



CNMC

CNMC GOLDMINE HOLDINGS LIMITED



Annual Report 2011 年报

中色金礦有限公司

First goldmine company listed on SGX under MOG rules
首家在新加坡交易所矿产、石油与天然气新条例下上市的黄金开采公司



丹州首块黄金出炉

(丹那美拉22日讯) 中色金矿有限公司于丹州第一块重达2975公斤的黄金，在吉兰丹州各大金矿商及阿拉伯商下出炉！上述黄金均价为40万令吉，这是中色金矿有限公司投入1500万美元，于丹那美拉金矿进行一系列的黄金生产工作后，取得的成果。

陪同见证事项历史性一刻者包括中色金矿有限公司总经理林祥耀、吉兰丹州行政议员拿督陈升锁、适怡保州议员阮文重夫等

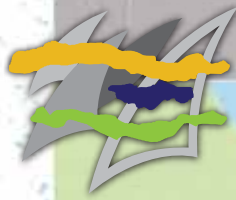
人。中色金矿有限公司是于2007年5月18日正式在丹那美拉金矿投入作业，这之前，也在丹州展开为期3年的市场调研及文书工作。

中色金矿有限公司目前开采的金矿地段属丹州政府地段，因此该公司所获之盈利，其中5%将分配给丹州政府，另外3%则分配给合作伙伴吉兰丹州经济发展局。



To Mine the Earth 求索大地





CNMC

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企业亮点

根据国际著名矿业监理与评审机构BDA之《索谷矿区勘探报告的技术评估书》指出：

该矿区表层含有可观储量的高品位氧化矿。

含有富集矿脉（点）广泛地分布在矿区范围内。

该矿区有迹象显示具有巨大的找矿潜能。

自2007年中进行勘查迄今在十公里的矿区，仅完成了一小部分勘探工作。

接下来将继续在该矿区的范围内扩大勘探，寻找更多的矿石量与增加储量。

到矿区的陆、空交通方便快捷。原有道路基础建设完善，节省了许多矿区建设成本。

与中国矿业界建立稳健与密切的合作关系。诸如：长春黄金研究院、中南大学、中矿资源等。从详探找矿到开采与生产测试；由钻探到资源储量等专业技术咨询到实质施工工序，节省成本开支。

我们的创办人，暨执行主席林祥雄教授，自2004年便被吉兰丹州政府的首席部长委聘为丹州与中国国际经贸首席顾问，并与丹州领导层及经济发展局建立了良好关系。自2004年开始迄今，公司不但在丹州每年惯例扶贫济困，关怀弱势社群；同时对儿童的教育奖励、颁配书包、文具等，对不同民族的关怀与扶持。鼎力支持与协助政府举办的大型国际经贸促进活动。

资金用途

售股筹得资金将用于建设堆浸场基建及购置相关设备与机械。同时投入矿区详探找矿，增加储量工作。

部分资金用于公司日常营运开支以及支付发行新股等相关费用。

企业前景

全世界需要黄金作为货币的后盾及经济衰退的避风港，同时抗衡与抵消欧洲债务危机风险。

黄金更是保障通货膨胀以及作为另一种投资途径。

法国银行分析师认为，2011年金价应平均每安士美金\$1500，而2012年则将涨到每安士美金\$1600。但美国分析师却认为金价在1到2年内应突破每安士美金\$2000-2500。

黄金同时可作为分散投资风险的产品。

珠宝行业和其他工业恢复景气，同时带动了对黄金的需求，为黄金投资市场提供进一步增长的空间。

发展战略与未来计划

扩建生产设备。

继续进行勘查找矿工作，增加储量。

进行规划与建设浮选厂的可能性研究报告。

勘查矿区其他贵金属储量工作。例如：银、铅、锌等。

上述列举的矿区扩展计划，可通过收购、合资或战略性联营等多种方式。

BDA'S Report

TABLE 1 – CNMC MINERAL RESOURCES, JUNE 2011

BORC Code Class	Tonnes	Grade g/t Au	Gold (oz)
Measured	412,000	3.5	69,400
Indicated	3,781,600	1.6	196,700
Inferred	3,000,000	1.8	112,700
TOTAL	6,394,000	1.8	372,700

TABLE 2 – CNMC ORE RESERVES, JUNE 2011

BORC Code Class	Tonnes	Grade g/t Au	Gold (oz)
Proven	391,000	3.6	23,100
Probable	225,000	1.8	46,400
TOTAL	616,000	2.2	69,500

Competitive Strengths

- o Availability of high grade gold-bearing ore in Sokor Block
- Based on the BDA Technical Report, supergene enrichment of gold is widespread at Sokor Gold Project
- Near-surface high grade gold
- o Exploration upside potential
- Extensive areas within Sokor Block to locate additional gold resources where to date only limited reconnaissance exploration has taken place
- o Close proximity to urban facilities
- Proximity to land and air transport
- Availability of existing infrastructure and communication access helps to minimize investment costs
- o Strong working relationships with Chinese contractors and/or consultants
- Consultants such as CSU, Sinomine and CGRI are leading players in the PRC, their expertise in mining operations helps to ensure greater cost efficiencies and economic benefits
- Services and technical support provided at competitive prices
- o Strong relationships with stakeholders and local communities
- Good working relationship with Kelantan State Government and KSED
- Professor Lin Xiang Xiong (Executive Chairman) is Kelantan's Chief Advisor on Kelantan-China International Trade for the Kelantan State Government
- Active participation in community development projects

Use of Proceeds

- o Further resource definition and continuing exploration activities
- o Construction of a heap leach facility
- o Working Capital
- o Expenses incurred for the placement

Prospects

- o World demand for Gold
- Gold as a hedge against currency risks and remains a sought-after asset in light of sovereign debt crisis in Europe
- Gold as an alternative investment and a hedge against inflationary pressures
- o Price Outlook
- Analysts at BNP Paribas forecasted the average price of gold to be US\$1,500/oz for 2011 and US\$1,600/oz in 2012
- Investment product for portfolio diversification and risk management strategies
- Supportive environment for gold investment, revived demand in jewellery and industrial sector provide further scope for growth

Business Strategies and Future Plans

- o Expansion of gold extraction facilities
- o Further resource definition and continuing exploration activities
- o Feasibility study to construct a Gold Carbon in Leach Plant
- o Exploration and mining for other minerals such as silver, leach and zinc
- o Expand through acquisitions, joint ventures and strategic alliance



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28

October
2011





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中金礦業有限公司



CNMC
Sokor Goldmine Site



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CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

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The Company was listed on Catalyst of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 28 October 2011. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This annual report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this annual report.

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

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主席献词

求索大地 关怀社群

自然界的生命物体，阴阳结合，刚柔并济，不但是繁殖与延续天地万物，更是宇宙间的一种神奇力量。而浪漫主义与现实主义相互结合，将产生人类意识上巨大的碰撞，迸溅出火花，引爆核能威力！

在人类数千年历史中，不管在文学艺术创作、科学研究与探索、抑或是政经实施与改革，这种对撞产生的作品都镌刻在历史长河的画卷上，流芳千古！

艺术家的浪漫天性，天马行空的思维，以及许许多多的“假设性”，一旦交织着企业家的务实、坚持、拼搏与信心，并锲而不舍地追求，结果将排除万难，克服障碍而奔向坦途！

而我与中色金矿近数年的经历，足可说明上述！

2004年，当我初次涉足马国丹州，置身于宗教气氛浓厚与信仰虔诚的州属社会里。与丹州首长对生命的价值观不谋而合——“为天地立心，为生民立命”，顿然成了知交好友！

自2007年迄今，数年涉足深山野林，置身于荒山野岭，穿梭于丛林旷野，攀登险峰峭壁，涉足于大河小溪……历经野兽的追逐，蛇鼠虫的缠咬，毒蚊蜂蜇刺，野林丛中有刺灌木的划伤……但，从不畏缩却步，反而勇往直前，坚信将克服眼前这一切！这是信心给予的力量！

2010年7月22日，矿区建设已初具规模，且投入了试运作，并生产了数百年来丹州第一块岩金矿石炼出的金锭！并由丹州首长不辞数小时崎岖山路颠簸，而亲临野林山区见证了丹州第一金的诞生！

历经了另一年的试生产与建设，勘探与寻觅。中色金矿渐渐纳入营运的轨道。为了深化与扩大矿区生产与建设，急需更大的资金投入，因此，公司计划寻求上市集资。

2011年10月28日，中色金矿成功在新加坡股票交易所凯利板的矿业、石油与天然气的新条例下成功挂牌上市了！

当天，中色金矿成了岛国有史以来第一间开采与生产黄金公司，且是这新板块之第一间成功通过新条例上市公司！重要的是，由新加坡人控股并主持与营运的公司！

“今天，是令人难忘的一天。因为中色金矿将‘不可能’转变为‘可能’——因为，投资黄金矿业是一个高风险的行业，仅有1%的成功几率。然而，我们做到了！”

这是我当天感慨且激动的发言！

求索大地，天道酬勤！



考古学家从大地挖掘出的文物碎片中证明了人类文明已有八千多年的历史了。无独有偶，人类文明的萌芽与茁长，却“偶然性”地在同一时间段在地球村各个有水源的地方出现！

人类文明，应是为了地球村的文明人类而产生的，更应是与全球人民分享并相融、揉合，取长补短地达致多元一体，从而各自壮大与丰富了自己族群文明，这是文化发展的千古不变的自然规律！

21世纪的今日，虽说经济已朝向全球化及一体化，但文化的多元一体仍在推进中。可喜的是我们看到了中西医学方面的良性结合与互补。为全人类带来了健康喜讯。而中西方文化的交流，相互学习与融汇、揉合，终极是为了全人类相互了解从而缔造和谐天下！

中体西用，是中色金矿矿区勘探与营运的指导方针。自2007年我们顾聘了中国当代具有矿产资源代表性与标志性的中南大学在索谷矿区进行勘探与详查工作。同时，我们又礼聘了当代具有国际影响力与权威性的 Behre Dolbear Australia Pty Limited 作为监理与顾问公司。以西方严谨的科学观点指引我们在矿区的找矿工作。同时，我们委托了澳洲之 ALS 测试与化验机构为矿区的岩芯分析、检测。从而为长春黄金研究院的矿石测试与实验作注脚。

数年以来，我们在索谷矿区采取了中西结合，优势互补。从而取得了今年度生产效率的全面提高。公司2011年黄金产量比起2010年从7月份产出第一块金锭后的2010年总产量提高了近5倍！另外，得益于国际金价的节节攀高，公司2011年的总销售额比2010年增加了8倍！



宇宙无边，天地有序。有生于无，无为万物之母。

一旦我们顿悟了这冥冥之中，自有定数之后，便会彻底领会了“取诸社会，用诸社会”的真谛与意义。

在丹州数年，我们奉行公司的核心价值及与民分享的承诺。我们把重点放在矿区周边与乡村孩子们的教育上。因为我们明白教育与知识是提升人民素质，改变人类的命运！同时，建设了社会，繁荣了国家！更重要的是改变了时代与历史！

关怀弱势民众的行为，除了每年惯例举行捐赠礼篮、油、盐、米和罐头等之外，经常性到乡村挨家挨户嘘寒问暖。

丹州政府文化与经贸活动的支持与赞助，更是我们责无旁贷的任务！例，2010年“郑和国际展”由我司邀请与赞助的登封嵩山少林武术团的演出，使大会徒增气氛与光彩！另者，对丹州社团、学校、宗教信仰与节日各种活动的支持与赞助，都是我们关怀与支持的对象！

“关怀社群是中色金矿的愿景与文化。我们会始终坚守这个精神。不仅是在吉兰丹州，而是在整个马来西亚和新加坡及亚细安区域！”

这是我在公司上市时演讲中重点强调的责任！

关怀社群，兼济天下。



从小孩的爬行到学走路，让我们明白了企业发展的过程应在稳健与扎实的基础上循序渐进，然后再从点、线到面的铺开。

中色金矿经几年的勘探与建设，目前生产已逐步进入“稳健”期。公司同仁将同心协力，携手努力朝公司的生产目标推进！

2012年伊始，我们与中国厦门沈坤集团签署了银、铅、锌的承包开采合约。

综合上述，索谷这片约10平方公里的矿区采矿生产工作，除了2011年前之南部池浸与北部的砂金开采与生产之外，2012年将开展南部的多元金属的开采与生产，和北部的大堆浸开采与生产工作。多管齐下，遍地开花，全力以赴为公司创造丰厚的利润回报！

让我们用实际业绩来向大家证明我们的努力。时间将会是最好的证人！



“得人心者得天下。”

数年在丹州的投资与关怀社群行为，守法、按规透明地分配利益及回馈社会。不但得到中央政府的认可，更取得丹州领导们一致的赞扬与支持。当然，丹州人民无不把中色金矿当作他们的“及时雨”。更寄望公司壮大成长，让他们可分享成长的喜悦与利益。

我们计划逐步增加与扩大丹州矿区的勘探与采矿面积，同时，跨越其他州属勘探矿产资源。一旦条件成熟时，我们将朝向亚细安区域进军，乃至向地球村有丰富资源的地方扩展！

最后，谨代表董事会和管理层诚挚地感谢股东们、业务合作伙伴及集团所有职工们对公司做出的支持和贡献！希望这种精神能延续不断，支持着公司成长、壮大！我们的独立董事林育华先生，系于个人工作繁忙而将在来临的股东大会上请辞。借此机会，我代表董事会衷心地感谢林先生在其任期内对公司作出的严谨与专业的贡献。

中色金矿正处于黑暗中的黎明时刻，揉着惺忪双眼，待迎晨曦！

林祥雄
中色金矿有限公司
执行主席



Chairman's Statement

To Mine The Earth To Mind Social Needs

(I)

Living beings in nature exist in male and female forms, coupling hardness with softness. They not only reproduce themselves and make possible the continuation of all species on earth, they are also a wonderful force in the universe. The combination of romanticism and realism generates a huge impact on human consciousness, and ignite sparks which can trigger nuclear power.

Through thousands of years of human history, whether in literary and artistic expression, scientific research and exploration, or in political/economic practice and reform, the works generated by this kind of impact go down in history and will endure through the ages.

The romantic nature of the artist, the unconstrained thought, and numerous “hypotheses”, once interwoven with the practicality, perseverance, struggle and confidence of the entrepreneur, and the indefatigable pursuit, will push aside all obstacles and overcome all difficulties, and make great strides towards a bright future.

My several years of experience with CNMC Goldmine Holdings Limited (“CNMC Goldmine” or the “Company”) can demonstrate this.

In 2004, I first took the leap and went to the State of Kelantan, Malaysia, a community with a high religious adherence level. Sharing common life values with the Chief Minister of Kelantan ---- “To ordain conscience for heaven and earth, to secure life and fortune for the people”, we immediately became bosom friends!

Since 2007, for several years, I travelled to high mountains and wild forests, walked over long distances in remote hills and dales, and undertook my expeditions in treacherous mountain areas, and through great rivers and small streams. Though chased by beasts, bitten by snakes, mice and insects, stung by poisonous mosquitoes and bees, and scratched by thorny shrubs, I never flinch. Instead, I go ahead bravely, confident that I'll overcome all these. This is the strength given by my confidence.

On July 22nd 2010, the mining area began to take shape and was put into trial operation. A gold ingot was smelted from gold ore for the first time in the Kelantan State in hundreds of years! The Chief Minister of Kelantan rode in a car bouncing along the bumpy mountain roads for several hours to witness the birth of the first gold ingot in the Kelantan State.

After one year of trial production and construction, exploration and searching, CNMC Goldmine was gradually put on the right course of operations. The Company planned to list in Singapore for the expansion and development of the mining area.

On October 28th 2011, CNMC Goldmine was successfully listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) under the new rules and regulations for mining, oil and gas industry.

On that day, CNMC Goldmine became the first company to exploit and produce gold in the history of this island country, and it is also the first company listed on Catalist of the SGX-ST under the new regulations. The important thing is that it is a company held, led and operated by Singaporeans.

“Today is an unforgettable day, since CNMC Goldmine has transformed the ‘impossible’ into ‘possible’ ---- that’s because, investment on gold mine is a high-risk industry, with a success rate of only 1%. However, we have succeeded!”

This was my sensational and exciting speech on that day.

To mine the earth, God helps those who help themselves.

(II)

Cultural relics unearthed by archaeologists show that human civilisation has a history of over eight thousand years. Coincidentally, the burgeoning and development of human civilisation “accidentally” emerged in the places where water sources were located on the earth in the same period.

Human civilisation should develop for the civilisation of human beings in the global village. Furthermore, it should be shared, integrated and merged by the people all over the world to make up for each other's deficiencies and achieve the pluralistic integration, thus expanding and enriching the civilisation of the respective ethnic groups – this is the eternal natural law of cultural development.

Today, in the 21st century, although economic globalisation and integration are well under way, the pluralistic integration of culture is still making headway. It is worthy of rejoicing that the traditional Chinese medicine and western medicine have been integrated and now complement each other, bringing happy tidings on health to the human race. The ultimate goal of the cultural exchange, mutual learning and integration between China and the West is to enable all human beings to understand each other, so as to create a harmonious world.

Westernised Chinese style is the guiding principle of CNMC Goldmine with regards to the exploration and operation in the mining area. Since 2007, we employed staff from the Central South University with mineral representation and symbolism in China to conduct exploration and survey in the Sokor mining area. At the same time, we employed Behre Dolbear Australia Pty Limited, an international influence and authority as the supervising and consulting company, to guide our mineral prospecting works in the mining area with the rigorous scientific views of the West. We also entrusted Australian Laboratory Services (ALS) to carry out rock core analysis and testing for the mining area, thus providing a footnote for the mineral ore testing and experiment carried out by the Changchun Gold Research Institute.

For several years, we integrate Chinese and Western methods to complement each other in the Sokor mining area, thus achieving the overall improvement of production efficiency in 2011. The gold output for the financial year ended 31 December (“FY”) 2011 increased by almost 5 times as compared to the total output after the first ingot was produced in FY2010. In addition, the Group's revenue for FY2011 increased by 8 times as compared to FY2010.

(III)

The universe is endless, heaven and earth are in good order. Something comes from nothing, and nothing is the mother of all things.

Once we suddenly understand that imperceptibly but inexorably, everything has its own destiny, we will thoroughly realise the truth and significance of “what comes from the society should be used for the society”.

For these several years in the Kelantan State, we pursue consistently the core value of the Company and the commitment to share with the people. We lay stress on the education of village children around the mining area, since we understand that education and knowledge can improve people’s quality and change people’s fate. At the same time, education and knowledge are indispensable for the construction of the society and the prosperity of the country. Most importantly, education and knowledge have changed the times and history.

For the activities to care for the vulnerable groups, in addition to annual practices such as donating gift baskets, oil, salt, rice and cans, we frequently go to the countryside to show a kind concern for people from door to door.

It is our unshirkable responsibility to support and sponsor the cultural and trade activities of the government of the Kelantan State. For example, in “Zheng He International Exposition” held in 2010, our Company sponsored the performance of the Songshan Shaolin Temple Martial Arts Team of Dengfeng City, which added lustre and glory to the exposition. In addition, it is our responsibility to support and sponsor the various activities held by the community, schools and religious groups in the Kelantan State.

“To care for the community is the vision and culture of CNMC Goldmine. We will always stick to this philosophy, not only in the Kelantan State, but also in the whole of Malaysia and Singapore and the ASEAN region.”

This is the key responsibility emphasised in the speech I made when the Company was listed.

To mind social needs, and serving the world.

(IV)

From the children’s crawling to learning to walk, we understand that the development of an enterprise should be made steadily and step by step, conforming to the principle of from point to line, and from line to plane.

After several years of exploration and construction, currently CNMC Goldmine has entered into a period of steady growth. The staff members of the Company will make concerted efforts to achieve the production goal of the Company.

At the beginning of 2012, CNMC Goldmine and Xiamen Sincan Group Co., Ltd., China signed a contract for the exploitation of silver, lead and zinc.

To sum up, for the mineral exploitation and production in the Sokor mining field with an area of about 10 square kilometres, apart from the heap leaching in the south and the exploitation of placer gold in the north before 2011, we will launch the exploitation and production of multi-component metals in the south, and the exploitation and production of great heap leaching in the north in 2012. To work energetically along many lines, so as to generate profits for the Company.

Let us prove our efforts with actual performance. Time will be the best witness.

(V)

“The one who wins the people wins the country.”

For several years, our Company makes investment and launches activities to care for the community in the Kelantan State. We distribute the profits transparently and make contribution to the society in accordance with laws and regulations. Our activities have been recognised by the central government, and have won the unanimous praise and support from the leaders of the Kelantan State. Certainly, the people of the Kelantan State regard CNMC Goldmine as their “timely rain (timely help)”. They wish the Company to grow even stronger, so they can share our happiness and interests of growth.

We plan to gradually increase and expand the exploration and exploitation area in the Kelantan State, while at the same time, we will explore mineral resources across state borders. Should opportunities arise, we will endeavour to advance towards the ASEAN region, and even other regions with abundant resources in the global village.

Finally, on behalf of the Board and management, I would like to thank our shareholders, business partners and staff for their invaluable support and contribution. We look forward to such continued support in the years ahead. I also wish to record our sincere appreciation to Mr Lim Yeok Hua who will be retiring as our Independent Director at the coming AGM.

CNMC Goldmine is in the darkness before dawn, we are rubbing our sleepy eyes and welcoming the dawn.

Prof. Lin Xiangxiong
Executive Chairman
CNMC Goldmine Holdings Limited





Board of Directors

From left..

关正德 ■ Kuan Cheng Tuck

陈宝财 ■ Tan Poh Chye Allan

林祥雄 ■ Prof Lin Xiang Xiong

朱治光 ■ Choo Chee Kong

林国扬 ■ Lim Kuoh Yang

林育华 ■ Lim Yeok Hua



林祥雄

LIN XIANG XIONG

林祥雄教授是中色金矿的创办人暨执行主席。他主要负责集团的战略业务发展与规划，宏观策划并制定集团政策。

数十年以来，他对文艺事业锲而不舍，坚持并不懈地求索与创作，深得业界一致肯定。

他是“炎黄国际文化协会”的倡办者、创会会长。

1995年，他受中国上海华东师范大学聘为顾问教授。

2004年，受中国艺术研究院聘为特约研究员。

2011年，受中国北京语言大学聘为客座教授。

林教授在其商贸、经济领域里：尤其是中国改革开放后的文化与经贸对外交流与促进，不懈努力推动与奔波。

2002年受中国河南省商务厅委聘为海外常务顾问；河南省国际文化交流与促进首席顾问；河南郑州东新区国际顾问。

2004年受马来西亚吉兰丹州政府礼聘为《中国 - 丹州国际贸易》首席顾问。

PROFESSOR LIN XIANG XIONG is the founder and Executive Chairman of CNMC. He is responsible for formulating the Group's strategic plans and policies. Professor Lin Xiang Xiong was appointed as an advisory professor of the East China Normal University in 1995 and a visiting professor of the Beijing Language and Culture University in 2011. He is currently the president of the Global Chinese Arts & Culture Society and a research fellow of the Chinese National Academy of Arts. In addition, he is the chief advisor on Kelantan-China International Trade for the Kelantan State Government, Malaysia, executive advisor for the Bureau of Commerce, Henan Province of China, international consultant for the New District in the Eastern Part of Zhengzhou, Henan and chief advisor for the Culture Exchange and Promotion Worldwide of Henan, China.



朱治光

CHOO CHEE KONG

朱治光先生是中色金矿的执行副主席。朱先生负责公司的规划与策略方向、扩展计划以及企业监管。他曾参与包括新加坡、马来西亚、中国、香港、菲律宾、台湾以及澳大利亚在内，共200多个公司企业的上市。同时，朱先生也是数家上市公司的非执行董事。

CHOO CHEE KONG is the Executive Vice Chairman of CNMC. He is responsible for the formulation of the strategic direction and expansion plans as well as the corporate governance of the Group. He has been involved in the successful listing of more than 200 companies from Singapore, Malaysia, the People's Republic of China ("PRC"), Hong Kong, Philippines, Taiwan and Australia. He also serves as a non-executive director on a number of listed companies.



林国扬

LIM KUOH YANG

林国扬先生是中色金矿的执行董事和执行总裁。主要负责公司旗下矿产业务的运作，和贯彻执行策略规划和相关政策。林先生在矿产领域有11年的丰富经验。林先生曾任创新国际集团有限公司及其集团公司的营运总裁，主要从事矿山石材的勘探、开采、加工、生产和销售。林先生在大理石和花岗岩石矿的开采与营运领域以及国际市场营销具有丰富经验，曾为多个矿产项目提供顾问和项目管理服务。

LIM KUOH YANG is the Executive Director and the Chief Executive Officer of CNMC. He is responsible for implementing the strategic plans and policies as well as managing the mining operations of the Group. He has over 11 years of experience in the mining industry. He was formerly the chief operation officer of Innovation World-Wide Group Pte Ltd (IWG) and its group of companies, which are principally engaged in the business of trading of building materials and mining, processing and marketing, distribution and sale of dimension stones. He has driven the successful exploration and operation of various marble and granite dimension stone mine, and provided consulting and project management services in association with sub-contracted mining projects.





关正德

KUAN CHENG TUCK

关正德先生是中色金矿的独立董事及审计委员会主席。同时，也是新加坡主板上市的 FDS Networks Group Ltd 的独立董事。关先生在会计、审计以及财务咨询领域有 18 年的经验。他曾在 1994 年至 2004 年期间服务于新加坡及马来西亚多家国际会计师事务所。关先生在 2004 年成立自己财务咨询公司，并在 2005 年开始自己的会计实务。关先生拥有新加坡南洋理工大学的会计学学士学位和伦敦大学的荣誉法律学士学位。关先生也是英国特许公认会计师公会会员、新加坡注册会计师以及新加坡董事协会会员。同时，关先生也是新加坡特许秘书行政管理人员学会会员。

KUAN CHENG TUCK is the Independent Director and the Chairman of the Audit Committee of CNMC. He is also the independent director of FDS Networks Group Ltd which is listed on the mainboard of the SGX-ST. He has more than 18 years of experience in the fields of accounting, auditing as well as business and financial advisory. He has worked with various international accounting firms in Singapore and Malaysia between 1994 and early 2004. He set up and managed his own business and financial consulting firms in 2004 and his own accounting practice in 2005. He holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore and a Bachelor of Laws (Honours) degree from the University of London. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Institute of Certified Public Accountants of Singapore and the Singapore Institute of Directors. He is also an associate member of the Singapore Association of Institute of Chartered Secretaries and Administrators.



陈宝财

TAN POH CHYE ALLAN

陈宝财先生是中色金矿的独立董事及薪酬委员会的主席。陈先生是 Colin Ng & Partners LLP 的合伙人，并执业于企业融资领域。陈先生在 1994 年考取新加坡律师资格。现任新加坡凯利板上市公司 Adventus Holdings Limited 和澳大利亚上市公司 Avexa Limited 的独立董事。陈先生从 1995 年开始，以商业和银行起诉律师的身份执业于 Shook Lin & Bok LLP，随后在 1998 年离开。在 1999 年到 2000 年期间，陈先生以法律顾问的形式加入新加坡报业集团，从此开始专注于企业和商业交易领域的法律工作。陈先生在 2002 年到 2003 年期间，为 Authur Loke Bernard Rada & Lee 合伙人；2004 年到 2006 年期间，为 Yeo-Leong & Peh LLC 的副总监，主要从事企业融资方面的工作。陈先生拥有英国白金汉大学荣誉法律学士学位和 London-Guild 大学法律硕士学位。陈先生也是 Gray's Inn 的讼务律师。

TAN POH CHYE ALLAN is the Independent Director and Chairman of the Remuneration Committee of CNMC. He is currently a partner at Colin Ng & Partners LLP and practises in the field of corporate finance. He was admitted to the Singapore Bar in 1994. He is also presently an independent director of Adventus Holdings Limited, a company listed on Catalist of the SGX-ST and Avexa Limited, a company listed on the Australian Stock Exchange. He started practice as a commercial and banking litigation lawyer in 1995 at Shook Lin & Bok LLP and left in 1998. From 1999 to 2000, he joined Singapore Press Holdings Ltd as one of its legal counsels and has since focused on corporate and commercial transactional work. He was a partner at Authur Loke Bernard Rada & Lee from 2002 to 2003 and an associate director of Yeo-Leong & Peh LLC from 2004 to 2006, practising in the field of corporate finance. He holds a Bachelor of Laws (Honours) degree from the University of Buckingham (United Kingdom) and a Masters degree in Law from the London-Guild University. He is also a Barrister-at-law of the Gray's Inn.



林育华

LIM YEOK HUA

林育华先生是中色金矿的独立董事及提名委员会的主席。他也是新加坡主板上市公司 Manufacturing Integration Technology Limited、新加坡凯利板上市的 Tritech Group Limited 和 JK Tech Holdings Limited 的独立董事。林先生从 1985 加入特许公认会计师公会，成为其会的资深会员。林先生在会计、审计以及财务咨询领域有 20 多年丰富经验。他曾在 1972 年至 1992 年期间任职于新加坡多家会计师事务所。林先生现拥有一家自己的管理咨询公司。同时他也是新加坡注册会计师、新加坡董事公会会员以及新加坡税务认可机构的授权税务顾问。

LIM YEOK HUA is the Independent Director and Chairman of the Nominating Committee of CNMC. He is also the independent director of Manufacturing Integration Technology Limited, a company listed on the mainboard of the SGX-ST, Tritech Group Limited and JK Tech Holdings Limited (both listed on Catalist of the SGX-ST). He has been a fellow member of the Association of Chartered Certified Accountants since 1985. He has more than 20 years of experience in the fields of accounting, auditing as well as business and financial advisory. He has worked with various accounting firms in Singapore between 1972 and 1992. He set up and managed his own auditing and tax consulting firm from 1992 to 2000. Presently, he runs his own management consultancy firm. He is also a member of the Institute of Certified Public Accountants of Singapore and the Singapore Institute of Directors as well as an accredited tax advisor with the Singapore Institute of Accredited Tax Professionals.





CNMC

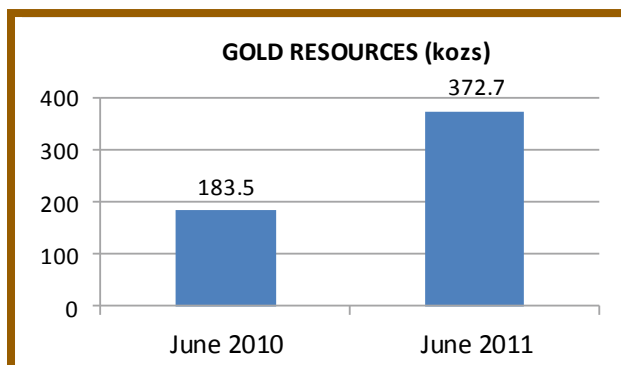
Silver Lead & Zinc



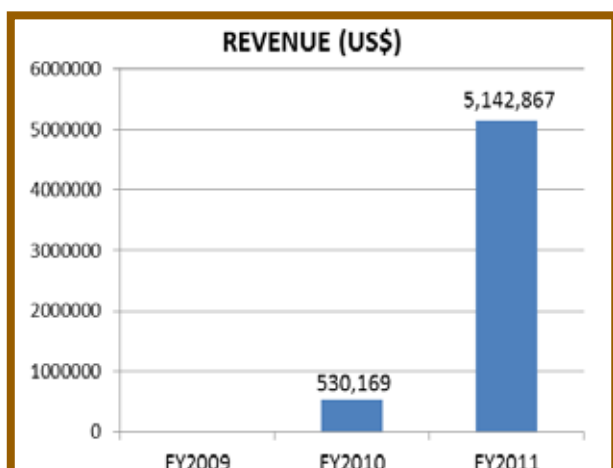
HIGHLIGHTS



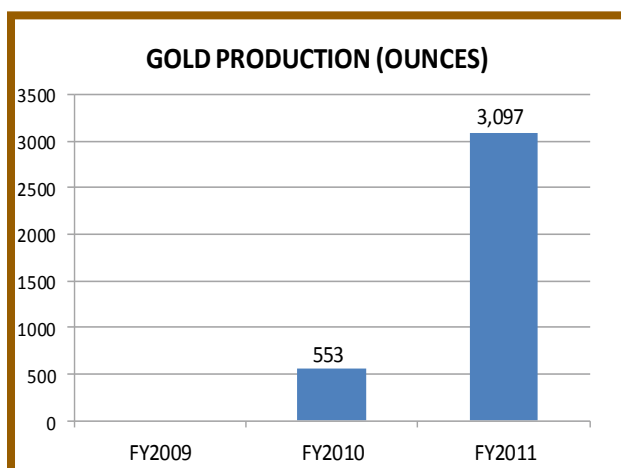
The above chart sets forth monthly average London Fix gold price for FY2008, FY2009, FY2010, FY2011 and up to Feb 2012.
Source: World Gold Council



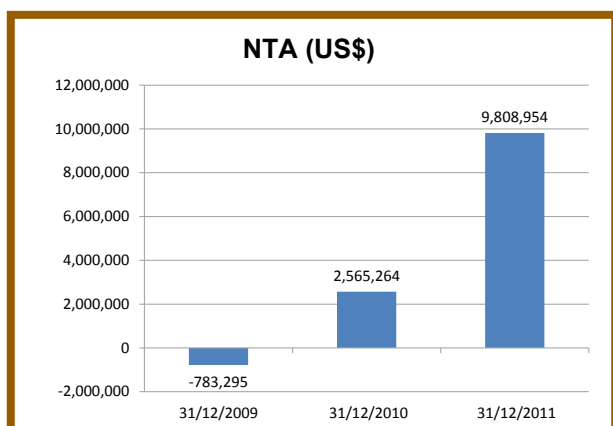
The mineral resources estimates have been reviewed by Behre Dolbear Australia Pty Ltd, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004 (the "JORC Code").



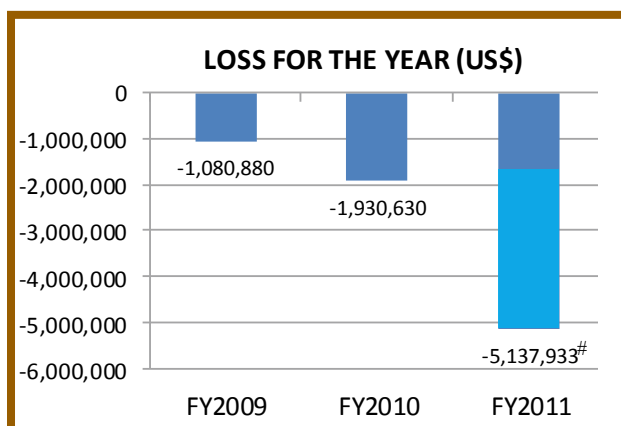
The Group's revenue increased significantly by 870.0% from US\$0.53million for FY2010 to US\$5.14 million for FY2011.



The Group commenced its gold production by vat leaching in July 2010. In FY2011, a total of 3,097.35 ounces (FY2010: 553.80 ounces) of fine gold were produced.



NTA increased mainly as a result of proceeds from issue of share capital pursuant to the Company's IPO.



#Losses for the Group increased by US\$3.21 million from US\$1.93 million in FY2010 to US\$5.14 million in FY2011, mainly as a result of one-off expenses of US\$3.26 million which comprised IPO expenses, share issuance to a key management personnel and ex-gratia payments to key employees.

FINANCIAL REVIEW

The Group's revenue increased by 870.0% from US\$0.53 million for FY2010 to US\$5.14 million for FY2011. This was mainly due to the increase in the production volume of gold since the Group commenced gold production in July 2010. Higher production volume for FY2011 as compared to FY2010 was also a result of higher production efficiency due to improved expertise and experience in the production process.

The Group commenced its gold production by vat leaching in July 2010 and produced 553.80 ounces of fine gold in FY2010. In FY2011, a total of 3,097.35 ounces of fine gold were produced. The increase in revenue was also attributable to higher gold price. According to the World Gold Council, the yearly average gold price was US\$1,571.5 per ounce in FY2011 and US\$1,224.5 per ounce in FY2010.

All operating expense categories increased as a result of increased business activities since the commencement of gold production in July 2010. With higher production efficiency achieved, most operating expense categories, except for royalty expenses, increased at a much slower pace than that of revenue. Royalty expenses grew faster than the increase in revenue as a result of inclusion of revenue from the pilot test run of alluvial gold production, which commenced in FY2011. According to the arrangements with the Kelantan State Authorities, the royalty expenses levied on revenue from alluvial mining is higher than that from vat leaching.

Losses for the Group increased by US\$3.21 million from US\$1.93 million in FY2010 to US\$5.14 million in FY2011, mainly as a result of one-off expenses of US\$3.26 million which comprised IPO expenses of which approximately US\$1.18 million was non-cash payment by the issuance of the Company's shares upon listing, share issuance to a key management personnel and ex-gratia payments for their contributions towards the Company's successful listing and efforts to increase production volume in FY2011. In the absence of these one-off expenses, the Group's loss after income tax would have decreased by US\$0.05 million from US\$1.93 million in FY2010 to US\$1.88 million in FY2011 despite a significant expansion in operations.

The Group's working capital position improved from a negative working capital of US\$0.59 million as at 31 December 2010 to a positive working capital of US\$0.39 million as at 31 December 2011.

The Group had cash and cash equivalents of US\$5.41 million as at 31 December 2011.



OPERATIONS REVIEW

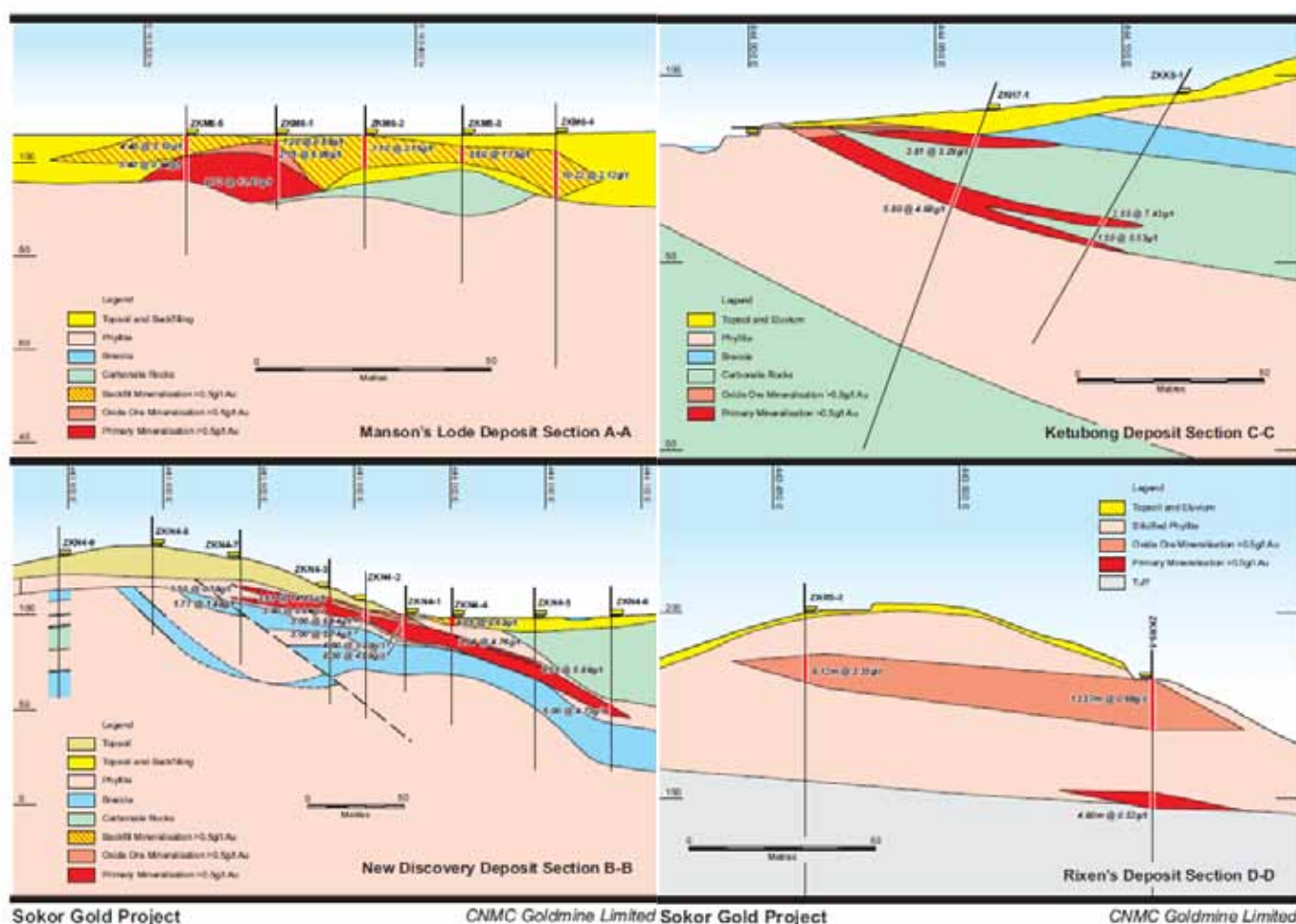
2011 marked an important milestone for CNMC.

The company was the first gold mining company listed on Catalist of the SGX-ST under the new listing rules for early stage mineral, oil and gas (MOG) companies. The Group's fine gold production increased by 459% from 553.80 ounces for FY2010 to 3,097.35 ounces for FY2011. On the resources front, CNMC's on-going exploration programme yielded a 103% increase in our gold resource base at the Sokor Block from 189,200 ounces as at the end of June 2010 to 372,700 ounces as at the end of June 2011.

The primary focus of CNMC's operations in FY2011 was to expand its gold resources via an intensive exploration programme in the Sokor Gold Project. During 2011, CNMC carried out geological mapping of creeks and track exposures in about 2.0 square kilometres in the northern section of the mining concession and a total of 284 points were recorded. Four trenches with a total length of 180 metres and an average depth of 3.5 metres were dug. A total of 63 channel samples were collected from the trenches. A total of 78 diamond drill holes of an aggregate of 8,931 metres were completed. A total of 2,034 half-core samples were delivered to ALS CHEMEX, Australia for assay.

Plant utilisation for FY2011 was not at the optimum level, it was held back by the size and experience of operations staff and plant downtime due to technical adjustments and improvements. In spite of the early operational and technical difficulties, CNMC managed to produce a total of 3,097.35 ounces of fine gold and 208.05 ounces of fine silver in FY2011.

Moving into 2012, with a more experienced management and operational team working in conjunction with appointed professional consultants actively involved in actual on-site exploration and extraction work, CNMC expects to continue to increase both its gold resource base and gold production.



OPERATIONS REVIEW

The Group's exploration work is on-going process. The Group carried out the following exploration activities in FY2011:-

1. Geological Mapping and Reconnaissance

The geologist team carried out geological mapping of creeks and track exposures in the northern section of the mining concession, i.e. around Rixen and Sg Among. Rock chip and float samples have been collected during the course of mapping. Geological points for mapping and the location of sampling were provided by hand-held GPS units.

The purpose of geological mapping and reconnaissance is to clarify geological conditions related to gold mineralisation with the goal to identify mineralisation or significant structures. The total area investigated was about 2.0 square kilometers and a total of 284 points were recorded.

2. Trenching and Channel Sampling

Four trenches were dug by excavators. Three trenches were located in Sg Among area and one in Rixen. The total length of trenches was 180 meters, with an average depth of 3.5 meters. Two of the four trenches did not reveal the bedrock because of thick overburden. A total of 63 channel samples were collected from the trenches.

3. Diamond Drilling

Diamond drilling was done by Sinomine Resource (Malaysia) Sdn Bhd ("Sinomine Malaysia"), using four diamond rigs capable of drilling standard NQ size of 1,000 meters. Drilling is conducted on two 12 hour shifts. Holes are collared at standard PQ size and reduced to NQ at the base of the strongly weathered zone. The core barrel is a double tube barrel. In FY2011, a total of 78 holes of an aggregate of 8,931 meters were drilled by Sinomine Malaysia and qualified by our in-home geologists.

4. Diamond Drilling Core Logging and Sampling

All drilling cores were logged. Detailed geological log, oriented structure and rock quality were described and recorded. Representative mineralised core sections were selected and specific gravity was measured by water immersion method. Thereafter, the core is split by the diamond saw. A total of 2,034 half-core samples were delivered to ALS CHEMEX, Australia for assay.

5. Other Exploration Works

(a) Drill hole Collar Survey

Drill hole collar was identified and marked on the ground using hand-held GPS. Once the drill hole was completed, all the drill holes have their collar locations accurately surveyed by electronic distance measurement (EDM) equipment, using NTS662 total station instruments.

(b) Rock chip sampling

Rock chip samples have been useful in confirming the position of the lode horizon. Rock chip samples assaying above 1.0g/t gold generally define the exposed lodes. A total of 26 rock chip samples were picked during field reconnaissance and tested by the Group's on-site lab.

(c) Samples preparation for ore dressing and metallurgy studies

According to the Group's independent metallurgist, ALS Ammtect Limited's proposal and comments from the Group's independent technical consultant, Behre Dolbear Australia Pty Limited, 220 kg of ore samples for heap leaching test work were selectively collected from the different drill holes which closely represent the ore in Rixen.

(d) Design drill holes for Reverse Circulation ("RC") drilling program

Three drill holes were designed to conduct test RC drilling to assess if RC drilling is suitable for the Group's Gold Project. Pursuant to successful testing for RC drilling, a 2,500-meter drilling program will commence after the end of the monsoon season.

OPERATIONS REVIEW

(e) Evaluating the potential of alluvial gold

Based on the Group's previous gold production and mined area, evaluation work including panning of former sandy tailings were carried out to decide if manual drilling (hand auger sampling) will be employed to evaluate the gold resources for alluvial mining. Route global positioning system (GPS) survey is suggested to delineate the rough boundary of mined area.

(f) Data compiling and indoor research

The Group endeavours to reach a practical metallogenic model and an exploration model by conducting a comprehensive study on the geologic conditions, geochemical and geophysical data, assay results, combined with structures, ore-controlling factors, wallrock alteration and spatial and temporal distribution et al.

Gold resources as at 30 June 2011⁽¹⁾

Category JORC Code	Mineral Type	Gross Attributable to licence			Gross Attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (kcozs)	Tonnes (kt)	Grade (Au g/t)	Contained Au (kcozs)	Change from previous update (%)
Measured	Alluvial	22	1.10	0.8	18	1.10	0.6	0
Measured	Oxide	57	8.42	15.7	46	8.42	12.5	-11.9
Measured	Backfill	101	1.73	5.6	82	1.73	4.6	0
Measured	Primary	433	3.39	47.3	351	3.39	38.3	0
Measured	All	613	3.50	69.4	497	3.50	56.0	-2.9
Indicated	Oxide	3,251	1.48	154.8	2,633	1.48	125.3	+234.1
Indicated	Transitional	320	1.16	11.9	259	1.16	9.7	N.A. ⁽²⁾
Indicated	Primary	210	3.54	24.0	170	3.54	19.3	+370.7
Indicated	All	3,781	1.57	190.7	3,062	1.57	154.3	+270.9
Inferred	Alluvial	13	0.82	0.3	11	0.82	0.3	0
Inferred	Oxide	1,186	1.49	56.6	961	1.49	46.0	+130.0
Inferred	Backfill	29	1.86	1.7	23	1.86	1.4	0
Inferred	Transitional	133	1.07	4.6	108	1.07	3.7	N.A. ⁽³⁾
Inferred	Primary	639	2.42	49.5	518	2.42	40.3	+45.0
Inferred	All	2,000	1.76	112.7	1,621	1.76	91.7	+85.3
Total	All	6,394	1.81	372.7	5,180	1.81	302	+103.0

Notes:-

(1) The procedures and parameters used for resource estimation are set out in section 5 of the Independent Qualified Person's report as announced on 11 November 2011.

(2) Not applicable as no indicated transitional resources were reported in June 2010.

(3) Not applicable as no inferred transitional resources were reported in June 2010.

Ore reserves as at 30 June 2011⁽¹⁾

Category JORC Code	Mineral Type	Gross Attributable to licence			Gross Attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (kcozs)	Tonnes (kt)	Grade (Au g/t)	Contained Au (kcozs)	Change from previous update (%)
Proved	Alluvial	24	1.05	0.8	19	1.05	0.6	-93.0
Proved	Oxide	61	3.97	15.7	49	3.97	12.7	98.4
Proved	Backfill	106	1.65	5.6	86	1.65	4.5	0
Probable	Oxide	785	1.84	46.4	636	1.84	37.6	0
Total	All	976	2.18	68.5	790	2.18	55.4	-3.1

Notes:-

(1) Ore reserves estimates for June 2011 are estimated at a 0.5g/t Au cut-off, mining recovery of 100% and mining dilution of 5% at zero grade.

ENVIRONMENTAL PROTECTION AND COMMUNITY DEVELOPMENT

The policy of CNMC's main operating subsidiary, CMNM Mining Group Sdn. Bhd. ("CMNM") with respect to environmental protection and community development is to develop and manage its mining operations with an aim to comply with the environmental regulations and minimise any harm to the environment while maintaining sensitivity to local cultural and community expectations.

Environmental Protection

In compliance with the environmental regulations, an Environmental Impact Assessment ("EIA") report was prepared by CMNM and approved by the Department of Environment of Kelantan ("DOE") in June 2009. An environmental management plan, which sets out the processes that CMNM will follow to ensure compliance with the environmental regulations and minimise any harm to the environment, was subsequently approved by the DOE in April 2010.

CMNM recognises that environmental monitoring is an on-going obligation. To demonstrate its commitment to undertake regular environmental monitoring and audit, CMNM has appointed I.Z. Environmind Sdn. Bhd., a licensed third party environmental consultant approved by the DOE, in December 2010 to conduct regular environmental monitoring exercise to ensure that CMNM complies with the environmental regulations in relation to its operations and to constantly provide feedback to CMNM with regard to its environmental practices. Such engagement will continue on an on-going basis.

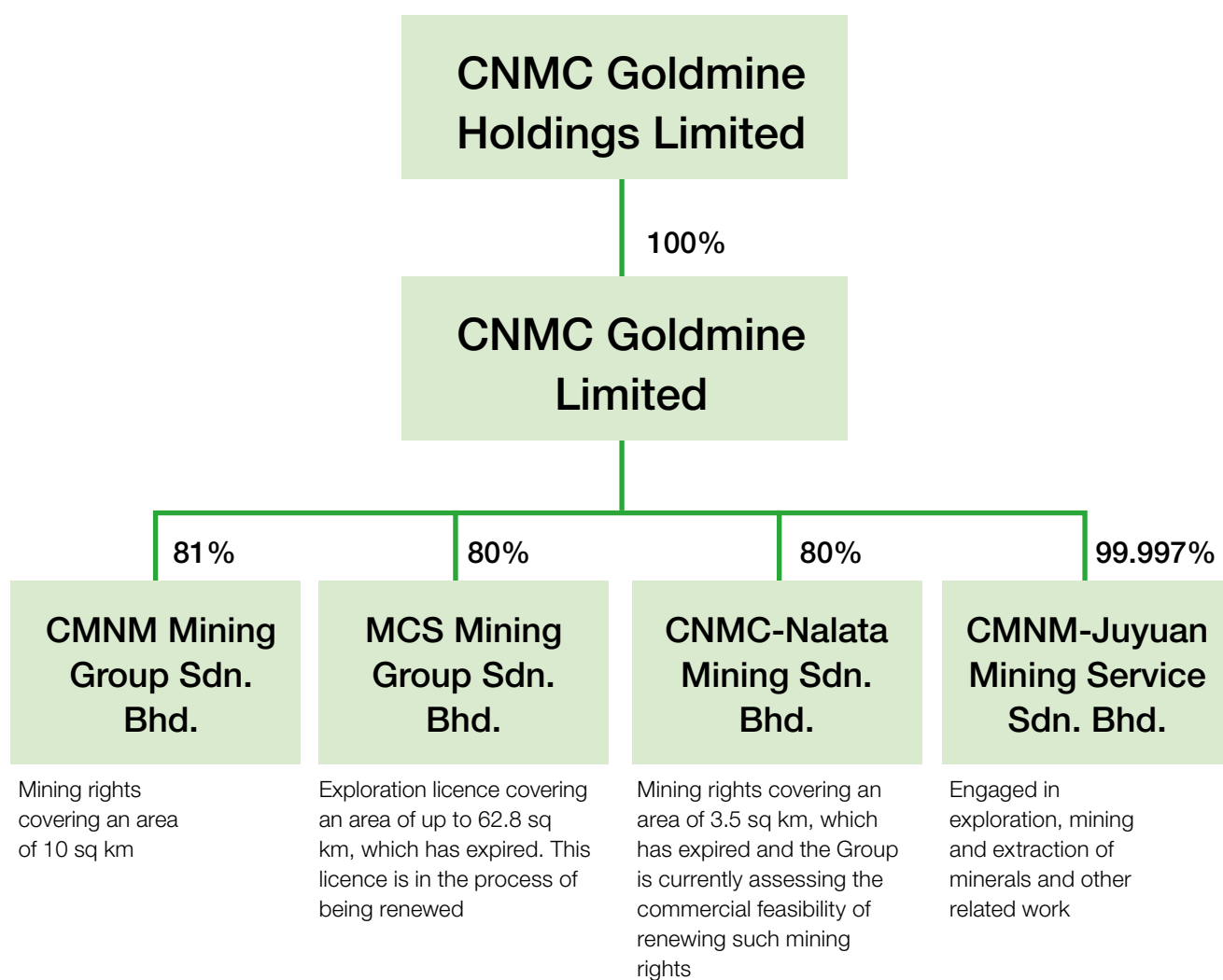
Community Development

The CNMC Group has made substantial efforts to integrate with the local population in the vicinity where the mine is located and assisted them in social and economic development. They have provided the local community with new employment opportunities, training and skills development for the staff of the mining operations and broadened economic and commercial base for local businesses, contributing to the economic growth of the region. They are also developing a corporate social responsibility policy which will address the Group's impact on the local community. In addition, the Group provides opportunities for business investors to invest in Kelantan and encourages foreign direct investment.

The main negative social impact in relation to the closure of mine operations will result in the loss of jobs. A mitigation measure is that the workforce that has been employed will have been fully trained with multi-skilled experience that will be transferrable to other mining operations.

The CNMC Group also values social responsibility and has been participating in community development projects that align with the needs and objectives of the local communities identified through engagement and consultation. In December 2007, the Group provided and distributed basic food necessities and basic school supplies to the affected families and their children during the flood in Kelantan. During the Hari Raya Aidilfitri festive season in September 2009, gift packs comprised rice, sugar and other basic necessities were distributed by the Group to the less fortunate individuals and families. In 2010, the Group supported Cheng Ho Expo (international trade exhibition organised by the Kelantan State Government in Kota Bharu) by sponsoring a team of Shaolin Kung Fu performers to perform during the trade exhibition period. The Group had also in 2010, handed out 120 bursaries to school children with outstanding academic performance residing in or near the Sokor area and sponsored 1,000 stationery sets to school children residing in the Sokor and Tanah Merah areas. In August 2011, 999 gift packs comprised rice, sugar and other basic necessities were distributed by the Group to the less fortunate individuals and families residing in the Sokor and Tanah Merah areas.

GROUP STRUCTURE



CORPORATE INFORMATION

Board of Directors

Professor Lin Xiang Xiong
Executive Chairman

Choo Chee Kong
Executive Vice Chairman

Lim Kuoh Yang
Executive Director and Chief Executive Officer

Kuan Cheng Tuck
Independent Director

Tan Poh Chye Allan
Independent Director

Lim Yeok Hua
Independent Director

Auditors

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Tel: +65 6213 3388
Fax: +65 6225 0984
Partner-in-charge: Tan Huay Lim
(Appointed with effect from the financial year ended 31 December 2011)

Registered Office

CNMC Goldmine Holdings Limited
745 Toa Payoh Lorong 5
#04-01 The Actuary
Singapore 319455
Tel: +65 6220 4621
Fax: +65 6220 1270
Company Registration No. 201119104K

Audit Committee

Kuan Cheng Tuck *Chairman*
Tan Poh Chye Allan
Lim Yeok Hua

Nominating Committee

Lim Yeok Hua *Chairman*
Kuan Cheng Tuck
Tan Poh Chye Allan

Remuneration Committee

Tan Poh Chye Allan *Chairman*
Kuan Cheng Tuck
Lim Yeok Hua

CMNM Mining Group Sdn. Bhd

PT6724 Kelewek
Jalan Jeli
17500 Tanah Merah
Kelantan Malaysia

MCS Mining Group Sdn. Bhd.

Lot 577, Section 19, Taman Limau Manis,
Jalan Hamzah, 15050 Kota Bharu, Kelantan
(Registered Address)

CNMC-Nalata Mining Sdn. Bhd

Lot 577, Section 19, Taman Limau Manis,
Jalan Hamzah, 15050 Kota Bharu, Kelantan
(Registered Address)

CMNM-Juyuan Mining Sdn. Bhd.

Lot 577, Section 19, Taman Limau Manis,
Jalan Hamzah, 15050 Kota Bharu, Kelantan
(Registered Address)

Company Secretary

Vincent Lim Bock Hui, LLB (Hons)

Catalist Sponsor

PrimePartners Corporate Finance Pte. Ltd.
20 Cecil Street
#21-02 Equity Plaza
Singapore 049705
Tel: +65 6229 8088
Fax: +65 6229 8089

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355
Fax: +65 6536 1360

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

Introduction

The Board of Directors (the “Board”) of CNMC Goldmine Holdings Limited (the “Company”) is committed to ensuring that high standards of corporate governance are practised within the Company and its subsidiaries (the “Group”). Good corporate governance helps to promote corporate transparency, and to protect and enhance shareholders’ interest.

This report outlines the Company’s corporate governance practices with specific reference to principles of the Code of Corporate Governance 2005 (the “Code”) as prescribed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

1. Board Matters

The Board’s conduct of affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Board of Directors

The Board currently comprises 6 members. They are:

Professor Lin Xiang Xiong	Executive Chairman
Choo Chee Kong	Executive Vice Chairman
Lim Kuoh Yang	Executive Director and Chief Executive Officer
Kuan Cheng Tuck	Independent Director
Tan Poh Chye Allan	Independent Director
Lim Yeok Hua	Independent Director

The functions of the Board are as follows:

- to protect and enhance long-term shareholders’ value;
- to set the overall strategy for the Group;
- to monitor and review financial performance of the Group;
- to approve the Group’s strategic plans, key operational initiatives, major investment and funding decisions;
- to supervise the Company’s management (the “Management”) and monitor their performance;
- to identify principal risks of the Group’s business and ensure the implementation of appropriate systems to manage the risks;
- to deliberate and decide on policies covering corporate governance and business matters;
- to ensure timely and adequate reporting to shareholders;
- to ensure compliance with legal and regulatory requirements;
- to review and approve interested person transactions;
- to review and approve the remuneration packages for the Board and key executives;
- to ensure the responsibility for the satisfactory fulfilment of social responsibilities of the Group; and
- to approve matters beyond the authority of the key executives.

These functions are carried out either directly by the Board or through Board committees namely, the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”).

Matters which are specifically reserved to the full Board for decision include, *inter alia*, material investment, acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends. Every Director is expected, in the course of carrying out his duties, to act in good faith and consider at all times the interests of the Company.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

Board and Board Committee Meetings

The Board will hold quarterly meetings every year, with additional meetings for particular matters convened when necessary. The Directors shall also periodically review the internal control and risk management systems of the Group to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

The record of attendance of the Directors at the Board and Board committee meetings since the listing of the Company on 28 October 2011 up to the financial year ended 31 December 2011 ("FY2011") are as follows:

Name	Board Meeting		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	Attended	No. of Meetings Held	Attended	No. of Meetings Held	Attended	No. of Meetings Held	Attended
Professor Lin Xiang Xiong	1	1	1	1	NA	NA	NA	NA
Choo Chee Kong	1	1	1	1	NA	NA	NA	NA
Lim Kuoh Yang	1	1	1	1	NA	NA	NA	NA
Kuan Cheng Tuck	1	1	1	1	NA	NA	NA	NA
Tan Poh Chye Allan	1	1	1	1	NA	NA	NA	NA
Lim Yeok Hua	1	1	1	1	NA	NA	NA	NA

NA: not applicable

Board papers are distributed in advance of the Board and Board committee meetings to allow the Directors to read and to seek clarification during the meetings.

The Company will provide appropriate trainings such as courses and seminars for the Directors as and when needed. The Company relies on and encourages the Directors to update themselves on new rules and regulations, as well as revisions or amendments or updates to laws or regulations.

The Company will conduct orientation programmes for newly appointed Directors to ensure that they are familiar with the Group's structure, the Group's business and its operations. They will be invited to participate in a meeting with the Chairman and/or the Chief Executive Officer ("CEO") for an introduction to the operation of the business of the Group. Newly appointed Directors are given a formal letter explaining their duties and obligations as directors of the Company.

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

Board Composition and Guidance

The Board consists of 6 Directors, namely 3 Executive Directors and 3 Independent Non-Executive Directors. The requirement of the Code that at least 1/3 of the Board comprises independent directors is satisfied. The independence of each Director will be reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement. The NC has reviewed and determined that the said Independent Directors are independent.

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The Board's composition is reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that the current Board comprises high calibre individuals who are qualified with the appropriate mix of expertise, knowledge, skills and experience in areas relating to finance, accounts, legal and business strategy which provides for the effective functioning of the Board.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

All Directors have an equal responsibility for the Group's operations, the role of the 3 Independent Non-Executive Directors is particularly important in ensuring that all the strategies and objectives proposed by the Management are fully discussed and examined, and take into account of the long term interests not only of the shareholders, but also the employees and suppliers.

The Independent Non-Executive Directors have no financial or contractual interests in the Group other than by way of their fees as set out in the Directors' Report. The profile of each Board member is provided on pages 8 and 9 of this Annual Report.

Principle 3: *There should be a clear division of responsibilities at the top of the Company – the working of the Board and the executive responsibility of the Company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

Chairman and Chief Executive Officer

The roles of the Chairman and the CEO are separate. The Group's Executive Chairman, Professor Lin Xiang Xiong is responsible for formulating the Group's strategic plans and policies. He also plays a key role in developing the business of the Group, maintaining strategic relations with the Group's business partners and providing the Group with strong leadership and vision.

The Group's CEO, Mr Lim Kuoh Yang, is responsible for implementing the strategic plans and policies as well as managing the mining operations of the Group. He also ensures that Board meetings are held as and when it is necessary and that the Board members are provided with complete, adequate and timely information. In addition, he provides close oversight, guidance, advice and leadership to the Board and the Management.

Mr Lim Kuoh Yang is the son of Professor Lin Xiang Xiong.

Although the Executive Chairman and the CEO are father and son, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or group of individuals representing any considerable concentration of power or influence. In view of the Executive Chairman and the CEO are father and son, the Board has appointed Mr Kuan Cheng Tuck as the AC Chairman to ensure that a separate channel of communication is always available to Shareholders in the event that normal interactions with the Executive Chairman and the CEO have failed to resolve their concerns or where such channel by communication is considered inappropriate. All the Board committees are chaired by Independent Directors and the Independent Directors make up at least 1/3 of the Board.

Principle 4: *There should be a formal and transparent process for the appointment of new directors to the Board.*

Board Membership

The Company has established the NC to make recommendations to the Board on all board appointments. The NC comprises 3 members, all of whom are Independent Non-Executive Directors, namely:

Lim Yeok Hua	Chairman
Kuan Cheng Tuck	
Tan Poh Chye Allan	

Mr Lim Yeok Hua is not a substantial shareholder nor is he associated with a substantial shareholder of the Company.

The principal functions of the NC are:

- (a) to make recommendations to the Board on all board appointments, including re-nominations, having regard, to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;
- (b) to determine annually whether or not a Director is independent;
- (c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced when serving on multiple boards;

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

- (d) to review and approve any new employment of related persons and the proposed terms of their employment; and
- (e) to decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value. The Board will also implement a process to be proposed by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable).

In its search and selection process for new directors, the NC taps on the resources of the Directors' personal contacts and recommendations of potential candidates. The NC appraises the candidates to ensure that the candidates possess relevant experience and have the expertise to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group. New Directors are appointed by way of a Board resolution, upon their nomination by the NC.

The NC is in charge of nominating the Directors for re-election, having regard to their contribution and performance. Article 89 of the Company's articles and association (the "Articles") provides that at each annual general meeting, 1/3 of the Directors for the time being shall retire from office by rotation. Each Director shall retire at least once every three years. A retiring Director shall be eligible for re-election.

Pursuant to Article 88 of the Company's Articles, the Directors appointed by the Board must retire and submit himself for re-election at the next annual general meeting following his appointment. Accordingly, all the Directors will retire at the Company's forthcoming annual general meeting and submit themselves for re-election, save for Mr Lim Yeok Hua who is not seeking re-election as a Director of the Company.

Information of the Directors is shown on pages 8 and 9 on this Annual Report. The dates of initial appointment of each Director, together with his directorships in other listed companies, are set out below:-

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (preceding three years)
Professor Lin Xiang Xiong	20 September 2011	–	–	–
Choo Chee Kong	20 September 2011	–	FDS Networks Group Ltd Second Chance Properties Ltd	Asiasons WFG Financial Ltd. Falmac Limited
Lim Kuoh Yang	11 August 2011	–	–	–
Kuan Cheng Tuck	20 September 2011	–	FDS Networks Group Ltd	ASA Group Holdings Ltd China Oilfield Technology Services Group Ltd Falmac Limited
Tan Poh Chye Allan	20 September 2011	–	Adventus Holdings Limited Avexa Limited	–
Lim Yeok Hua	20 September 2011	–	Manufacturing Integration Technology Ltd Tritech Group Limited JK Tech Holdings Limited	–

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Board Performance

The NC evaluates the Board's performance as a whole, and the performance for individual Directors, using objective and appropriate quantitative and qualitative criteria. Assessment parameters include the attendance record at Board and Board committee meetings, the level of participation and contribution at such meetings, the guidance and advice provided to the Management and the quality of Board processes and the business strategy and performance of the Group. The selected performance criteria will not change from year to year unless they are deemed necessary.

The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions.

The NC assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given by the Directors to the Group.

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis.

Access to Information

The Board members are provided with complete, adequate and timely information prior to Board and Board Committee meetings and on an ongoing basis and have separate and independent access to the senior Management at all times. Board papers are distributed in advance of Board and Board committee meetings so that the Directors would have sufficient time to understand the matters which are to be discussed.

It is the responsibility of the Company Secretary to attend all Board and Board committee meetings and to ensure that Board procedures are followed and that applicable rules and regulations are complied with. Where the Company Secretary is unable to attend any Board meeting, he ensures that a suitable representative is arranged and that proper minutes of the same are taken and kept. The Directors have separate and independent access to the Company Secretary. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole. The Independent Directors are always available to provide guidance to the Management on business issues and in areas which they specialise in.

Each Director has the right to seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings as necessary in order to fulfil his duties and responsibilities as a Director, at the Company's expense.

2. Remuneration Matters

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises 3 members, all of whom are Independent Non-Executive Directors. They are:

Tan Poh Chye Allan	Chairman
Kuan Cheng Tuck	
Lim Yeok Hua	

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

The principal functions of the RC are:

- (a) to recommend to the Board a framework of remuneration for the Directors and executive officers, and to determine specific remuneration packages for each Executive Director and any CEO (or executive of equivalent rank), if a CEO is not an Executive Director, such recommendations to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, benefits in kind;
- (b) in the case of service contracts (if any) for any Director or executive officer, to consider what compensation commitments the Directors' or executive officers' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and
- (c) in respect of any long-term incentive schemes including share schemes as may be implemented, to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

Each member of the RC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the RC in respect of matters in which he is interested.

The recommendations of the RC on the remuneration of the Directors should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits in kind shall be covered by the RC.

The total remuneration of the employees who are related to the Directors will be reviewed annually by the RC to ensure that their remuneration packages are in line the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. In the event that a member of the RC is related to the employee under review, he will abstain from such review.

The RC has access to appropriate external expert advice in relation to executive compensation, if necessary.

Principle 8: *The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully, but the companies should avoid paying more for this purpose. A significant proportion of the executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.*

Level and Mix of Remuneration

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Directors and the senior Management of the required experience and expertise. The remuneration package of the Group which is reviewed from time to time to align with market practices. No Director is involved in any discussion relating to his own remuneration, terms and conditions of service, and the review of his performance.

The Executive Directors have each entered into a service agreement on 20 September 2011 with the Company, under which terms of their employment are stipulated. There are no excessively long or onerous removal clauses in these service agreements. Their initial term of employment is for a period of 3 years and upon the expiry of such period, the employment of each Executive Director shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. During the initial period of 3 years, either party may terminate the service agreement by giving to the other party not less than 6 months' notice in writing, or in lieu of notice, payment of an amount equivalent to 6 months' salary based on the Executive Director's last drawn monthly salary.

The Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and the responsibilities of the Directors. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the annual general meeting.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

Principle 9: Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executive officers, and performance.

Disclosure on Remuneration

The remuneration breakdown of each individual Director and key executives for FY2011 are set out below:

(A) Directors

Remuneration band and Name	Base/Fixed Salary	Director's Fees	Bonus	Total
Between S\$250,000 and S\$500,000 per annum				
Professor Lin Xiang Xiong	92.97%	–	7.03%	100%
Lim Kuoh Yang	92.86%	–	7.14%	100%
Below S\$250,000 per annum				
Choo Chee Kong	79.51%	13.66%	6.83%	100%
Kuan Cheng Tuck	–	100%	–	100%
Tan Poh Chye Allan	–	100%	–	100%
Lim Yeok Hua	–	100%	–	100%

(B) Key Executives

Name	Base/Fixed Salary	Bonus	Total
Between S\$500,001 and S\$1,000,000 per annum			
Chen Yan	9.56%	90.44%	100%
Lim Kwang Hui	7.12%	92.88%	100%
Between S\$250,000 and S\$500,000 per annum			
Yeap Kok Seng	6.50%	93.50%	100%
Name	Base/Fixed Salary	Bonus	Total
Below S\$250,000 per annum			
Cheam Chee Chian	91.36%	8.64%	100%
Chia Chee Ching	27.61	72.39%	100%
Ting Shu Hwei *	100%	–	100%

* Ting Shu Hwei is the niece of Mr Choo Chee Kong, the Executive Vice Chairman of the Company.

Remuneration of employees who are immediate family members of a Director or the CEO

There were no employees who were the immediate family members of a Director or the CEO, whose remuneration exceeded S\$150,000 during FY2011.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

Performance Share Plan

The Company has a performance share plan known as the CNMC Performance Share Plan (the “PSP”) which was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011.

The purpose of the PSP is to provide an opportunity for the Group's employees, who have met the performance conditions to be remunerated not just through cash bonuses but also by an equity stake in the Company.

The PSP is primarily a share incentive scheme. The PSP is to remunerate the contribution of the employees and recognise their importance to the success and continued well-being of the Group. Implementation of the PSP will enable the Company to give recognition to the contributions made by such employees. At the same time, it will give such employees an opportunity to have a direct interest in the Company and will also help to achieve the following positive objectives:

- (a) to motivate each participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key employees and Executive Directors whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instill loyalty to and a stronger identification by the participants with the long-term prosperity of the Company;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders; and
- (e) to align the interests of the participants with the interests of the shareholders.

The Group believes that with the PSP and any other share-based incentive scheme which the Group may adopt, the Group is equipped with a set of flexible remuneration tools, with which the Group would be better able to attract and retain talents. Details of the PSP are set out in the Company's offer document dated 18 October 2011 (“Offer Document”).

3. Accountability and Audit

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Accountability

The Group announces its financial results on a quarterly basis and other information via the SGXNET in accordance with the requirement of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST (the “Catalist Rules”).

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders a balanced and comprehensive assessment of the Company's and the Group's performance, position and prospects. The Management is committed to provide prompt and thorough disclosures and provides all members of the Board with management accounts and reports in a timely manner.

Principle 11: The Board should establish an Audit Committee (“AC”) with written terms of reference which clearly set out its authority and duties.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

Audit Committee

The AC comprises 3 members, all of whom are Independent Non-Executive Directors. They are:

Kuan Cheng Tuck	Chairman
Tan Poh Chye Allan	
Lim Yeok Hua	

The AC will assist the Board with regards to discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls with an overall objective to ensure that the Management has created and maintained an effective control environment in the Group, and that the Management demonstrates and stimulates the necessary aspects of the Group's internal control structure among all parties. The AC will provide a channel of communication between the Board, the Management and the external auditors of the Company on matters relating to audit.

The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders. The AC will meet at least quarterly to discuss and review the following (non-exhaustive) functions where applicable:

- (a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;
- (b) review with the internal auditors the internal audit plan and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;
- (c) review the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (d) review the internal control and procedures and ensure co-ordination between the external auditors and the Management, reviewing the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);
- (e) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- (f) review, where applicable, the scope and results of the internal audit procedures;
- (g) review and approve interested person transactions and review procedures thereof;
- (h) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interest;
- (i) conduct periodic review of foreign exchange transactions and hedging policies (if any) undertaken by the Group;
- (j) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- (k) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (l) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (m) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

The AC has been given full access to and is provided with the cooperation of the Management. It also has full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC reviews the independence of the external auditors annually. During FY2011, the fees paid or payable by the Company to the external auditors, KPMG LLP for audit and non-audit services amounted to US\$99,728 and US\$292,475 respectively. The AC has reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.

The AC meets with the external auditors without the presence of the Management at least once every financial year. The AC has recommended that KPMG LLP be nominated for re-appointment as the Company's auditors at the forthcoming annual general meeting of the Company.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Whistle blowing Policy

The Company has put in place a whistle blowing policy. The policy encourages employees to raise concerns, in confidence, about possible irregularities to Mr Kuan Cheng Tuck, the Chairman of the whistle blowing committee, or Mr Tan Poh Chye Allan, a member of the whistle blowing committee. It aims to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.

The AC oversees the administration of the policy. Periodic reports will be submitted to the AC stating the number and the complaints received, the results of the investigations, follow-up actions and unresolved complaints.

Principle 12: *The Board should ensure that the management maintains a sound system of internal controls to safeguard shareholders' investments and the company's assets.*

Internal Controls

The Group's internal control systems are designed to ensure the reliability of financial information and to safeguard the assets of the Group. Although the Board acknowledges that it is responsible for the Group's overall system of internal controls, the Board also notes that no cost-effective internal control system will preclude all errors and irregularities. The Group's internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives and to address financial, operational and compliance risks. In this regard, the Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, or other irregularities.

In the light of the above, the Board and the AC have reviewed the risk management policies alongside the management controls that are in place and the findings from the auditors. Based on the review and in the absence of any evidence to the contrary, the Board and the AC believe that the present system of internal controls in place are reasonably adequate in meeting the current needs of the business operations and in addressing the financial, operational and compliance risks of the Group.

Principle 13: *The Company should establish an internal audit function that is independent of the activities it audits.*

Internal Audit

During FY2011, in connection with the Initial Public Offering ("IPO") of the Company, a pre-IPO internal audit was conducted by Ethos Advisory Pte Ltd (now known as RSM Ethos Pte Ltd). The Company has appointed RSM Ethos Pte Ltd as its internal auditor for the financial year ending 31 December 2012. If the internal auditor is required to perform other duties, the Group will take precautions to ensure that there is no conflict of interests as far as practicable.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

The Group's internal auditors will conduct reviews of the material internal controls in accordance with their audit plans. Any material non-compliance and recommendations for improvements will be reported to the AC. The AC will then review the actions taken by the Management on the recommendations made by the internal auditors in this respect.

The AC will annually assess and ensure the adequacy of the internal audit function.

4. Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

The Board believes in transparency and strives towards timely dissemination of material information to the Company's shareholders and the public. The information is disseminated through the SGXNET.

All shareholders of the Company shall receive the annual report and notice of annual general meeting. In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

In addition, the Company also disseminates information to shareholders and the public through its website www.cnmcc.com.hk and engages in regular investors dialogue sessions.

Principle 15: Companies should encourage greater shareholder participation at annual general meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Board supports the Code's principle to encourage shareholder participation at the annual general meetings of the Company.

The Board encourages shareholders to attend annual general meetings to ensure a greater level of shareholder participation and to meet with the Board and the Management so as to stay informed of the Company's developments.

At the annual general meeting of the Company, shareholders are given the opportunity to air their views and to ask the Directors, including the chairman of the Board committees and the Management questions regarding the Group and its business. The independent auditors will also be present to assist the Directors in addressing any relevant queries from the shareholders.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

The Company's Articles allow a member of the Company to appoint up to two proxies to attend and vote at its general meetings.

Dealing with Securities

In line with Rule 1204(19) of the Catalist Rules, the Group has adopted an internal compliance code to guide and advise all Directors and executives of the Company with regard to dealing in the Company's securities.

The Directors and executives shall not deal in the Company's shares on short-term considerations or if they are in possession of price sensitive information and during the period commencing 1 month prior to each announcement of full-year financial results and 2 weeks prior to quarterly financial results by the Company and ending on the date of the announcement of the results. In addition, the Company reminds all the Directors and executives to observe insider-trading rules at all times, even during the non-black out periods for them to deal in its securities.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2011

Risk Management

The Management regularly reviews the Group's operational and business activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management reviews all the significant control policies and procedures and highlights all significant findings to all Directors and the AC.

Material Contracts

There were no material contracts of the Company and its subsidiaries involving the interests of the CEO, the Directors or controlling shareholders, that are either still subsisting at the end of FY2011 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

During FY2011, the Group did not have interested person transactions of S\$100,000 and more, other than those disclosed in the section "Interested Person Transactions" in the Company's Offer Document.

Non-Sponsor Fees

The nature of the non-sponsor services that were rendered by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., to the Group and their related fees paid in FY2011 are as follows:

Fees to act as the issuer manager and sponsor pursuant to the Company's IPO amounted to S\$120,620.

Use of IPO Proceeds

Details of the use of the IPO proceeds (as at 31 March 2012) are as follows:-

Intended use	Amount Allocated S\$'000	Amount Utilised S\$'000	Amount Balanced S\$'000
Further resource definition and continuing exploration activities	2,490	34	2,456
Construction of a heap leach facility	2,110	—	2,110
Working capital	3,770	3,505	265
Expenses incurred in connection with the IPO	1,190	908	282
Total	9,560	4,447	5,113

As at 31 March 2012, the Company had fully settled the expenses incurred in connection with the IPO. As such, the Company intends to use the balance amount of S\$0.282 million, which was originally earmarked for the IPO expenses, for the purpose of working capital.

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DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2011.

Directors

The directors in office at the date of this report are as follows:

Professor Lin Xiang Xiong	(Appointed on 20 September 2011)
Choo Chee Kong	(Appointed on 20 September 2011)
Lim Kuoh Yang	(Appointed on 11 August 2011)
Kuan Cheng Tuck	(Appointed on 20 September 2011)
Tan Poh Chye Allan	(Appointed on 20 September 2011)
Lim Yeok Hua	(Appointed on 20 September 2011)

Admission of the Company to the official list of Singapore Exchange Securities Trading Limited

The Company (Registration No. 201119104K) was incorporated on 11 August 2011 as CNMC Goldmine Holdings Pte. Ltd.. On 17 October 2011, the Company changed its name to CNMC Goldmine Holdings Limited in connection with its conversion into a public company limited by shares. On 28 October 2011, the Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants or share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at date of appointment		Holdings at end of the financial year	
	Direct interest	Deemed interest	Direct interest	Deemed interest
CNMC Goldmine Holdings Limited				
– ordinary shares				
Professor Lin Xiang Xiong	–	–	–	138,862,500
Choo Chee Kong	–	–	–	62,662,500
Lim Kuoh Yang	–	–	–	138,862,500
CMNM-Juyuan Mining Services Sdn. Bhd.				
– ordinary shares				
Professor Lin Xiang Xiong	1	–	1	–

By virtue of Section 7 of the Act, Professor Lin Xiang Xiong and Lim Kuoh Yang are deemed to have interests in the other subsidiaries of CNMC Goldmine Holdings Limited, at the date of incorporation and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the date of appointment or at the end of the financial year.

During the financial year, the Company was a party to the restructuring exercise as disclosed in note 2 to the financial statements whose objects are, or one of whose objects is, to enable certain directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2012.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 29 to the financial statements, since the date of the incorporation, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

- Kuan Cheng Tuck Chairman
- Lim Yeok Hua
- Tan Poh Chye Allan

All the members of the Audit Committee are non-executive directors of the Company who are independent of the Group and the Company's management.

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 3 meetings since the listing of the Company on the Catalist Board of SGX-ST. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption and approval; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

The Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual in respect of the appointment of auditors.

DIRECTORS' REPORT

Auditors

At an Extraordinary General Meeting held on 16 September 2011, KPMG LLP was appointed as auditors of the Company. The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Professor Lin Xiang Xiong
Director

Choo Chee Kong
Director

Singapore
26 March 2012

STATEMENT BY DIRECTORS

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages 37 to 80 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Professor Lin Xiang Xiong
Director

Choo Chee Kong
Director

Singapore
26 March 2012

INDEPENDENT AUDITORS' REPORT

Members of the Company
CNMC Goldmine Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of CNMC Goldmine Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 80.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore

26 March 2012

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2011

		Group		Company
	Note	2011 US\$	2010 US\$	2011 US\$
Non-current assets				
Exploration and evaluation assets	6	1,987,167	18,475	–
Mine properties	7	4,297,260	4,401,346	–
Property, plant and equipment	8	2,800,523	1,536,383	132,514
Interests in subsidiaries	9	–	–	7,887,644
Deferred tax assets	10	470,284	358,845	–
		9,555,234	6,315,049	8,020,158
Current assets				
Inventories	11	287,870	120,714	–
Trade and other receivables	12	145,328	542,197	1,734,269
Cash and cash equivalents	13	5,407,393	1,113,671	4,544,649
		5,840,591	1,776,582	6,278,918
Total assets		15,395,825	8,091,631	14,299,076
Equity attributable to owners of the Company				
Share capital	14	16,934,840	7,291,308	16,934,840
Accumulated losses		(9,737,450)	(4,577,383)	(2,998,286)
Capital reserve	15	2,824,635	–	–
Translation reserve	15	(997)	11,089	–
		10,021,028	2,725,014	13,936,554
Non-controlling interests		(212,074)	(159,750)	–
Total equity		9,808,954	2,565,264	13,936,554
Non-current liabilities				
Interest-bearing borrowings	16	32,936	3,081,446	–
Derivative financial instrument	17	–	40,309	–
Rehabilitation provision	18	102,305	41,797	–
		135,241	3,163,552	–
Current liabilities				
Interest-bearing borrowings	16	8,414	8,046	–
Derivative financial instrument	17	–	115,440	–
Trade and other payables	19	5,443,110	2,239,215	362,522
Current tax liabilities		106	114	–
		5,451,630	2,362,815	362,522
Total liabilities		5,586,871	5,526,367	362,522
Total equity and liabilities		15,395,825	8,091,631	14,299,076

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Note	2011 US\$	2010 US\$
Revenue		5,142,867	530,169
Changes in inventories of finished goods		130,134	78,563
Other operating income	20	185,053	267,440
Amortisation and depreciation	21	(757,621)	(231,012)
Contractor expenses		(753,531)	(144,042)
Employees' compensation		(849,518)	(377,114)
Initial public offering expenses	24	(1,735,048)	–
Key management remuneration		(2,367,015)	(827,290)
Marketing and publicity expenses		(161,048)	(68,198)
Office and administration expenses		(230,580)	(73,730)
Professional fees		(277,563)	(295,634)
Rental expense on operating lease		(467,049)	(200,814)
Royalty fee expenses		(524,575)	(44,160)
Site and factory expenses		(1,403,454)	(265,576)
Travelling and transportation expenses		(228,422)	(99,930)
Other operating expenses	22	(613,228)	(316,250)
Results from operating activities		(4,910,598)	(2,067,578)
Finance income	23	43	–
Finance expenses	23	(338,817)	(221,897)
Net finance costs		(338,774)	(221,897)
Loss before taxation		(5,249,372)	(2,289,475)
Income tax credit	25	111,439	358,845
Loss for the year	24	(5,137,933)	(1,930,630)
Loss attributable to:			
Owners of the Company		(5,081,322)	(1,737,550)
Non-controlling interests		(56,611)	(193,080)
Loss for the year		(5,137,933)	(1,930,630)
Earnings per share			
Basic loss per share (cents)	26	(1.34)	(0.46)
Diluted loss per share (cents)	26	(1.34)	(0.46)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	2011 US\$	2010 US\$
Loss for the year	(5,137,933)	(1,930,630)
Other comprehensive (loss)/income		
Exchange differences arising on consolidation of foreign subsidiaries	(14,894)	38,441
Other comprehensive (loss)/income for the year, net of tax*	(14,894)	38,441
Total comprehensive loss for the year	(5,152,827)	(1,892,189)
Total comprehensive loss attributable to:		
Owners of the Company	(5,093,408)	(1,705,762)
Non-controlling interests	(59,419)	(186,427)
Total comprehensive loss for the year	(5,152,827)	(1,892,189)

* There was no tax effect on the components included in other comprehensive income.

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Note	Share capital US\$	Capital reserve US\$	Translation reserve US\$	Accumulated losses US\$	Total attributable to owners of the Company US\$	Non-controlling interests US\$	Total equity US\$
Group								
At 1 January 2011		7,291,308	–	11,089	(4,577,383)	2,725,014	(159,750)	2,565,264
Total comprehensive loss for the year								
Loss for the year		–	–	–	(5,081,322)	(5,081,322)	(56,611)	(5,137,933)
Other comprehensive income								
Exchange differences arising on consolidation of foreign subsidiaries		–	–	(12,086)	–	(12,086)	(2,808)	(14,894)
Total comprehensive loss for the year		–	–	(12,086)	(5,081,322)	(5,093,408)	(59,419)	(5,152,827)
Transactions with owners of the Company, recorded directly in equity								
Contributions by owners of the Company								
Issue of ordinary share	1	–	–	–	–	1	–	1
Conversion of convertible notes and derivative financial instrument to shares		3,389,504	–	–	–	3,389,504	–	3,389,504
Reclassification related to the restructuring exercise		(10,680,812)	10,680,812	–	–	–	–	–
Issue of shares pursuant to the restructuring exercise	2	7,856,177	(7,856,177)	–	–	–	–	–
Share-based payment transactions		1,814,367	–	–	–	1,814,367	–	1,814,367
Issue of new shares pursuant to Initial Public Offering exercise		7,617,408	–	–	–	7,617,408	–	7,617,408
Share issue expenses ⁽¹⁾		(353,113)	–	–	–	(353,113)	–	(353,113)
Total contributions by owners		9,643,532	2,824,635	–	–	12,468,167	–	12,468,167
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control		–	–	–	(78,745)	(78,745)	7,095	(71,650)
Total changes in ownership interests in subsidiaries		–	–	–	(78,745)	(78,745)	7,095	(71,650)
Total transactions with owners		9,643,532	2,824,635	–	(78,745)	12,389,422	7,095	12,396,517
At 31 December 2011		16,934,840	2,824,635	(997)	(9,737,450)	10,021,028	(212,074)	9,808,954

(1) Included in share issue expenses are non-audit fees of US\$17,256 (see note 24) paid to the Company's auditor for services rendered as Reporting Accountants in connection with the initial public offering of the Company's shares.

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

Group	Note	Share capital US\$	Translation reserve US\$	Retained earnings US\$	Total attributable to owners of the Company US\$	Non-controlling interest US\$	Total equity US\$
At 1 January 2010		2,050,560	(20,699)	(2,839,833)	(809,972)	26,677	(783,295)
Total comprehensive loss for the year							
Loss for the year		-	-	(1,737,550)	(1,737,550)	(193,080)	(1,930,630)
Other comprehensive income							
Exchange differences arising on consolidation of foreign subsidiaries		-	31,788	-	31,788	6,653	38,441
Total comprehensive loss for the year		-	31,788	(1,737,550)	(1,705,762)	(186,427)	(1,892,189)
Transactions with owners of the Company, recorded directly in equity							
Contributions by owners of the Company							
Non-reciprocal capital contributions		2,562,939	-	-	2,562,939	-	2,562,939
Conversion of convertible notes and derivative financial instrument to shares		2,677,809	-	-	2,677,809	-	2,677,809
Total transactions with owners		5,240,748	-	-	5,240,748	-	5,240,748
At 31 December 2010		7,291,308	11,089	(4,577,383)	2,725,014	(159,750)	2,565,264

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Note	2011 US\$	2010 US\$
Operating activities			
Loss for the year		(5,137,933)	(1,930,630)
Adjustments for:			
Amortisation of mine properties		223,244	81,314
Depreciation of property, plant and equipment		534,377	149,698
Equity-settled share-based payments		1,814,367	–
Goodwill on consolidation written off		23,275	–
Impairment loss on trade receivables		5,327	–
Income tax credit		(111,439)	(358,845)
Interest income		(43)	–
Interest expense		335,256	184,580
Loss on disposal of plant and equipment		5,224	3,539
Unwinding of discount on derivative financial instrument		(95,229)	(267,440)
Unwinding of discount on rehabilitation provision		3,561	1,810
Operating loss before working capital changes		(2,400,013)	(2,135,974)
Changes in working capital:			
Inventories		(167,156)	(120,714)
Trade and other receivables		283,531	(438,928)
Trade and other payables		2,055,426	841,198
Cash used in operations		(228,212)	(1,854,418)
Interest received		43	–
Interest paid		(249,006)	(184,580)
Cash flows used in operating activities		(477,175)	(2,038,998)
Investing activities			
Purchase of property, plant and equipment		(1,252,994)	(765,847)
Payment for exploration and evaluation assets and mine properties		(1,163,535)	(75,981)
Proceeds from sales of property, plant and equipment		18,044	–
Cash flows used in investing activities		(2,398,485)	(841,828)
Financing activities			
Deposits pledged		1,606	(1,606)
Net proceeds from issue of share capital		7,264,295	–
Acquisition of non-controlling interests on subsidiary		(71,650)	–
Proceeds from issuance of convertible notes		–	3,963,070
Payment of finance lease liabilities		(8,305)	(20,315)
Cash flows from financing activities		7,185,946	3,941,149
Net increase in cash and cash equivalents		4,310,286	1,060,323
Cash and cash equivalents at beginning of the year		1,112,065	48,755
Effect of exchange rate fluctuations on cash held		(14,958)	2,987
Cash and cash equivalents at end of the year	13	5,407,393	1,112,065

During the year ended 31 December 2011, the Group acquired property, plant and equipment with an aggregate cost of US\$1,398,929 (31/12/2010: US\$849,662) of which US\$16,789 (31/12/2010: US\$39,987) was included in provision for rehabilitation (note 18). The total consideration of US\$154,487 (31/12/2010: US\$25,341) for the acquisition of property, plant and equipment from third parties is yet to be paid.

The Group also acquired exploration and evaluation assets and mine properties with an aggregate cost of US\$2,087,850 (FY2010: US\$888,814) of which US\$40,158 (FY2010: Nil) was included in provision for rehabilitation (note 18). As at 31 December 2011, a total consideration of US\$1,696,990 (FY2010: US\$812,833) is yet to be paid to third parties.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2012.

1 Domicile and activities

CNMC Goldmine Holdings Limited (“the Company”) was incorporated in the Republic of Singapore on 11 August 2011 as a private limited company under the name of CNMC Goldmine Holdings Pte. Ltd.. On 14 October 2011, the Company was converted into a public company and changed its name to CNMC Goldmine Holdings Limited.

The Company has its registered office at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455.

The principal activities of the Company are those of an investment holding company. The Company was incorporated to be the holding company of CNMC Goldmine Limited and its subsidiaries (collectively known as “the Group”) pursuant to the restructuring exercise as set out in note 2. The principal activities of the subsidiaries are set out in note 9 to the financial statements.

The Company was admitted to the official list of the Catalist Board of SGX-ST on 28 October 2011.

2 Restructuring exercise

Prior to the restructuring exercise, CNMC Goldmine Limited (“CNMC HK”) was the holding company of the Group. Pursuant to a group restructuring in preparation for the listing of the Company on the Catalist Board of SGX-ST, the Company underwent a restructuring exercise involving the following:

Acquisition of 100% of the entire equity interest in CNMC HK by the Company

Pursuant to the share swap agreement dated 14 October 2011, the Company has acquired the entire issued share capital of CNMC HK comprising 14,004,524 ordinary shares in the capital of CNMC HK, for an aggregate consideration of approximately US\$7,856,177 (the “Restructuring Exercise”).

The purchase consideration of US\$7,856,177 was arrived at after taking into consideration the net asset value of CNMC HK as at 14 October 2011. This was fully satisfied by the allotment of 374,999,999 new shares in the capital of the Company on 14 October 2011.

Upon completion of the Restructuring Exercise, the Company became the immediate and ultimate holding company of CNMC HK and its subsidiaries (see note 9).

The consolidated financial statements of the Group for the financial year ended 31 December 2011 were prepared as if the acquisition of the combined group by the Company had occurred prior to 1 January 2010. Such manner of presentation reflects the economic substance of the combining entities, which were under common control, as a single economic enterprise, although the legal parent-subsidiary relationship was not established until 14 October 2011.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

3 Going concern

The Group incurred net loss of US\$5,137,933 (31/12/2010: US\$1,930,630) and had negative cash flows from operating activities of US\$477,175 (31/12/2010: US\$2,038,998) for the financial year ended 31 December 2011 respectively.

Notwithstanding the above, the directors are of the opinion that the Group are able to meet their obligations as and when they fall due having regard to the following:

- (i) The directors have carried out a detailed review of the cash flow forecast of the Group for the twelve months ending 31 December 2011. Based on such forecast, the directors have estimated that adequate liquidity exists to finance the working capital requirements of the Group for the next financial year. In preparing the cash flow forecasts, the directors have considered the operating cash requirements of the Group as well as other key factors, including the ability of the Group to generate sufficient revenue to satisfy the Group's future working capital needs, which may impact the operations of the Group during the next twelve months. The directors are of the opinion that the assumptions which are included in the cash flow forecast are reasonable; and
- (ii) The Company has received an undertaking from three directors of the Group to continue to provide the Group with financial and other support as is necessary to enable the Group to continue as a going concern and to support their operating and investing activities for the next twelve months.

The consolidated financial statements of the Group do not include any adjustment relating to the recoverability and classification of reported asset amounts or the amounts and classification of liabilities that might result if the going concern basis were found to be inappropriate.

4 Basis of preparation

4.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

4.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise disclosed below.

4.3 Functional and presentation currency

The financial statements are presented in United States dollars which is the Company's functional currency.

4.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

4 Basis of preparation (Cont'd)

4.4 Use of estimates and judgements (Cont'd)

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 6 – Impairment of exploration and evaluation assets;
- Note 7 – Impairment and amortisation of mine properties;
- Note 8 – Impairment and depreciation of property, plant and equipment; and
- Notes 10 and 25 – Estimation of provisions for current and deferred taxation.

4.5 Changes in accounting policies

(i) *Identification of related party relationships and related party disclosures*

From 1 January 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on loss per share.

(ii) *Measurement of non-controlling interests in business combinations*

From 1 January 2011, the Group has applied the amendments to FRS 103 *Business Combinations* resulting from the Improvements to FRSs 2010 in measuring at the acquisition date, non-controlling interests that are not present ownership interests and do not entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Such non-controlling interests are now measured at fair value.

Previously, the Group has elected on a transaction-by-transaction basis whether to measure non-controlling interests that are not present ownership interests and do not entitle holders to proportionate share of the acquiree's net assets on liquidation at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date.

This change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no material impact on loss per share.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 4.5, which addresses changes in accounting policies.

5.1 Basis of consolidation

(i) *Business combinations*

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) *Acquisition of non-controlling interests*

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill is not recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.1 Basis of consolidation (Cont'd)

(v) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(vi) *Accounting for subsidiaries by the Company*

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

5.2 Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) *Foreign operations*

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to United States dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such monetary items are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.3 Financial instruments

(i) *Non-derivative financial assets*

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

(ii) *Non-derivative financial liabilities*

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise interest-bearing borrowings, and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.3 Financial instruments (Cont'd)

(iii) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Distribution of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement dates with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transactions, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(iv) *Compound financial instruments*

A convertible loan note is regarded as hybrid instrument, consisting of an embedded derivative, the economic characteristic and risks of which are not closely related to that of the host instrument, the loan.

At inception, the embedded derivative is bifurcated from the host instrument and recorded as liability in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. For embedded derivative for which the fair value cannot be determined reliably, the fair value of the embedded derivative is the difference between the fair value of the hybrid instrument and the fair value of the host contract.

A derivative financial instrument is initially recognised at fair value on the date the contract is entered into and is subsequently carried at fair value.

Fair value changes for derivative instruments that do not qualify for hedge accounting are included in the statement of comprehensive income in the financial year when the changes arise.

Interests, dividends, losses and gains relating to the financial liability are recognised in the statement of comprehensive income.

5.4 Property, plant and equipment and mine properties

(i) *Recognition and measurement*

Upon completion of mine construction, the assets are transferred into property, plant and equipment or mine properties. Items of property, plant and equipment and mine properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When a mine construction project moves into production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.4 Property, plant and equipment and mine properties (Cont'd)

(i) Recognition and measurement (Cont'd)

When parts of an item of property, plant and equipment and mine properties have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and mine properties.

The gain or loss on disposal of an item of property, plant and equipment and mine properties is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and mine properties, and is recognised net within other operating income/other operating expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Amortisation / Depreciation

Accumulated mine development costs are amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for run of mines costs are recoverable ounces of gold. The unit-of-production rate for the amortised of mine development costs takes into account expenditure incurred to date, together with sanctioned future development expenditure.

Mining rights are amortised to profit or loss on a straight-line basis over the assigned term of the rights, from the date the rights is available for use.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

For other property, plant and equipment, depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of other property, plant and equipment are as follows:

- Buildings 5 years
- Plant and equipment 3 years
- Fixtures and fittings 2 to 3 years
- Motor vehicles 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.5 Mineral exploration, evaluation and development expenditure

(i) Pre-mining rights costs

Costs incurred prior to obtaining mining rights are expensed in the period in which they are incurred.

(ii) Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the directors conclude that a future economic benefit is more likely than not to be realised. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating if expenditures meet the criteria to be capitalised, several different sources of information are utilised. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Drilling and related costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are exploration and evaluation expenditures and are expensed as incurred to the date of establishing that costs incurred are economically recoverable. Further exploration and evaluation expenditures, subsequent to the establishment of economic recoverability, are capitalised and included in the carrying amount of the mineral assets.

Management evaluates the following criteria in its assessments of economic recoverability and probability of future economic benefit:

- Geology - whether or not there is sufficient geologic and economic certainty of being able to convert a residual mineral deposit into a proven and probable reserve at a development.
- Scoping - there is a scoping study or preliminary feasibility study that demonstrates the additional resources will generate a positive commercial outcome. Known metallurgy provides a basis for concluding there is a significant likelihood of being able to recoup the incremental costs of extraction and production.
- Accessible facilities - mining property can be processed economically at accessible mining and processing facilities where applicable.
- Life of mine plans - an overall life of mine plan and economic model to support the mine and the economic extraction of resources/reserves exists. A long-term life of mine plan, and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.
- Authorisations - operating permits and feasible environmental programs exist or are obtainable.

Prior to capitalising exploration drilling and related costs, management will determine that the following conditions have been met that will contribute to future cash flows:

- There is a probable future benefit that will contribute to future cash inflows;
- The Group can obtain the benefit and controls access to it;
- The transaction or event giving rise to the future benefit has already occurred; and
- Costs incurred can be measured reliably.

If after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount is written off in profit or loss in the period when the new information becomes available.

Once reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to "Mines under construction". No amortisation is charged during the exploration and evaluation phase.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.5 Mineral exploration, evaluation and development expenditure (Cont'd)

(iii) *Mines under construction*

Upon transfer of 'Exploration and evaluation costs' into "Mines under construction", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within "Mines under construction". Development expenditure is net of proceeds from all but the incidental sale of ore extracted during the development phase. After production starts, all assets included in "Mines under construction" are transferred to "Producing mines".

5.6 Inventories

Gold in process inventory consists of gold contained in the ore on leach ponds and in circuit material within processing operation. Gold doré is gold awaiting refinement.

Gold inventories are measured at the lower of cost and net realisable value.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed, it is expensed as incurred. When the future processing of this ore can be predicted with confidence, it is valued at lower of cost and net realisable value. If the ore will not be processed within 12 months after the reporting date, it is included within non-current assets. Quantities are assessed primarily through surveys and assays.

The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and conditions.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The estimated selling price per ounce of gold is determined by the average of predicted future gold prices over the next twelve months. The estimated costs of completion are refining costs which are determined based on current refining costs per ounce of gold charged by its suppliers. Consequently, there are no additional selling costs.

Materials and supplies are valued at the lower cost and net realisable value. Any provision for obsolescence is determined by reference to specific items of stocks. A regular review is undertaken to determine the extent of any provision for obsolescence.

5.7 Impairment

(i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.7 Impairment (Cont'd)

(i) *Non-derivative financial assets (Cont'd)*

Loans and receivables

The Group considers evidence of impairment for loans and receivables at the specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of the impairment losses to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU (group of CGU) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.8 Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit in profit or loss in the periods during which services are rendered by employees.

(ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

5.9 Provisions

Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development/construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognised in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

For closed sites, changes to estimated costs are recognised immediately in profit or loss.

5.10 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.10 Income tax expense (Cont'd)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognise tax liabilities based on estimates of whether additional taxes will be due. These tax liabilities are recognised when the Group believe that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

5.11 Finance costs

Interest expense and similar charges are expensed in profit or loss in the period in which they are incurred using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

5.12 Revenue recognition

Income is recognised in the financial statements on the following bases:

(i) *Sale of gold*

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of gold is recognised when there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Group, the quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is reasonably assured. This is generally when title passes and the goods have been delivered to a contractually agreed location.

(ii) *Dividend*

Dividend income is recognised in profit or loss when the Group's right to receive payment is established, which in the case of quoted equity securities is the ex-dividend date.

(iii) *Interest income*

Interest income is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5 Significant accounting policies (Cont'd)

5.13 Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

5.14 Loss per share

The Group presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted loss per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

5.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, corporate expense and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and exploration and evaluation assets.

5.16 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

6 Exploration and evaluation assets

	Group	
	2011 US\$	2010 US\$
As at 1 January	18,475	3,198,982
Expenditure incurred during the year	1,968,692	783,814
Expenditure transferred to mine properties	–	(3,964,321)
As at 31 December	1,987,167	18,475

Impairment of exploration and evaluation assets

The Group has substantial investments in exploration and evaluation assets for its mining operations in Malaysia whereby the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine the technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The Group performs impairment testing in accordance with the Group's accounting policy for impairment [see note 5.7(ii)].

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

7 Mine properties

	Mining rights US\$	Mine design in progress US\$	Producing mines US\$	Total US\$
Group				
Cost				–
At 1 January 2010	496,801	–	–	496,801
Additions	–	105,000	–	105,000
Expenditure transferred from exploration and evaluation assets	–	–	3,964,321	3,964,321
As at 31 December 2010 and 1 January 2011	496,801	105,000	3,964,321	4,566,122
Additions	–	79,000	40,158	119,158
As at 31 December 2011	496,801	184,000	4,004,479	4,685,280
Accumulated amortisation				
As at 1 January 2010	83,462	–	–	83,462
Amortisation charge for the year	50,078	–	31,236	81,314
As at 31 December 2010 and 1 January 2011	133,540	–	31,236	164,776
Amortisation charge for the year	48,620	–	174,624	223,244
As at 31 December 2011	182,160	–	205,860	388,020
Carrying amount				
At 1 January 2010	413,339	–	–	413,339
As at 31 December 2010 and 1 January 2011	363,261	105,000	3,933,085	4,401,346
As at 31 December 2011	314,641	184,000	3,798,619	4,297,260

The carrying amount of the mining rights represents the gold exploration and mining rights for the Sokor gold field project located in the District of Tanah Merah, Kelantan, Malaysia for a period of 10 years from 8 April 2008.

Mine design in progress is not amortised until the contractor completes the mine design at the mine site.

Impairment of mine properties

The Group has substantial investments in mine properties for its mining operations in Malaysia. Management has identified the Group's mine properties as a single cash-generating unit (CGU).

Impairment loss is recognised when events and circumstances indicate that the Group's mine properties may be impaired and the carrying amounts of mine properties exceed their recoverable amounts.

In assessing whether impairment is required for the carrying value of mine properties, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is value in use. The Group generally estimates value in use using a discounted cash flow model.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

7 Mine properties (Cont'd)

Impairment of mine properties (Cont'd)

The calculation of value in use is most sensitive to the following assumptions:

- Production volumes
- Discount rates
- Gold prices
- Operating costs

The Group generally estimates value in use using a discounted cash flow model. The future cash flows are adjusted for risks specific to mine properties and discounted using a rate of 7.03% (2010: 14.2%). This discount rate is derived from the Group's post-tax weighted average cost of capital. Management also believes that currently there is no reasonably possible change in the discount rate, estimated future gold prices and future operating costs which would reduce the Group's excess of recoverable amount over the carrying amounts of the CGU to zero.

Based on the assessment, management determined that no impairment to the mine properties is considered necessary as at 31 December 2011.

Amortisation

The carrying amount of the mining right and mine design are amortised on a straight-line basis over the remaining useful life of the mining rights. For mine development costs recorded under "Producing mines", the carrying amount is amortised based on units-of-production basis over the economically recoverable reserves of the mine concerned.

Management reviews and revises the estimates of the recoverable reserve of the mine and, remaining useful life and residual values of mine properties at the end of each financial year. Any changes in estimates of the recoverable reserve of the mine and, the useful life and residual values of the mine properties would impact the amortisation charges and consequently affect the Group's results.

8 Property, plant and equipment

	Buildings US\$	Plant and equipment US\$	Fixture and fittings US\$	Motor vehicles US\$	Construction work in progress US\$	Total US\$
Group						
Cost						–
At 1 January 2010	27,437	60,604	37,782	87,968	728,372	942,163
Additions	490,146	245,750	13,243	67,738	32,785	849,662
Disposals/Written off	–	–	–	(4,394)	–	(4,394)
Reclassification	269,799	458,573	–	–	(728,372)	–
At 31 December 2010 and 1 January 2011	787,382	764,927	51,025	151,312	32,785	1,787,431
Additions	190,927	817,472	190,018	53,344	147,168	1,398,929
Acquisition through business combination	19,810	371,152	–	32,650	–	423,612
Disposals/Written off	–	(23,185)	(46,058)	–	–	(69,243)
Reclassification	–	179,953	–	–	(179,953)	–
At 31 December 2011	998,119	2,110,319	194,985	237,306	–	3,540,729

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

8 Property, plant and equipment (Cont'd)

	Buildings US\$	Plant and equipment US\$	Fixture and fittings US\$	Motor vehicles US\$	Construction work in progress US\$	Total US\$
Accumulated depreciation and impairment losses						
At 1 January 2010	2,313	11,809	36,574	51,509	–	102,205
Depreciation charge for the year	55,861	60,131	5,257	28,449	–	149,698
Disposals/Written off	–	–	–	(855)	–	(855)
At 31 December 2010 and 1 January 2011	58,174	71,940	41,831	79,103	–	251,048
Depreciation charge for the year	130,232	340,459	22,013	41,673	–	534,377
Disposals/Written off	–	(4,857)	(40,362)	–	–	(45,219)
At 31 December 2011	188,406	407,542	23,482	120,776	–	740,206
Carrying amount						
As at 1 January 2010	25,124	48,795	1,208	36,459	728,372	839,958
At 31 December 2010 and 1 January 2011	729,208	692,987	9,194	72,209	32,785	1,536,383
At 31 December 2011	809,714	1,702,777	171,503	116,529	–	2,800,523
					Fixture and fittings US\$	Total US\$
Company						
Cost						
At 11 August 2011 (date of incorporation)					–	–
Additions					138,229	138,229
At 31 December 2011					138,229	138,229
Accumulated depreciation and impairment losses						
At 11 August 2011 (date of incorporation)					–	–
Depreciation charge for the year					5,715	5,715
At 31 December 2011					5,715	5,715
Carrying amount						
At 11 August 2011 (date of incorporation)					–	–
At 31 December 2011					132,514	132,514

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

9 Interests in subsidiaries

	2011 US\$
Company	
At date of incorporation (11 August 2011)	–
Acquisition during the financial year	7,887,644
At 31 December	7,887,644

Acquisition of subsidiary - CNMC Goldmine Limited

On 14 October 2011, the Company acquired CNMC Goldmine Limited and its subsidiaries by issuing 374,999,999 ordinary shares with paid up capital of US\$7,856,177 as consideration for the acquisition of CNMC Goldmine Limited.

The cost of acquisition of the unquoted shares has been recorded at US\$7,856,177 in accordance with FRS 27.38B and the difference of US\$2,824,635 between the paid up capital of US\$10,680,812 and the cost of acquisition has been recorded as a capital reserve in shareholders' equity.

Acquisition of non-controlling interest - CMNM-Juyuan Mining Services Sdn. Bhd. ("CMNM-Juyuan")

On 29 December 2011, the Company acquired a 99.99% interest in CMNM-Juyuan Mining Services Sdn. Bhd. ("CMNM-Juyuan"). The purchase consideration of US\$31,467 was satisfied by capitalisation of intercompany loan due to the Company and following this acquisition, CMNM-Juyuan became a subsidiary of the Company.

The acquisition resulted in a goodwill on consolidation of US\$23,275 (note 22) which was written off to profit and loss during the financial year.

The following are the Company's subsidiaries:

Company name	Principal activities	Country of incorporation	Effective equity held by the Group	
			2011 %	2010 %
¹ CNMC Goldmine Limited	Investment holding company	Hong Kong SAR	100	100
² CMNM Mining Group Sdn. Bhd.	Exploration and mining of gold deposits	Malaysia	81	80
² MCS Mining Group Sdn. Bhd.	Exploration and mining of gold deposits. Currently dormant	Malaysia	80	80
² CNMC-Nalata Mining Sdn. Bhd.	Exploration and mining of gold deposits. Currently dormant	Malaysia	80	80
² CMNM-Juyuan Mining Services Sdn. Bhd.	Exploration and mining of gold deposits. Currently dormant	Malaysia	99.9	–

¹ Audited by Allen Kong & Co. (Certified Public Accountants, Hong Kong SAR)

² Audited by another member firm of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

10 Deferred tax assets

Recognised deferred tax assets

	Group	
	2011 US\$	2010 US\$
Deferred tax assets		
Property, plant and equipment	173,597	50,789
Unutilised tax losses carried forward	191,306	128,665
Mine properties	97,005	176,900
Others	8,376	2,491
	470,284	358,845

For the financial year ended 31 December 2011, deferred tax assets was recognised by management based on their assessment of available future taxable profits of a subsidiary of the Group which will be available to be utilised.

Management reviews the amount of deferred tax assets recognised at each reporting date and reduces the extent of deferred tax assets recognised if it is no longer probable that the related tax benefit will be realised.

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the entities of the Group operate.

11 Inventories

	Group	
	2011 US\$	2010 US\$
Finished goods	71,443	78,563
Work in progress / Stockpile	155,262	–
Consumables	61,165	42,151
	287,870	120,714

12. Trade and other receivables

	Group		Company
	2011 US\$	2010 US\$	2011 US\$
Trade receivables	26,139	–	–
Amount owing by shareholders	–	333,182	–
Amount due from subsidiaries (non-trade)	–	–	1,702,018
Other receivables	66,313	22,604	6,928
Deposits	25,500	35,411	16,331
Loan and receivables	117,952	391,197	1,725,277
Prepayment	27,376	151,000	8,992
	145,328	542,197	1,734,269

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

12. Trade and other receivables (Cont'd)

The non-trade amounts due from subsidiaries are interest-free, unsecured, not past due and are repayable on demand.

The outstanding trade receivables are not past due as at 31 December 2011. Based on historical trends, the Group believes that no impairment allowance is necessary in respect of outstanding trade receivables not past due. There is no allowance for doubtful debts arising from these outstanding balances.

13 Cash and cash equivalents

	2011 US\$	Group 2010 US\$	Company 2011 US\$
Cash at banks and in hand	5,407,393	1,112,065	4,544,649
Fixed deposits	–	1,606	–
Cash and cash equivalents in the statement of financial position	5,407,393	1,113,671	4,544,649
Less: Deposits pledged	–	(1,606)	–
Cash and cash equivalents in the statement of cash flows	5,407,393	1,112,065	4,544,649

Deposit pledged represent balance placed with a bank for corporate credit card facility for a management personnel of a subsidiary.

14 Share capital

	Number of shares 2011
Issued and fully-paid ordinary shares with no par value	
At the date of incorporation	1
Shares issued pursuant to the Restructuring Exercise (note 2)	374,999,999
Share-based payment transactions	5,793,000
Shares issued pursuant to the Initial Public Offering exercise	23,900,000
At 31 December 2011	404,693,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Issue of ordinary shares

The Company was incorporated on 11 August 2011 with a paid capital of USD 1 consisting of one ordinary share of no par value held by Lim Kuoh Yang.

On 14 October 2011, the Company acquired CNMC Goldmine Limited and its subsidiaries by issuing 374,999,999 ordinary shares with paid up capital of US\$7,856,177 as consideration of the acquisition to CNMC Goldmine Limited. In addition, the Company issued 3,771,000 and 2,022,000 ordinary shares to PrimePartners Corporate Finance Pte. Ltd. and Chen Yan (Chief Financial Officer of the Company) respectively.

On 28 October 2011, the Company offered and issued a total of 23,900,000 new ordinary shares in the Initial Public Offering at an offering price of S\$0.40 per share.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

14 Share capital (Cont'd)

Paid up capital of the Group for 2010

As described in note 2, the financial statements of the Group for the financial years ended 31 December 2010 and 2011 were prepared on a combined basis. The share capital of the Group for 2010 represents the paid up capital of CNMC Goldmine Limited.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and non-controlling interests of the Group.

The Board closely monitors the cash flow forecasts and working capital requirements of the Group to ensure that there are sufficient financial resources available to meet the needs of the business. There were no changes in the Group's approach to capital management during the financial years ended 31 December 2010 and 2011.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

15 Reserves

	Group	
	2011	2010
	US\$	US\$
Capital reserve	2,824,635	–
Translation reserve	(997)	11,089
	2,823,638	11,089

Capital reserve

The capital reserve as presented in the Group's consolidated financial statements for 2011 represents the difference between the cost of acquisition for the restructuring exercise as described in note 2 and the amount of paid up capital of CNMC Goldmine Limited at the date of acquisition.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

16 Interest-bearing borrowings

	Group	
	2011 US\$	2010 US\$
Non-current liabilities		
Convertible notes	–	3,039,837
Finance lease liabilities	32,936	41,609
	32,936	3,081,446
Current		
Current portion of finance lease liabilities	8,414	8,046
	8,414	8,046
Total interest-bearing borrowings	41,350	3,089,492
<i>Maturities of liabilities (excluding finance lease liabilities)</i>		
Within 1 year	–	–
After 1 year but within 5 years	–	3,039,837
After 5 years	–	–
	–	3,039,837

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings were as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value US\$	Carrying amount US\$
Group					
At 31 December 2011					
Finance lease liabilities	RM	2.5% to 4.5%	7 and 9 years	46,482	41,350
At 31 December 2010					
Convertible notes	S\$	6% and 10%	1.3 to 3 years	3,501,000	3,039,837
Finance lease liabilities	RM	2.5% to 4.5%	7 and 9 years	57,519	49,655
				3,558,519	3,089,492

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

16 Interest-bearing borrowings (Cont'd)

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Future minimum lease payments US\$	Interest US\$	Principal US\$
Group			
At 31 December 2011			
Within 1 year	10,457	2,043	8,414
After 1 year but within 5 years	36,025	3,089	32,936
After 5 years	–	–	–
	46,482	5,132	41,350
At 31 December 2010			
Within 1 year	10,672	2,626	8,046
After 1 year but within 5 years	41,198	5,107	36,091
After 5 years	5,649	131	5,518
	57,519	7,864	49,655

Convertible notes

	2011 US\$	2010 US\$
At 1 January	3,039,837	1,889,371
Proceeds from issue of convertible notes	–	3,963,070
Conversion rights (refer to note 17)	–	(397,804)
Convertible notes converted during the year	(3,328,984)	(2,564,289)
Exchange differences	289,147	149,489
At 31 December	–	3,039,837

On 14 October 2011, prior to the completion of the Restructuring Exercise, the holders of the convertible notes of approximately US\$3,328,984 have converted the convertible notes which bear interests of 6% to 10% per annum into 730,086 ordinary shares in CNMC Goldmine Limited.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

17 Derivative financial instrument

	Group	
	2011 US\$	2010 US\$
At 1 January	155,749	138,905
Conversion rights recognised during the year	–	397,804
Unwinding of discount on derivative financial instrument	(155,749)	(380,960)
At 31 December	–	155,749
Conversion rights:		
- current	–	115,440
- non-current	–	40,309
	–	155,749

The unwinding of discount on derivative financial instrument is included in the financial statements as follows:

	2011 US\$	2010 US\$
Charged to profit or loss	95,229	267,440
Capitalised to share capital	60,520	113,520
	155,749	380,960

The Group's derivative financial instrument did not qualify for hedge accounting.

18 Rehabilitation provision

	Group	
	2011 US\$	2010 US\$
At 1 January	41,797	–
Additions	56,947	39,987
Unwinding of discount on rehabilitation provision	3,561	1,810
At 31 December	102,305	41,797

The additions to rehabilitation provision are included in the financial statements as follows:

	2011 US\$	2010 US\$
Capitalised to:		
Mine properties	40,158	–
Property, plant, equipment	16,789	39,987
	56,947	39,987

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

18 Rehabilitation provision (Cont'd)

The Group makes full provision for the future cost of rehabilitating the mine site and related production facilities on a discounted basis at the time of developing the mine and installing and using those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to the mine site, which are expected to be incurred up to 2018. These provisions have been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

19 Trade and other payables

	Group		Company	
	2011 US\$	2010 US\$	2011 US\$	2010 US\$
Trade payables	659,878	104,854	61,646	–
Other payables	1,117	1,140	–	–
Amounts due to subsidiaries	–	–	73,983	–
Amount due to contractors	1,591,991	21,646	–	–
Accrued operating expenses	1,398,776	1,475,382	182,629	–
Remuneration and fees payable to key management	1,150,921	406,683	44,264	–
Loan from directors	639,427	229,510	–	–
	5,443,110	2,239,215	362,522	–

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to liquidity and market risks related to trade and other payables are disclosed in note 30.

20 Other operating income

	Group	
	2011 US\$	2010 US\$
Gain on disposal on property, plant and equipment	473	–
Unwinding of discount on derivative financial instrument	95,229	267,440
Compensation on termination of rental agreement	89,351	–
	185,053	267,440

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

21 Amortisation and depreciation

	Note	Group 2011 US\$	2010 US\$
Amortisation of mine properties	7	223,244	81,314
Depreciation of property, plant and equipment	8	534,377	149,698
		757,621	231,012

22 Other operating expenses

	Note	Group 2011 US\$	2010 US\$
Preliminary expenses		3,672	–
Goodwill on consolidation written off	9	23,275	–
Net foreign exchange loss		575,442	305,499
Plant and equipment written off		5,697	3,539
Others		5,142	7,212
		613,228	316,250

23 Finance income and expenses

	Group 2011 US\$	2010 US\$
Finance income		
Interest income on cash and cash equivalents	43	–
Finance expenses		
Interest expense on finance lease liabilities	(2,676)	(3,145)
Unwinding of discount on rehabilitation provision	(3,561)	(1,810)
Interest expense on directors' loans	–	(13,460)
Interest expense on convertible notes	(246,330)	(167,975)
Cost of borrowings - Arrangement fees	(86,250)	(35,507)
	(338,817)	(221,897)
Net finance expenses recognised in profit or loss	(338,774)	(221,897)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

24 Loss for the year

The following items have been included in arriving at loss for the year:

	Group	
	2011 US\$	2010 US\$
Audit fees paid/payable to:		
- auditors of the Company	99,728	—
- other auditors	41,487	28,786
Non-audit fees paid/payable to:		
- auditors of the Company	292,475	—
- other auditors	3,000	10,000

The non-audit fees paid/payable to auditors are included in the financial statements as follows:

	2011 US\$	2010 US\$
Reporting Accountants fees:		
Equity – Share capital	17,256	—
Profit or loss – Initial public offering expenses	275,219	—
	292,475	—

25 Income tax credit

	Group	
	2011 US\$	2010 US\$
Current tax expense		
Current year	—	—
Deferred tax credit		
Origination and reversal of temporary differences	(111,439)	(181,426)
Recognition of previously unrecognised deferred tax assets	—	(177,419)
	(111,439)	(358,845)
Total income tax credit	(111,439)	(358,845)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

25 Income tax credit (Cont'd)

The Group's operations are mainly in Malaysia. The tax expense on the loss differs from the amount that would arise using Malaysian income tax rates are explained below:

	Group	
	2011 US\$	2010 US\$
Reconciliation of effective tax rate		
Loss for the year	(5,137,933)	(1,930,630)
Total income tax credit	(111,439)	(358,845)
Loss excluding income tax	(5,249,372)	(2,289,475)
Income tax using Malaysian income tax rate 25% (2010: 25%)	(1,312,343)	(572,369)
Effect of tax rates in foreign jurisdictions	392,247	81,840
Non-deductible expenses	409,006	186,054
Losses not available for carry forward	400,235	123,049
Recognition of previously unrecognised deferred tax assets	–	(177,419)
Others	(584)	–
	(111,439)	(358,845)

Significant judgement is required in determining the capital allowances, the types and rates of taxes payable, deductibility of certain expenses, and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the revenue, provision for income tax and deferred income tax provisions in the period in which such determination is made.

As at 31 December 2011, the current tax payable and deferred tax assets are US\$106 (2010: US\$114) and US\$470,284 (2010:US\$358,845) respectively.

26 Loss per share

The calculation of basic and diluted loss per share at 31 December 2011 was based on the loss attributable to ordinary shareholders of US\$5,081,322 (2010: US\$1,737,550) and a weighted average number of ordinary shares outstanding of 380,509,992 (2010: 375,000,000).

The Group's weighted average number of shares is calculated as follows:

	Group	
	2011 No. of shares	2010 No. of shares
Issued ordinary shares at 1 January	375,000,000	375,000,000
Effect of shares issued related to share-based payment transactions	1,253,828	–
Effects of shares issued related to initial public offering	4,256,164	–
Weighted average number of ordinary shares during the year	380,509,992	375,000,000

For comparative purposes, the number of shares as at 31 December 2010 comprises the shares of the Company and its subsidiaries. In calculating loss per share for 2010, the number of shares in issue is on the basis of the completion of the Restructuring Exercise as set out in note 2, which has been applied retrospectively in presenting loss per share information for the financial year ended 31 December 2010.

There were no dilutive potential ordinary shares in existence for the financial year ended 31 December 2011 (2010:Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

27 Operating segments

Business segments

The Group has one reportable segment as described below. For the reportable segment, the Group's chief operating decision maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in the Group's reportable segment:

Gold mining: Exploration, development, mining and marketing of gold.

Other operations include investment holding company and provision of corporate services.

Information regarding the results of the reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can allocated on a reasonable basis. Unallocated items mainly comprise tax assets and liabilities and corporate revenue, assets, expenses and liabilities.

Information about reportable segments

	Gold mining US\$	Other operations US\$	Inter-segment eliminations US\$	Total US\$
Group				
Year ended 31 December 2011				
Total revenue from external customers	5,142,867	–	–	5,142,867
Interest income	43	–	–	43
Interest expense	(2,676)	(246,330)	–	(249,006)
Amortisation and depreciation	(745,787)	(11,834)	–	(757,621)
Reportable segment losses before taxation	(435,058)	(4,814,314)	–	(5,249,372)
Reportable segment assets	10,304,306	22,302,127	(17,680,892)	14,925,541
Capital expenditure*	3,287,809	141,967	–	3,429,776
Reportable segment liabilities	(12,644,576)	(2,262,329)	9,320,034	(5,586,871)
Year ended 31 December 2010				
Total revenue from external customers	530,169	–	–	530,169
Interest expense	(3,145)	(181,435)	–	(184,580)
Amortisation and depreciation	(223,498)	(7,514)	–	(231,012)
Reportable segment losses before taxation	(1,366,283)	(923,192)	–	(2,289,475)
Reportable segment assets	6,568,243	8,778,763	(7,614,220)	7,732,786
Capital expenditure*	1,722,467	16,009	–	1,738,476
Reportable segment liabilities	(8,470,054)	(1,076,683)	7,216,070	(2,330,667)

* Capital expenditure consists of additions of property, plant and equipment, mine properties and, exploration and evaluation assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

27 Operating segments (Cont'd)

Reconciliation of reportable segment assets and liabilities

	Group	
	2011 US\$	2010 US\$
Assets		
Total assets for reportable segments	14,925,541	7,732,786
Unallocated assets	470,284	358,845
Combined total assets	15,395,825	8,091,631
Liabilities		
Total liabilities for reportable segments	(5,586,871)	(2,330,667)
Unallocated liabilities	–	(3,195,700)
Combined total liabilities	(5,586,871)	(5,526,367)

Geographical segments

The operations of the Group are principally located in Malaysia.

Major customers

There are two major customers who account for 100% of the Group's revenue.

28 Commitments

(i) Capital commitments

As at the respective reporting dates, the Group entered into contracts for:

	Group	
	2011 US\$	2010 US\$
Exploration and evaluation assets	372,628	195,000
Plant and equipment	–	627,946
	372,628	822,946

(ii) Operating lease commitments

Leases entered into as lessee

The total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	Group	
	2011 US\$	2010 US\$
Within 1 year	132,240	95,510
After 1 year but within 5 years	106,910	93,968
After 5 years	–	–
	239,150	189,478

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

29 Related parties

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

(a) Key management personnel compensation

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The amounts stated below for key management compensation are for all directors and other key management personnel.

Key management personnel compensation comprise:

	Group	
	2011 US\$	2010 US\$
Short-term employee benefits	1,669,172	807,264
Post-employment benefits	44,915	20,026
Share-based payments	633,290	—
Directors' fees	19,638	—
	2,367,015	827,290

Included in key management personnel compensation is remuneration of certain directors amounting to US\$735,617 (2010: US\$760,747). Director's remuneration includes salaries, bonuses and other emoluments.

(b) Significant transactions with related parties

During the year, prior to the completion of the acquisition of CMNM-Juyuan Mining Services Sdn. Bhd. ("CMNM-Juyuan") for which a director of the Company has substantial financial interest, there were the following related party transactions:

	2011 US\$	2010 US\$
Mining and extraction works services	418,847	—
Advances from a subsidiary	225,939	—

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

30 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statement of financial position and in note 12 to the consolidated financial statements.

Cash and cash equivalents are placed with banks which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. The risk can arise from mismatches in the timing of cash flows. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The directors of the Company have carried out a review of cash flow forecast of the Group for the twelve months ending 31 December 2012 after taking into account the Group's negative operating cash flows for the year ended 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

30 Financial risk management (Cont'd)

Management of liquidity risk (Cont'd)

The directors believe that, based on the review of the cash flow forecast, the various plans in place to procure funding and the financial support from certain directors of the Company, the Group will be able to secure adequate funding to continue its operations and to pay its debts as and when they fall due in the next twelve months. However, as with all assumptions relating to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

In addition, three directors of the Company have also undertaken to provide continuing financial support to the Group.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount US\$	Cash outflow US\$	Within 1 year US\$	Within 1 to 5 years US\$	More than 5 years US\$
Group					
At 31 December 2011					
Trade and other payables	5,443,110	5,443,110	5,443,110	–	–
Finance lease liabilities	41,350	46,482	10,457	36,025	–
	5,484,460	5,489,592	5,453,567	36,025	–
At 31 December 2010					
Trade payables	2,239,215	2,239,215	2,239,215	–	–
Interest-bearing borrowings:					
- Convertible notes	3,039,837	3,501,000	–	3,501,000	–
- Finance lease liabilities	49,655	57,519	10,672	41,198	5,649
	5,328,707	5,797,734	2,249,887	3,542,198	5,649

Market risks

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group does not have any of its borrowing in variable rate instruments. Accordingly, the exposure to interest rate risk is minimum and no sensitivity analysis is performed.

Commodity price risk

The Group is exposed to the changes in market prices of gold and the outlook of this mineral. The Company does not have any hedging or other commodity-based risk in respect of its operations.

Gold prices historically fluctuated widely and are affected by, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production, short-term changes in supply and demand because of speculative hedging activities and certain other factors related to gold.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

30 Financial risk management (Cont'd)

Currency risk

The Group's revenue is denominated in United States Dollars (USD). However, the Group's main operations are in Malaysia where the operating expenses are primarily incurred in Singapore Dollars (SGD), Ringgit Malaysia (RM), USD, Australian Dollars (AUD), Hong Kong Dollars (HKD) and Chinese Renminbi (RMB). The results of the Group's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Group are reported in USD in the Group's consolidated financial statements.

The fluctuation of the abovementioned currencies in relation to the US\$ will consequently have an impact on the profitability of the Group and may also affect the value of the Group's assets and the amount of shareholders' equity.

The Group has not entered into any agreements or purchased any instruments to hedge possible currency risks at the respective reporting dates.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	USD US\$	SGD US\$	RM US\$	AUD US\$	HKD US\$	RMB US\$	Total US\$
Group							
At 31 December 2011							
Loans and receivables	43,267	23,388	38,584	12,711	–	–	117,950
Cash and cash equivalents	749	4,599,876	806,767	–	–	–	5,407,393
Interest-bearing borrowings	–	–	(41,350)	–	–	–	(41,350)
Trade and other payables	(1,660,352)	(2,498,943)	(1,282,998)	–	(817)	–	(5,443,110)
Net financial (liabilities)/assets	(1,616,335)	2,124,321	(478,997)	12,711	(817)	–	40,883
Less: Net financial (liabilities)/ assets denominated in the respective entities' functional currency	1,616,335	–	(262,492)	–	–	–	1,353,843
Net currency exposure	–	2,124,321	(741,489)	12,711	(817)	–	1,394,726
Sensitivity analysis	–	(212,432)	74,149	(1,271)	82	–	(139,473)
At 31 December 2010							
Loans and receivables	331,576	44,635	14,986	–	–	–	391,197
Cash and cash equivalents	–	978,669	133,396	–	–	–	1,112,065
Interest-bearing borrowings	–	(3,039,837)	(49,655)	–	–	–	(3,089,492)
Trade and other payables	(256,917)	(1,067,866)	(699,454)	–	–	(214,978)	(2,239,215)
Net financial (liabilities)/assets	74,659	(3,084,399)	(600,727)	–	–	(214,978)	(3,825,445)
Less: Net financial (liabilities)/ assets denominated in the respective entities' functional currency	(74,659)	–	20,226	–	–	–	(54,433)
Net currency exposure	–	(3,084,399)	(580,501)	–	–	(214,978)	(3,879,878)
Sensitivity analysis	–	308,440	58,050	–	–	21,498	387,988

A 10% strengthening of United States dollars against the Singapore Dollars, Ringgit Malaysia, Australian Dollars, Hong Kong Dollars and Chinese Renminbi at the respective reporting dates would (decrease)/increase equity and (increase)/decrease accumulated losses by the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

30 Financial risk management (Cont'd)

Exposure to currency risk (Cont'd)

A 10% weakening of United States dollars against the Singapore Dollars, Ringgit Malaysia, Australian Dollars, Hong Kong Dollars and Chinese Renminbi would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, interest-bearing borrowings, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Fair value versus carrying amount

The fair values of financial assets and liabilities with the carrying amounts shown in the combined statements of financial position are as follows:

	Note	Loans and receivables US\$	Other financial liabilities US\$	Total carrying amount US\$
Group				
At 31 December 2011				
Assets				
Trade and other receivables*	12	117,952	–	117,952
Cash and cash equivalents	13	5,407,393	–	5,407,393
		5,525,345	–	5,525,345
Liabilities				
Interest-bearing borrowings	16	–	41,350	41,350
Trade and other payables	19	–	5,443,110	5,443,110
		–	5,484,460	5,484,460
As at 31 December 2010				
Assets				
Trade and other receivables*	12	391,197	–	391,197
Cash and cash equivalents	13	1,113,671	–	1,113,671
		1,504,868	–	1,504,868
Liabilities				
Interest-bearing borrowings	16	–	3,089,492	3,089,492
Trade and other payables	19	–	2,239,215	2,239,215
		–	5,328,707	5,328,707

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

30 Financial risk management (Cont'd)

Fair value versus carrying amount (Cont'd)

	Note	Loans and receivables US\$	Other financial liabilities US\$	Total carrying amount US\$
Company**				
At 31 December 2011				
Assets				
Trade and other receivables*	12	1,725,277	–	1,725,277
Cash and cash equivalents	13	4,544,649	–	4,544,649
		6,269,926	–	6,269,926
Liabilities				
Trade and other payables	19	–	362,522	362,522

* Excluded prepaid expenses of US\$27,236 (2010:US\$151,000) and US\$8,992 (2010: Nil) for the Group and the Company respectively.

** The Company was only incorporated on 11 August 2011.

31 Acquisition/Dilution of interest in subsidiaries/businesses

(i) Acquisition of CMNM-Juyuan Mining Services Sdn. Bhd.

On 29 December 2011, the Group acquired 99.99% equity interest in CMNM-Juyuan Mining Services Sdn. Bhd ("CMNM-Juyuan") for a purchase consideration of US\$31,467. The effect of the acquisition is summarised as follows:

The effect of the acquisition is summarised as follows:

	Note	2011 US\$ Carrying amounts	2011 US\$ Fair value adjustments	2011 US\$ Recognised value
Property, plant and equipment	8	438,889	(15,277)	423,612
Deferred tax asset		12,955	(12,955)	–
Trade and other receivables		2,521	–	2,521
Cash and cash equivalents		7,186	–	7,186
Trade and other payables		(425,127)	–	(425,127)
Total identifiable net assets		36,424	(28,232)	8,192
Goodwill written off at Group level				23,275
Purchase consideration				31,467
Less: Cash and cash equivalents acquired				(7,186)
Less: Capitalisation of outstanding loan due from CMNM-Juyuan				(24,281)
Net cash outflow				–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

31 Acquisition/Dilution of interest in subsidiaries/businesses (Cont'd)

(i) Acquisition of CMNM-Juyuan Mining Services Sdn. Bhd. (Cont'd)

From the date of acquisition, CMNM-Juyuan did not contribute any revenue or profit for the year to the Group's results. If the acquisition had occurred on 13 March 2011 (date of incorporation), management estimates that there would have minimal impact on the consolidated revenue and profit as the sole business activity of CMNM-Juyuan was rendering of mining and extraction works services to a subsidiary of the Group.

The fair value of the property, plant and equipment was determined based on the directors' estimate of the amount that the Group could obtain, at acquisition date, from the disposal of the property, plant and equipment in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining this amount, the directors have made their best assessment, taking into account the conditions and current information available to them, including recent transactions for similar assets within the same industry.

(ii) Acquisition of non-controlling interest in CMNM Mining Group Sdn. Bhd.

During the year ended 31 December 2011, a subsidiary of the Company acquired additional equity interest of 1% in CMNM Mining Group Sdn. Bhd. for a purchase consideration of \$71,650, increasing its equity interest held from 80% to 81%. The carrying amount of CMNM Mining Group Sdn. Bhd.'s net liabilities in the Group's financial statements at the date of acquisition was US\$1,583,861. The Group recognised a decrease in non-controlling interests and an increase in accumulated losses of US\$7,095 and US\$78,745 respectively.

32 Comparative information

No comparative information is available for the Company as this is the first set of financial statements prepared by the Company since its incorporation.

STATISTICS OF SHAREHOLDINGS

As at 20 March 2012

Issued and paid-up capital	:	S\$21,465,024
Number of shares	:	404,693,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	4	0.82	1,128	0.00
1,000 – 10,000	196	40.00	1,413,500	0.35
10,001 – 1,000,000	270	55.10	27,574,500	6.81
1,000,001 AND ABOVE	20	4.08	375,703,872	92.84
TOTAL	490	100.00	404,693,000	100.00

TWENTY LARGEST SHAREHOLDERS

S/N.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	INNOVATION (CHINA) LIMITED	138,862,500	34.31
2	DBSN SERVICES PTE LTD	62,662,500	15.48
3	NG ENG TIONG	61,075,000	15.09
4	YU LONGFEI	17,775,000	4.39
5	RAFFLES NOMINEES (PTE) LTD	14,956,100	3.70
6	DMG & PARTNERS SECURITIES PTE LTD	12,849,000	3.17
7	CITIBANK NOMINEES SINGAPORE PTE LTD	12,147,000	3.00
8	MERRILL LYNCH (SINGAPORE) PTE LTD	11,187,872	2.76
9	NOMURA SECURITIES SINGAPORE PTE LTD	6,303,000	1.56
10	DBS NOMINEES PTE LTD	6,045,900	1.49
11	OCBC SECURITIES PRIVATE LTD	4,932,000	1.22
12	LIM PENG LIANG DAVID LLEWELLYN	4,725,000	1.17
13	DB NOMINEES (SINGAPORE) PTE LTD	4,554,000	1.13
14	LEE KONG HIAN	4,149,000	1.03
15	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	3,771,000	0.93
16	SIM YAP KHENG	3,225,000	0.80
17	LIM CHEE HOONG	1,712,500	0.42
18	CHEN YAN	1,700,000	0.42
19	PHUAH BEE LEE	1,687,500	0.42
20	JASMINE ONG SIOK LENG (WANG SHULING)	1,384,000	0.34
	TOTAL	375,703,872	92.83

STATISTICS OF SHAREHOLDINGS

As at 20 March 2012

Statistics of Shareholdings

List of Substantial Shareholders as at 20 March 2012

As shown in the Company's Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Innovation (China) Limited ⁽¹⁾	138,862,500	34.31	–	–
Messiah Limited ⁽²⁾	62,662,500	15.48	–	–
Ng Eng Tiong	61,075,000	15.09	–	–
Professor Lin Xiang Xiong	–	–	138,862,500	34.31
Choo Chee Kong ⁽²⁾	–	–	62,662,500	15.48
Lim Kuoh Yang ⁽¹⁾	–	–	138,862,500	34.31
Tan Swee Ngin ⁽¹⁾	–	–	138,862,500	34.31
Lim Sok Cheng Julie ⁽²⁾	–	–	62,662,500	15.48

Notes:-

- (1) Innovation (China) Limited is a private investment holding company incorporated in Hong Kong whose shareholders are Professor Lin Xiang Xiong (65%) and his wife, Tan Swee Ngin (35%). Lim Kuoh Yang is the son of Professor Lin Xiang Xiong and Tan Swee Ngin. As such, Professor Lin Xiang Xiong and Tan Swee Ngin are deemed interested in all the shares held by Innovation (China) Limited by virtue of their respective interests in Innovation (China) Limited and Lim Kuoh Yang is deemed interested in all the shares deemed to be held by Professor Lin Xiang Xiong and Tan Swee Ngin under Section 7 of the Companies Act.
- (2) Messiah Limited is a private investment holding company incorporated in the British Virgin Islands whose shareholders are Choo Chee Kong (51%) and his wife, Lim Sok Cheng Julie (49%). As such, Choo Chee Kong and Lim Sok Cheng Julie are deemed to be interested in all the shares held by Messiah Limited under Section 7 of the Companies Act. The shares of Messiah Limited are registered in the name of DBSN Services Pte Ltd.

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

Based on the information provided to the Company as at 20 March 2012, approximately 35.12% of the Company's issued ordinary shares are held in the hands of the public. Hence, Rule 723 of the Catalyst Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of CNMC GOLDMINE HOLDINGS LIMITED (the “**Company**”) will be held at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 on Friday, 27 April 2012 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited accounts for the financial year ended 31 December 2011 together with the Reports of the Directors and the Independent Auditors, and the Statement by the Directors.

Resolution 2

2. To re-elect Professor Lin Xiang Xiong who is retiring pursuant to Article 88 of the Company's Articles of Association (the “**Articles**”) and who, being eligible, offers himself for re-election as a Director.

Resolution 3

3. To re-elect Mr Choo Chee Kong who is retiring pursuant to Article 88 of the Articles and who, being eligible, offers himself for re-election as a Director.

Resolution 4

4. To re-elect Mr Lim Kuoh Yang who is retiring pursuant to Article 88 of the Articles and who, being eligible, offers himself for re-election as a Director.

Resolution 5

5. To re-elect Mr Kuan Cheng Tuck who is retiring pursuant to Article 88 of the Articles and who, being eligible, offers himself for re-election as a Director.

*Mr Kuan Cheng Tuck will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”).*

Resolution 6

6. To re-elect Mr Tan Poh Chye Allan who is retiring pursuant to Article 88 of the Articles and who, being eligible, offers himself for re-election as a Director.

Mr Tan Poh Chye Allan will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

[Mr Lim Yeok Hua, who is retiring pursuant to Article 88 of the Articles at the AGM, has given notice to the Company that he does not wish to stand for re-election to office thereat.]

Resolution 7

7. To approve the payment of Directors' fees of up to S\$120,000 for the financial year ending 31 December 2012.

Resolution 8

8. To re-appoint KPMG LLP as the Company's Independent Auditors and to authorise the Directors to fix their remuneration.
9. To transact any other ordinary business that may be properly transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

Resolution 9

10. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:-

"Authority to allot and issue shares"

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and the Listing Manual (Section B: Rules of Catalyst) (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the directors of the Company (the "**Directors**") to:-

- (A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other Instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

- (1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this authority is given, after adjusting for:-
- (i) new Shares arising from the conversion or exercise of any convertible securities;
- (ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (iii) any subsequent bonus issue, consolidation or sub-division of Shares;
- (3) in exercising the authority conferred by this resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in a general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see Explanatory Note (i)]

NOTICE OF ANNUAL GENERAL MEETING

Resolution 10

11. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-

“Authority to allot and issue shares pursuant to the CNMC Performance Share Plan

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the directors of the Company (the “**Directors**”) be authorised and empowered to grant awards in accordance with the provisions of the CNMC Performance Share Plan (the “**Share Plan**”) and to allot and issue from time to time such number of shares in the capital of the Company (“**Shares**”) as may be required to be issued pursuant to the vesting of the awards under the Share Plan, provided that the aggregate number of new Shares which may be issued pursuant to the vesting of awards under the Share Plan, when added to the number of new Shares issued and issuable in respect of all awards granted under the Share Plan and any other share-based incentive scheme of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) from time to time and such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is earlier.”

[see Explanatory Note (ii)]

BY ORDER OF THE BOARD

VINCENT LIM BOCK HUI
Company Secretary

Singapore
12 April 2012

Explanatory Notes:

- (i) Under the Catalyst Rules, a share issue mandate approved by shareholders as an ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the issued share capital of the issuer (excluding treasury shares) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the issued share capital of the issuer (excluding treasury shares).

The Directors are of the opinion that the proposed share issue mandate will enable the Company to respond faster to business opportunities and to have greater flexibility and scope in negotiating with third parties in potential fund raising exercises or other arrangements or transactions involving the capital of the Company.

Ordinary resolution 9, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares). For issues of Shares and/or convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and/or convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

- (ii) Ordinary resolution 10, if passed, will empower the Directors to grant awards under the Share Plan and to allot and issue Shares pursuant to the vesting of the awards under the Share Plan, provided that the aggregate number of new Shares which may be issued under the Share Plan, when added to the number of Shares issued and issuable in respect of all awards granted under the Share Plan and any other share-based incentive scheme of the Company for the time being in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time.

Notes:

- (1) A member of the Company entitled to attend and vote at the AGM may appoint not more than two (2) proxies to attend and vote instead of him.
- (2) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
- (3) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
- (4) The instrument appointing a proxy must be deposited at the registered office of the Company at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 not less than 48 hours before the time appointed for holding the AGM.

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CNMC GOLDMINE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201119104K)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy the ordinary shares in the capital of CNMC Goldmine Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)

of _____ (Address)

being a member/members of CNMC GOLDMINE HOLDINGS LIMITED (the "Company") hereby appoint:-

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM to be held at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 on Friday, 27 April 2012 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:-	For	Against
	Ordinary Business		
1.	Audited accounts for financial year ended 31 December 2011 together with the Reports of the Directors and the Independent Auditors, and the Statement by the Directors		
2.	Re-election of Professor Lin Xiang Xiong as a Director of the Company		
3.	Re-election of Mr Choo Chee Kong as a Director of the Company		
4.	Re-election of Mr Lim Kuoh Yang as a Director of the Company		
5.	Re-election of Mr Kuan Cheng Tuck as a Director of the Company		
6.	Re-election of Mr Tan Poh Chye Allan as a Director of the Company		
7.	Payment of Directors' fees of up to S\$120,000 for financial year ending 31 December 2012		
8.	Re-appointment of KPMG LLP as Auditors of the Company		
	Special Business		
9.	General authority to allot and issue shares		
10.	Authority to allot and issue shares pursuant to the CNMC Performance Share Plan		

(Please indicate with a cross [x] in the space provided whether you wish your vote to be cast for or against the Resolution as set out in the Notice of the AGM.)

Dated this _____ day of _____ 2012



Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
4. This proxy form must be deposited at the registered office of the Company at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 not less than 48 hours before the time set for the AGM.
5. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
7. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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CNMC
CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司



28

October
2011



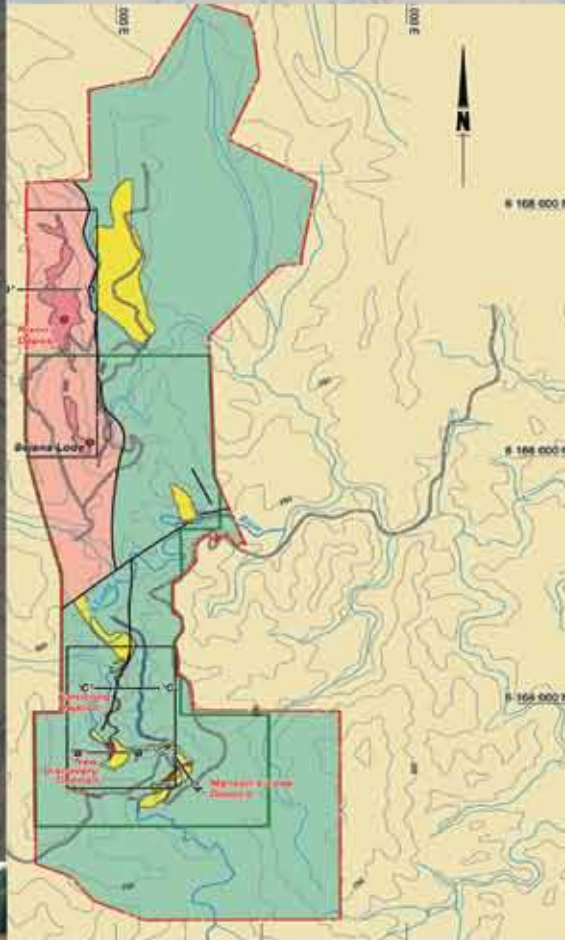


CNMC
CNMC GOLDMINE HOLDINGS LIMITED

中起金礦有限公司

To Mine The Earth To Mind Social Needs

求索大地 關懷社群



WWW.CNMC.COM.HK



CNMC

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