



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 2015

*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.*

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2015 US\$ (Unaudited)	30 September 2014 US\$ (Unaudited)	Increase/ (Decrease) %	30 September 2015 US\$ (Unaudited)	30 September 2014 US\$ (Unaudited)	Increase/ (Decrease) %
Revenue	9,947,896	10,046,340	(1.0)	27,171,509	23,426,726	16.0
Other operating income	602	497	21.1	16,148	17,930	(9.9)
Changes in inventories	(217,468)	(397,871)	(45.3)	(289,970)	(475,682)	(39.0)
Amortization and depreciation	(965,164)	(864,313)	11.7	(2,811,926)	(2,108,909)	33.3
Employees' compensation	(542,333)	(647,274)	(16.2)	(1,578,818)	(1,357,225)	16.3
Key management remuneration	(541,582)	(664,135)	(18.5)	(1,656,189)	(1,453,499)	13.9
Marketing and publicity expenses	(109,490)	(43,578)	151.3	(193,805)	(59,044)	228.2
Office and administration expenses	(33,190)	(79,761)	(58.4)	(206,865)	(221,325)	(6.5)
Professional fees	(146,023)	(155,209)	(5.9)	(466,563)	(480,552)	(2.9)
Rental expense on operating lease	(212,913)	(166,565)	27.8	(647,967)	(379,601)	70.7
Royalty and tribute fee expenses	(740,651)	(758,900)	(2.4)	(2,033,648)	(1,797,594)	13.1
Site and factory expenses	(1,239,953)	(1,521,089)	(18.5)	(4,072,029)	(4,230,703)	(3.8)
Travelling and transportation expenses	(33,250)	(56,261)	(40.9)	(137,189)	(146,106)	(6.1)
Other operating expenses (Note 1)	(2,837,515)	(325,294)	772.3	(3,712,199)	(304,380)	n.m.
Results from operating activities	2,328,966	4,366,587	(46.7)	9,380,489	10,430,036	(10.1)
Finance income	126,670	13,494	838.7	326,841	14,520	n.m.
Finance costs	(2,220)	(3,584)	(38.1)	(7,875)	(31,419)	(74.9)
Net finance income/(costs)	124,450	9,910	n.m.	318,966	(16,899)	n.m.
Profit before tax	2,453,416	4,376,497	(43.9)	9,699,455	10,413,137	(6.9)
Tax (expense)/credit	(73,604)	(147,574)	(50.1)	(354,077)	863,376	n.m.
Profit for the period	2,379,812	4,228,923	(43.7)	9,345,378	11,276,513	(17.1)
Other comprehensive (loss)/income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from consolidation of foreign subsidiaries	(42,720)	(6,291)	579.1	(64,445)	1,267	n.m.
Total comprehensive income for the period	2,337,092	4,222,632	(44.7)	9,280,933	11,277,780	(17.7)
Profit attributable to:						
Owners of the Company	1,829,887	3,378,193	(45.8)	7,399,936	9,079,525	(18.5)
Non-controlling interests	549,925	850,730	(35.4)	1,945,442	2,196,988	(11.4)
Profit for the period	2,379,812	4,228,923	(43.7)	9,345,378	11,276,513	(17.1)
Total comprehensive income attributable to:						
Owners of the Company	1,794,150	3,372,931	(46.8)	7,346,024	9,080,585	(19.1)
Non-controlling interests	542,942	849,701	(36.1)	1,934,909	2,197,195	(11.9)
Total comprehensive income for the period	2,337,092	4,222,632	(44.7)	9,280,933	11,277,780	(17.7)

Note 1: Other operating expenses include unrealised loss on foreign currency exchange of US\$2,717,291 (30 September 2014: US\$174,274) and US\$3,682,350 (30 September 2014: US\$80,989) for three months and nine months period ended 30 September 2015 respectively.

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

	Group					
	Three Months Ended			Nine Months Ended		
	30 September 2015 US\$ (Unaudited)	30 September 2014 US\$ (Unaudited)	Increase / (Decrease) %	30 September 2015 US\$ (Unaudited)	30 September 2014 US\$ (Unaudited)	Increase / (Decrease) %
Profit for the period is stated at after charging / (crediting) the following:						
Finance costs	2,220	3,584	(38.1)	7,875	31,419	(74.9)
Amortization and depreciation	965,164	864,313	11.7	2,811,926	2,108,909	33.3
Property, plant and equipment written off	2,716	-	n.m.	3,159	-	n.m.
Deposit written off	-	25,000	n.m.	-	26,166	n.m.
Exploration and evaluation assets written off	-	66,485	n.m.	-	66,485	n.m.
Impairment loss on other receivables	-	16,387	n.m.	-	16,387	n.m.
Gain on disposal of property, plant and equipment	-	-	-	(8,030)	(1,027)	681.9
Loss on foreign currency exchange						
- Unrealised	2,717,291	174,274	n.m.	3,682,350	80,989	n.m.
- Realised	66,588	43,136	54.4	25,918	108,279	(76.1)

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 2015 US\$ (Unaudited)	31 December 2014 US\$ (Audited)	30 September 2015 US\$ (Unaudited)	31 December 2014 US\$ (Audited)
ASSETS				
Non-current assets				
Exploration and evaluation assets	4,610,417	4,990,395	-	-
Mine properties	7,549,874	6,517,394	-	-
Property, plant and equipment	7,948,468	7,568,558	115,601	159,967
Investment in subsidiaries	-	-	8,306,587	8,044,787
Total non-current assets	20,108,759	19,076,347	8,422,188	8,204,754
Current assets				
Inventories	797,537	802,208	-	-
Trade and other receivables	1,141,578	612,757	6,119,561	6,688,479
Cash and cash equivalents	18,314,830	12,339,714	943,611	2,023,789
Total current assets	20,253,945	13,754,679	7,063,172	8,712,268
Total assets	40,362,704	32,831,026	15,485,360	16,917,022
EQUITY				
Share capital	18,032,233	18,032,233	18,032,233	18,032,233
Treasury shares	(75,092)	-	(75,092)	-
Capital reserve	2,824,635	2,824,635	-	-
Retained earnings/(Accumulated losses)	10,025,953	4,318,583	(3,139,177)	(1,961,722)
Translation reserve	(69,811)	(15,899)	-	-
	30,737,918	25,159,552	14,817,964	16,070,511
Non-controlling interests	4,354,147	2,652,568	-	-
Total equity	35,092,065	27,812,120	14,817,964	16,070,511
LIABILITIES				
Non-current liabilities				
Loans and borrowings	106,765	175,594	-	-
Deferred tax liabilities	680,436	542,186	-	-
Total non-current liabilities	787,201	717,780	-	-
Current liabilities				
Loans and borrowings	41,139	73,033	-	-
Trade and other payables	3,990,450	3,156,530	667,396	384,248
Accrued rehabilitation costs	435,750	289,990	-	-
Dividend payable	-	761,029	-	462,263
Current tax liabilities	16,099	20,544	-	-
Total current liabilities	4,483,438	4,301,126	667,396	846,511
Total liabilities	5,270,639	5,018,906	667,396	846,511
Total equity and liabilities	40,362,704	32,831,026	15,485,360	16,917,022

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 2015		As at 31 December 2014	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
41,139	-	73,033	-

Amount repayable after one year

As at 30 September 2015		As at 31 December 2014	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
106,765	-	175,594	-

Details of any collateral

The Group's borrowings as at 30 September 2015 comprised finance lease liabilities, which were secured on the Group's motor vehicles and plant and equipment. The net carrying amounts of the motor vehicles and plant and equipment as at 30 September 2015 came to US\$189,000 (31 December 2014: US\$366,599).

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 2015 US\$ (Unaudited)	30 September 2014 US\$ (Unaudited)	30 September 2015 US\$ (Unaudited)	30 September 2014 US\$ (Unaudited)
Operating activities				
Profit for the period	2,379,812	4,228,923	9,345,378	11,276,513
Adjustments for:				
Depreciation of property, plant and equipment	533,148	555,297	1,709,982	1,413,134
Amortization of mine properties	432,016	309,016	1,101,944	695,775
Property, plant and equipment written off	2,716	-	3,159	-
Gain on disposal of property, plant and equipment	-	-	(8,030)	(1,027)
Deposit written off	-	25,000	-	26,166
Exploration and evaluation assets written off	-	66,485	-	66,485
Impairment on other receivables	-	16,387	-	16,387
Finance income	(126,670)	(13,494)	(326,841)	(14,520)
Finance costs	2,220	3,584	7,875	31,419
Unrealised loss on foreign exchange	2,717,291	174,274	3,682,350	80,989
Tax expense/(credit)	73,604	147,574	354,077	(863,376)
Operating profit before working capital changes	6,014,137	5,513,046	15,869,894	12,727,945
Changes in working capital:				
Inventories	159,880	6,007	4,671	59,879
Trade and other receivables	1,376,683	368,949	(725,418)	223,429
Trade and other payables	(504,211)	(771,543)	391,913	(751,727)
Cash generated from operations	7,046,489	5,116,459	15,541,060	12,259,526
Tax paid	(331,139)	(5,245)	(334,227)	(9,843)
Finance income received	126,670	13,494	326,841	14,520
Finance costs paid	(2,220)	(3,584)	(7,875)	(31,419)
Net cash generated from operating activities	6,839,800	5,121,124	15,525,799	12,232,784
Investing activities				
Purchase of property, plant and equipment	(655,364)	(419,942)	(1,969,187)	(2,348,275)
Proceeds from disposal of property, plant and equipment	-	-	8,030	6,266
Payment for exploration and evaluation assets	(345,981)	(245,265)	(887,625)	(948,461)
Net cash used in investing activities	(1,001,345)	(665,207)	(2,848,782)	(3,290,470)
Financing activities				
Deposits withdrawn	-	804,200	-	804,200
Repayment of convertible loan	-	-	-	(1,144,630)
Dividend paid to equity holders of the Company	(534,157)	(491,800)	(2,154,829)	(1,141,255)
Dividend paid to non-controlling interests	(233,000)	-	(532,096)	-
Share buyback	(75,092)	-	(75,092)	-
Repayment of finance lease liabilities	(11,565)	(41,704)	(57,950)	(82,789)
Net cash (used in)/generated from financing activities	(853,814)	270,696	(2,819,967)	(1,564,474)
Net increase in cash and cash equivalents	4,984,641	4,726,613	9,857,050	7,377,840
Cash and cash equivalents at beginning of the period	16,224,412	4,952,094	12,339,714	2,195,323
Effect of exchange rate fluctuations on cash held	(2,894,223)	(238,291)	(3,881,934)	(132,747)
Cash and cash equivalents in the statement of financial position	18,314,830	9,440,416	18,314,830	9,440,416

During the three months period ended 30 September 2015 (“3Q 2015”), the Group acquired property, plant and equipment at an aggregate cost of US\$750,470, compared to US\$669,845 for the corresponding three months period ended 30 September 2014 (“3Q 2014”). As at 30 September 2015, a total consideration of US\$95,106 for the acquisitions made in 3Q 2015 had yet to be paid, as compared to US\$249,903 as at 30 September 2014 for the acquisitions in 3Q 2014.

The Group also acquired exploration and evaluation assets as well as mine properties in 3Q 2015 at an aggregate cost of US\$945,310 (3Q 2014: US\$1,203,863) of which US\$58,182 was accrued rehabilitation cost (3Q2014: US\$100,463). As at 30 September 2015, a total consideration of US\$541,147 for the acquisitions made in 3Q 2015 had yet to be paid, compared to US\$858,135 as at 30 September 2014 for the acquisitions in 3Q 2014.

As at 30 September 2015, the Group’s cash and cash equivalents amounted to US\$18.31 million (30 September 2014: US\$9.44 million), comprising currencies denominated in MYR and SGD. Please refer to item 8(b) on cash flows analysis for further details.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital	Treasury Shares	Capital reserve	Translation reserves	(Accumulated losses)/ Retained earnings	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2014	18,032,233	-	2,824,635	(752)	(6,639,065)	14,217,051	325,046	14,542,097
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	5,701,332	5,701,332	1,346,258	7,047,590
Other comprehensive income for the period								
Exchange difference	-	-	-	6,322	-	6,322	1,236	7,558
Total comprehensive income for the period	-	-	-	6,322	5,701,332	5,707,654	1,347,494	7,055,148
Transactions with owners, recognized directly in equity								
2013 Final dividend declared and paid	-	-	-	-	(324,605)	(324,605)	-	(324,605)
2014 First dividend declared by subsidiary to non-controlling interest	-	-	-	-	-	-	(177,327)	(177,327)
Total transaction with owners	-	-	-	-	(324,605)	(324,605)	(177,327)	(501,932)
Balance as at 30 June 2014	18,032,233	-	2,824,635	5,570	(1,262,338)	19,600,100	1,495,213	21,095,313
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	3,378,193	3,378,193	850,730	4,228,923
Other comprehensive income for the period								
Exchange difference	-	-	-	(5,262)	-	(5,262)	(1,029)	(6,291)
Total comprehensive income for the period	-	-	-	(5,262)	3,378,193	3,372,931	849,701	4,222,632
Transactions with owners, recognized directly in equity								
2014 First interim dividend declared and paid	-	-	-	-	(491,800)	(491,800)	-	(491,800)
Total transaction with owners	-	-	-	-	(491,800)	(491,800)	-	(491,800)
Balance as at 30 September 2014	18,032,233	-	2,824,635	308	1,624,055	22,481,231	2,344,914	24,826,145

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 2015	18,032,233	-	2,824,635	(15,899)	4,318,583	25,159,552	2,652,568	27,812,120
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	5,570,049	5,570,049	1,395,517	6,965,566
Other comprehensive income for the period								
Exchange difference	-	-	-	(18,175)	-	(18,175)	(3,550)	(21,725)
Total comprehensive income for the period	-	-	-	(18,175)	5,570,049	5,551,874	1,391,967	6,943,841
Transactions with owners, recognized directly in equity								
2014 Final and special dividend declared and paid	-	-	-	-	(1,158,409)	(1,158,409)	-	(1,158,409)
2015 First dividend declared by subsidiary to non-controlling interest	-	-	-	-	-	-	(233,330)	(233,330)
Total transaction with owners	-	-	-	-	(1,158,409)	(1,158,409)	(233,330)	(1,391,739)
Balance as at 30 June 2015	18,032,233	-	2,824,635	(34,074)	8,730,223	29,553,017	3,811,205	33,364,222
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	1,829,887	1,829,887	549,925	2,379,812
Other comprehensive income for the period								
Exchange difference	-	-	-	(35,737)	-	(35,737)	(6,983)	(42,720)
Total comprehensive income for the period	-	-	-	(35,737)	1,829,887	1,794,150	542,942	2,337,092
Transactions with owners, recognized directly in equity								
2015 First interim dividend declared and paid	-	-	-	-	(534,157)	(534,157)	-	(534,157)
Share buyback	-	(75,092)	-	-	-	(75,092)	-	(75,092)
Total transaction with owners	-	(75,092)	-	-	(534,157)	(609,249)	-	(609,249)
Balance as at 30 September 2015	18,032,233	(75,092)	2,824,635	(69,811)	10,025,953	30,737,918	4,354,147	35,092,065

Company	Share capital US\$	Treasury shares US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 January 2014	18,032,233	-	(3,059,898)	14,972,335
Profit for the period	-	-	658,388	658,388
2013 Final dividend declared and paid	-	-	(324,605)	(324,605)
Balance as at 30 June 2014	18,032,233	-	(2,726,115)	15,306,118
Loss for the period	-	-	(334,912)	(334,912)
2014 First interim dividend declared and paid	-	-	(491,800)	(491,800)
Balance as at 30 September 2014	18,032,233	-	(3,552,827)	14,479,406
Balance as at 1 January 2015	18,032,233	-	(1,961,722)	16,070,511
Profit for the period	-	-	716,034	716,034
2014 Final and special dividend declared and paid	-	-	(1,158,409)	(1,158,409)
Balance as at 30 June 2015	18,032,233	-	(2,404,097)	15,628,136
Loss for the period	-	-	(200,923)	(200,923)
2015 First interim dividend declared and paid	-	-	(534,157)	(534,157)
Share buyback	-	(75,092)	-	(75,092)
Balance as at 30 September 2015	18,032,233	(75,092)	(3,139,177)	14,817,964

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

	Number of shares	Share capital (S\$)	Share capital (US\$)
As at 30 June 2015 and 30 September 2015	407,293,000	22,890,024	18,032,233

As at 30 September 2015, the Company held 400,000 treasury shares (30 September 2014: Nil). The total number of issued shares of the Company (excluding treasury shares) as at 30 September 2015 and 30 September 2014 was 407,293,000 and 407,693,000 respectively.

Save as stated above, the Company did not have any outstanding options, or convertibles as at 30 September 2015 and 30 September 2014.

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 2015 (Unaudited)	Company As at 31 December 2014 (Audited)
Total number of issued shares	407,693,000	407,693,000
Treasury shares	(400,000)	-
Total number of issued shares, excluding treasury shares	<u>407,293,000</u>	<u>407,693,000</u>

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

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

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the Company's audited financial statements for the financial year ended 31 December 2014 ("FY2014").

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

The Group adopted a number of new Financial Reporting Standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2015. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

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

	Group			
	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2015	2014	2015	2014
Profit attributable to owners of the Company (US\$)	1,829,887	3,378,193	7,399,936	9,079,525
Weighted average number of ordinary shares	407,302,206	407,693,000	407,561,303	407,693,000
Basic earnings per ordinary share:				
- US cents	0.45	0.83	1.82	2.23
- SG cents ⁽¹⁾	0.63	1.04	2.56	2.78
Adjusted weighted average number of ordinary shares ⁽²⁾	407,302,206	407,693,000	407,561,303	408,948,411
Diluted earnings per ordinary share:				
- US cents	0.45	0.83	1.82	2.22
- SG cents ⁽¹⁾	0.63	1.04	2.56	2.77

Note:-

- (1) Basic/diluted earnings per ordinary share translated at an exchange rate of USD/SGD 1.4077 and 1.2472 for the period ended 30 September 2015 and 30 September 2014 respectively.
- (2) Adjusted for the weighted average number of ordinary shares of 1,255,411 shares for the nine months period ended 30 September 2014, which may be allotted and issued upon the conversion of the Convertible Loan at S\$0.44 per share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the
(a) current period reported on; and
(b) immediate preceding financial year

	Group		Company	
	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2015 (Unaudited)	31 December 2014 (Audited)
Net asset value (US\$) ⁽¹⁾	30,737,918	25,159,552	14,817,964	16,070,511
Number of shares at the end of the period	407,293,000	407,693,000	407,293,000	407,693,000
Net asset value per share:				
- US cents	7.55	6.17	3.64	3.94
- SG cents ⁽²⁾	10.79	8.16	5.20	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 1.4292 and 1.3229 as at 30 September 2015 and 31 December 2014 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 comparative financial performance of the Group for 3Q 2015 and 3Q 2014:

	3Q 2015	3Q 2014	Increase / (Decrease) %
Production volume of fine gold (ounces)	8,304.67	7,667.17	8.3
Sales volume of gold (ounces)	8,304.67	7,667.17	8.3
Revenue – Total (US\$'000)	9,947.90	10,046.34	(1.0)
Average realised gold price (US\$/ounce)	1,197.87	1,310.31	(8.6)

The Group's revenue from the sales of fine gold in 3Q 2015 decreased 1.0% to US\$9.95 million from US\$10.05 million in 3Q 2014. The decrease was mainly due to an 8.6% fall in the average realised gold price in 3Q 2015. This was mitigated by an increase in the production and sales volume of fine gold in 3Q 2015. Production volume of fine gold increased 8.3% to 8,304.67 ounces in 3Q 2015 from 7,667.17 ounces in 3Q 2014.

Other income or expenses

In 3Q 2015, the Group recorded a net other expenses of US\$2.84 million, compared to US\$0.32 million in 3Q 2014. This was mainly due to an unrealised loss on foreign exchange of US\$2.78 million in 3Q 2015, compared to US\$0.22 million in 3Q 2014. The unrealised loss on foreign exchange was mainly due to the depreciation of MYR against USD.

Operating expenses

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

Total operating expenses decreased US\$0.57 million or 10.7% to US\$4.78 million in 3Q 2015 from US\$5.35 million in 3Q 2014.

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

- Decrease in site and factory expenses by US\$0.28 million or 18.5%, as a result of the depreciation of MYR against USD;
- Decrease in key management remuneration and employees' compensation by US\$0.23 million or 17.3% due to the depreciation of MYR against USD;
- Decrease in changes in inventories by US\$0.18 million or 45.3%, mainly due to the lower realization of the cost of work-in-progress as at 30 September 2015.

The decrease in operating expenses in 3Q 2015 was offset by an increase in depreciation and amortization of US\$0.10 million or 11.7%. This was mainly due to an increase in the Group's equipment base.

Non-FRS Performance Measures

The Group adopted 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 World Gold Council guidelines. The Company believes these performance measures more fully define the total costs associated with its gold production. However, these performance measures have no standardized 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 information on the Group's all-in sustaining costs and all-in costs in 3Q 2015 and 3Q 2014:

	US\$ / gold ounce sold		Increase / (Decrease) %
	3Q 2015	3Q 2014	
Sales volume of fine gold (ounces)	8,304.67	7,667.17	8.3
Mining related costs	283	387	(26.9)
Royalty and tribute expenses	89	99	(10.1)
Adjusted operating costs⁽¹⁾	372	486	(23.5)
General and administrative costs	71	75	(5.3)
Capital expenditure	45	32	40.6
All-in sustaining costs⁽²⁾	488	593	(17.7)
Capital exploration (non-sustaining)	42	32	31.3
Capital expenditure (non-sustaining)	34	23	47.8
All-in costs⁽³⁾	564	648	(13.0)

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

Lower all-in costs in 3Q 2015, compared to 3Q 2014 were due to economies of scale arising from the higher sales of fine gold and depreciation of MYR against USD, mitigated by higher capital expenditure in 3Q 2015.

The all-in costs of US\$564 per ounce in 3Q 2015 were higher than the all-in costs of US\$517 per ounce in 2Q 2015. This was due to the lower payment for capital exploration (under non-sustaining costs) in 2Q 2015, resulting from reduced exploration activities undertaken in the first half of 2015 (please refer to the Company's 2Q 2015 financial results announcement dated 11 August 2015 for the Group's all-in costs in 2Q 2015).

Finance income and costs

Finance income and costs include interest income from fixed deposits and interest on finance lease. The Group recorded a net finance income of US\$0.12 million mainly due to interest income earned from placement of fixed deposit.

Tax expense

The Group incurred a tax expense of US\$0.07 million in 3Q 2015 as compared to US\$0.15 million in 3Q 2014. The lower tax expense was mainly due to lower profit before tax.

Profit after tax

Profit after tax decreased US\$1.85 million or 43.7% to US\$ 2.38 million in 3Q 2015 from US\$4.23 million in 3Q 2014 due to the reasons stated above.

Excluding the unrealized loss on foreign currency exchange of US\$ 2.72 million in 3Q 2015 and US\$ 0.17 million in 3Q 2014, profit after tax would have increased by 15.9% or US\$0.70 million to US\$5.10 million in 3Q 2015, as compared to US\$4.40 million in 3Q 2014.

(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 for both the assets and liabilities below are based on financial statement as at 31 December 2014 and 30 September 2015.

Assets

Exploration and evaluation assets decreased US\$0.38 million to US\$4.61 million as at 30 September 2015 from US\$4.99 million as at 31 December 2014 mainly due to the transfer of US\$1.92 million from exploration and evaluation assets to mine properties. The decrease was partially offset by the increase in exploration and evaluation activities of US\$1.54 million.

Mine properties increased US\$1.03 million to US\$7.55 million as at 30 September 2015 from US\$6.52 million as at 31 December 2014 mainly due to the transfer of US\$1.92 million from exploration and evaluation assets to mine properties coupled with an increase in rehabilitation costs of US\$0.21 million. This increase was partially offset by amortisation of US\$1.10 million.

Property, plant and equipment increased US\$0.38 million to US\$7.95 million as at 30 September 2015 from US\$7.57 million as at 31 December 2014 mainly due to addition of property, plant and equipment of US\$2.20 million, such as the construction of a new production line and acquisition of excavators. The increase was partly offset by a depreciation in property, plant and equipment.

Trade and other receivables increased by US\$0.53 million to US\$1.14 million as at 30 September 2015 from US\$0.61 million as at 31 December 2014 mainly due to an increase of US\$0.68 million which was attributable to advances made in connection with the extension of our existing mining lease and application for large scale mining concession.

Liabilities

Total liabilities of the Group increased by US\$0.25 million to US\$5.27 million as at 30 September 2015 from US\$5.02 million as at 31 December 2014. This was mainly due to:

-
- An increase in trade and other payables of US\$0.83 million as a result of the acquisition of plant and equipment and higher production activities; and
 - An increase in accrued rehabilitation costs of US\$0.15 million.

The increase in total liabilities was partially offset by a decrease in dividend payable of US\$0.76 million.

As at 30 September 2015, the Group's working capital was US\$15.77 million as compared to US\$9.45 million as at 31 December 2014.

Cash flows

Net cash generated from operating activities increased 33.6% to US\$6.84 million in 3Q 2015 from US\$5.12 million in 3Q 2014, mainly due to the operating profit before working capital changes of US\$6.01 million, adjusted for working capital inflows of US\$1.03 million. This was mainly attributable to a decrease in trade and other receivables of US\$1.38 million and decrease in inventories of US\$0.15 million, partially offset by a decrease in trade and other payables of US\$0.50 million.

Net cash used in investing activities amounted to US\$1.00 million comprising payments for the acquisition of property, plant and equipment as well as exploration and evaluation assets. The acquisition was in relation to the construction of new production facilities, acquisition of motor vehicles and equipment, geological investigations and drilling work.

Net cash used in financing activities amounted to US\$0.85 million, comprising mainly dividend paid to equity holders of the Company of US\$0.53 million and the dividend paid to non-controlling interests of US\$0.23 million.

As at 30 September 2015, the Group had cash and cash equivalents of US\$18.31 million, up US\$8.87 million from US\$9.44 million as at 30 September 2014.

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

The actual results for 3Q 2015 are consistent with the commentary under paragraph 10 of the Company's announcement of the financial statements for the half year ended 30 June 2015.

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 expects gold prices to be volatile. In response, the Group remains committed in its efforts to improve operational efficiencies by reducing production costs. This is reflected in the decline in the Group's all-in cost of production from US\$725 per ounce in FY2014 to US\$603 per ounce for the 9 months period ended 30 September 2015. The Group is also exploring suitable opportunities to expand its minerals portfolio, including acquiring mining assets in Malaysia or other parts of the region.

Notwithstanding the recent depreciation of the MYR against the USD which has resulted in net unrealised foreign exchange losses arising from the revaluation of MYR-

denominated monetary assets and liabilities (mainly cash and cash equivalents) into USD, the Group continues to benefit from the stronger USD since the sales of gold are denominated in USD whilst its costs are mainly denominated in MYR.

11. Dividend

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

None.

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

None.

(c) Date payable:

Not applicable.

(d) Books closure date:

Not applicable.

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

No dividend has been declared or recommend.

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

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

In 3Q 2015, the Group did not enter into any IPT of more than S\$100,000.

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 2015, funds/ cash were mainly used for the following production activities, as compared to the projections:-

Purpose	Amount (US\$ million) <i>Actual Usage</i>	Amount (US\$ million) <i>Projected Usage</i>
Exploration and evaluation activities	0.87	0.77
Payments for machinery purchased in current and prior periods	0.67	0.42
Payments for diesel and other production materials purchased in current and prior periods	1.05	1.34
Royalty and tribute fees to government	0.61	0.64

Rental of equipment	0.20	0.20
Upkeep of equipment and motor vehicles	0.27	0.22
General working capital	0.76	0.77
Total	4.43	4.36

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 2015 to 31 December 2015 (“4Q2015”)), the Group’s use of funds/cash for production activities are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.62
Payment for machinery purchased in current and prior quarter	0.84
Payment for diesel and other production materials purchased in current and prior quarter	1.29
Royalty fees to government	0.74
Rental of equipment	0.20
Upkeep of equipment and motor vehicles	0.17
General working capital	1.43
Total	5.29

The Group’s exploration plans from 1 October 2015 to 31 December 2015 are as follows:-

(a) Geological Investigation

The geological investigation directions for next quarter are:

- i) Focus on exploring laterite-type ore adjacent to Manson’s Lode and Southern part of the concession
- ii) Interpret and compile 2015 exploration data in preparation for 2016 exploration activity

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

(b) Diamond drilling program

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

Drilling activity is halted for 4Q 2015 pending current geological data compilation and interpretation.

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 above information provided to be false or misleading in any material aspect.

15a. Rule 705 (7)(a) of the Catalyst 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 2015, the Group capitalised a total of US\$0.89 million for exploration and evaluation activities carried out during the financial period.

The Group carried out the following exploration activities in 3Q 2015:-

(a) Geological Investigation

Geological investigation was focused on the core drill sampling results from drilling activities carried out in five gold deposit areas known as Rixen, Manson, New Discovery, New Found, and Sg. Amang. Core samples were collected and sent to SGS for analysis. Trenching was carried out to expose the outcrops before continuing to drilling activity. Rock chip samples were collected and tested by in-house laboratory.

(b) Drilling Program

A total of 44 drill holes, comprising total footage of 4,707.60 meters were finished in five gold deposit areas known as Rixen, Sg. Amang, Manson's Lode, New Discovery and New Found (see Table 1 and Table 2 for details). Several sections of mineralised and altered zones were revealed in these holes and the cores were split for sampling after geologic logging. After each drill hole was finished, the collar locations were accurately surveyed by electronic distance measurement (EDM) equipment using NTS662 total station instruments.

Table 1: Completed drillholes for Rixen and Sg. Amang deposits

Drillholes	Designed locations		Depths (m)
	X	Y	
ZKR0-6	443720	617240	72.42
ZKR1-8	443710	617290	84.42
ZKR5-10	444343	617344	311.80
ZKR9-5	443515	617460	45.02
ZKR9-6	444262	617454	232.89
ZKR13-7	443481	617545	53.59
ZKR101-6	443800	617165	85.52
ZKR109-5	443840	616944	124.85
ZKR121-6	444109	616724	192.30

Drillholes	Designed locations		Depths (m)
	X	Y	
ZKR0-6	443720	617240	72.42
ZKR1-8	443710	617290	84.42
ZKR129-7	444164	616624	129.10
ZKR137-5	444018	616524	196.72
ZKR137-7	443640	616510	72.22

Drillholes	Designed locations		Depths (m)
	X	Y	
ZKR141-5	443640	616465	88.67
ZKR145-5	444027	616424	186.45
ZKR145-7	443647	616415	66.22
ZKR175-1	443860	616025	85.22
ZKR175-2	443935	616025	128.52
ZKR183-1	443804	615920	66.22
ZKR183-2	443875	615920	90.22
ZKSA145-1	444750	619542	123.43
ZKSA145-2	444675	619542	100.68
ZKSA145-3	444619	619542	90.00
Total	Total depth as 2626.48m/22holes		

Table 2: Completed drillholes for Manson's Lode, New Found, and New Discovery deposits

Drillholes	Designed locations		Depths (m)
	X	Y	
ZKM1-9	444495	613605	45.63
ZKM1-10	444596	613446	88.63
ZKM1-11	444621	613403	94.98
ZKM2-8	444480	613580	51.63
ZKM112-4	444871	613591	120.00
ZKM112-5	444896	613548	90.46
ZKM108-3	444694	613698	84.42
ZKM108-4	444765	613574	119.21
ZKM108-5	444790	613530	143.99
ZKF105-2	443569	613258	87.43
ZKF105-3	443563	613270	77.13
ZKN0-9	444050	613680	123.38
ZKN7-7	443856	613535	127.77
ZKN12-1	443845	613457	115.56
ZKN12-2	443864	613446	87.96
ZKN13-1	443826	613426	85.62
ZKN13-2	443906	613426	99.41
ZKN13-3	443986	613426	104.00
ZKN13-4	443786	613426	70.02
ZKN14-3	443805	613402	53.09
ZKN101-2	443970	613710	114.29
ZKN101-3	443930	613710	96.51
Total	Total depth as 2081.12m/22 holes.		

(c) Half core sampling and analysis

A total of 1365 half core samples were delivered to in-house laboratory for Au, Ag, Cu, Pb and Zn for 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 13 April 2015 despatched the qualified person's report on the updated mineral resource and ore reserve estimates as at 31 December 2014 ("QPR 2014") to update shareholders on its resource and reserve information. The QPR 2014 is contained in the Company's annual report for FY2014 ("AR 2014"). A soft copy of the AR 2014 is available for download on the SGXNET and the Company's website.

There were no material updates on the QPR 2014 as at 30 September 2015.

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 2015 to be false and misleading in any material aspect.

By Order of the Board

Lim Kuoh Yang
Chief Executive Officer

11 November 2015