



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 2019

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 2019 US\$ (Unaudited)	30 September 2018 US\$ (Unaudited)	Increase/ (Decrease) %	30 September 2019 US\$ (Unaudited)	30 September 2018 US\$ (Unaudited)	Increase/ (Decrease) %
Revenue	11,114,756	11,530,854	(3.6)	31,497,687	26,941,945	16.9
Other operating income	26,952	24,623	9.5	63,915	239,313	(73.3)
Changes in inventories	(481,772)	(210,755)	128.6	(307,184)	517,462	n.m.
Amortisation and depreciation	(1,146,074)	(1,022,402)	12.1	(3,550,419)	(3,602,818)	(1.5)
Employee benefits expenses	(1,087,767)	(1,078,128)	0.9	(3,304,229)	(3,193,647)	3.5
Key management remuneration	(789,848)	(949,502)	(16.8)	(2,374,778)	(2,154,364)	10.2
Marketing and publicity expenses	(205,087)	(134,864)	52.1	(318,453)	(481,523)	(33.9)
Office and administration expenses	(71,364)	(56,263)	26.8	(255,156)	(200,780)	27.1
Professional fees	(150,756)	(166,792)	(9.6)	(517,383)	(640,862)	(19.3)
Rental and other lease expenses	(418,874)	(470,139)	(10.9)	(1,406,887)	(1,298,388)	8.4
Royalty and tribute fee expenses	(1,270,634)	(1,514,462)	(16.1)	(3,864,633)	(3,590,589)	7.6
Site and factory expenses	(2,922,502)	(3,330,975)	(12.3)	(8,914,504)	(8,907,661)	0.1
Travelling and transportation expenses	(105,760)	(97,124)	8.9	(264,811)	(275,026)	(3.7)
Listing expenses	-	(787,008)	n.m.	-	(1,781,778)	n.m.
Other operating expenses	(220,312)	(416,719)	(47.1)	(172,047)	(209,774)	(18.0)
Total expenses	(8,843,798)	(10,210,510)	(13.4)	(25,186,569)	(25,580,435)	(1.5)
Results from operating activities	2,270,958	1,320,344	72.0	6,311,118	1,361,510	363.5
Finance income	133,008	133,196	(0.1)	423,837	423,055	0.2
Finance costs	(22,169)	(20,397)	8.7	(66,641)	(70,319)	(5.2)
Net finance income	110,839	112,799	(1.7)	357,196	352,736	1.3
Profit before tax	2,381,797	1,433,143	66.2	6,668,314	1,714,246	289.0
Tax expenses	(37,429)	(802,965)	(95.3)	(1,462,610)	(653,067)	124.0
Profit for the period	2,344,368	630,178	272.0	5,205,704	1,061,179	390.6
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from consolidation of foreign subsidiaries	2,966	(721)	n.m.	4,678	14,888	(68.6)
Total comprehensive profit for the period	2,347,334	629,457	272.9	5,210,382	1,076,067	384.2
Profit attributable to:						
Owners of the Company	1,983,494	235,611	741.9	4,196,326	427,018	882.7
Non-controlling interests	360,874	394,567	(8.5)	1,009,378	634,161	59.2
Profit for the period	2,344,368	630,178	272.0	5,205,704	1,061,179	390.6
Total comprehensive income attributable to:						
Owners of the Company	1,991,351	238,992	733.2	4,204,049	435,398	865.6
Non-controlling interests	355,983	390,465	(8.8)	1,006,333	640,669	57.1
Total comprehensive income for the period	2,347,334	629,457	272.9	5,210,382	1,076,067	384.2

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

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2019 US\$ (Unaudited)	30 September 2018 US\$ (Unaudited)	Increase/ (Decrease) %	30 September 2019 US\$ (Unaudited)	30 September 2018 US\$ (Unaudited)	Increase/ (Decrease) %
Profit for the period is stated after charging/(crediting) the following:						
Finance costs	22,169	20,397	8.7	66,641	70,319	(5.2)
Amortisation and depreciation	1,146,074	1,022,402	12.1	3,550,419	3,602,818	(1.5)
(Gain)/Loss on disposal of property, plant and equipment	(6,647)	559	n.m.	(6,647)	(134,467)	(95.1)
Loss/(Gain) on foreign exchange						
- Unrealised	206,848	395,768	(47.7)	130,167	175,435	(25.8)
- Realised	13,464	20,582	(34.6)	34,958	28,588	22.3

n.m. -- not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 September 2019 US\$ (Unaudited)	31 December 2018 US\$ (Audited)	30 September 2019 US\$ (Unaudited)	31 December 2018 US\$ (Audited)
<u>ASSETS</u>				
Non-current assets				
Exploration and evaluation assets	8,525,945	9,843,698	-	-
Mine properties	16,554,606	14,071,703	-	-
Property, plant and equipment	16,857,747	13,030,161	91,470	135,748
Right-of-Use assets (Note 1)	151,907	-	126,443	-
Investment in subsidiaries (Note 2)	-	-	11,450,263	11,450,251
Deferred tax assets	218	-	-	-
Total non-current assets	42,090,423	36,945,562	11,668,176	11,585,999
Current assets				
Inventories	1,860,561	2,008,247	-	-
Trade and other receivables	3,036,720	2,972,381	10,821,511	11,428,791
Cash and cash equivalents	16,738,255	17,910,184	170,675	167,479
Total current assets	21,635,536	22,890,812	10,992,186	11,596,270
Total assets	63,725,959	59,836,374	22,660,362	23,182,269
<u>EQUITY</u>				
Share Capital	18,032,233	18,032,233	18,032,233	18,032,233
Preference shares	2,800	2,800	-	-
Capital Reserve	3,111,892	3,111,892	(13,860)	(13,860)
Retained earnings/(Accumulated losses)	24,008,089	20,442,393	(1,784,459)	(1,983,437)
Translation reserves	44,118	36,395	-	-
	45,199,132	41,625,713	16,233,914	16,034,936
Non-controlling interest	7,880,260	7,106,887	-	-
Total equity	53,079,392	48,732,600	16,233,914	16,034,936
<u>LIABILITIES</u>				
Non-current liabilities				
Loans and borrowings	741,810	722,937	-	-
Derivative financial instrument	26,973	27,222	-	-
Deferred tax liabilities	-	202,089	-	-
Lease liabilities (Note 1)	36,396	-	25,641	-
Total non-current liabilities	805,179	952,248	25,641	-
Current liabilities				
Loans and borrowings	57,445	61,135	-	-
Trade and other payables	6,680,582	7,189,033	6,308,802	7,147,333
Accrued rehabilitation costs	1,272,409	1,009,174	-	-
Dividend payable	266,151	1,052,957	-	-
Current tax liabilities	1,449,094	839,227	(8,883)	-
Lease liabilities (Note 1)	115,707	-	100,888	-
Total current liabilities	9,841,388	10,151,526	6,400,807	7,147,333
Total liabilities	10,646,567	11,103,774	6,426,448	7,147,333
Total equity and liabilities	63,725,959	59,836,374	22,660,362	23,182,269

Note 1

With effect from 1 January 2019, the Group recognises certain of its leases that were previously classified as operating leases as Right-of-Use (“ROU”) Assets and lease liabilities on the adoption of SFRS(I) 16. Lease arrangements that fall outside the scope of SFRS(I) 16 are generally recognised in the statement of profit or loss. Please refer to section 5 for further details.

Note 2

On 28 June 2019, the Company announced that it has subscribed for 51 ordinary shares for a total cash consideration of MYR51 in a newly incorporated Malaysian company, namely CNMC Mining Sdn. Bhd. (“CNMC Mining”) with the principal activity of providing underground mining services. Pursuant to the Investment, CNMC Mining became a 51%-owned subsidiary of the Company.

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 2019		As at 31 December 2018	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
57,445	115,707	61,135	-

Amount repayable after one year

As at 30 September 2019		As at 31 December 2018	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
151,631	626,575	127,319	595,618

Details of any collateral

The Group’s secured borrowings as at 30 September 2019 comprised hire purchase liabilities, which are secured over the Group’s motor vehicles. The net carrying amounts of the motor vehicles as at 30 September 2019 amounted to US\$220,389 (31 December 2018: US\$196,707).

The Group’s unsecured borrowings as at 30 September 2019 comprised a convertible loan issued by a subsidiary and lease liabilities recognised on adoption of SFRS(I) 16.

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 2019 US\$ (Unaudited)	30 September 2018 US\$ (Unaudited)	30 September 2019 US\$ (Unaudited)	30 September 2018 US\$ (Unaudited)
Operating activities				
Profit for the period	2,344,368	630,178	5,205,704	1,061,179
Adjustments for:				
Depreciation of property, plant and equipment	782,252	780,276	2,362,126	2,307,414
Depreciation of right-of-use assets	29,893	-	89,444	-
Amortisation of mine properties	333,929	242,126	1,098,849	1,295,404
(Gain)/loss on disposal of property, plant and equipment	(6,647)	559	(6,647)	(134,467)
Finance income	(133,008)	(133,196)	(423,837)	(423,055)
Finance costs	22,169	20,397	66,641	70,319
Unrealised gain on foreign exchange	206,848	395,768	130,167	175,435
Tax expenses	37,429	802,965	1,462,610	653,067
Equity-settled share-based payment transactions	-	73,612	-	547,520
Operating profit before working capital changes	3,617,233	2,812,685	9,985,057	5,552,816
Changes in working capital:				
Inventories	395,954	(144,810)	147,686	(1,360,301)
Trade and other receivables	1,874,251	1,210,390	(69,640)	(2,668,685)
Trade and other payables	(1,520,744)	(508,208)	(1,995,768)	(138,177)
Cash generated from operations	4,366,694	3,370,057	8,067,335	1,385,653
Tax refund	320,320	-	320,320	-
Tax paid	(1,132,545)	(300,262)	(1,612,357)	(368,360)
Finance income received	133,008	133,196	423,837	423,055
Finance costs paid	(22,169)	(20,397)	(66,641)	(70,319)
Net cash generated from operating activities	3,665,308	3,182,594	7,132,494	1,370,029
Investing Activities				
Purchases of property, plant and equipment	(1,152,919)	(1,140,919)	(5,387,545)	(3,378,375)
Proceed from disposal of property, plant and equipment	6,647	-	6,647	134,467
Payment for exploration and evaluation assets, and mine properties	(313,094)	(250,897)	(1,030,171)	(1,061,387)
Net cash used in investing activities	(1,459,366)	(1,391,816)	(6,411,069)	(4,305,295)
Financing activities				
Dividend paid to equity holders of the Company	-	-	(598,901)	(617,974)
Dividend paid to non-controlling interests	-	-	(1,012,188)	(374,680)
Payment of hire purchase liabilities	(14,053)	(13,453)	(54,973)	(36,213)
Payment of lease liabilities	(29,515)	-	(88,254)	-
Share buyback	-	-	-	(360,535)
Net cash used in financing activities	(43,568)	(13,453)	(1,754,316)	(1,389,402)
Net increase/(decrease) in cash and cash equivalents	2,162,374	1,777,325	(1,032,891)	(4,324,668)
Cash and cash equivalents at beginning of the period	14,773,417	13,634,329	17,910,184	19,491,957
Effect of exchange rate fluctuations on cash held	(197,536)	(348,419)	(139,038)	(104,054)
Cash and cash equivalents in the statement of financial position	16,738,255	15,063,235	16,738,255	15,063,235

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	Preference shares	Capital reserve	Translation reserves	Retained earnings	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
(Unaudited)	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
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	-	-	-	-	-	191,407	191,407	239,594	431,001
Other comprehensive income									
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	4,999	-	4,999	10,610	15,609
Total comprehensive income for the period	-	-	-	-	4,999	191,407	196,406	250,204	446,610
Transactions with owners, recognized directly in equity									
Final dividend declared for year ended 31 December 2017	-	-	-	-	-	(617,974)	(617,974)	-	(617,974)
Purchase of treasury shares	-	(360,535)	-	-	-	-	(360,535)	-	(360,535)
Treasury shares reissued pursuant to performance share plan	-	487,134	-	(13,226)	-	-	473,908	-	473,908
Total transactions with owners	-	126,599	-	(13,226)	-	(617,974)	(504,601)	-	(504,601)
At 30 June 2018	18,032,233	(74,246)	2,800	3,112,526	(16,509)	19,077,456	40,134,260	7,004,997	47,139,257
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	235,611	235,611	394,567	630,178
Other comprehensive income									
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	3,381	-	3,381	(4,102)	(721)
Total comprehensive income for the period	-	-	-	-	3,381	235,611	238,992	390,465	629,457
Transactions with owners, recognized directly in equity									
Treasury shares reissued pursuant to performance share plan	-	74,246	-	(634)	-	-	73,612	-	73,612
Total transactions with owners	-	74,246	-	(634)	-	-	73,612	-	73,612
At 30 September 2018	18,032,233	-	2,800	3,111,892	(13,128)	19,313,067	40,446,864	7,395,462	47,842,326

Group (Unaudited)	Share Capital US\$	Treasury shares US\$	Preference shares US\$	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\$
At 1 January 2019	18,032,233	-	2,800	3,111,892	36,395	20,442,393	41,625,713	7,106,887	48,732,600
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	2,212,832	2,212,832	648,504	2,861,336
Other comprehensive income									
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	(134)	-	(134)	1,846	1,712
Total comprehensive income for the period	-	-	-	-	(134)	2,212,832	2,212,698	650,350	2,863,048
Transactions with owners, recognized directly in equity									
Final dividend declared for year ended 31 December 2018	-	-	-	-	-	(598,901)	(598,901)	-	(598,901)
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	12	12
Total transactions with owners	-	-	-	-	-	(598,901)	(598,901)	12	(598,889)
At 30 June 2019	18,032,233	-	2,800	3,111,892	36,261	22,056,324	43,239,510	7,757,249	50,996,759
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	1,983,494	1,983,494	360,874	2,344,368
Other comprehensive income for the period									
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	7,857	-	7,857	(4,891)	2,966
Total comprehensive income for the period	-	-	-	-	7,857	1,983,494	1,991,351	355,983	2,347,334
Transactions with owners, recognized directly in equity									
2019 First interim dividend declared and payable by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(225,530)	(225,530)
2019 Preference shares dividend declared by subsidiary	-	-	-	-	-	(31,729)	(31,729)	(7,442)	(39,171)
Total transactions with owners	-	-	-	-	-	(31,729)	(31,729)	(232,972)	(264,701)
At 30 September 2019	18,032,233	-	2,800	3,111,892	44,118	24,008,089	45,199,132	7,880,260	53,079,392

Company	Share capital US\$	Treasury shares US\$	Capital Reserve	Accumulated losses US\$	Total equity US\$
At 1 January 2018	18,032,233	(200,845)	-	(1,981,118)	15,850,270
Loss for the period	-	-	-	(1,381,647)	(1,381,647)
Final dividend declared for year ended 31 December 2017	-	-	-	(617,974)	(617,974)
Purchase of treasury shares	-	(360,535)	-	-	(360,535)
Treasury shares reissued pursuant to performance share plan	-	487,134	(13,226)	-	473,908
At 30 June 2018	18,032,233	(74,246)	(13,226)	(3,980,739)	13,964,022
Loss for the period	-	-	-	(935,343)	(935,343)
Treasury shares reissued pursuant to performance share plan	-	74,246	(634)	-	73,612
At 30 September 2018	18,032,233	-	(13,860)	(4,916,082)	13,102,291
As at 1 January 2019	18,032,233	-	(13,860)	(1,983,437)	16,034,936
Loss for the period	-	-	-	(596,606)	(596,606)
Final dividend declared for year ended 31 December 2018	-	-	-	(598,901)	(598,901)
At 30 June 2019	18,032,233	-	(13,860)	(3,178,944)	14,839,429
Profit for the period	-	-	-	1,394,485	1,394,485
At 30 September 2019	18,032,233	-	(13,860)	(1,784,459)	16,233,914

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 30 September 2019	407,693,000	22,890,024	18,032,233
As at 30 September 2018	407,693,000	22,890,024	18,032,233

There were no changes in the share capital of the Company from 30 June 2019 up to 30 September 2019.

The Company did not have any outstanding options, convertible securities, treasury shares or subsidiary holdings as at 30 September 2019 and 30 September 2018.

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 2019 (Unaudited)	Company As at 31 December 2018 (Audited)
Total number of issued shares	407,693,000	407,693,000

The Company did not have any treasury shares as at 30 September 2019 and 31 December 2018.

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. The Company did not have any treasury shares during and 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 2018.

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 applied SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. The comparative information was not restated and had been prepared in accordance with the requirements of SFRS(I) 1-17. The Group also applied the practical expedient to recognise amounts of ROU assets equal to their lease liabilities as at 1 January 2019. Accordingly, the Group recognised ROU assets and lease liabilities of approximately US\$215,000 respectively as at 1 January 2019 for certain of its leases previously classified as operating leases. Lease arrangements falling outside the scope of SFRS(I) 16 are generally recognised in the statement of profit or loss.

Other than the effect of the matter as described above, the adoption of the new and revised standards did not have any material effect on the financial performance or position of the Group.

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 (Unaudited)		Nine months ended 30 September (Unaudited)	
	2019	2018	2019	2018
	Profit attributable to owners of the Company (US\$)	1,983,494	235,611	4,196,326
Weighted average number of ordinary shares	407,693,000	407,684,912	407,693,000	406,555,791
Basic and diluted earnings per ordinary share ⁽¹⁾ :				
- US cents	0.49	0.06	1.03	0.11
- SG cents ⁽²⁾	0.67	0.08	1.40	0.15

Note:-

- (1) Diluted earnings per share is the same as basic earnings per share due to the absence of any dilutive financial instruments for the three months and nine months period ended 30 September 2019 and 30 September 2018 respectively.
- (2) Basic earnings per ordinary share translated at an average exchange rate of USD/SGD 1.3633 and 1.3367 for period ended 30 September 2019 and 30 September 2018 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	
	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2019 (Unaudited)	31 December 2018 (Audited)
	Net asset value (US\$) ⁽¹⁾	45,199,132	41,625,713	16,233,914
Number of shares at the end of the period (excluding treasury shares)	407,693,000	407,693,000	407,693,000	407,693,000
Net asset value per share:				
- US cents	11.09	10.21	3.98	3.93
- SG cents ⁽²⁾	15.31	13.94	5.49	5.37

Note:-

- (1) Net asset value represents total assets less total liabilities and non-controlling interests.
- (2) Net asset value per share translated at a closing exchange rate of USD/SGD 1.3806 and 1.3656 as at 30 September 2019 and 31 December 2018 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

Below is the summary of the financial performance of the Group for 3Q 2019 and the comparative financial performance for 3Q 2018:

	3Q 2019	3Q 2018	Increase / (Decrease) %
Production volume of fine gold (ounces)	7,434.85	9,568.99	(22.3)
Sales volume of gold (ounces)	7,434.85	9,568.99	(22.3)
Revenue – Total (US\$'000)	11,114.76	11,530.85	(3.6)
Average realised gold price (US\$/ounce)	1,494.95	1,205.02	24.1

The decrease in revenue was due to lower production and sales volume of fine gold in 3Q 2019, as a result of the delay of commencing high-grade gold ore extraction from underground mining. The decrease in sales volume was mitigated by a rise in average realised gold price in 3Q 2019.

Other income and expenses

In 3Q 2019, the Group recorded a decrease in “net other operating expenses”¹ due to a lower unrealised foreign exchange loss from its MYR-denominated cash deposits.

Operating expenses

The decrease in total operating expenses in 3Q 2019 was mainly due to:

- decrease in site and factory expenses resulting mainly from the lower average price of diesel, as well as lower repair and maintenance expenses; and
- decrease in royalty and tributes to the Kelantan State authorities in line with the decrease in sales of gold dore bars.

The decreases above were partly offset by higher changes in inventories mainly attributable to lower work-in-progress balances as at 30 September 2019 compared to the immediate previous quarter as at 30 June 2019, as well as an increase in amortisation and depreciation, resulting from a higher asset base.

¹ i.e. Other operating income less Other operating expenses

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 3Q 2019 and 3Q 2018:

	US\$ / gold ounce sold		
	3Q 2019	3Q 2018	Increase / (Decrease) %
Sales volume of fine gold (ounces)	7,434.85	9,568.99	(22.3)
Mining related costs	645	519	24.3
Royalty and tribute expenses	171	158	8.2
Adjusted operating costs⁽¹⁾	816	677	20.5
General and administrative costs	149	130	14.6
Capital expenditure	13	64	(79.7)
All-in sustaining costs⁽²⁾	978	871	12.3
Capital exploration (non-sustaining)	24	6	300.0
Capital expenditure (non-sustaining)	135	75	80.0
All-in costs⁽³⁾	1,137	952	19.4

- (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. 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 in 3Q 2019 were 19.4% higher, mainly due to the decrease in sales of fine gold along with the higher capital expenditure in non-sustaining operation resulting from construction work-in-progress of underground mining facility and production expansion infrastructure.

Tax expenses

CMNM Mining Group Sdn Bhd ("CMNM"), the main operating subsidiary of the Group, was enjoying a 100% tax exemption on its statutory income derived from the sale of gold doré bars under the Pioneer Status Incentive Scheme in Malaysia until its expiry on 30 June 2018. As such, for accounting purposes, the Group has been accruing for tax expenses on its profits from the sale of gold doré bars based on the normal corporate tax rate in Malaysia of 24% with effect from 1 July 2018.

The Group's low effective tax rate for 3Q2019 of 1.6% was mainly due to the refund of withholding tax paid on management fees for prior years by the Malaysia tax authorities and relevant reversal of tax provisions made previously.

Profit after tax

The Group's profit after tax increased by US\$1.71 million to US\$2.34 million in 3Q 2019 from US\$0.63 million in 3Q 2018 due to the reasons stated above.

Excluding the impact of unrealised foreign exchange differences, expenses incurred in relation to the Company's proposed dual listing of its shares on the Main Board of the Stock Exchange of Hong Kong Limited in 3Q 2018, the grant of performance shares to deserving employees, as well as the refund and reversal as described above, the profit after tax for 3Q 2019 would be consistent with that in 3Q 2018.

	3Q 2019 US\$	3Q 2018 US\$
Profit before tax	2,381,797	1,433,143
Tax expenses	(37,429)	(802,965)
Profit after tax	2,344,368	630,178
Unrealised foreign exchange loss ("A")	206,848	395,768
Listing expenses ("B")	-	787,008
Performance share plan ("C")	-	71,511
Refund of withholding tax for prior years and relevant reversal of provision made previously ("D")	(744,795)	-
Profit after tax excluding A to D	1,806,421	1,884,465

(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 30 September 2019 and 31 December 2018.

Assets

The decrease in exploration and evaluation assets was mainly due to the transfer of US\$1.96 million from exploration and evaluation assets to mine properties. The decrease was partially mitigated by exploration and evaluation activities of US\$0.67 million undertaken during the nine months ended 30 September 2019.

The increase in mine properties was mainly due to the reason stated above, coupled with the increase in rehabilitation costs of US\$0.27 million and drilling costs of US\$1.24 million. The overall increase in mine properties was partially offset by amortisation expenses of US\$1.10 million.

The increase in property, plant and equipment was mainly due to the on-going construction of a new flotation plant, production expansion infrastructure and an underground mining facility for the Group's operations and purchase of equipment and vehicles of US\$6.31 million. This increase was partly offset by depreciation of US\$2.48 million.

The increase in trade and other receivables stems mainly from that of trade receivables which was attributable to the sales generated in September 2019. The Group subsequently received full payment for the balance of trade receivables in early October 2019.

Liabilities

The decrease in total liabilities was mainly due to the decrease in dividends payable of US\$0.79 million, and trade and other payables of US\$0.51 million resulting mainly from the accrued listing expenses of US\$0.26 million in previous financial year.

The overall decrease was partly offset by increases in accrued rehabilitation costs; increase in current tax liabilities which was derived mainly from CMNM as its Pioneer Status Incentive Scheme has expired on 30 June 2018 and increase in lease liabilities due to the adoption of SFRS(I) 16.

As at 30 September 2019, the Group had positive working capital of US\$11.79 million compared to US\$12.74 million as at 31 December 2018.

Cash flows

The net operating cash inflows in 3Q 2019 amounting to US\$3.67 million was mainly due to operating profit before working capital changes of US\$3.62 million, adjusted for the decrease in trade and other payables of US\$1.52 million, tax paid of US\$1.13 million, the decreases in trade and other receivables of US\$1.87 million and in inventories of US\$0.40 million as well as, withholding tax refunds of US\$0.32 million.

Net cash used in investing activities amounting to US\$1.46 million comprises payments to acquire property, plant and equipment for the on-going construction of the underground mining structure, production expansion infrastructure and a new flotation plant as well as mine properties and exploration and evaluation assets.

Net cash used in financing activities amounted to US\$0.04 million in 3Q 2019. This related to payment made for lease liabilities during the quarter.

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 third quarter ended 30 September 2019 from what was previously discussed under paragraph 10 of the announcement of the Company's financial results for the second quarter ended 30 June 2019.

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 has commenced underground mining at its flagship Sokor gold field. Notwithstanding the potential to extract high-grade gold ore, which is expected to translate into increased bullion production, the Group has encountered weak rock masses and underground water. Engineers are working on site to resolve these issues and ensure a smooth and safe production process. Barring any unforeseen circumstances, the Group expects to resolve these issues during 4Q2019, and commence high-grade gold ore extraction in 1Q2020.

The construction of the proposed flotation plant for the production of silver, lead and zinc will be delayed as the Group is in the process of preparing some additional required documentation for submission to relevant authorities for review and approval. Barring any unforeseen circumstances and subject to the award of commercial operation permits from the relevant authorities, the Group expects to start generating revenue from the production and sale of silver, lead and zinc in 2021.

Even as it seeks to extract more mineral-bearing ores to increase production, the Group remains fully committed to keeping a lid on expenses. To this end, it is working closely with the relevant Malaysian authorities to obtain all relevant approvals and permits for the planned installation of a national grid power line at Sokor. The power line, when completed, will enable the Group to reduce its power bill substantially as it will not need to rely on diesel generators for electricity.

The Group is still in talks with the relevant authorities in Malaysia to procure some tax incentives for profits generated from the sale of its gold bars. As previously disclosed and in particular, the Group is still seeking to renew or extend the Pioneer Status Incentive Scheme, under which it had previously enjoyed having qualifying profits fully exempted from tax for five years until 30 June 2018. Pending the outcome of these discussions, it may also apply for other tax incentives that are eligible to the business of the Group.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend recommended for the current financial period reported on?

Yes

Name of Dividend	1 st Interim tax exempt dividend
Dividend Type	Cash
Dividend Amount per Share	S\$0.0020 per ordinary share
Tax Rate	Tax-exempt one-tier

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared or recommended for 3Q 2018.

(c) *The date the dividend is payable.*

20 December 2019.

(d) *The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.*

20 November 2019.

12. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

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 2019, 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 Catalist Listing Manual**

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

In 3Q 2019, funds/cash was mainly used for the following production activities, as compared to the projections:-

Purpose	Amount (US\$ million)	Amount (US\$ million)
	Actual Usage	Projected Usage
Exploration and evaluation activities	0.59	0.80
Payments for mining lease	0.12	0.35
Payments for plant and machinery	0.65	2.20
Payments for diesel and other production materials	2.81	3.20
Royalty and tribute fees to government	1.20	1.58
Rental of equipment	0.49	0.48
Upkeep of equipment and motor vehicles	0.34	0.38
General working capital	1.85	1.63
Total	8.05	10.62

- 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 2019 to 31 December 2019 (“4Q 2019”)), the Group’s use of funds/cash for production activities is expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	1.02
Payments for plant and machinery	1.16
Payments for diesel and other production materials	2.96
Royalty and tribute fees to government	1.36
Rental of equipment	0.54
Upkeep of equipment and motor vehicles	0.33
General working capital	2.07
Total	9.44

The Group's exploration plans for 4Q 2019 are as follows:-

(a) Geological Investigation

The Geology Department plans to carry out exploration activities in Ulu Sokor, Kelgold and Pulai concessions. Details of exploration plans are as below:

Ulu Sokor concession:

- i) Continue core drilling activities in New Found lode to further understand the occurrence of highly silicified gold mineralization zones found above and below intrusion.
- ii) Continue core drilling activities in Sg. Amang area to verify the anomaly and expand the intersected lead-zinc mineralized zones.

Kelgold concession:

- i) Trenching activity will continue to be carried out in the southwestern anomaly zone.

Pulai concession:

- i) To estimate the ore quantity and quality of feldspar mine through core drilling activities.

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 exploration drilling sub-contractors, using diamond rigs capable of drilling NQ drill core size to 1,000 meters in depth.

Drilling activity for 4Q 2019 will be carried out in Ulu Sokor concession. Geology Department may revise the drilling plan from time to time based on the assay result of each drillhole.

Drilling plan for Pulai feldspar mine will be formulated following the completion of geological map.

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.

15. Rule 705 (7) 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 2019, the variance between budgeted and actual costs was a result of the deferment of installation of a national grid power line and on-going construction of a new flotation plant.

In 3Q 2019, the Group capitalised a total of US\$1.18 million for exploration and evaluation expenditures incurred during the financial period.

The Group carried out the following exploration activities in 3Q 2019:-

(a) Geological Investigation

Ulu Sokor concession:

The Company conducted geophysics surveys at Sg. Amang, Rixen and Tiger areas. Induced polarization (“IP”) sounding, IP intermediate gradient and resistivity surveys were carried out to explore the underground lead-zinc potential. The orebody is found to be resided in overlapping zones of medium-high polarizability and low-medium resistivity.

Pulai concession:

Geologist from Geophysics survey team conducted geological mapping work in feldspar mine.

Kelgold concessions:

Trenching activities in southwestern anomaly zone was ongoing in 3Q 2019. Fourteen trenches were completed with total footage of 1,874m.

(b) Drilling Program

In 3Q 2019, 33 drillholes were completed in Ulu Sokor concession with total footage of 4,862.33m. No drilling activity were carried out in the Kelgold and Pulai concessions.

Completed drillholes details for the Ulu Sokor concession are shown in Table 1:

Table 1: Completed drillholes in Ulu Sokor concession for 3Q 2019

Drillhole	Designed locations		Completed depths (m)	Dip(°)
	Easting	Northing		
ZKK1-6	444111.37	614287.15	133.63	60
ZKR161-11	444337.75	616208.92	330.80	80
ZKK111-1	444151.24	614593.70	149.86	70
ZKK105-2	444158.73	614430.47	249.33	70

ZKSA10-5	445212.25	617813.13	379.85	65
ZKSA6-4	445047.03	617920.84	249.05	90
ZKK107-1	444204.14	614496.36	207.33	70
ZKM0-8	444508.92	613642.33	72.53	90
ZKSA6-5	445095.21	617937.50	82.82	75
ZKM0-9	444482.24	613683.30	48.53	90
ZKF100-1	443820.00	613268.86	127.80	90
ZKF1-4	443820.54	613267.38	105.53	90
ZKSA2-2R	445032.09	617966.54	149.42	70
ZKSAX2-1	445030.08	617965.72	151.65	70
ZKM1-12	444448.98	613703.84	48.53	90
ZKF2-1	443914.47	613293.98	126.33	60
ZKM1-13	444435.60	613725.73	50.83	90
ZKSAX10-1	445074.32	617993.63	106.75	80
ZKF3-1	443951.11	613300.18	130.38	60
ZKSAX10-2	445060.68	618030.32	170.62	80
ZKF4-1	443952.03	613301.68	160.58	60
ZKSAX14-1	445108.95	618010.11	116.06	80
ZKF5-1	444029.60	613291.09	116.83	60
ZKSAX5-1	444930.36	617898.99	163.85	0
ZKSAX3-1	444930.36	617898.99	94.75	75
ZKSAX5-2	444930.36	617898.99	130.65	70
ZKF5-2	444029.68	613292.00	171.53	85
ZKF6-1	444043.21	613338.34	160.33	75
ZKSAX1-2	445018.30	617791.09	95.35	80
ZKF2-2	443915.34	613294.73	138.53	85
ZKSAX2-2	445039.80	617817.01	75.15	70
ZKSAX2-3	445017.79	617867.36	177.62	70
ZKF3-2	443949.96	613301.05	189.53	85

(c) Half core sampling and analysis

In-house laboratory analyzed 3,259 samples in 3Q 2019. Out of the 3,259 samples assayed, 2,059 were half core samples and 258 rock chip samples from Ulu Sokor concession; 942 trench samples from Kelgold concession.

16. Confirmation pursuant to Rule 705(5) 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 unaudited financial results for the third quarter ended 30 September 2019 to be false and misleading in any material aspect.

17. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

By Order of the Board

Lim Kuoh Yang
Chief Executive Officer

12 November 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

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