analysis

In-house laboratory analyzed 240 samples in 1Q 2018, which consisted of 130 half core samples from Sokor mine site and 110 half core samples from Kelgold concession.

64 rock chip samples from feldspar mine of Pulai concession are sent to SGS Malaysia for quality analysis.

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 12 April 2018 despatched the qualified person's report on the updated mineral resource and ore reserve estimates as at 31 December 2017 ("QPR 2017") to update shareholders on its resource and reserve information. The QPR 2017 is contained in the Company's annual report for FY2017 ("AR 2017"). A soft copy of the AR 2017 is available for download on SGXNET and the Company's website.

There are no material updates as at 31 March 2018 following the despatch of the QPR 2017.

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 2018 to be false and misleading in any material aspect.

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

14 May 2018

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 Catalist. 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.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).