



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 First Quarter Ended 31 March 2014

This announcement has been prepared by CNMC Goldmine Holdings Limited (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte Ltd (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement and has not drawn on any specific technical expertise in its review of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 62298088.

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 2014 US\$ (Unaudited)	31 March 2013 US\$ (Unaudited)	Increase/ (Decrease) %
Revenue	5,114,532	716,266	614.1
Changes in inventories	(29,606)	454,233	n.m.
Other income	58,989	610	n.m.
Amortization and depreciation	(503,013)	(401,943)	25.1
Employees' compensation	(310,297)	(248,357)	24.9
Key management remuneration	(421,588)	(266,743)	58.1
Marketing and publicity expenses	(4,651)	(8,740)	(46.8)
Office and administration expenses	(73,225)	(87,440)	(16.3)
Professional fees	(150,689)	(131,565)	14.5
Rental expense on operating lease	(48,543)	(61,900)	(21.6)
Royalty and tribute fee expenses	(405,532)	(55,153)	635.3
Site and factory expenses	(1,003,527)	(709,946)	41.4
Travelling and transportation expenses	(32,560)	(46,319)	(29.7)
Other expenses	(7,228)	(10,614)	(31.9)
Results from operating activities	2,183,062	(857,611)	n.m.
Finance income	74	334	(77.8)
Finance costs	(21,271)	(445)	n.m.
Net finance costs	(21,197)	(111)	n.m.
Profit/(Loss) before tax	2,161,865	(857,722)	n.m.
Tax (expenses)/credit	(609,973)	133,065	n.m.
Profit/(Loss) for the financial period	1,551,892	(724,657)	n.m.
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss: Exchange differences arising from consolidation of foreign subsidiaries	2,761	(8,606)	n.m.
Total comprehensive income/(loss) for the financial period	1,554,653	(733,263)	n.m.
Profit/(Loss) attributable to:			
Owners of the Company	1,261,620	(648,711)	n.m.
Non-controlling interests	290,272	(75,946)	n.m.
Profit/(Loss) for the financial period	1,551,892	(724,657)	n.m.
Total comprehensive income/(loss) attributable to:			
Owners of the Company	1,263,930	(657,676)	n.m.
Non-controlling interests	290,723	(75,587)	n.m.
Total comprehensive income/(loss) for the financial period	1,554,653	(733,263)	n.m.

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

	Group		
	Three Months Ended		
	31 March 2014 US\$ (Unaudited)	31 March 2013 US\$ (Unaudited)	Increase / (Decrease) %
Profit/(Loss) for the period is stated at after charging / (crediting) the following:			
Borrowing costs	21,271	445	n.m.
Amortization and depreciation	503,013	401,943	25.1
Deposit written off	1,166	-	n.m.
(Gain)/Loss on foreign exchange	(42,831)	10,614	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 2014 US\$ (Unaudited)	31 December 2013 US\$ (Audited)	31 March 2014 US\$ (Unaudited)	31 December 2013 US\$ (Audited)
ASSETS				
Non-current assets				
Exploration and evaluation assets	2,411,475	3,990,897	-	-
Mine properties	7,166,467	5,579,285	-	-
Property, plant and equipment	7,197,895	6,219,314	30,080	10,115
Investment in subsidiaries	-	-	8,202,036	8,202,036
Deferred tax assets	207,461	207,461	207,461	207,461
Total non-current assets	16,983,298	15,996,957	8,439,577	8,419,612
Current assets				
Inventories	1,099,560	1,092,095	-	-
Trade and other receivables	823,365	1,250,942	7,440,468	7,697,619
Cash and cash equivalents	4,380,087	2,995,725	908,376	984,459
Total current assets	6,303,012	5,338,762	8,348,844	8,682,078
Total assets	23,286,310	21,335,719	16,788,421	17,101,690
EQUITY				
Share capital	18,032,233	18,032,233	18,032,233	18,032,233
Capital reserve	2,824,635	2,824,635	-	-
Accumulated losses	(5,377,445)	(6,639,065)	(3,064,940)	(3,059,898)
Translation reserves	1,558	(752)	-	-
	15,480,981	14,217,051	14,967,293	14,972,335
Non-controlling interests	615,769	325,046	-	-
Total equity	16,096,750	14,542,097	14,967,293	14,972,335
LIABILITIES				
Non-current liabilities				
Loans and borrowings	11,755	14,014	-	-
Deferred tax liabilities	396,085	331,913	-	-
Total non-current liabilities	407,840	345,927	-	-
Current liabilities				
Loans and borrowings	1,129,089	1,062,746	1,053,599	1,053,599
Derivative financial instrument	91,031	91,031	91,031	91,031
Trade and other payables	3,529,904	3,425,822	676,498	659,875
Accrued rehabilitation costs	318,090	317,124	-	-
Dividend payable	-	324,850	-	324,850
Current tax liabilities	1,713,606	1,226,122	-	-
Total current liabilities	6,781,720	6,447,695	1,821,128	2,129,355
Total liabilities	7,189,560	6,793,622	1,821,128	2,129,355
Total equity and liabilities	23,286,310	21,335,719	16,788,421	17,101,690

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

As at 31 March 2014		As at 31 December 2013	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
75,490	1,053,599	9,147	1,053,599

Amount repayable after one year

As at 31 March 2014		As at 31 December 2013	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
11,755	-	14,014	-

Details of any collateral

The Group's borrowings comprised finance lease liabilities, which were secured on the Group's motor vehicles and plant and equipment. The vehicles had been fully depreciated before 31 March 2014. The net carrying amounts of the plant and equipment as at 31 March 2014 amounted to US\$77,060.

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 2014 US\$ (Unaudited)	Three months ended 31 March 2013 US\$ (Unaudited)
Operating activities		
Profit/(Loss) for the period	1,551,892	(724,657)
Adjustments for:		
Depreciation of property, plant and equipment	375,815	357,878
Amortization of mine properties	127,198	44,065
Deposit written off	1,166	-
Interest income	(74)	-
Interest expense	21,271	445
Tax expense/(Tax credit)	609,973	(133,065)
Operating profit/(loss) before working capital changes	2,687,241	(455,334)
Changes in working capital:		
Inventories	(7,465)	(275,335)
Trade and other receivables	426,411	484,913
Trade and other payables	(494,732)	(967,799)
Cash generated from/(used in) operations	2,611,455	(1,213,555)
Interest received	74	-
Interest paid	(21,271)	(445)
Tax paid	(4,598)	-
Net cash from/(used in) operating activities	2,585,660	(1,214,000)
Investing activities		
Purchases of property, plant and equipment	(822,306)	(193,870)
Payment for exploration and evaluation assets	(48,599)	(128,995)
Net cash used in investing activities	(870,905)	(322,865)
Financing activities		
Deposits withdrawn	-	495,124
Dividend paid to equity holders of the Company	(324,850)	-
Payment of finance lease liabilities	(8,304)	(2,720)
Net cash (used in)/from financing activities	(333,154)	492,404
Net increase/(decrease) in cash and cash equivalents	1,381,601	(1,044,461)
Cash and cash equivalents at beginning of the period	2,195,323	1,815,474
Effect of exchange rate fluctuations on cash held	8,063	(8,606)
Cash and cash equivalents at end of the period	3,584,987	762,407
Pledged fixed deposits	795,100	375,931
Cash and cash equivalents in the statement of financial position	4,380,087	1,138,338

During the three months financial period ended 31 March 2014 ("1Q 2014"), the Group acquired property, plant and equipment with an aggregate cost of US\$1,489,699 as compared to US\$194,315 for the three months financial period ended 31 March 2013 ("1Q 2013"). As at 31 March 2014, a total consideration of US\$667,393 for the acquisitions made in 1Q 2014 had yet to be paid, as compared to US\$445 as at 31 March 2013 for the acquisitions in 1Q 2013 .

The Group also acquired exploration and evaluation assets, and mine properties at an aggregate cost of US\$134,958 in 1Q 2014 (1Q 2013: US\$269,495) of which US\$51,145 (1Q2013: Nil) relates to accrued rehabilitation cost. As at 31 March 2014, a total consideration of US\$35,214 for the acquisitions made in 1Q 2014 had yet to be paid, as compared to US\$140,500 as at 31 March 2013 for the acquisitions in 1Q 2013.

As at 31 March 2014, the Group's cash and cash equivalents amounted to US\$3.58 million (31 March 2013: US\$0.76 million), comprising currencies denominated in MYR and SGD. This did not include the fixed deposits pledged with bank of S\$1.00 million (31 March 2013: S\$0.47 million), which was equivalent to US\$0.79 million (31 March 2013: US\$0.38 million). 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	Capital reserve	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2013	18,032,233	2,824,635	20,716	(8,993,664)	11,883,920	59,098	11,943,018
Total comprehensive loss for the period:							
Loss for the period	-	-	-	(648,711)	(648,711)	(75,946)	(724,657)
Other comprehensive income/(loss) for the period							
Exchange difference	-	-	(8,965)	-	(8,965)	359	(8,606)
Total comprehensive loss for the period	-	-	(8,965)	(648,711)	(657,676)	(75,587)	(733,263)
Balance as at 31 March 2013	18,032,233	2,824,635	11,751	(9,642,375)	11,226,244	(16,489)	11,209,755
Group	Share capital	Capital reserve	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$

Group	Share capital	Capital reserve	Translation reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2014	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	-	-	-	1,261,620	1,261,620	290,272	1,551,892
Other comprehensive income for the period							
Exchange difference	-	-	2,310	-	2,310	451	2,761
Total comprehensive income for the period	-	-	2,310	1,261,620	1,263,930	290,723	1,554,653
Balance as at 31 March 2014	18,032,233	2,824,635	1,558	(5,377,445)	15,480,981	615,769	16,096,750

Company	Share capital US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 January 2013	18,032,233	(3,574,087)	14,458,146
Loss for the period	-	(267,354)	(267,354)
Balance as at 31 March 2013	18,032,233	(3,841,441)	14,190,792
Balance as at 1 January 2014	18,032,233	(3,059,898)	14,972,335
Loss for the period	-	(5,042)	(5,042)
Balance as at 31 March 2014	18,032,233	(3,064,940)	14,967,293

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 31 March 2014 and 31 December 2013	407,693,000	22,890,024	18,032,233

There was no change in the Company’s share capital from 31 December 2013 up to 31 March 2014.

On 15 July 2013, the Company issued a convertible loan (“Convertible Loan”) of an aggregate amount of S\$1.45 million, with an option to convert into 3,295,454 ordinary shares at S\$0.44 per share. As at 31 March 2014, the number of shares that may be issued on full conversion of the Convertible Loan was 3,295,454 shares. As announced on 14 April 2014, the Company has repaid the Convertible Loan on the same date in full via the Company’s internal resources, ahead of the maturity date of the Convertible Loan, pursuant to mutual agreement between the Company and the lenders.

Save as stated above, the Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2014 and 31 March 2013.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company As at 31 March 2014	Company As at 31 December 2013
Total number of issued shares excluding treasury shares	407,693,000	407,693,000

The Company did not have any treasury shares as at 31 March 2014 and 31 December 2013.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2013.

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

The Group adopted a number of new Financial Reporting Standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2014. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

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

	Group	
	Three months ended 31 March	
	2014	2013
Profit/(Loss) attributable to owners of the Company (US\$)	1,261,620	(648,711)
Weighted average number of ordinary shares	407,693,000	407,693,000
Basic earnings/(loss) per ordinary share in US cents	0.31	(0.16)
Adjusted weighted average number of ordinary shares ⁽¹⁾	410,988,455	407,693,000
Diluted earnings/(loss) per ordinary share in US cents	0.31	(0.16)

Note:-

- (1) Adjusted for the weighted average number of ordinary shares of 3,295,454 shares for the three months period ended 31 March 2014 which may be allotted and issued upon the conversion of the Convertible Loan at S\$0.44 per share.

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

	Group		Company	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Net asset value (US\$)	15,480,981	14,217,051	14,967,293	14,972,335
Number of shares at the end of the period	407,693,000	407,693,000	407,693,000	407,693,000
Net asset value per share (US cents)	3.80	3.49	3.67	3.67

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 2014 and the comparative financial performance for 1Q 2013:

	1Q 2014	1Q 2013	Increase / (Decrease) %
Production volume of fine gold (ounces)	4,010.15	684.99	485.4
Sales volume of fine gold (ounces)	4,010.15	437.56	816.5
Revenue – Total (US\$'000)	5,114.53	716.27	614.1
Average selling price – World Gold Council (US\$/ounce)	1,293.10	1,631.80	(20.8)

Despite the decrease in average selling price of gold by 20.8% in 1Q 2014 as compared to 1Q 2013, the Group's revenue recorded an increase of 614.1% to US\$5.11 million in 1Q 2014 as compared to US\$0.72 million in 1Q 2013. The increase was due to the significant increase in the production and sales volume of fine gold in 1Q2014.

The production volume of fine gold increased by 485.4% to 4,010.15 ounces in 1Q 2014 as compared to 684.99 ounces in 1Q 2013. The increase in production volume was due to new production facilities and higher productivity from the two leaching yards.

Other income or expenses

In 1Q 2014, the Group recorded a net other income of US\$51,761, as compared to net other expenses of US\$10,004 in 1Q 2013. This was mainly due to a gain on foreign exchange of US\$42,831 in 1Q 2014 as compared to a loss on foreign exchange of US\$10,614 in 1Q 2013.

Operating expenses

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

Total operating expenses increased by US\$1.42 million or 91.0% from US\$1.56 million in 1Q 2013 to US\$2.98 million in 1Q 2014.

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

- Increase in depreciation and amortization by US\$0.10 million or 25.1%. This was mainly due to the increase in depreciation arising from the completion of the factory and second heap leach facility of the Group in the fourth quarter of the financial year ended 31 December 2013 ("**4Q 2013**");
- Increase in site and factory expenses by US\$0.29 million or 41.4%. The increase was due to higher diesel consumption arising from the completion of the factory and second heap leach facility, and higher repair and maintenance costs during 1Q 2014;
- Increase in key management remuneration by US\$0.15 million or 58.1%, mainly due to the accrual of performance bonus to key management for 1Q 2014 as compared to no accrual in 1Q 2013; and
- Increase in royalty and tribute fee expenses by US\$0.35 million or 635.3%, mainly due to the increase in the sales volume of fine gold.

The increase was also due to the changes in inventories which were recorded as a debit of US\$0.03 million in 1Q 2014 as compared to the changes in inventories which were recorded as a credit balance of US\$0.45 million in 1Q 2013. This change was mainly due to finished goods recorded at the end of March 2013 being sold immediately after March 2013. There were no finished goods as at 31 March 2014.

Summarised below is the information on the Group's all-in sustaining costs and all-in costs as recommended by World Gold Council for gold mining companies for 1Q 2014 and 1Q 2013. This non-GAAP measure metrics are intended to provide greater clarity into comparing the costs associated with producing gold across gold mining companies.

	US\$ / gold ounce sold		
	1Q 2014	1Q 2013	Increase / (Decrease) %
Sales volume of fine gold (ounces)	4,010.15	437.56	816.5
Mining related costs	382	1,659	(77.0)
Royalty and tribute expenses	101	126	(19.8)
Adjusted operating costs⁽¹⁾	483	1,785	(72.9)
General and administrative costs	81	183	(55.7)
Capital expenditure	46	32	43.8
All-in sustaining costs⁽²⁾	610	2,000	(69.5)
Capital exploration (non-sustaining)	12	311	(96.1)
Capital expenditure (non-sustaining)	159	9	n.m.
All-in costs⁽³⁾	781	2,320	(66.3)

-
- (1) Adjusted operating costs includes 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 and the third leaching pad for the existing operations where these projects will materially increase production in future.

The all-in sustaining costs of US\$610 per ounce and all-in costs of US\$781 per ounce in 1Q 2014 remain comparable to that in 4Q 2013 of US\$610 per ounce and US\$761 per ounce respectively. The average gold selling price based on data from the World Gold Council was at US\$1,293.10 per ounce and US\$1,276.20 per ounce in 1Q 2014 and 4Q 2013 respectively. (Please refer to the Company's 4Q 2013 results announcement dated 25 February 2014 for the Group's all-in sustaining costs and all-in costs in 4Q 2013.)

The Company recorded lower all-in sustaining costs and all-in costs in 1Q 2014 as compared to 1Q 2013. This was due to higher sales of fine gold in the current reporting period.

Finance income and costs

Finance income and costs which comprised interest income from fixed deposits, interest on finance lease and interest on loans and borrowings, were insignificant in 1Q 2014.

Tax (expenses)/credit

The Group incurred a tax expense of US\$0.61 million in 1Q 2014, as compared to a tax credit of US\$0.13 million in 1Q 2013, due to a profit before tax of US\$2.16 million in 1Q 2014 as compared to a loss before tax of US\$0.86 million recorded in 1Q 2013.

The Group's effective tax rate for 1Q 2014 was approximately 3.0% higher than the applicable tax rate of 25.0% for the Group. This was due mainly to withholding taxes arising from management fees and interest income and certain non-deductible expenses.

Profit/(Loss) after tax

The Group achieved a profit after tax of US\$1.55 million in 1Q 2014, reversing from a loss after tax of US\$0.72 million in 1Q 2013 due to the reasons stated above.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Assets

Exploration and evaluation assets decreased by US\$1.58 million from US\$3.99 million as at 31 December 2013 to US\$2.41 million as at 31 March 2014 due to the transfer of US\$1.66 million from exploration and evaluation assets to mine properties. The decrease was partially offset by the exploration and evaluation activities of US\$0.08 million undertaken in 1Q 2014.

Mine properties increased by US\$1.59 million from US\$5.58 million as at 31 December 2013 to US\$7.17 million as at 31 March 2014 mainly due to the transfer from exploration and evaluation assets of US\$1.66 million coupled with the increase in rehabilitation costs of US\$0.05 million. The increase was partially offset by amortization of US\$0.13 million.

Property, plant and equipment increased by US\$0.98 million from US\$6.22 million as at 31 December 2013 to US\$7.20 million as at 31 March 2014, mainly due to the additions of property, plant and equipment of US\$1.49 million, such as construction of the third leach yard and tailing pond, and the acquisition of excavators. The increase was partially offset by the depreciation of the property, plant and equipment.

Trade and other receivables decreased by US\$0.43 million from US\$1.25 million as at 31 December 2013 to US\$0.82 million as at 31 March 2014 as the sales proceeds for 1Q 2014 was fully received by end of March 2014 as compared to a trade receivables of US\$0.48 million as at 31 December 2013 from the sales of gold.

Liabilities

Total liabilities of the Group increased by US\$0.40 million from US\$6.79 million as at 31 December 2013 to US\$7.19 million as at 31 March 2014. This was mainly due to:

- An increase in current tax liabilities of US\$0.49 million as a result of the profit recorded in 1Q 2014; and
- An increase in trade and other payables of US\$0.10 million as a result of the acquisition of plant and equipment.

The increase in total liabilities was partially offset by the Company's payment of the interim dividend of S\$407,693 (equivalent to US\$324,850) for the financial year ended 31 December 2013 on 20 January 2014.

As at 31 March 2014, the Group had a negative working capital of US\$0.48 million as compared to a positive working capital of US\$1.11 million as at 31 December 2013.

Cash flows

Net cash generated from operating activities amounted to US\$2.59 million in 1Q 2014, as compared to a net cash used in operating activities amounting to US\$1.21 million in 1Q 2013. The net operating cash inflow was mainly due to the operating profit before working capital changes of US\$2.69 million, adjusted for working capital outflows of US\$0.08 million, mainly attributable to the decrease in trade and other payables of US\$0.49 million, partially offset by the decrease in trade and other receivables of US\$0.43 million.

Net cash used in investing activities in 1Q 2014 amounted to US\$0.87 million, comprising payments to acquire property, plant and equipment and as well as exploration and evaluation assets.

Net cash used in financing activities in 1Q 2014 amounted to US\$0.33 million which was due mainly to the dividend paid to equity holders of the Company of US\$0.32 million.

As at 31 March 2014, the Group had cash and cash equivalents of US\$3.58 million, representing an increase of US\$2.82 million from US\$0.76 million as at 31 March 2013.

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

The third leach yard is still under construction due to the change in design. The Company will provide updates on the status of the construction of the third leach yard in due course.

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.

Barring unforeseen circumstances, the Board is optimistic about the Company's performance for the financial year ending 31 December 2014.

For the financial year ending 31 December 2014, with three leaching yards in operation with a targeted combined capacity of 1 million tonnes of ore, and with its accumulated experience and acquired know-how from China Gold, Management is cautiously optimistic about the Company's gold production in 2014. The Company is also exploring new opportunities through its joint venture with the Perak State Government for tin mining as announced on 6 December 2013.

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/recommendeded, a statement to that effect

No dividend has been declared or recommended for 1Q 2014.

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 2014, 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:-

For 1Q 2014, funds / cash were mainly used for the following production activities:-

Purpose	Amount (US\$ million) Actual Usage	Amount (US\$ million) Projected Usage
Exploration and evaluation activities	0.32	1.32
Payments for machinery purchased in current and prior periods	0.62	1.05
Payments for diesel and other production materials purchased in current and prior periods	0.48	0.67
Royalty and tribute fees to government	0.44	0.67
Rental of equipment	0.02	0.02
Upkeep of equipment and motor vehicles	0.13	0.17
General working capital	0.75	0.72
Total	2.76	4.62

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 April 2014 to 30 June 2014 (“2Q 2014”)), the Group’s use of funds/cash for production activities are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	1.32
Payments for machinery purchased in current and prior periods	0.82
Payments for diesel and other production materials purchased in current and prior periods	1.12
Royalty and tribute fees to government	0.71
Rental of equipment	0.10
Upkeep of equipment and motor vehicles	0.20
General working capital	0.78
Total	5.05

The Group’s exploration plans from 1 April 2014 to 30 June 2014 are as follows:-

(a) Geological Investigation

The geological investigation directions for this quarter are:

- i) to increase the resources through diamond core drilling program in 3 known gold deposits namely Rixen, Manson and New Discovery; and
- ii) to verify the anomaly areas based on previous geophysical survey results through trenching work.

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 program is planned to be initiated in April 2014.

Total designed drill footages are 6,060m for Rixen, Manson and New Discovery deposits, while total 1,200m are designed for central Ulu Sokor mine site to verify the anomaly areas.

The exploratory grid used is 50m x 50m. 17 exploration lines are included for Rixen deposit, based on previous geophysical induce polarization survey line, while 14 exploration lines for Manson deposit. ZKN4-11 is drilled with the purpose of rectify the lithology, geological structures and relationship between Manson and New Discovery deposits.

Table 1: Designed drillholes for Rixen deposits

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks*
	X	Y			
ZKR19-5	617744	443753	100	90	Must
ZKR21-2	617794	443603	100	90	Must
ZKR21-3	617794	443653	100	90	Must
ZKR21-4	617794	443702	100	90	Must
ZKR21-5	617794	443553	100	90	Must
ZKR21-6	617794	443752	100	90	Optional
ZKR23-4	617844	443686	100	90	Must
ZKR23-5	617844	443736	100	90	Optional
ZKR111-1	616894	443762	100	90	Must
ZKR111-2	616894	443712	100	90	Must
ZKR111-3	616894	443662	100	90	Must
ZKR111-4	616894	443612	100	90	Must
ZKR111-5	616894	443562	100	90	Optional
ZKR111-6	616894	443512	100	90	Optional
ZKR113-4	616844	443612	100	90	Must
ZKR113-5	616844	443562	100	90	Optional
ZKR113-6	616844	443798	100	90	Optional
ZKR117-4	616774	443613	100	90	Must
ZKR117-5	616774	443563	100	90	Optional
ZKR117-6	616774	443774	100	90	Must
ZKR125-1	616674	443662	100	90	Must
ZKR133-1	616574	443716	100	80	Must
ZKR141-1	616474	443766	100	80	Optional
ZKR141-2	616474	443716	100	80	Must
ZKR149-3	616374	443716	100	80	Must
ZKR153-1	616324	443866	100	80	Optional
ZKR153-2	616324	443816	100	80	Must
ZKR153-3	616324	443766	100	80	Must

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks*
	X	Y			
ZKR153-4	616324	443716	100	80	Must
ZKR153-5	616324	443666	100	80	Optional
ZKR157-5	616274	443667	100	80	Must
ZKR161-1	616224	443866	100	80	Optional
ZKR161-2	616224	443816	100	80	Must
ZKR161-3	616224	443766	100	80	Must
ZKR161-4	616224	443716	100	80	Must
ZKR161-5	616224	443666	100	80	Optional
ZKR165-3	616174	443767	100	80	Must
ZKR165-4	616174	443916	120	80	Must
ZKR173-2	616074	443767	100	80	Must
ZKR181-1	615974	443867	100	80	Must
ZKR181-2	615974	443767	100	80	Optional
ZKR189-1	615874	443767	100	80	Must
Total	Total designed depths as 4220m/42 holes. *Must drill 2920m/29 holes; Optional drill 1300m/13 holes.				

Table 2: Designed drillholes for Manson and New Discovery deposits

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks*
	X	Y			
ZKM112-1	613677	444821	100	90	Must
ZKM114-1	613715	444857	100	90	Must
ZKM116-1	613723	444910	100	90	Must
ZKM118-1	613763	444944	100	90	Must
ZKM120-1	613772	444997	100	90	Must
ZKM122-1	613812	445032	100	90	Must
ZKM124-1	613827	445081	100	90	Must
ZKM126-1	613866	445116	100	90	Must
ZKM128-1	613881	445165	100	90	Must
ZKM130-1	613861	445234	100	90	Must
ZKM132-1	613838	445306	100	90	Must
ZKM134-1	613871	445344	100	90	Must
ZKM136-1	613748	445473	100	90	Must
ZKM136-2	613845	445417	100	90	Must
ZKM138-1	613797	445503	100	90	Must
ZKN4-11	613600	444216	340	90	Must
Total	Total designed depths as 1840m/16 holes. *Must drill 1840m/16 holes.				

(c) Half core sampling and channel sampling analysis

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

(d) Data Compiling

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

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

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.

15a. Rule 705 (7)(a) of the Catalist Listing Manual

Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated;

In 1Q 2014, the Group capitalised a total of US\$0.08 million for exploration and evaluation expenditures activities.

The Group carried out the following exploration activities in 1Q 2014:-

(a) Geological Investigation

Geological investigation was focused on the core drill sampling results from drilling activities carried out in 5 gold deposit areas known as Rixen, Ketubong, Mason, New Discovery, and Alluvial. Rock chip and float samples was routinely collected and tested by the Group's in-house laboratory. Hand-held global positioning system ("GPS") units were used to locate the geological points and positions of sampling

(b) Drilling Program

As mentioned in the 4Q 2013 financial results announcement; no diamond drilling program was planned for 1Q 2014.

(c) Half core sampling and analysis

Rock chip samples from the Perak tin exploration project were delivered to third party independent laboratory, ALS Chemex, Perth, Australia for analysis by using Lithium Borate Fusion ICP-MS method.

(d) Data compiling

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

15b. Rule 705 (7)(b) of the Catalist Listing Manual

Update on its reserves and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.

A copy of the qualified person's report on the updated mineral resource and ore reserve estimates as at 31 December 2013 ("QPR 2013") to update shareholders on its resource and reserve information respectively was included in the Company's annual report for the financial ended 31 December 2013 which has been despatched to shareholders on 11 April 2014.

The QPR 2013 has been subject to an external review by AMC Consultants Pty Ltd ("AMC"), the technical expert engaged by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

AMC has been engaged by the Sponsor to review the QPR 2013 for compliance with the reporting requirements under the Catalist Rules, and to assess the QPR 2013 for content and reasonableness.

According to the QPR 2013, the total Measured, Indicated and Inferred gold resources for the Sokor Project (above a 0.3 gram/tonne ("g/t") gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong) is 9,140,000 tonnes at 1.6 g/t gold for a total of 465,000 ounces of contained gold. In addition, the Manson's Lode Mineral Resources contain significant amounts of silver, lead and zinc, amounting to 650,000 tonnes with an average grade of 59 g/t of silver, 1.5% lead and 1.5% zinc for a total of 1,230,000 ounces of contained silver, 9,720 tonnes of contained lead, and 9,880 tonnes of contained zinc.

Table A: Sokor Project – Mineral Resources Statement as at 31 December 2013 (inclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Change from previous update (%)
Measured	Gold	0.53	3.3	55	0.43	3.3	45	+1
Indicated	Gold	4.64	1.4	210	3.76	1.4	170	+19
Inferred	Gold	3.97	1.5	200	3.22	1.5	160	+11
Total	Gold	9.14	1.6	465	7.41	1.6	375	+13
Measured	Silver	0.33	64	680	0.27	64	550	+7
Indicated	Silver	0.16	48	235	0.13	48	190	0
Inferred	Silver	0.16	60	315	0.13	60	260	+877
Total	Silver	0.65	58	1,230	0.53	58	1,000	+36
Measured	Lead	0.33	1.7	5,590	0.27	1.7	4,530	+16
Indicated	Lead	0.16	1.0	1,580	0.13	1.0	1,280	+23
Inferred	Lead	0.16	1.6	2,550	0.13	1.6	2,070	+1,046
Total	Lead	0.65	1.5	9,720	0.53	1.5	7,880	+54
Measured	Zinc	0.33	1.7	5,620	0.27	1.7	4,550	+13
Indicated	Zinc	0.16	0.9	1,440	0.13	0.9	1,170	+27
Inferred	Zinc	0.16	1.7	2,820	0.13	1.7	2,290	+1,539
Total	Zinc	0.65	1.5	9,880	0.53	1.5	8,010	+57

The Mineral Resources estimates for the Sokor Project have been prepared and classified in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code 2012).

In reporting the Ore Reserves as at 31 December 2013, the Sokor Project registered a 14% increase in Ore Reserves compared to the previous update report (as tabulated in Table B below). The total Ore Reserves as at 31 December 2013 includes Ore Reserves at Rixen, which have been reported in accordance with the JORC Code 2012, and the Ore Reserves at Manson's Lode and New Discovery, which were prepared and first disclosed under the JORC Code 2004, and have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Table B: Sokor Project Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (additional to Ore Reserves at Manson's Lode, New Discovery and Rixen) as at 31 December 2013

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes	Grade	Contained Au	Tonnes	Grade (Au g/t)	Contained Au	Change from previous update (%)
		(kt)	(Au g/t)	(koz)	(kt)	(koz)		
RESERVES								
Proved	Gold	120	4.1	15	100	4.1	12	0
Probable	Gold	3,600	1.4	163	2,915	1.4	132	+16%
Total	Gold	3,715	1.5	178	3,010	1.5	144	+14%
RESOURCES								
Measured	Gold	415	3.1	41	340	3.1	33	+2%
Indicated	Gold	1,040	1.5	51	840	1.5	41	+38%
Inferred	Gold	3,975	1.5	197	3,220	1.5	160	+12%
Total	Gold	5,430	1.7	289	4,395	1.7	234	+14%

Note: The Mineral Resources reported in Table B are exclusive of Ore Reserves. Accordingly, the figures reported are different to the Mineral Resources reported in Table A.

There were no material updates as at 31 March 2014 following the despatch of the QPR 2013.

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 first quarter ended 31 March 2014 to be false and misleading in any material aspect.

By Order of the Board

Lim Kuoh Yang
Chief Executive Officer

14 May 2014