ANNUAL REPORT 2013 | 年报

CNMC

CNMC GOLDMINE HOLDINGS LIMITED

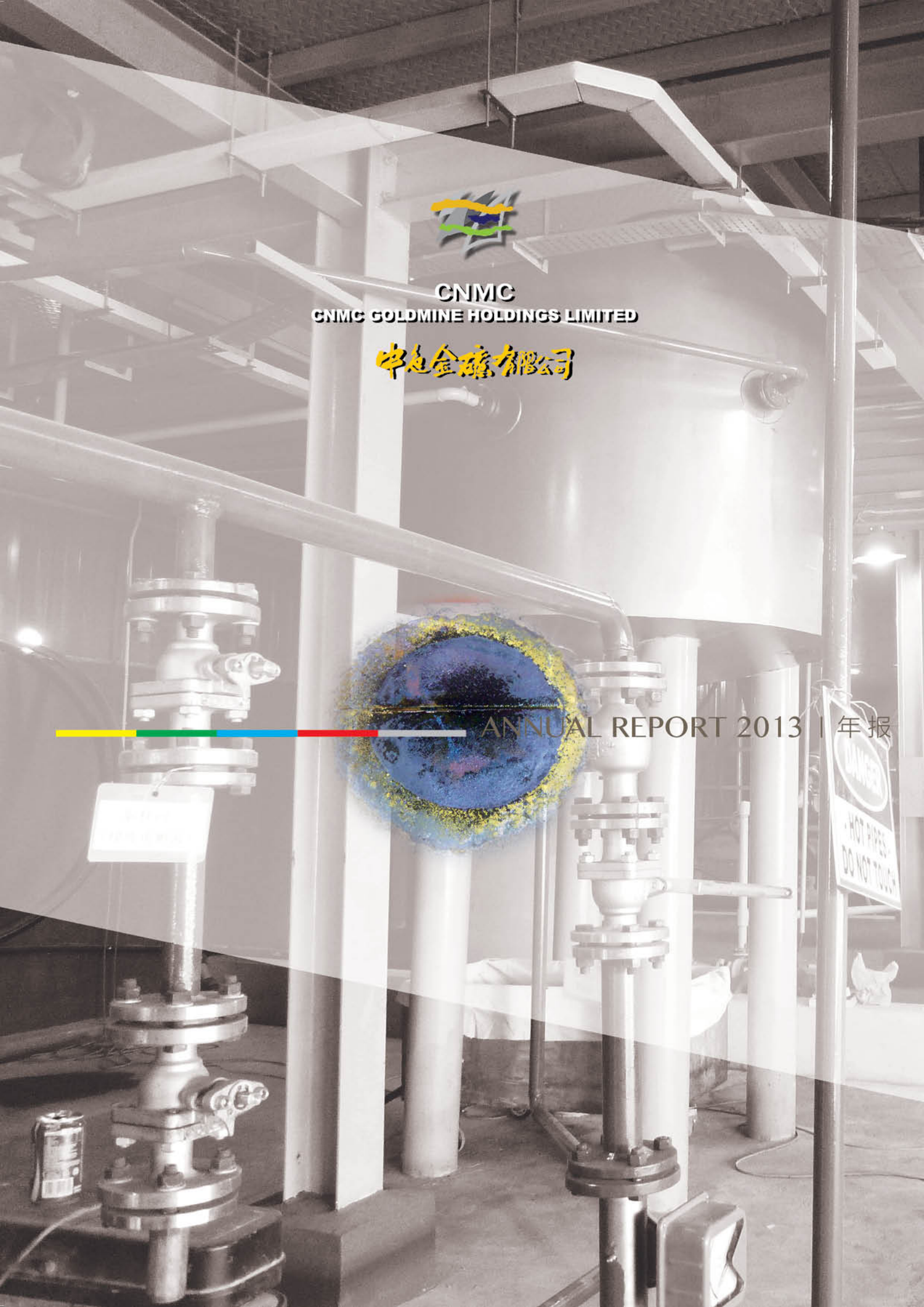
中色金礦有限公司

首家在新加坡证券交易所凯利板的矿产、石油与天然气新条例下上市的黄金开采公司

First gold mining company listed on Catalist of the SGX-ST under the new MOG rules

2013年11月18日，索谷矿区第二间解析、酸洗冶炼、炭再生厂落成并由吉兰丹州务大臣主持揭幕仪式

Second gold de-absorption plant was opened by the Chief Minister of the State Government of Kelantan, Malaysia



CNMC

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This annual report has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (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 Singapore Exchange Securities Trading Limited (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.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

Contents

回顾与展望　稳中求拓展

一

中色金矿有限公司自2011年10月28日上市迄今，已进入了第三个年头了！时间在我们全体管理职工的辛劳与拼搏的空隙中悄悄溜走，　更伴随着我们索谷矿区于艳阳高照、汗流浃背的劳动工友的热汗流逝。这三年的辛劳、拼搏与热汗换取来了中色金矿今天的稳健成长业绩。

二

2011年上市时，因矿产资源投资的风险性，以及前期勘探工作的费时耗资，故以负数的红色数据附带着科学证明的丰富潜在资源与储量上市。2012年，经过公司全体职工与矿区工友们的拼搏苦干，终扭亏为盈，为公司赚取了利润，虽说，只是区区100多万美元的净利，但却意义重大。毕竟，公司自2007年开始投入巨资勘查、建设与发展，而今终见到了回报的曙光了！　2013年第四季度，当矿区生产纳入正轨并稳定生产且有盈余时，董事会议决颁发中期股息予股东作为回报他们对公司的信任与支持。当然，这股息是微不足道的。可是，作为在新加坡证券交易所凯利板第一间黄金生产公司又第一次颁发股息予股民的做法，却折射了中色金矿管理层“与民分享”的良好心意。随着公司盈利的增长，我们将一如既往地持续这种回馈做法！

2013年的盈利数据，不但对股东有所慰藉，更为他们带来了来年创造丰厚利益回报的希望！若说2013年是中色金矿巩固生产基础与建设年，则2014年将是千里马在辽阔的草原上飞奔的年头，我们全体仝人充满着信心，在这坚实的业务基础上，在这稳固的生产运作上，在这全体员工众志成城，不懈拼搏之下，将会为公司创造亮丽的业绩！因为，我们在去年生产设备的基础上又扩建了堆场与建设了破碎系统，这么一来，不但扩大了产量且提高了浸出率。在这双引擎的营运机制推动下，让我们期待2014年的辉煌业绩！

三

2013年对矿业；尤其是金矿生产公司来说，应是愁云惨雾的一年，谁也无法意料到在过去近十年国际金价节节攀升的牛市，蓦然间却一泻千里，金价有如瀑布般地从万丈巅峰倾泻谷底！在非常短的时间段狂跌了近28%！这股猛烈的跌势令致许多生产成本较高的矿业同行在亏本的情况下生产！这种无奈的情景，恰恰有如今年东半球到处出现并笼罩着的烟霾、雾霾一般的难受；矿业公司为了未来的复兴而持续生产并忍受这种亏损的冲击，人们却为了生存而在漫天烟霾之下求活！庆幸，中色金矿在这种恶劣的金价波动下，在这狂风暴雨来袭之余，仍然逆流而上并创造了业务奇迹！这全归功于我们的生产成本偏低，才有2013年的佳绩！接下来，其他辅助材料与物资降低之余，以及增产并提高浸出率，相信业绩会更出色！

四

假设2013年是中色金矿的“稳定年”，而2014年应是“拓展年”，因为，这是我们在2011年上市当天所设定的目标与愿望。向来，我们对业务的拓展抱着较保守与扎实的观点。因为经历曾告诉我们，任何企业如果在还没纳入运作正轨的当儿便急于扩展，则将难以避免地会遇上主、客观的阻力，最终走上失败的道路！为此，中色金矿上市近三年以来，我们诚惶诚恐，胼手胝足地辛勤创业，扎稳业务根基，把生产与经济纳入良好效益的运作正轨，然后才迈开脚步，伸展双手，向马来西亚其他州属拓展资源，而2013年12月5日与霹雳州大臣机构签署的700英亩锡矿区的合作开采，是中色金矿上市后的第一宗拓展项目！期待，这第一个拓展项目在2014年能为股东们带来利益，则是我们的寄望。

五

中色金矿虽说是从2007年开始在矿区进行勘探工作。但事实上，却是打从2004年便涉足丹州矿产资源业务的。而且，自2004年以来，公司每年都秉持着公司创业理念与核心价值观，以人文主义精神，更以“求索大地，关怀社群”的宗旨在丹州扶贫济困，关怀弱势民众。同时，不分种族地扶持教育与社会公益。2013年，中色除了惯例地颁发奖学金、书包文具，以及生活物资，更进一步号召职工们踊跃捐血，履行社会责任。中色这种社会责任行为，不但实现了创业时的承诺与宗旨，同时也启示了其他到丹州的投资者。因为，我们知道“得道多助”的因果道理，更以身作则地从行动中体现了“穷则独善其身，达则兼济天下”的中华文化核心社会价值观。

最后，我谨代表中色金矿董事会及管理层全体职工与我们矿区的许许多多技工与劳动队伍，向我们的合作伙伴与专业监督机构以及股东们献上敬意！没有他们专业的指点与导航，没有他们的监督与敦促，没有全体股东们的信任与支持，中色金矿是无法臻达今天的成就与亮丽业绩的！

林祥雄 教授

中色金矿有限公司 执行主席

2014年3月31日

Review the past and look to the future, seek for development and steadiness

Chairman's Statement

(I)

CNMC Goldmine Holdings Limited ("CNMC" or the "Company") was listed on 28th October, 2011. Time flies in the midst of the hard work rendered by the management staff and the sweating of the workers toiling in the scorching valley. CNMC's steady growth today was achieved through their laborious efforts and endeavor in the last three years.

(II)

In 2011, the Company faced the risk of investment in the mining industry, as well as costly and time-consuming on its preliminary exploration work at the time of listing; resulting in the negative financial results but coupled with a wealth of proven scientific resources and reserves. In 2012, through the sweat and toil of the staff and workers, the Company turned loss into profit. Although the profit is merely over one million US dollars, its significance cannot be under stated. The heavy investment in exploration, construction and development since 2007, has finally seen the light of positive return! In the fourth quarter of the financial year ended 31 December 2013 ("FY2013"), when the mining process normalized, production stabilized, and profit made, the Board of Directors decided to declare an interim dividend to shareholders in return for their support and confidence in the Company. Although the dividend is meagre it is the first gold mining Company on the Catalist of the Singapore Exchange Securities Trading Limited to award dividend, it symbolizes the good intention of the management of CNMC to "share its rewards with shareholders". With the growth of the Company's profit, we will continue to reward shareholders!

The profit achieved in FY2013 is not only a consolation, it also gives rise to hope of creating greater rewards in the coming years! If 2013 is the year for CNMC's consolidation of production and construction, the year of 2014 will be the year for taking off to gallop headlong into the vast prairie. We are full of confidence, that with strength in unity, we are able to achieve better results for the Company, based on solid business foundation and stable production process. For the last year we had expanded the leach yards, enhanced productivity and increased the leaching rate. Driven by these twin engines, we can expect a shining performance in year 2014!

(III)

For the mining industry, especially the gold mining industry, 2013 has been a challenging year. Nobody expected the price of gold, which was on a bull run for ten years in the international market could, all of a sudden, dropped to the bottom of the valley, just like the free fall of a water fall from the peak of the mountain! A drop of 28% in price in an extremely short span of time, caught many in the industry, with higher production cost, to produce at a loss! This challenging situation is akin to the haze which had shrouded many countries in the region in 2013. Mining companies, in the hope of future recovery, have to continue producing; while society has to endure the haze for survival. Luckily, CNMC survived the worst of the gold price fluctuation and surged ahead against the current to create business miracle! Thanks to our low production cost, we were able to enjoy the good result in FY2013. In coming years, with reduction in the cost of raw materials and goods, increased productivity and leaching rate, we believe that our performance would be even better!

(IV)

If the year of 2013 is the year of "stability", the year of 2014 will be the year of "expansion", for this is the goal we set for ourselves in 2011 when the Company was listed. We have always held the view that we should be more conservative and pragmatic towards expansion. Experience in the past told us any enterprise rushing into expansion before the operation is on track, would invariably meet with resistance, internally or externally, leading to eventual failure. Being mindful of this, CNMC had since listing, proceeded with care, trying our best to consolidate our foundation, steering production and finance into good operation shape before we take another step in exploring resources in other states of Malaysia. The agreement signed with the Perak State's Menteri Besar Incorporated (Perak), to jointly explore the 700 acres of tin mining area in Perak on 5 December 2013, is the first expansion project after CNMC's listing. We hope this expansion project will bring benefit to our shareholders in 2014.

(V)

It is stated that CNMC started its exploration work in mining area in 2007. But in fact we had been involved in resources business since 2004. Since 2004, the Company has adhered to the ideals and core value of "searching the earth, caring for the society" in Kelantan state by helping the less fortunate groups. We also help support projects in education and rendering public service, regardless of race. In FY2013, apart from disbursing scholarships, school stationaries and daily life necessities, we also encouraged our workers to donate blood and to perform other social duties. CNMC's social actions, not only make good our promise and social goal, we also hope to set an example for other investors in Kelantan. For we believe in receiving goodness by providing help, and practicing "behaving oneself when one is poor; taking care of others when one is rich" which is the core and social value of the Chinese culture.

To conclude, on behalf of CNMC's Board of Directors, management staff, and the many technical members and workers. I would like to thank our business partners, professional and regulatory institutions and our shareholders, without their guidance and supervision, without the support and confidence of the shareholders, CNMC would not be able to achieve what we have achieved today!

Prof. Lin Xiang Xiong
Executive Chairman
CNMC Goldmine Holdings Limited

March 31, 2014

BOARD OF DIRECTORS

林祥雄教授(左三)

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，他对艺文事业锲而不舍，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。
2013-2015年，他把从艺50年的一部分作品筹备了为期三年的世界巡展。2013年亚洲首展在中国北京举办。二幅作品被中国美术馆珍藏并肯定他的艺术成就。
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。
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。

朱治光先生(左二)

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，朱先生也是数家新加坡上市公司的非执行董事。

林国扬先生(左一)

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13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。

关正德先生(右二)

是中色金矿的独立董事及审计委员会主席。同时，也是新加坡凯利板上市的Kori Holdings Limited以及香港主板上市的CW Group Holdings Limited的独立董事。关先生在会计、审计以及财务咨询领域有20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年成立自己的财务咨询公司，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、新加坡特许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。

陈宝财先生(右三)

是中色金矿的独立董事及薪酬委员会的主席。陈先生是Virtus Law LLP的合伙人，与Stephenson Harwood LLP联合的一家国际律师事务所，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Xyec Holdings Co. Ltd 和Adventus Holdings Limited和澳大利亚上市公司Avexa Limited的独立董事。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。

颜秀连女士(右一)

是中色金矿的独立董事，同时也担任提名委员会的主席。颜女士拥有超过20年的管理咨询经验，现担任Primer Group的区域经理，曾任职于多家跨国公司包括Ericsson、IBM、Deloitte & Touche、Arthur Andersen、KPMG和3M。颜女士拥有多个学位包括：University of South Australia的工商管理硕士；University of Kent的会计和电脑本科学位；英国和新加坡特许市场营销师协会的市场学研究生学位。

PROFESSOR LIN XIANG XIONG (Third From Left) 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. In 2004, Prof Lin was a special engaged researcher of the Chinese National Academy of Arts. A 3-year world tour of a selection of his artworks is being held between 2013-2015. Two pieces of artworks were collected by The National Art Museum of China as a state-level of recognition to his accomplishment in arts. In addition, he is the chief advisor on Kelantan-China International Trade for the Kelantan State Government, Malaysia.

CHOO CHEE KONG (Second From Left) 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. As a former investment banker, he has been involved in the successful listing of more than 200 companies from countries including Singapore, Malaysia, the People's Republic of China, Hong Kong, Philippines, Taiwan and Australia. He also serves as a non-executive director on a number of publicly-listed companies in Singapore.

LIM KUOH YANG (First From Left) 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 13 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.

KUAN CHENG TUCK (Second From Right) is the Independent Director and the Chairman of the Audit Committee of CNMC. He is also the independent director of Kori Holdings Limited (listed on Catalist of the SGX-ST) and CW Group Holdings Limited (listed on the Mainboard of the Hong Kong Stock Exchange). 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 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 Singapore Chartered Accountants and the Singapore Institute of Directors. He is also an associate member of the Singapore Association of Institute of Chartered Secretaries and Administrators.

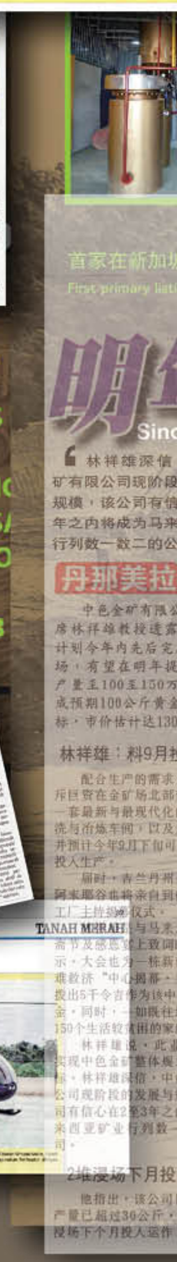
TAN POH CHYE ALLAN (Third From Right) is the Independent Director and Chairman of the Remuneration Committee of CMNC. He is a partner at Virtus Law LLP, associated with Stephenson Harwood LLP, an international law firm, and practises in the field of corporate finance, regulatory and compliance laws. He was admitted to the Singapore Bar in 1994. He is also presently an independent director of Xyec Holdings Co. Ltd and Adventus Holdings Limited, both companies listed on Catalist of the SGX-ST and Avexa Limited, a company listed on the Australian Stock Exchange. He holds a Bachelor of Laws (Honours) degree from the University of Buckingham (United Kingdom) and a Master's degree in Law from the London-Guild University. He is also a Barrister-at-law of Gray's Inn.

GAN SIEW LIAN (First From Right) is the Independent Director and Chairman of the Nominating Committee of CMNC. She has over two decades of successful global corporate and consulting experience. She is currently the Regional Manager with Primer Group and had previously worked with global companies including Ericsson, IBM, Deloitte & Touche, Arthur Andersen, KPMG and 3M. She holds a Master in Business Administration from University of South Australia in International Business, a Bachelor degree in Accounting and Computing from University of Kent, Canterbury, and two post-graduate Diplomas in Marketing from the Chartered Institute of Marketing in the United Kingdom and Singapore.

Prof. Lin Xiang Xiong
Pengasas dan Pengerusi
Eksekutif CNMC

YAB Ustaz Dato' Haji
Ahmad Bin Yaakob
Menteri Besar Negeri Kelantan

MERASMIKAN MAJLIS PEMBUKAAN KILANG



ANAK SYARIKAT KEPADA

CNMC GOLDMINE HOLDINGS

KILANG PEMPROSESAN JONG

EMAS KEDUA DI KAWASA

PERLOMBONGAN SOKO

18hb November 2013

贵州金兴黄金矿业有限责任公司
Guizhou Jinxing Go

湖南天工矿业投

揭幕仪式

贵州金兴黄金矿业有限责任公司
Guizhou Jinxing Gold Mining Co., Ltd.

湖南天工矿业投资有限公司
Hunan Tian Gong Mining Investment Co., Ltd.

CNMC
GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

直属子公司

马矿业集团有限公司

CMNM MINING GROUP SDN BH

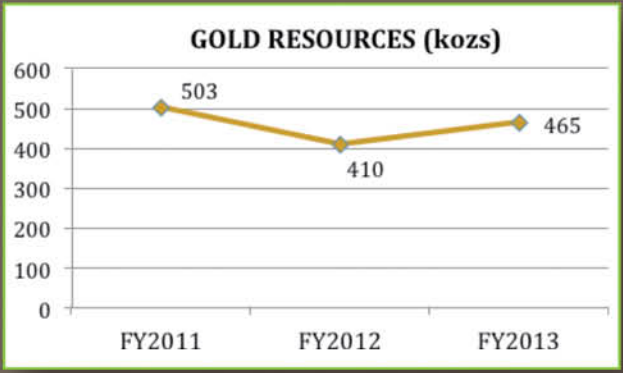
索谷矿区第二间解析，酸洗、冶炼与炭再生

2013年11月18日

Highlights

首家在新加坡证券交易所凯利板的矿产、石油与天然气新条例下上市的黄金开采公司
First gold mining company listed on Catalist of the SGX-ST under the new MOG rules

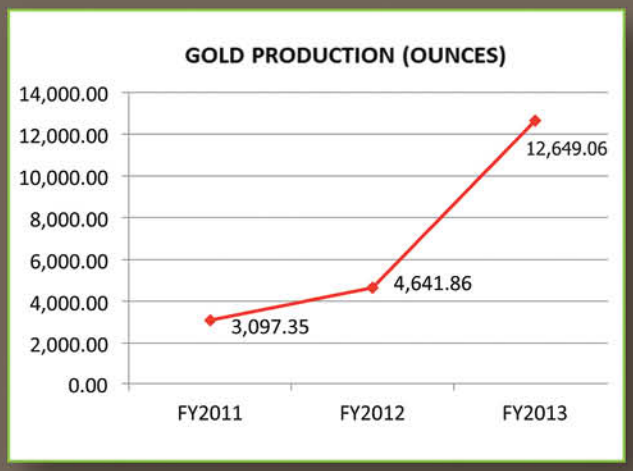
The above chart sets forth monthly average London Fix gold price for FY2011, FY2012, FY2013 and up to Feb 2014.
Source: World Gold Council



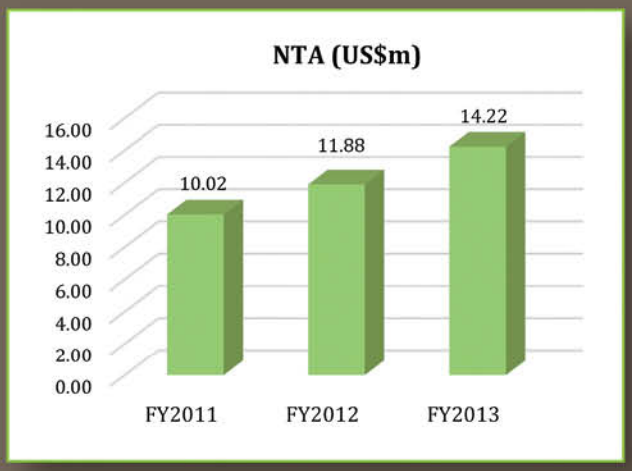
The mineral resources estimates have been prepared by Optiro Pty Ltd and reviewed by AMC Consultants Pty Ltd, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the "JORC Code").

London, 27 June 2013 Press Release : Publication of the World Gold Council's Guidance Note on Non-GAAP Metrics - All-In Sustaining Costs and All-In Costs .

2013



In FY2013, a total of 12,649.06 ounces (FY 2011: 3,097.35, FY2012: 4,641.86 ounces incl. from export ore) of fine gold were produced



The Group's NTA increased by 19.63% in FY2013 year on year as a result of the Group's improved performance.

The Group's profitability improved significantly in FY2013, from a profit after tax of US$1.01million in FY2012 to US$3.43 million in FY2013.

MILESTONES ACHIEVED IN 2013

3rd January 2013

CNMC's Heap Leach Operation Enters Production and Achieves First Gold Pour

(Record 740.82 ounces of gold doré bars produced on 30 December 2012)

28th January 2013

Technical Services and Co-operation Agreement with a Subsidiary of China National Gold Group Corporation

(CMNM Mining Group Sdn Bhd had on 26 January 2013 entered into a Technical Services and Co-operation Agreement for mine development and technology consultation on gold production expansion with China Gold Guizhou Jinxing Gold Mining Industry Co., Ltd, a subsidiary of China National Gold Group Corporation)

15th May 2013

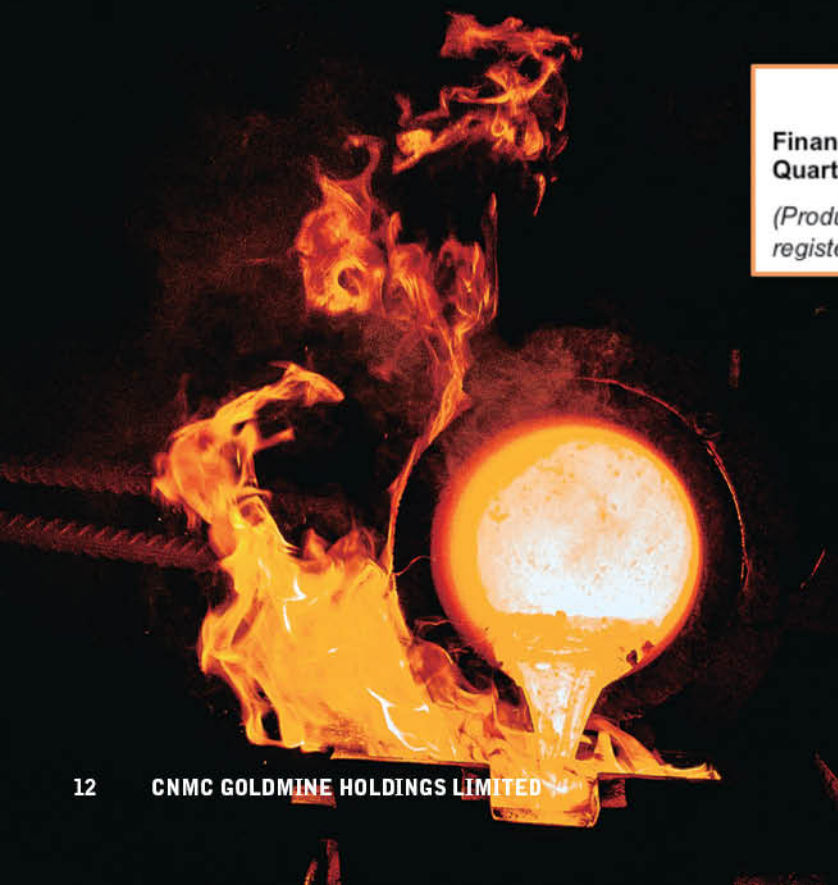
Financial Statement Announcement for First Quarter Ended 31 March 2013

(Produced 684.99 ounces of fine gold and registered a net loss of US$0.72 million)

7th June 2013

Update on Gold Production Following the Technical Services and Co-operation Agreement with a subsidiary of China National Gold Group Corporation

(1,154.86 ounces of gold doré bars were produced in the month of May 2013)



14th August 2013

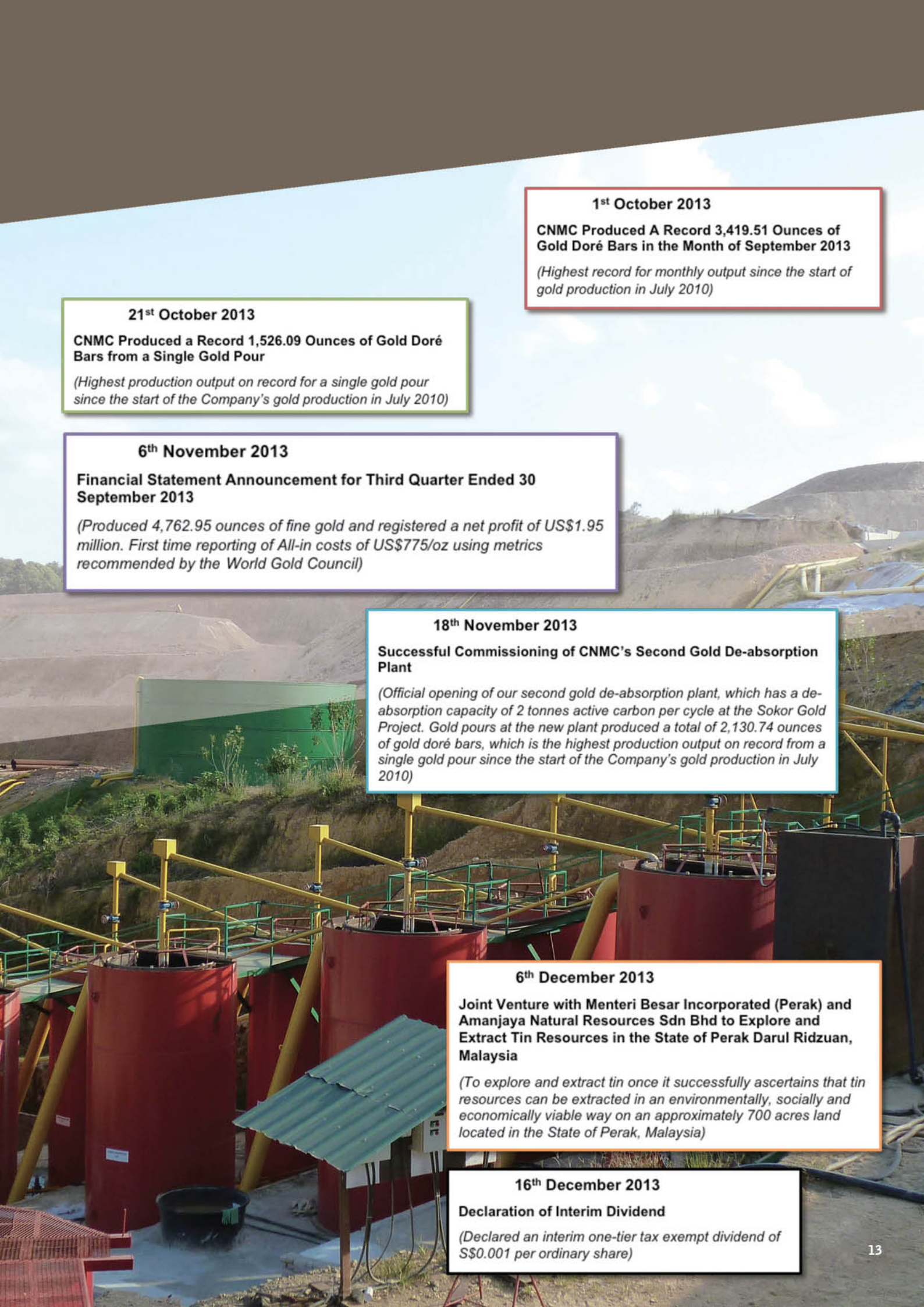
Financial Statement Announcement for Second Quarter Ended 30 June 2013

(Produced 1,387.88 ounces of fine gold and registered a net profit of US$0.12 million)

20th September 2013

Commencement of Production at CNMC's Second Leach Yard

(CNMC had commenced production at its second leach yard with a leaching capacity of 140,000 tonnes per leaching cycle at the Sokor Gold Project)



1st October 2013

CNMC Produced A Record 3,419.51 Ounces of Gold Doré Bars in the Month of September 2013

(Highest record for monthly output since the start of gold production in July 2010)

21st October 2013

CNMC Produced a Record 1,526.09 Ounces of Gold Doré Bars from a Single Gold Pour

(Highest production output on record for a single gold pour since the start of the Company's gold production in July 2010)

6th November 2013

Financial Statement Announcement for Third Quarter Ended 30 September 2013

(Produced 4,762.95 ounces of fine gold and registered a net profit of US$1.95 million. First time reporting of All-in costs of US$775/oz using metrics recommended by the World Gold Council)

18th November 2013

Successful Commissioning of CNMC's Second Gold De-absorption Plant

(Official opening of our second gold de-absorption plant, which has a de-absorption capacity of 2 tonnes active carbon per cycle at the Sokor Gold Project. Gold pours at the new plant produced a total of 2,130.74 ounces of gold doré bars, which is the highest production output on record from a single gold pour since the start of the Company's gold production in July 2010)

6th December 2013

Joint Venture with Menteri Besar Incorporated (Perak) and Amanjaya Natural Resources Sdn Bhd to Explore and Extract Tin Resources in the State of Perak Darul Ridzuan, Malaysia

(To explore and extract tin once it successfully ascertains that tin resources can be extracted in an environmentally, socially and economically viable way on an approximately 700 acres land located in the State of Perak, Malaysia)

16th December 2013

Declaration of Interim Dividend

(Declared an interim one-tier tax exempt dividend of S$0.001 per ordinary share)

FINANCIAL REVIEW

The Group reported an increase of 239.7% in its net profit from US$1.01 million in FY2012 to US$3.43 million in FY2013, due to a combination of the significant increase in gold production and sales volume, coupled with the lower production costs. The Group's earnings per share increased from US 0.18 cents in FY2012 to US 0.66 cents in FY2013.

The Group focused entirely on gold production in 2013 and did not engage in export sales of ore as compared to 2012. The gold price was also lower for FY2013 as compared to FY2012. The yearly average gold price was US$1,411.20 per ounce in FY2013 as compared to US$1,668.98 per ounce in FY2012. Nevertheless, production of fine gold rose by 263.1% to 12,649.06 ounces in FY2013 as compared to 3,483.79 ounces in FY2012. The Group's revenue from sales of fine gold surged by 185.5% to US$16.63 million in FY2013 from US$5.82 million in FY2012. Therefore, despite the absence of revenue from the export sales of ore, the Group's total revenue remained relatively unchanged at US$16.63 million in FY2013 (FY2012: US$16.76 million).

Since the commencement of gold production at the Group's second heap leach pad in 3Q2013, coupled with our focus on lowering the overall production cost, the Group has benefited from the significant economies of scale as evidenced by its low all-in costs of US$775 per ounce in 3Q2013. Sequentially, the Group further improved its all-in costs in 4Q2013 to US$761 per oz.

The Group's 4Q2013's all-in costs of US$761 per ounce was significantly lower than that of the global industry average of US$1,200 per ounce as published by Thomson Reuters GFMS' report titled "Gold Survey 2013 Update 2*".

The Group is the first Catalist-listed gold mining company on the SGX-ST to announce a maiden dividend. The Group paid an interim dividend of S$0.001 per share in January 2014 and is proposing a final dividend of S$0.001 per share for FY2013 subject to shareholders' approval at the forthcoming annual general meeting.

The Group's net tangible assets had increased from US$11.88 million as at 31 December 2012 to US$14.22 million as at 31 December 2013 due to the Group's strong overall performance in FY2013. The Group's net asset value per share also increased from US 2.91 cents to US 3.49 cents.

The Group had cash and cash equivalents of US$2.21 million as at 31 December 2013, excluding pledged fixed deposit of approximately US$0.79 million.

* For more information, please refer to https://forms.thomsonreuters.com/GS13_UPDATE2/ for the "Gold Survey 2013 Update 2" prepared by Thomson Reuters GFMS.

OPERATIONS REVIEW

FY2013 marked yet another milestone year for CNMC. The primary focus of CNMC's operations in FY2013 was expanding its gold production, as well as adding new mineral resources to our portfolio through exploration to replace depleted resources.

Following the commissioning of our first leach yard with a leaching capacity of 70,000 tonnes per cycle in December 2012, the Group focused on constructing its second leach yard with a leaching capacity of 140,000 tonnes per cycle in FY2013. With the completion of this second yard in the third quarter of FY2013, and the successful commissioning of the Group's second gold de-absorption plant in the fourth quarter of FY2013, the Group was able to achieve significant economies of scale. With these two fully-operational leach yards with a combined leaching capacity of 210,000 tonnes per leaching cycle, the Group increased its fine gold production volume by 263.1% from 3,483.79 ounces in FY2012 to 12,649.06 ounces in FY2013.

On the mineral resources front, drilling data from 63 holes drilled at Rixen, Ketubong and Manson's Lode and assay data from two holes drilled at Rixen during 2012 (not available for the 2013 Mineral Resources estimate) had been incorporated into the updated Mineral Resources estimate for FY2013 which is reported in the Qualified Persons Report for FY2013.

Our continuing exploration programme has yielded positive results in so far as replenishing depleted resources is concerned. After depletion for mining at Rixen during FY2013, the additional drilling south of Rixen has increased the Indicated Mineral Resources tonnage by approximately 20% with an overall increase of 18% in contained gold. The Inferred Mineral Resources tonnage has increased by approximately 16% with an overall increase of 11% in contained gold.

At Manson's Lode, the additional drilling extended the Mineral Resources along strike and increased confidence in the central area. The total Mineral Resources tonnage of Manson's Lode increased by approximately 24% with an overall increase of 15% in contained gold.

At Ketubong, the drilling in FY2013 had extended the mineralisation interpretation and there was an increase in the Inferred Mineral Resources tonnage by approximately 9% with an overall increase of 12% in contained gold.

OPERATIONS REVIEW

As at 31 December 2013, the total Measured, Indicated and Inferred gold resources for the Sokor Project (above a 0.3 g/tonne gold cut-off grade at Rixen and a 0.5 g/tonne gold cut-off grade at Manson's Lode, New Discovery and Ketubong) is 9,140,000 tonnes at 1.6 g/tonne gold making a total of 465,000 ounces of contained gold. In addition, Manson's Lode Mineral Resources contain significant amount of silver, lead and zinc. In particular, there are mineral resources amounting to 650,000 tonnes ore with an average grade of 59 g/tonne of silver, 1.5% lead and 1.5% zinc.

Compared to the Mineral Resources estimate as at 31 December 2012, there has been an increase in gold Mineral Resources of 1,340,000 tonnes ore at 1.6 g/tonne gold. This represents an increase of 13% in contained gold in the Mineral Resources. The increased tonnage at Manson's Lode, of 170,000 tonnes ore has an average grade of 58 g/tonne silver, 2.1% lead and 2.1% zinc with an increase in contained metal of 203,000 ounces of silver, 1,820 tonnes of lead and 2,140 tonnes of zinc.

SOKOR PROJECT - MINERAL RESOURCE STATEMENT AS AT 31 DECEMBER 2013 (INCLUSIVE OF ORE RESERVES)

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

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

In addition, the Group had entered into a joint venture agreement ("JVA") with Menteri Besar Incorporated (Perak) and its wholly owned subsidiary Amanjaya Natural Resources Sdn Bhd to form a joint venture company to undertake a tin mining project in the State of Perak, Malaysia.

Moving into 2014, apart from increasing leaching capacity with the commissioning of a third leach yard to further boost gold production, the Group intends to further streamline the production process to reduce wastage of raw materials thereby reducing gold production cost to enhance profitability. We also intend to leverage on our increased production capacity to lower material costs from key suppliers. The Group in 2014 also plans to accelerate exploration activities with the aim of increasing gold, silver, lead and zinc resources and reserves in the Sokor Gold Project and kicks start exploration activities to identify tin resources in the approximately 700 acres land located in the State of Perak, Malaysia pursuant to the JVA.

SUSTAINABLE DEVELOPMENT

CNMC Goldmine Holdings Limited's ("CNMC") mission and values is to become one of the preeminent gold and mineral producers in the Asia-Pacific region in sustainable gold mining. This can be achieved by adopting the best industry practices and standards, managing the environment responsibly, engaging in corporate social responsibility, creating employment and empowering the communities where we operate, while maximising long-term shareholders' value.

Sustainability has always been an integral part of the Group's business and has the full support from the management and Board. The Company's sustainability strategy focuses on engaging multi-stakeholders proactively, implementing best practices holistically (covering the environment, community, market place and workplace), benchmarking against industry standards, and reporting its progress in a timely and open manner.

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 complying with environmental regulations, minimising harm to the environment and maintaining sensitivity to local cultural and community expectations.

ENVIRONMENTAL PROTECTION

As a mining-based company, CNMC believes that it has a fundamental responsibility to manage effectively environmental impacts throughout the entire spectrum of its activities — from acquisition of land, to its development, operations and the disposal of waste.

Land is cleared using manual methods such as bulldozing and stacking of trees, thereby preventing air pollution and preserving the soil structure.

CMNM manages and regularly monitors every environmental aspect in order to minimise adverse impact on the natural environment. 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 environmental regulations and minimise 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 regularly monitoring and auditing of environmental issues and impact, 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 CMNM complies with all environmental regulations and be informed of any potential environmental risks or issues arising from its operations and to constantly provide feedback and report to CMNM with regard to its environmental practices. I.Z. Environmind's engagement will continue on an on-going basis.

In FY2013, Universiti Malaysia Kelantan (UMK), Faculty of Earth Science, conducted an independent study on the effects of gold mining on the physico-chemical water quality and benthic macro-invertebrate compositions in rivers located at Sokor mine site and was published in the "Journal of Applied Sciences in Environmental Sanitation" on September 2013. The results of the study showed that at present the ecosystem of the river in the area is still healthy. This also signified that CNMC's operations at the Sokor gold mine site does not have a significant adverse impact on the Sokor River.

COMMUNITY DEVELOPMENT

As a leader in the mining industry in the Kelantan State, Malaysia, CNMC recognises the vital roles of its employees and the communities in which it operates. CNMC believes that mining activities create job opportunities and alleviate poverty, and hence has the potential to empower people to secure a better livelihood for themselves and their future generations.

CNMC's strategy is to involve its stakeholders such as the local communities and government bodies in various community projects which align with the needs and objectives of the local communities, in areas ranging from education, healthcare to disaster relief.

Since 2007, CNMC has made substantial efforts to integrate with the local population in the vicinity where the mine is located and has assisted them in social and economic development. It has also provided the local community with many new employment opportunities, training and skills development for the staff of the mining operations and broadened the economic and commercial base for local businesses, thereby contributing to the economic growth of the region. CNMC has developed a corporate social responsibility policy which will address the Group's impact on the local community. In addition, the Group paves the way for other business investors to invest in the Kelantan State which in turn encourages foreign direct investment into the Kelantan State.

The main negative social impact from mining operations is the loss of employment when its operations cease. However, to mitigate this downside, the local workforce would have been fully trained with multi-skilled experience that can be transferrable to other mining or similar industries.

In December 2013, CNMC once again sponsored and delivered 500 school bags and stationery to every school child around the Sokor mine areas for the coming school term. During the Hari Raya festive season in August 2013, thousands of gift packs and "green envelopes" were distributed by CNMC to less fortunate individuals and families residing in the Tanah Merah areas. Last but not least, CNMC also organised a blood donation event which broke the record of blood donation received for the Tanah Merah Hospital.

As part of its corporate practices, CNMC provides and distributes basic food necessities and basic school supplies to the needy families in the Kelantan State in Malaysia.

CNMC CORPORATE SOCIAL RESPONSIBILITY POLICY STATEMENTS

1. SOCIAL RESPONSIBILITY POLICY

CNMC's future is dependent on our ability to develop, operate and close mines consistent with our commitment to sustainable development; protection of human life, health and the environment; and adding value to the communities in which we operate.

To realize these commitments, every CNMC's operation will:

- Develop and use systems to identify and manage risks, and provide accurate information to support effective decision making.
- Train our people and provide the resources to meet our social responsibility objectives and targets.
- Respect the Universal Declaration of Human Rights in our business operations.
- Respect the social, economic and cultural rights of Indigenous people.
- Adopt policies, standards and operating practices that ensure ongoing improvement.
- Wherever appropriate and feasible, set operating standards which exceed the requirements of the local law.
- Assess our performance against our policies and standards.
- Demand leadership in social responsibility from all our people.
- Seek to share our success by partnering with stakeholders in appropriate community development programs.
- Consult stakeholders in matters that affect them.
- Strive to communicate our performance in an accurate, transparent and timely manner.

2. ENVIRONMENTAL POLICY

CNMC intend to set standards of excellence with regard to environmental matters.

There are two policies that provide definition to the Environmental Mission Statement to reflect the challenges we face as a mining business. They are:

- CNMC will, at all times, attempt to operate our facilities in compliance with applicable laws and regulations.
- CNMC will adopt and adhere to standards that are protective of both human health and the environment at the facilities we build and operate.

To support the activities necessary to achieve compliance with the Environmental Mission Statement and policies, CNMC intends to commit the necessary human and financial resources.

CNMC intends to establish an audit program to systematically evaluate compliance of our operating facilities with applicable federal, state, and local rules and regulations, as well as corporate policy, which also includes a corrective action process to address deficiencies that are discovered.

Each employee (including contractors) will be held accountable for ensuring that those employees, equipment, facilities and resources within his or her area of responsibility are managed to comply with this policy and to minimize environmental risk.

3. HEALTH AND SAFETY POLICY

This policy provides the framework for the development of Health, Safety and Loss Prevention (HSLP) standards, procedures and guidance, which will address the control environment, risk assessment, information and communication, control activities and monitoring of core business processes.

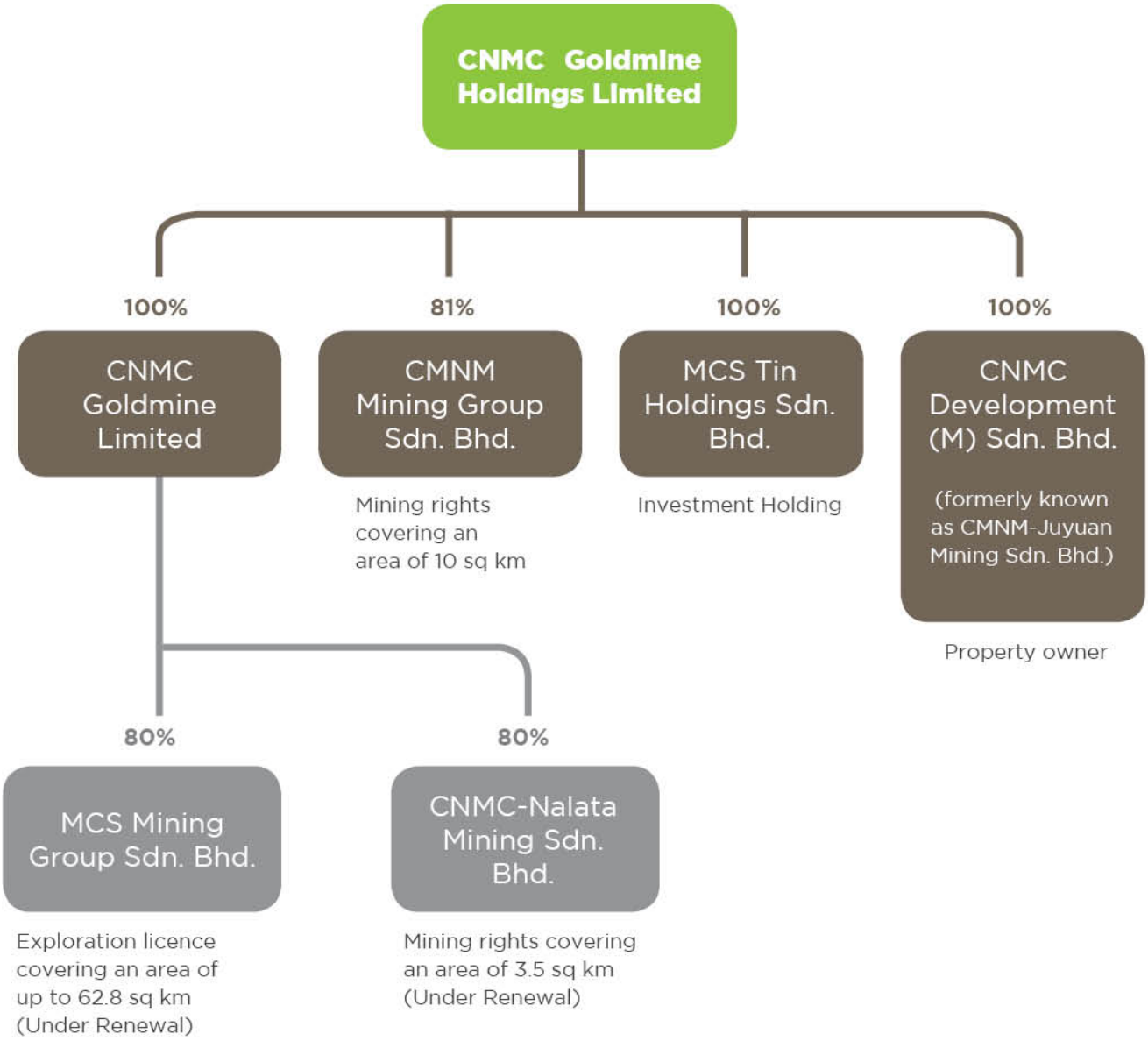
This policy addresses the intentions and principles of CNMC with respect to effectiveness and efficiency, reliability of financial reporting and compliance with laws and regulations to achieve core business activities.

To support this policy, CNMC commits to:

- Identify, eliminate, or otherwise control Health Safety Environment ("HSE") risks to our people, communities, and the environment in which we operate.
- Develop and deliver measurable HSE objectives and targets.
- Provide our employees with the resources to achieve our goal of zero incidents, injuries and illnesses.
- Comply with all applicable legal and other requirements including international and external commitments.
- Ensure that the Group's site disaster management procedures are regularly updated and emergency response teams are in place and well trained.
- Drive the implementation of identified safety initiatives that continually improve workplace health and safety.
- Commence a review of every high-risk incident or injury within 48 hours of its occurrence and ensure that the appropriate actions are identified and implemented.
- Foster an employee involvement culture within the workplace; a measure of success of this will be the extent to which employees take ownership of workplace safety.
- Ensure that HSE expectations are clearly communicated to all contract principals and that their management systems are randomly audited.

As individuals, we personally commit to applying the principles of this policy to continuously improve the way we work every single day.

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Professor Lin Xiang Xiong @ Lin Ye
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

Gan Siew Lian
Independent Director

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Tel: +65 6213 3388
Fax: +65 6225 2230
Partner-in-charge: Tan Huay Lim
(Appointed with effect from the financial year ended 31 December 2011)

REGISTERED OFFICE

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745 Toa Payoh Lorong 5
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Singapore 319455
Tel: +65 6220 4621
Fax: +65 6220 1270
Company Registration No. 201119104K
www.cnmc.com.hk

AUDIT COMMITTEE

Kuan Cheng Tuck Chairman
Tan Poh Chye Allan
Gan Siew Lian

NOMINATING COMMITTEE

Gan Siew Lian Chairman
Kuan Cheng Tuck
Tan Poh Chye Allan

REMUNERATION COMMITTEE

Tan Poh Chye Allan Chairman
Kuan Cheng Tuck
Gan Siew Lian

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CNMC-NALATA MINING SDN. BHD

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CNMC DEVELOPMENT (M) SDN. BHD.

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(Registered Address)

MCS TIN HOLDINGS SDN. BHD.

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(Registered Address)

COMPANY SECRETARY

Vincent Lim Bock Hui, LLB (Hons)

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CORPORATE GOVERNANCE REPORT

For the financial year ended 31st December 2013

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 2012 (the "Code") issued on 2 May 2012 and also describes the Company's activities for the financial year ended 31 December 2013.

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 long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Board of Directors

The Board currently comprises 6 members. They are:

Professor Lin Xiang Xiong @ Lin Ye	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
Gan Siew Lian	Independent Director

The functions of the Board are as follows:

a) to protect and enhance long-term shareholders' value;

b) to set the overall strategy for the Group;

c) to monitor and review the financial performance of the Group;

d) to approve the Group's strategic plans, key operational initiatives, major investment and funding decisions;

e) to supervise the Company's management (the "Management") and monitor its performance;

f) to identify principal risks of the Group's business and ensure the implementation of appropriate systems to manage the risks;

g) to deliberate and decide on policies covering corporate governance and business matters;

h) to ensure timely and adequate reporting to shareholders;

i) to ensure compliance with legal and regulatory requirements;

j) to review and approve interested person transactions;

k) to review and approve the remuneration packages for the Board and key executives;

l) to review the Group's sustainability policies and ensure the fulfillment of social responsibilities of the Group; and

m) to approve matters beyond the authority of the key executives.

In recognition of the high standard of accountability to the Company's shareholders, these functions are carried out either directly by the Board or through the Board committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each of these committees is chaired by an independent director and all the members are non-executive and independent.

The following matters are specifically reserved for the full Board's approval:

(i) Material investment and transactions;

(ii) Acquisitions or disposals of assets;

(iii) Quarterly and full year financial results announcements;

(iv) Corporate or financial restructuring;

(v) Issuance of policies and key business initiatives;

(vi) Share issuance; and

(vii) Declaration of dividends.

Every Director is expected, in the course of carrying out his duties and responsibilities, to act in good faith and consider at all times the interests of the Company.

The Company's Articles of Association ("Articles") permit Directors to attend meetings through the use of audio-visual communication equipment.

Board and Board Committee Meetings

The Board holds quarterly meetings every financial year, with additional meetings for particular matters convened when necessary. The Directors also periodically review the internal controls 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 for the financial year ended 31 December 2013 ("FY2013") is as follows:

	Board Meeting		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Professor Lin Xiang Xiong @ Lin Ye	4	4	4	4	1	1	1	1
Mr Choo Chee Kong	4	4	4	4	1	1	1	1
Mr Lim Kuoh Yang	4	4	4	4	1	1	1	1
Mr Kuan Cheng Tuck	4	4	4	4	1	1	1	1
Mr Tan Poh Chye Allan	4	3	4	4	1	1	1	1
Ms Gan Siew Lian	4	2	4	3	1	0	1	0

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 training such as courses and seminars for the Directors as and when needed. The Company encourages the Directors to update themselves on new rules and regulations, as well as on any revisions, amendments or updates to laws or regulations and attend courses relating to the mining industry. The Company also informs and encourages Directors to attend relevant training programmes conducted by the Singapore Exchange Securities Trading Limited, Singapore Business Federation, Singapore Institute of Directors and other business and financial institutions and consultants.

During FY2013, Mr Kuan Cheng Tuck attended a seminar on mergers and acquisitions ("M&A") which provided him a clearer business perspective of the current and future outlooks of M&A in Singapore. In addition, the Company's Executive Vice Chairman, Mr Choo Chee Kong, attended regular seminars and events organised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on the mining industry.

The Company will conduct orientation programmes for any newly appointed Directors to ensure that they are familiar with the Group's structure, its business and its operations. All directors who have no prior experience as a director of a listed company will undergo training and/or briefing on the roles and responsibilities as director of a listed company. Newly appointed Directors are given a formal letter explaining their duties and obligations as Directors of the Company. No new director was appointed to the Board during FY2013.

The Directors are also updated regularly on changes in relevant laws and regulations, industry developments, analyst and media commentaries on matters related to the Company. During the quarterly AC meetings, the Board is briefed on the recent changes and updates to the accounting standards by the external auditors. The Chief Executive Officer ("CEO") also updates the Board at each quarterly board meeting on business and strategic developments of the Group. The Company Secretary circulated any new releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority that are relevant to the Board.

Directors may, at any time, request for informal briefings and meetings to discuss on any aspect of the Group's operations or business issues from Management.

Board Composition and Guidance

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 and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of 6 Directors, namely 3 Executive Directors and 3 Independent Directors. The Independent Directors make up half of the Board, thereby meeting the requirement of the Code which stipulates that where (1) the Executive Chairman and Chief Executive Officer are immediate family members; (2) the Executive Chairman is part of the management and (3) the Executive Chairman is not an independent director, independent directors should make up at least half of the board. The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review.

For FY2013, the Independent Directors have confirmed, by completing a Return on Independence, that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company. The NC has reviewed and determined that all Independent Directors are independent. None of the Independent Directors has served on the Board beyond nine years from the date of his/her first appointment.

The Board has reviewed 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 and Board Committees comprise 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.

All Directors have equal responsibility for the Group's operations. The role of the 3 Independent 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 not only the long term interests of the shareholders, but also the employees and suppliers.

The Independent 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 6 and 7 of this Annual Report.

The Independent Directors meet informally without the presence of the Management from time to time so as to facilitate a more effective and independent check on the Management. The matters discussed include developing proposals on the Group's strategy, reviewing the performance of the Management in meeting agreed goals and objectives, and monitoring the reporting of the Group's performance.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Executive Chairman and the CEO are separate. The Group's Executive Chairman, Professor Lin Xiang Xiong @ Lin Ye 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. He also ensures, with the assistance of the Company Secretary, 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 guidance, advice and leadership to the Board and the Management.

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 is also responsible for reporting to the Board on all aspects of the Group's operations and performance, providing quality leadership and guidance to the employees of the Group and managing effective communication with the media, shareholders, regulators and the public.

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

Although the Executive Chairman and the CEO are immediate family members, 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 relationship between the Executive Chairman and the CEO, the Board has appointed Mr Kuan Cheng Tuck as the lead independent director to ensure that a separate channel of communication is always available to shareholders in the event that normal interactions with the Executive Chairman, the CEO or the Chief Financial Officer have failed to resolve their concerns or where such channel of communication is considered inappropriate. All the Board committees are chaired by Independent Directors and the Independent Directors make up half of the Board. Led by the lead independent director, the Independent Directors meet without the presence of the Executive Directors, if deemed necessary.

Board Membership

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

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 Directors, namely:

Gan Siew Lian	Chairman
Kuan Cheng Tuck	
Tan Poh Chye Allan	

Ms Gan Siew Lian is neither a substantial shareholder nor is she associated with any substantial shareholder of the Company. Mr Kuan Cheng Tuck is the lead independent director.

The principal functions of the NC are, *inter alia*:

(a) to make recommendations to the Board on relevant matters relating to the review of board succession plans for directors, in particular, the Chairman and for the CEO, the development of a process for evaluation of the performance of the Board, the Board committees and the Directors, and the review of training and professional development programmes for the Board;

(b) to make recommendations to the Board on all board appointments, including re-appointment of directors (including alternate directors, where applicable), taking into consideration the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and knowledge);

(b) to determine annually whether or not a Director is independent as set out in the guidelines of the Code;

(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;

(d) to review and approve any new employment of related persons and the proposed terms of their employment; and

(e) to assess the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board.

The NC reviews professional development programs for the Board.

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

The Board has currently not imposed a maximum number of listed company board representations which any Director may hold. The Board notes that none of the Directors holds more than three (3) directorships in other listed companies. The Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company despite some of the Directors holding multiple board representations in other listed companies. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. The NC will continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

Where a vacancy exists or where additional directors are required, the Board will search for potential candidates and refer them to the NC for interview and assessment of their credentials and suitability for appointment. The Company may procure the assistance of independent third parties such as search consultants to source for potential candidates, if needed.

In its search and selection process for new directors, the NC has put in place a formal process which increases the transparency in identifying and evaluating the nominees for directors. In addition to searches conducted by the search consultants, the Board members are also encouraged to propose candidates based on their personal contacts to the Board for consideration.

a) Assessment of criteria for new directors

The objective criteria for the assessment of potential candidate for new directors include the following:-

i. Prior experience as a director of a listed company;

ii. Expertise to contribute to the Group and its businesses;

iii. Integrity;

iv. Diversity;

v. Ability to commit time and effort to carry out duties and responsibilities effectively; and

vi. Decision making skill.

b) Appointment of new directors

The NC will then carry out the following before making recommendations to the Board for the appointment of new directors:-

i. Evaluate the skills, knowledge and experience of the Board and determine the role and the desirable competencies for a particular appointment; and

ii. Arrange to meet up with the short-listed candidates to ensure that the candidates are aware of the expectations and the level of commitment required.

Article 89 of the Company's 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. Under Article 88, Directors appointed by the Board during the financial year, shall only hold office until the next annual general meeting, and thereafter be eligible for re-election at the Company's annual general meeting.

The NC is responsible for re-appointment of Directors and in considering and deliberating on the re-election of the existing Directors, the NC will take into consideration the Director's contribution and performance. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings. All Directors shall submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years.

The NC has recommended to the Board that Mr Kuan Cheng Tuck and Mr Tan Poh Chye Allan be nominated for re-election at the forthcoming annual general meeting. In making the recommendation, the NC had considered the Directors' overall contribution and performance based on the assessment parameters.

Mr Kuan Cheng Teck will, upon re-election as a Director, remain as the Chairman of the AC and a member of the NC and RC. Mr Tan Poh Chye Allan will, upon re-election as a Director, remain as the Chairman of the RC and a member of the AC and NC.

Further information on the Directors is shown on pages 6 and 7 on this Annual Report. The dates of initial appointment and last re-election of each Director, together with his or her directorships in other listed companies and other principal commitments, are set out below:-

Director	Current directorships in listed companies (other than the Company)	Past directorships in listed companies (preceding three years)	Other principal commitments
Professor Lin Xiang Xiong @ Lin Ye **Date of initial appointment:** 20 September 2011 **Date of last re-election:** 29 April 2013	None	None	- Innovation (China) Limited *(Director)* - Innovation Fund Limited *(Director)* - Innovation Worldwide Group Pte Ltd *(Director)*
Choo Chee Kong **Date of initial appointment**: 20 September 2011 **Date of last re-election:** 29 April 2013	- Second Chance Properties Ltd - Advance SCT Limited	- Falmac Limited - FDS Networks Group Ltd	- CK Agrifeed Sdn Bhd *(Director)* - FDS Networks Group Ltd *(Director)*
Lim Kuoh Yang **Date of initial appointment:** 11 August 2011 **Date of last re-election:** 27 April 2012	None	None	None
Kuan Cheng Tuck **Date of initial appointment:** 20 September 2011 **Date of last re-election:** 27 April 2012	- Kori Holdings Limited - CW Group Holdings Limited (listed on HKEx)	- ASA Group Holdings Ltd - China Oilfield Technology Services Group Ltd - Falmac Limited - FAST Wah Lei International Holdings Limited - FDS Networks Group Ltd	- KCT Consulting Pte. Ltd. *(Director)* - Konifer Realty Sdn. Bhd. *(Director)* - Kreston Consulting Pte. Ltd. *(Director)* - Tahua Realty Sdn. Bhd. *(Director)*
Tan Poh Chye Allan **Date of initial appointment**: 20 September 2011 **Date of last re-election:** 27 April 2012	- Adventus Holdings Limited - Avexa Limited - XYEC Holdings Co., Ltd.	None	- Jlu Global Ltd. *(Director)* - Knowledge Economy.Com Pte Ltd *(Director)* - Tell Business Pte Ltd *(Director)* - Virtus Law LLP *(Partner)*
Gan Siew Lian **Date of initial appointment**: 1 July 2012 **Date of last re-election:** 29 April 2013	None	None	- The Primer Group *(Regional Manager - Transformation and Change)*

Board Performance

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

On an annual basis, the NC assesses the performance of the Directors, individually and collectively. The NC assesses the performance of the Board and Board Committees by means of assessment checklists that evaluates Board's size, Board composition, Board independence, Board processes and the right mix of expertise, experience and skills, and whether the Board has made balanced and well-considered decisions on the various issues that come before them.

The NC evaluates each Director's performance based on the following review parameters, including:-

- 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 in relation to (i) the effectiveness of strategies and directions of the Company to enhance long-term shareholders' value; and (ii) the safeguarding of the Company's assets and shareholders' investment; and
- the technical knowledge of the Directors.

The performance criteria for the Board and individual Directors are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

During the appraisal, Directors would complete the assessments checklists which will then be compiled by the Company Secretary before the results are submitted to the NC Chairman.

The NC acts on the performance evaluation result and where appropriate, proposes new members to be appointed to the Board or seek the resignation of any Director.

The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the right 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 has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole and the Board Committees, as well as the performance of each individual Director has met the Group's standards and expectations. Although some of the Board members have multiple board representations and other principal commitments, the NC is satisfied that sufficient time and attention has been given by the Directors to the Group.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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

The Management also regularly keeps the Board updated on the operational activities, project progress and development, and future prospects of the Group through quarterly Board papers and ad hoc email correspondences. Comprehensive quarterly financial reports are submitted to the Board for review and approval before they are released to the public. These updates and reports are supported with background or explanatory information, disclosure documents, proposals, work plans and budgets, forecasts and valuations, and monthly management accounts.

In addition, Directors may also liaise directly with senior Management and other employees to seek additional information, if required.

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 specialised 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 fulfill his or her duties and responsibilities as a Director, at the Company's expense.

2. REMUNERATION MATTERS

Procedures for developing remuneration policies

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 Directors. They are:

Tan Poh Chye Allan	Chairman
Kuan Cheng Tuck	
Gan Siew Lian	

The principal functions of the RC are, *inter alia:*

(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 CEO (or 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) reviewing and recommending to the Board the terms of renewal of the service contracts of Directors;

(c) reviewing the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

(d) in respect of any long-term incentive schemes including share schemes as may be implemented, to consider whether any Director and executive officers 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 or she is interested.

The recommendations of the RC on the remuneration of the Directors should be submitted for endorsement by the entire Board.

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 with 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 or she will abstain from such review.

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

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The setting of remuneration package for Executive Directors and senior Management are structured to link rewards to corporate and individual performance. The performance related elements of remuneration form a significant portion of the total remuneration package in order to align the Executive Directors' and senior Management's interests with those of the shareholders. The RC will also take into consideration the pay and employment conditions within the industry and comparable companies.

The remuneration for the Company's Executive Directors and senior Management comprises a basic salary component and a variable component which is a discretionary bonus, based on the performance of the Group as a whole and their individual performance. There are no pre-determined performance conditions for the discretionary bonus. The discretionary bonus for the Executive Directors and senior Management will be recommended by the RC and subject to approval by the Board.

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. No Director is involved in any discussion relating to his or her own remuneration, terms and conditions of service, and the review of his or her performance.

The Company recognises the importance of motivating its employees and in this regard, the CNMC Performance Share Plan (the "PSP") was approved at an extraordinary general meeting of the shareholders of the Company on 14 October 2011. Please refer to pages 34 and 35 for further details on the PSP.

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 only 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. There is no profit-sharing provision in the service agreements of the three Executive Directors.

The Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and their responsibilities. 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.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, 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 management personnel, and performance.

The remuneration breakdown of each individual Director and key executives for FY2013 are set out below:

(A) Directors

Remuneration band and Name	Base/Fixed Salary	Director's Fees	Bonus	Total
Between S$500,000 and S$750,000 per annum				
Professor Lin Xiang Xiong @ Lin Ye	50%	–	50%	100%
Between S$250,000 and S$500,000 per annum				
Lim Kuoh Yang	67%	–	33%	100%
Below S$250,000 per annum				
Choo Chee Kong	80%	–	20%	100%
Kuan Cheng Tuck	–	100%	–	100%
Tan Poh Chye Allan	–	100%	–	100%
Gan Siew Lian	–	100%	–	100%

In view of the confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of the Directors in the annual report.

(B) Key Executives

Name	Base/ Fixed Salary	Bonus	Total
Below S$250,000 per annum			
Chen Yan(1)	100%	–	100%
Lim Kwang Hui	69%	31%	100%
Yeap Kok Seng	70%	30%	100%
Cheam Chee Chian	80%	20%	100%
Ting Shu Hwei *	80%	20%	100%

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

(1) Chen Yan resigned on the 27 March 2013.

The annual aggregate remuneration paid to the top five key executives of the Group for FY2013 is S$343,137.

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$50,000 during FY2013.

There are no termination or retirement benefits, as well as post-employment benefits that are granted to the Directors, CEO and the key executives.

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 PSP is primarily a share incentive scheme. The purpose of the PSP is to provide an opportunity for the Group's employees, who have met the performance conditions, which are prescribed by the awards committee at the grant of the award and subject to the final approval by the Board, to be remunerated not just through cash bonuses but also by an equity stake in the Company.

The PSP will enable the Company to give recognition to such employees who have made contributions to the success and continued well-being of the Group. It will also help to achieve the following positive objectives:

(i) to motivate each participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;

(ii) to retain key employees and Executive Directors whose contributions are essential to the long-term growth and profitability of the Group;

(iii) to instill loyalty to and a stronger identification by the participants with the long-term prosperity of the Company;

(iv) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders; and

(v) 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").

The PSP has been amended through the insertion of a new Rule 5.8. The amendment was approved at the Company's extraordinary general meeting (EGM) held on 27 April 2012 and the details are set out in the Company's Circular dated 12 April 2012.

During FY2013, no awards of shares have been granted under the PSP to any employees and Directors of the Company.

3. ACCOUNTABILITY AND AUDIT

Accountability

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

The Group announces its financial results on a quarterly basis and other information via the SGXNET in accordance with the statutory requirements of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Catalist Rules") and annual reports are issued within the prescribed periods.

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

Price sensitive information will be publicly released either before the Company meets with any group of shareholders, investors or research analysts. Financial results and annual reports are announced and issued within the statutory prescribed periods.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Internal Controls

The Group's internal controls 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 controls 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 controls 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.

As part of the annual statutory audit, the Company's external auditors will highlight any material weakness in financial controls over the areas which are significant to the audit. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the external auditors in this respect, if any.

The internal auditors tested the adequacy of material internal controls in the Group's business processes and highlighted significant matters that require Management's attention. The AC keeps under review the effectiveness of the Group's system of accounting and internal financial controls, for which the Directors are responsible. The AC, together with the Board, will also review the effectiveness of the Group's internal controls put in place to address the key financial, operational and compliance risks which will affect the Group's operations. Any material non-compliance and recommendations for improvements will also be reported to the AC by the internal auditors. The AC will also review the actions taken by the Management on the recommendations made by the internal auditors in this respect. The Board and the AC have reviewed the risk management policies alongside the management controls that are in place and the findings from the internal and external auditors. Based on the work performed by the internal and external auditors, and review performed by Management and the Board committees, the AC and the Board are of the opinion that the present system of internal controls in place was adequate in addressing the financial, operational, compliance risks and information technology of the Group for FY2013.

For FY2013, the Board have received assurance from both the CEO and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and also that an effective risk management and internal controls system have been put in place.

Risk Management

The Group currently does not have a Risk Management Committee but the Management regularly reviews the Group's operational and business activities to identify areas of significant business 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 and matters to Directors and the AC. The Board is ultimately responsible for the Group's risk management.

In managing operational risk, a handbook was published and distributed to the Group's staff to reduce and eliminate the operational risks involved at the Group's factories and operating site.

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 internal compliance code prohibits dealings in the Company's securities by all Directors and executives on short-term considerations or if they are in possession of unpublished price sensitive information of the Company and its subsidiaries within the certain trading periods. The "black-out" periods are one (1) month prior to the announcement of the Company's full-year financial results and two (2) weeks prior to the announcement for each of the three quarterly financial results by the Company and ending on the date of the announcement of the financial results.

In addition, the Company reminds all the Directors and executives to observe insider-trading rules and laws at all times, even during the non-black out periods for them to deal in its securities.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

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

Kuan Cheng Tuck	Chairman
Tan Poh Chye Allan	
Gan Siew Lian	

The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the requisite accounting or related financial management expertise or experience.

The AC assists the Board in discharging its responsibility in safeguarding the Company's assets, maintaining adequate accounting records, and developing and maintaining 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. The AC will provide a channel of communication between the Board, the Management and the external and internal 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. The duties of the AC include, *inter alia*, the following:-

(a) review with the external auditors the audit plan, their evaluation of the internal accounting control system, their audit report, their management letter and the Management's response thereof;

(b) review with the internal auditors the scope and results of internal audit procedures, the internal audit plan and the adequacy and effectiveness of the internal controls including financial, operational compliance and information technology controls, and risk management;

(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 controls and procedures and ensure co-ordination between the external auditors and the Management, review 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 the adequacy and effectiveness of the internal audit function at least annually;

(g) review and approve interested person transactions and review procedures thereof;

(h) review potential conflicts of interest (if any) and 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, re-appointment or removal of the external auditors and approve the remuneration and terms of engagement of the external 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 the statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has been given full authority to investigate any matter within its terms of reference and full access to 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 members are briefed and updated by the external auditors if there are any changes or developments to the accounting standards during AC meetings.

The AC meets with both the external and internal auditors without the presence of the Management at least once every financial year. The AC has met with the external and internal auditors for FY2013. The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences. The AC has recommended that KPMG LLP be nominated for re-appointment as the Company's auditors at the forthcoming AGM of the Company.

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

The AC reviews the independence of the external auditors annually. The AC has reviewed the non-audit services, which include tax agent service and the review of the Company's interim dividend, 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. Details of the fees paid or payable to the external auditors are disclosed in the accompanying financial statements.

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. Such concerns include fraudulent acts, dishonesty, legal breaches and other serious improper conduct, unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation. It aims to provide an avenue for employees to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.

Whenever a concern is raised under the policy by writing, telephonically or in person to the above mentioned whistleblowing committee member, the whistle blower and the report received shall be treated with utmost confidentiality and will be attended to immediately. The whistle blowing policy is posted in the Company's premises.

When making a report, the whistleblower should provide the following information as stated in the whistleblower report form:

- Name, NRIC and contact details;
- Parties involved, time and place of the alleged improprieties;
- Evidence leading to the improprieties, if any; and
- Any other details or documentation that would assist in the evaluation of the improprieties.

Some concerns may be resolved by agreed action without the need for investigation. If investigation is necessary, the whistle blowing committee member will direct an independent investigation to be conducted on the complaint received. All whistle blowers have a duty to cooperate with investigations.

The AC oversees the administration of the policy. Periodic reports will be submitted to the AC stating the number and the complaints received, results of the investigations, follow-up actions required and any unresolved complaints. There were no complaints received during FY2013.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The objective of the internal audit function is to provide independent recommendations designed to improve the Group's operations. Internal audit helps to determine whether the Group's risk management, internal controls and corporate governance processes, as designed by the Group, are adequate and functioning in the required manner.

The AC selects and approves the appointment of the internal auditors. For FY2013, the Company outsourced RSM Ethos Pte Ltd as its internal auditors to conduct reviews of the material internal controls and to test if the controls are implemented properly. The internal auditor reports to the AC and has full access to all the Company's documents, records, properties and personnel.

The AC decides on the timing of the commissioning of the internal audit function from time to time and reviews the audit plans of the internal auditors, ensures that adequate resources are directed to carry out those plans and will review the results of the internal auditor's examination of the Company's system of internal controls. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All CNMC shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Procedures are implemented to ensure that there is adequate disclosure of the developments and the operations in the Group in accordance with the Catalist Rules.

The shareholders are informed of general meetings through notices enclosed together with the annual reports or circulars sent to all shareholders. These notices are also posted onto the SGXNET and published in the press. Any notice of a general meeting to shareholders is issued at least 14 days (or as required) before the scheduled date of such meeting.

The Company also ensures that the shareholders have the opportunity to participate in and vote at the general meetings. The voting procedures are also explained to all the shareholders during the general meetings.

Registered shareholders, including corporations, who are unable to attend the general meetings are entitled to appoint up to two proxies. The Company will consider amending its Articles to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote 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 in accordance with the Catalist Rules.

All shareholders of the Company shall receive the annual report, circular, notice of annual general meeting and notice of extraordinary 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.

The Company also disseminates information, including the financial reports and annual report, to shareholders and the public through its website www.cnmc.com.hk.

In FY2013, the Company has taken steps to solicit and understand shareholders' view regularly through its investors' dialogue sessions on a quarterly basis and also its annual general meeting.

The Company has declared an interim dividend payout in December 2013 of S$0.001 per share and the payouts are clearly communicated to shareholders in a press release and via an announcement on the SGXNET.

Dividend Policy

On the 16 December 2013, the Company declared an interim one-tier tax exempt dividend of S$0.001 per ordinary share in respect of FY2013 and the payment of the interim dividend was made on 20 January 2014 to all the shareholders.

To further reward shareholders, the Company is proposing a final dividend of S$0.001 per share for FY2013, to be approved by shareholders at the forthcoming annual general meeting.

Notwithstanding the above, the Company strives to pay dividends of up to 30% of its net profits for each financial year going forward, based on the recommendations of the Board and subject to the factors described below.

The Company's dividend policy is as below:

(i) in determining the Company's dividend pay-out ratio in respect of any particular financial year, the Board will take into account the Group's desire to maintain or potentially increase dividend levels in accordance with the Company's overall objective of maximising shareholder value over the longer term; and

(ii) to the extent that any dividends are paid in the future, the form, frequency and amount of such dividends will depend on the Group's results of operations, future prospects, financial conditions, other cash requirements including projected capital expenditure, other investment plans, the terms of borrowing arrangements (if any), dividend yield of comparable companies listed in Singapore, general economic and business conditions in both Singapore and Malaysia as well as other factors deemed relevant by the Directors.

The Directors may declare or propose final dividend which will be approved by shareholders by way of an ordinary resolution at the annual general meeting. The Directors may also declare and pay interim dividend without the approval of the shareholders.

Shareholders and investors should note that all the foregoing statements, including the statements in the dividend policy as mentioned above, are merely statements of the Company's present intention and shall not constitute legally binding statements in respect of any future dividends which may be subject to modification (including reduction or non-declaration thereof) in the Directors' sole and absolute discretion. No inference shall or can be made from any of the foregoing statements as to the Company's actual future profitability or ability to pay dividends in any of the periods discussed.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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

The Board encourages all the shareholders to attend annual and extraordinary general meetings to ensure a greater level of shareholders' participation and to meet with the Board and the Management so as to stay informed of the Company's developments. For those who are not registered as shareholders of the Company, the Company does welcome them to attend the general meetings as observers.

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 external auditors are also present at the annual general meeting to assist the Directors in addressing any relevant queries from the shareholders.

All minutes of the discussion at the general meetings are available to shareholders upon their request.

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

To enhance the shareholders' participation, the Company puts all resolutions at general meetings to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. The polling results are announced via the SGXNET and posted on the Company's website after the meetings.

5. Material Contracts

There were no material contracts of the Company and its subsidiaries involving the interests of the Executive Directors or controlling shareholders that are either still subsisting at the end of FY2013 or if not then subsisting, entered into since the end of the previous financial year.

6. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Innovation (China) Limited *(service fee paid pursuant to a supplemental joint venture agreement dated 30 March 2011)*	US$0.35 million	–

Save for the Service Fee above, the Group did not enter into any interested person transactions of S$100,000 and more during FY2013.

The Group does not have a general mandate pursuant to Rule 920 of the Catalist Rules for interested person transactions.

7. Non-Sponsor Fees

There were no non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance. Pte. Ltd. during FY2013.

Financial Contents

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 2013.

Directors

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

Professor Lin Xiang Xiong
Choo Chee Kong
Lim Kuoh Yang
Kuan Cheng Tuck
Tan Poh Chye Allan
Gan Siew Lian

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:

	Holdings at beginning of the year		Holdings at end of the year	
Name of director and corporation in which interests are held	Direct interest	Deemed interest	Direct interest	Deemed interest
CNMC Goldmine Holdings Limited				
- ordinary shares				
Professor Lin Xiang Xiong	260,000	123,862,500	260,000	106,987,500
Choo Chee Kong	205,000	52,662,500	205,000	52,662,500
Lim Kuoh Yang	–	124,122,500	–	107,247,500

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2014.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the 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.

Except for salaries, bonuses and fees and those benefits that are disclosed in note 29 to the financial statements, since the end of the last financial year, 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.

Performance shares

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 PSP was subsequently amended and approved by insertion of a new Rule 5.8 at the Company's extraordinary general meeting held on 27 April 2012.

The PSP is administered by an awards committee comprising Mr Tan Poh Chye Allan, Mr Kuan Cheng Tuck and Ms Gan Siew Lian. The PSP grants a participant the right to receive fully paid shares free of charge, upon the participant achieving prescribed performance targets. Employees of the Group, employees of an associated company, directors and employees of the Company's parent company and its subsidiaries, and controlling shareholders and their associates are eligible to participate in the PSP.

The total number of new shares which may be issued pursuant to awards granted under the PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of award. The aggregate number of shares available under the PSP shall not exceed 15% of the total issued share capital of the Company from time to time.

As at the end of the financial year, no awards of shares have been granted under the PSP to controlling shareholders or their associates and no participants have received shares which in aggregate represent 5% or more of the total number of shares available under the PSP.

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)
- Tan Poh Chye Allan
- Gan Siew Lian

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 Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. 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 also reviewed the following:

- assistance provided by the Company's officers to the internal and external 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
- interested person transactions (as defined in Chapter 9 of the SGX 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.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

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

21 March 2014

STATEMENT BY DIRECTORS

In our opinion:

(a the financial statements set out on pages 49 to 96 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 2013 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

21 March 2014

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 2013, the statement of profit or loss, 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 49 to 96.

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 2013 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
Chartered Accountants

Singapore
21 March 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group		Company	
		2013 US$	2012 US$	2013 US$	2012 US$
Assets					
Exploration and evaluation assets	5	3,990,897	1,895,666	–	–
Mine properties	6	5,579,285	4,791,433	–	–
Property, plant and equipment	7	6,219,314	4,731,303	10,115	73,234
Interests in subsidiaries	8	–	–	8,202,036	7,856,177
Deferred tax assets	9	207,461	175,459	207,461	175,459
Non-current assets		15,996,957	11,593,861	8,419,612	8,104,870
Inventories	10	1,092,095	1,024,281	–	–
Trade and other receivables	11	1,250,942	802,778	7,697,619	5,121,680
Cash and cash equivalents	12	2,995,725	2,686,529	984,459	1,446,848
Current assets		5,338,762	4,513,588	8,682,078	6,568,528
Total assets		21,335,719	16,107,449	17,101,690	14,673,398
Equity					
Share capital	13	18,032,233	18,032,233	18,032,233	18,032,233
Accumulated losses		(6,639,065)	(8,993,664)	(3,059,898)	(3,574,087)
Reserves	14	2,823,883	2,845,351	–	–
Equity attributable to owners of the Company		14,217,051	11,883,920	14,972,335	14,458,146
Non-controlling interests		325,046	59,098	–	–
Total equity		14,542,097	11,943,018	14,972,335	14,458,146
Liabilities					
Loans and borrowings	15	14,014	25,494	–	–
Deferred tax liabilities	9	331,913	67,919	–	–
Non-current liabilities		345,927	93,413	–	–
Loans and borrowings	15	1,062,746	9,504	1,053,599	–
Derivative financial instrument	16	91,031	–	91,031	–
Accrued rehabilitation costs	17	317,124	205,919	–	–
Trade and other payables	18	3,425,822	3,850,085	659,875	215,252
Dividends payable	19	324,850	–	324,850	–
Current tax liabilities		1,226,122	5,510	–	–
Current liabilities		6,447,695	4,071,018	2,129,355	215,252
Total liabilities		6,793,622	4,164,431	2,129,355	215,252
Total equity and liabilities		21,335,719	16,107,449	17,101,690	14,673,398

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Note	2013 US$	2012 US$
Revenue		16,625,532	16,761,082
Other income	20	7,693	183,862
Changes in inventories of finished goods		(72,915)	189,614
Amortisation and depreciation	21	(1,806,691)	(1,417,703)
Contractor expenses		(8,440)	(4,598,294)
Employees' compensation		(1,213,665)	(1,209,800)
Key management remuneration		(1,542,292)	(997,022)
Marketing and publicity expenses		(99,882)	(91,494)
Office and administration expenses		(266,169)	(248,489)
Professional fees		(722,025)	(452,939)
Rental expense on operating lease		(263,602)	(449,559)
Royalty and tribute fee expenses		(1,302,940)	(1,494,502)
Site and factory expenses		(3,517,287)	(2,655,721)
Travelling and transportation expenses	25	(157,588)	(2,037,703)
Other expenses	22	(441,556)	(13,596)
Total expenses		(11,415,052)	(15,477,208)
Finance income	23	410	626
Finance costs	23	(46,226)	(8,818)
Net finance costs		(45,816)	(8,192)
Profit before tax		5,172,357	1,459,544
Tax expense	24	(1,738,764)	(448,820)
Profit for the year	25	3,433,593	1,010,724
Profit attributable to:			
Owners of the Company		2,679,449	743,786
Non-controlling interests		754,144	266,938
Profit for the year		3,433,593	1,010,724
Earnings per share			
Basic earnings per share (cents)	26	0.66	0.18
Diluted earnings per share (cents)	26	0.65	0.18

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 US$	2012 US$
Profit for the year	3,433,593	1,010,724
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation of foreign subsidiaries	(29,192)	25,947
Other comprehensive income for the year, net of tax	(29,192)	25,947
Total comprehensive income for the year	3,404,401	1,036,671
Total comprehensive income attributable to:		
Owners of the Company	2,657,981	765,499
Non-controlling interests	746,420	271,172
Total comprehensive income for the year	3,404,401	1,036,671

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

Group	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$
At 1 January 2012		16,934,840	2,824,635	(997)	(9,737,450)	10,021,028	(212,074)	9,808,954
Total comprehensive income for the year								
Profit for the year		–	–	–	743,786	743,786	266,938	1,010,724
Other comprehensive income								
Exchange differences arising on consolidation of foreign subsidiaries		–	–	21,713	–	21,713	4,234	25,947
Total other comprehensive income		–	–	21,713	–	21,713	4,234	25,947
Total comprehensive income for the year		–	–	21,713	743,786	765,499	271,172	1,036,671
Transactions with owners, recorded directly in equity								
Contributions by owners of the Company								
Issue of ordinary shares	13	1,097,393	–	–	–	1,097,393	–	1,097,393
Total contributions by owners		1,097,393	–	–	–	1,097,393	–	1,097,393
Total transactions with owners		1,097,393	–	–	–	1,097,393	–	1,097,393
At 31 December 2012		18,032,233	2,824,635	20,716	(8,993,664)	11,883,920	59,098	11,943,018

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2013

Group	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$
At 1 January 2013		18,032,233	2,824,635	20,716	(8,993,664)	11,883,920	59,098	11,943,018
Total comprehensive income for the year								
Profit for the year		–	–	–	2,679,449	2,679,449	754,144	3,433,593
Other comprehensive income								
Exchange differences arising on consolidation of foreign subsidiaries		–	–	(21,468)	–	(21,468)	(7,724)	(29,192)
Total other comprehensive income		–	–	(21,468)	–	(21,468)	(7,724)	(29,192)
Total comprehensive income for the year		–	–	(21,468)	2,679,449	2,657,981	746,420	3,404,401
Transactions with owners, recorded directly in equity								
Distributions to owners								
Interim dividends declared	19	–	–	–	(324,850)	(324,850)	–	(324,850)
Dividends paid to non-controlling interests	19	–	–	–	–	–	(480,472)	(480,472)
Total distributions to owners		–	–	–	(324,850)	(324,850)	(480,472)	(805,322)
Total transactions with owners		–	–	–	(324,850)	(324,850)	(480,472)	(805,322)
At 31 December 2013		18,032,233	2,824,635	(752)	(6,639,065)	14,217,051	325,046	14,542,097

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Note	2013 US$	2012 US$
Cash flows from operating activities			
Profit for the year		3,433,593	1,010,724
Adjustments for:			
Amortisation of mine properties	21	438,879	201,902
Depreciation of property, plant and equipment	21	1,367,812	1,215,801
Plant and equipment written off		61,912	–
Deposits written off		15,287	–
Interest expense		46,226	2,101
Interest income		(410)	(626)
Loss/(Gain) on disposal of plant and equipment		1,870	(480)
Tax expense		1,738,764	448,820
		7,103,933	2,878,242
Changes in:			
- Inventories		(67,814)	(736,411)
- Trade and other receivables		(463,451)	(657,450)
- Accrued rehabilitation costs, and trade and other payables		(1,672,175)	(1,164,859)
Cash generated from operations		4,900,493	319,522
Interest received		410	626
Interest paid		(30,744)	(2,101)
Net cash generated from operating activities		4,870,159	318,047
Cash flows from investing activities			
Payment for exploration and evaluation assets, and mine properties		(2,146,851)	(375,902)
Proceeds from sales of property, plant and equipment		12,580	–
Purchase of property, plant and equipment		(3,056,029)	(2,682,604)
Net cash used in investing activities		(5,190,300)	(3,058,506)
Cash flows from financing activities			
Deposits pledged		(788,500)	(871,055)
Deposits returned		871,055	–
Proceeds from issuance of convertible loan		1,144,630	–
Proceeds from short term borrowings		403,200	–
Repayment of short term borrowings		(398,200)	–
Dividend paid to non-controlling interests		(480,472)	–
Payment of finance lease liabilities		(10,629)	(6,352)
Net cash generated from/(used in) financing activities		741,084	(877,407)
Net increase/(decrease) in cash and cash equivalents		420,943	(3,617,866)
Cash and cash equivalents at 1 January		1,815,474	5,407,393
Effect of exchange rate fluctuations on cash held		(29,192)	25,947
Cash and cash equivalents at 31 December	12	2,207,225	1,815,474

During the year ended 31 December 2013, the Group acquired property, plant and equipment with an aggregate cost of US$3,295,731 (2012: US$3,154,747). The total consideration of US$239,702 (2012: US$472,143) 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$3,321,963 (2012: US$604,574) of which US$161,369 (2012: US$120,124) was included in accrued rehabilitation costs (note 17). As at 31 December 2013, a total consideration of US$1,013,743 (2012: US$108,548) is yet to be paid to third parties.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 March 2014.

1 Domicile and activities

CNMC Goldmine Holdings Limited is a company incorporated in Singapore. The address of the Company's registered office is 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455.

The financial statements of the Group as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are set out in note 8 to the financial statements. One of the subsidiaries, CMNM Mining Group Sdn. Bhd. has the contractual rights granted by Kelantan State Economic Development Corporation, to mine and produce gold and other minerals found within a mining area covering approximately 10 square kilometres within Sungai Amang and Sungai Sejana, Mukim Sokor, Sokor, Tanah Merah, Kelantan, Malaysia for a period of 10 years expiring on 7 April 2018.

2 Going concern

As at 31 December 2013, the Group has a net current liabilities of US$1,108,933 (2012: net current assets of US$442,570) and an accumulated losses of US$6,639,065 (2012: US$8,993,664). Notwithstanding these, the directors are of the opinion that the Group is able to meet its 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 2014. 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;

(ii) The Group recorded a profit for the year of US$3,433,593 (2012: US$1,010,724) and generated positive net cash flows from operating activities of US$4,870,159 (2012: US$318,047) for the year ended 31 December 2013; and

(iii) 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 a period of three years from 28 October 2011 to 28 October 2014 in connection with the listing of the Company on the official list of the Catalist Board of SGX-ST on 28 October 2011.

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.

3 Basis of preparation

3.1 Statement of compliance

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

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value, and/or amortised cost as disclosed in the accounting policies set out below.

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgements

The preparation of the 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.

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 5 – Impairment of exploration and evaluation assets
- Note 6 – Impairment and amortisation of mine properties
- Note 7 – Impairment and depreciation of property, plant and equipment
- Notes 9 and 24 – Estimation of provisions for current and deferred tax

3.5 Changes in accounting policies

(i) Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(ii) Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to FRS 1 *Presentation of Financial Statements*, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

4 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 3.5, which addresses changes in accounting policies.

4.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as 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 Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interests in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. 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.

Where share-based payment awards ("replacement awards") are 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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either 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. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their own capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

4 Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

(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) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) 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.

(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) Subsidiaries in the separate financial statements

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

4.2 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.

4 Significant accounting policies (cont'd)

4.2 Foreign currency (cont'd)

(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 United States 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 foreign 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 are recognised in other comprehensive income, and are presented in the translation reserve in equity.

4.3 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 trade and other receivables, and cash and cash equivalents.

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.

4 Significant accounting policies (cont'd)

4.3 Financial instruments (cont'd)

(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 expire.

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 liabilities into the other financial liabilities category. Such 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 loans and borrowings, and trade and other payables.

(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.

(iv) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible loans denominated in Singapore Dollars that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

A convertible loan 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 convertible 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*. The derivative is recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative is carried at fair value and 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 component are recognised in profit or loss.

4 Significant accounting policies (cont'd)

4.4 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.

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 income/other 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 running of mines costs are recoverable ounces of gold. The unit-of-production rate for the amortisation 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 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. No depreciation is provided on construction work in progress.

4 Significant accounting policies (cont'd)

4.4 Property, plant and equipment, and mine properties (cont'd)

(iii) Amortisation/Depreciation (cont'd)

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

• buildings	5 to 8 years
• plant and equipment	3 to 8 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.

4.5 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 4.1(i).

(i) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

4.6 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.

4 Significant accounting policies (cont'd)

4.6 Mineral exploration, evaluation and development expenditure (cont'd)

(ii) Exploration and evaluation costs

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.

(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".

4 Significant accounting policies (cont'd)

4.7 Inventories

Gold in process inventory consists of gold contained in the ore on leach ponds and in circuit material within processing operation. Gold dorè 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 uncertainity 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 12 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 of 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.

4.8 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 an impact 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 will enter bankruptcy and adverse changes in the payment status of borrowers in the group.

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.

4 Significant accounting policies (cont'd)

4.8 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then 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 CGUs. Subject to an operating segment ceiling test, for the purposes 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 CGUs) 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.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

4.9 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 expense in profit or loss in the periods during which related services are rendered by employees.

4 Significant accounting policies (cont'd)

4.9 Employee benefits (cont'd)

(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.

(iii) Share-based payment transaction

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up differences between expected and actual outcomes.

4.10 Accrued rehabilitation costs

The Group records the costs of constructive obligations required to restore operating locations on an annual basis. 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 accrued costs are 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.

Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

4.11 Revenue recognition

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

(i) Sales of gold and non-gold metals

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 sales of gold and non-gold metals 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.

4 Significant accounting policies (cont'd)

4.12 Finance income and finance costs

Finance income comprise interest income on cash and cash equivalents. Interest income is recognised in profit and loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and unwinding of discount on accrued rehabilitation costs.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.13 Tax

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;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. 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 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 determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes 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 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.

4 Significant accounting policies (cont'd)

4.14 Lease payments

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. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of that specified asset or assets; and
- the arrangement conveys the right to use the asset(s).

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.

4.15 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings 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 earnings 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, which comprise convertible loan.

4.16 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 (primarily the Company's headquarters), corporate expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, mine properties and exploration and evaluation assets.

4 Significant accounting policies (cont'd)

4.17 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 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Group that are not expected to have a significant effect on the financial statements of the Group and the Company in future financial periods, and which the Group does not plan to early adopt except as otherwise indicated below, are set out below.

Applicable for the Group's 2014 financial statements

- FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of de facto circumstances.

- FRS 111 *Joint Arrangements* establishes the principles for classification and accounting of joint arrangements. The adoption of this standard would require the Group to re-assess and classify its joint arrangements as either joint operations or joint ventures based on its rights and obligations arising from the joint arrangements. Under this standard, interests in joint ventures will be accounted for using the equity method whilst interests in joint operations will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, revenue and expense items arising from the joint operations. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

- FRS 112 *Disclosure of Interests in Other Entities* brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries and joint arrangements in comparison with the existing disclosures. FRS 112 requires the disclosure of information about the nature, risks and financial effects of these interests.

  FRS 110, FRS 111 and FRS 112 are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position.

  Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

5 Exploration and evaluation assets

	Group	
	2013 US$	2012 US$
At 1 January	1,895,666	1,987,167
Expenditure incurred during the year	3,160,593	484,450
Expenditure transferred to mine properties	(1,065,362)	(575,951)
At 31 December	3,990,897	1,895,666

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 {note 4.8(ii)}.

6 Mine properties

	Mining rights US$	Mine design in progress US$	Producing mines US$	Total US$
Group				
Cost				
At 1 January 2012	496,801	184,000	4,004,479	4,685,280
Additions	–	–	120,124	120,124
Expenditure transferred from exploration and evaluation assets	–	–	575,951	575,951
At 31 December 2012	496,801	184,000	4,700,554	5,381,355
Additions	–	–	161,369	161,369
Expenditure transferred from exploration and evaluation assets	–	–	1,065,362	1,065,362
At 31 December 2013	496,801	184,000	5,927,285	6,608,086
Accumulated amortisation				
At 1 January 2012	182,160	–	205,860	388,020
Amortisation charge for the year	49,680	–	152,222	201,902
At 31 December 2012	231,840	–	358,082	589,922
Amortisation charge for the year	49,680	–	389,199	438,879
At 31 December 2013	281,520	–	747,281	1,028,801
Carrying amounts				
At 1 January 2012	314,641	184,000	3,798,619	4,297,260
At 31 December 2012	264,961	184,000	4,342,472	4,791,433
At 31 December 2013	215,281	184,000	5,180,004	5,579,285

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.

6 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 pre-tax discount rate of 19.96% (2012: 18.83%). 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 2013.

Amortisation

The carrying amount of the mining rights 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.

7 Property, plant and equipment

	Buildings US$	Plant and equipment US$	Fixtures and fittings US$	Motor vehicles US$	Construction work in progress US$	Total US$
Group						
Cost						
At 1 January 2012	998,119	2,110,319	194,985	237,306	–	3,540,729
Additions	–	1,214,903	15,644	387,125	1,537,075	3,154,747
Disposals/Written off	–	(8,646)	–	–	–	(8,646)
Reclassification	609,096	366,291	–	–	(975,387)	–
At 31 December 2012	1,607,215	3,682,867	210,629	624,431	561,688	6,686,830
Additions	–	259,688	2,261	257,797	2,775,985	3,295,731
Disposals/Written off	(117,770)	(19,939)	–	–	–	(137,709)
Reclassification	1,570,552	24,018	–	2,695	(1,597,265)	–
At 31 December 2013	3,059,997	3,946,634	212,890	884,923	1,740,408	9,844,852
Accumulated depreciation and impairment losses						
At 1 January 2012	188,406	407,542	23,482	120,776	–	740,206
Depreciation charge for the year	161,733	840,695	98,219	115,154	–	1,215,801
Disposals/Written off	–	(480)	–	–	–	(480)
At 31 December 2012	350,139	1,247,757	121,701	235,930	–	1,955,527
Depreciation charge for the year	303,684	1,131,737	82,995	212,942	–	1,731,358
Disposals/Written off	(55,858)	(5,489)	–	–	–	(61,347)
At 31 December 2013	597,965	2,374,005	204,696	448,872	–	3,625,538
Carrying amounts						
At 1 January 2012	809,713	1,702,777	171,503	116,530	–	2,800,523
At 31 December 2012	1,257,076	2,435,110	88,928	388,501	561,688	4,731,303
At 31 December 2013	2,462,032	1,572,629	8,194	436,051	1,740,408	6,219,314

The depreciation for the year is analysed as follows:

	Note	Group 2013 US$	2012 US$
Depreciation for the year		1,731,358	1,215,801
Depreciation included in construction work in progress, and exploration and evaluation assets		(363,546)	–
Depreciation charged to profit or loss	21	1,367,812	1,215,801

7 Property, plant and equipment (cont'd)

	Plant and equipment US$	Fixtures and fittings US$	Total US$
Company			
Cost			
At 1 January 2012	–	138,229	138,229
Additions	5,561	6,539	12,100
At 31 December 2012	5,561	144,768	150,329
Additions	3,109	2,261	5,370
At 31 December 2013	8,670	147,029	155,699
Accumulated depreciation and impairment losses			
At 1 January 2012	–	5,715	5,715
Depreciation charge for the year	860	70,520	71,380
At 31 December 2012	860	76,235	77,095
Depreciation charge for the year	2,389	66,100	68,489
At 31 December 2013	3,249	142,335	145,584
Carrying amounts			
At 1 January 2012	–	132,514	132,514
At 31 December 2012	4,701	68,533	73,234
At 31 December 2013	5,421	4,694	10,115

8 Interests in subsidiaries

	Company	
	2013 US$	2012 US$
Equity investments at cost	8,233,503	7,887,644
Allowance for impairment	(31,467)	(31,467)
	8,202,036	7,856,177

Impairment on investment in a subsidiary

In 2012, the Company impaired the investment cost in CMNM-Juyuan Mining Sdn. Bhd. of US$31,467. The subsidiary had temporarily ceased its operations and all its properties, plant and equipment were transferred to CMNM Mining Group Sdn. Bhd., a subsidiary within the Group.

8 Interests in subsidiaries (cont'd)

The following are the Company's subsidiaries:

	Company name	Principal activities	Country of incorporation	Effective equity held by the Group 2013 %	2012 %
Held by the Company					
[1]	CNMC Goldmine Limited ("CNMC HK")	Investment holding company	Hong Kong SAR	100	100
[2,4]	CMNM Mining Group Sdn. Bhd. ("CMNM Mining")	Exploration and mining of gold deposits	Malaysia	81	–
[2,6]	CMNM-Juyuan Mining Sdn. Bhd. ("CMNM-Juyuan")	Exploration and mining of gold deposits Currently dormant	Malaysia	100	100
[5]	MCS Tin Holdings Sdn. Bhd. ("MCS Tin")	Investment holding company	Malaysia	100	–
Held by CNMC HK					
[2,3]	MCS Mining Group Sdn. Bhd. ("MCS")	Exploration and mining of gold deposits Currently dormant	Malaysia	80	80
[3]	CNMC-Nalata Mining Sdn. Bhd.	Exploration and mining of gold deposits Currently dormant	Malaysia	80	80
[2,4]	CMNM Mining Group Sdn. Bhd.	Exploration and mining of gold deposits	Malaysia	–	81

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

[2] Audited by another member firm of KPMG International.

[3] CNMC HK is the registered holder of 87.5% interest in MCS. CNMC HK has an arrangement with the Kelantan State Government to hold 7.5% interest in MCS for the Kelantan State Government, and such interest will be transferred from CNMC HK in due course. Accordingly, the effective equity held by Group in MCS is 80% (2012: 80%) as at 31 December 2013.

[4] On 3 December 2013, CNMC HK's 81% equity interest in CMNM Mining was transferred to the Company for a consideration of US$188,610.

[5] Not required to be audited in accordance with the laws of the country of incorporation. As at 31 December 2013, the shareholders of MCS Tin are the Company, Executive Chairman and Chief Financial Officer of the Company, and an unrelated third party. The three individuals are holding their subscriber shares in MCS Tin in trust for the Company.

[6] As at 31 December 2013, the shareholders of CMNM-Juyuan are the Company, Executive Chairman and two directos of CMNM-Juyuan. The three individuals are holding their subscriber shares in CMNM-Juyuan in trust for the Company. Subsequent to 31 December 2013, CMNM-Juyuan changed its name to CNMC Development (M) Sdn. Bhd.. Following the change in name, its principal activity is that of an investment holding for its proposed new headquarters in Kelantan, Malaysia.

9 Deferred tax (liabilities)/assets

Recognised deferred tax (liabilities)/assets

Deferred tax (liabilities)/assets are attributable to the following:

	Group		Company	
	2013 US$	2012 US$	2013 US$	2012 US$
Property, plant and equipment and mine properties	(323,487)	(72,933)	8,426	13,106
Unutilised tax losses carried forward	345,026	176,553	345,026	162,353
Unutilised capital allowance carried forward	6,943	–	6,943	–
Deductible temporary differences	(152,934)	–	(152,934)	–
Others	–	3,920	–	–
	(124,452)	107,540	207,461	175,459
Represented by:				
Deferred tax assets	207,461	175,459	207,461	175,459
Deferred tax liabilities	(331,913)	(67,919)	–	–
	(124,452)	107,540	207,461	175,459

	At 1 January 2012 US$	Recognised in profit or loss (note 24) US$	At 31 December 2012 US$	Recognised in profit or loss (note 24) US$	At 31 December 2013 US$
Group					
Property, plant and equipment and mine properties	270,602	(343,535)	(72,933)	(250,554)	(323,487)
Unutilised tax losses carried forward	191,306	(14,753)	176,553	168,473	345,026
Unutilised capital allowance carried forward	–	–	–	6,943	6,943
Deductible temporary differences	–	–	–	(152,934)	(152,934)
Others	8,376	(4,456)	3,920	(3,920)	–
Deferred tax assets/(liabilities)	470,284	(362,744)	107,540	(231,992)	(124,452)
Company					
Property, plant and equipment and mine properties	–	13,106	13,106	(4,680)	8,426
Unutilised tax losses carried forward	–	162,353	162,353	182,673	345,026
Unutilised capital allowance carried forward	–	–	–	6,943	6,943
Deductible temporary differences	–	–	–	(152,934)	(152,934)
Deferred tax assets	–	175,459	175,459	32,002	207,461

For the financial year ended 31 December 2013, deferred tax assets were recognised by management based on their assessment of available future taxable profits of the Company 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.

10 Inventories

	Group	
	2013 US$	2012 US$
Work in progress/Stockpile	532,301	416,319
Consumables	559,794	607,962
	1,092,095	1,024,281

11 Trade and other receivables

	Group		Company	
	2013 US$	2012 US$	2013 US$	2012 US$
Trade receivables	475,337	539,988	–	–
Amounts due from subsidiaries				
- trade	–	–	2,559,352	767,236
- non-trade	–	–	5,095,243	4,321,595
Other receivables	257,413	154,557	9,303	125
Deposits	471,330	60,747	18,609	17,327
Loans and receivables	1,204,080	755,292	7,682,507	5,106,283
Prepayments	46,862	47,486	15,112	15,397
	1,250,942	802,778	7,697,619	5,121,680

The outstanding trade receivables are not past due as at 31 December 2013. 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.

The non-trade amounts due from subsidiaries are unsecured and repayable on demand. Interest is charged at 8.0% (2012: 6.2%) per annum.

12 Cash and cash equivalents

	Group		Company	
	2013 US$	2012 US$	2013 US$	2012 US$
Cash at banks and in hand	2,195,323	1,815,474	184,057	575,793
Fixed deposits	800,402	871,055	800,402	871,055
Cash and cash equivalents in the statement of financial position	2,995,725	2,686,529	984,459	1,446,848
Less: Deposits pledged	(788,500)	(871,055)	(788,500)	(871,055)
Cash and cash equivalents in the statement of cash flows	2,207,225	1,815,474	195,959	575,793

Deposits pledged represent bank balance pledged as security to obtain credit facilities.

13 Share capital

	Company	
	2013	2012
	Number of shares	Number of shares
Issued and fully-paid ordinary shares with no par value:		
At 1 January	407,693,000	404,693,000
Shares issued as performance bonuses	–	3,000,000
At 31 December	407,693,000	407,693,000

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.

Performance shares

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 PSP was subsequently amended and approved by insertion of a new Rule 5.8 at the Company's extraordinary general meeting held on 27 April 2012.

The PSP is administered by an awards committee comprising Mr Tan Poh Chye Allan, Mr Kuan Cheng Tuck and Ms Gan Siew Lian. The PSP grants a participant the right to receive fully paid shares free of charge, upon the participant achieving prescribed performance targets. Employees of the Group, employees of an associated company, directors and employees of the Company's parent company and its subsidiaries, and controlling shareholders and their associates are eligible to participate in the PSP.

The total number of new shares which may be issued pursuant to awards granted under the PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the share capital of the Company on the day preceding the relevant date of award. The aggregate number of shares available under the PSP shall not exceed 15% of the total issued share capital of the Company from time to time.

As at the end of the financial year, no awards of shares have been granted under the PSP to controlling shareholders or their associates and no participants have received shares which in aggregate represent 5% or more of the total number of shares available under the PSP.

On 16 May 2012, the Company issued a total of 3,000,000 new ordinary shares ("Performance Shares") at S$0.475 per share to the following persons under PSP:

- Ms Chia Chee Ching — Human Resources Manager, and formerly an employee of the Company
- Mr Yeap Kok Seng — Senior Administration Manager of CMNM Mining
- Mr Lim Kwang Hui — Deputy General Manager of CMNM Mining
- Mr Yang Mu — Chief Consultant Geologist engaged by CMNM Mining

The Performance Shares are free from all encumbrances and rank pari passu in all respects with and carry all rights similar to the existing issued ordinary shares. The issue price of S$0.475 per Performance Share represents the closing price of the shares on 31 December 2011. As the performance bonuses were awarded on the basis of the individuals' performance for the financial year ended 31 December 2011, the Company had taken the closing price of the shares on 31 December 2011 as the issue price.

13 Share capital (cont'd)

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 2012 and 2013.

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

14 Reserves

	Group	
	2013	2012
	US$	US$
Capital reserve	2,824,635	2,824,635
Translation reserve	(752)	20,716
	2,823,883	2,845,351

Capital reserve

Pursuant to the share swap agreement dated 14 October 2011, the Company has acquired the entire issued share capital of CNMC Goldmine Limited ("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.

The capital reserve as presented in the Group's consolidated financial statements represents the difference between the cost of acquisition for the restructuring exercise as described above and the amount of paid up capital of CNMC HK 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.

15 Loans and borrowings

	Group		Company	
	2013	2012	2013	2012
	US$	US$	US$	US$
Non-current				
Finance lease liabilities	14,014	25,494	–	–
Current				
Finance lease liabilities	9,147	9,504	–	–
Convertible loan	1,053,599	–	1,053,599	–
	1,062,746	9,504	1,053,599	–
Total loans and borrowings	1,076,760	34,998	1,053,599	–

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings were as follows:

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
		%		US$	US$
Group					
At 31 December 2013					
Finance lease liabilities	Ringgit Malaysia ("RM")	2.5 to 4.5	2015 to 2016	24,684	23,161
Convertible loan	Singapore Dollars ("S$")	6.5	2014	1,053,599	1,053,599
				1,078,283	1,076,760
At 31 December 2012					
Finance lease liabilities	RM	2.5 to 4.5	2015 to 2016	38,281	34,998
Company					
At 31 December 2013					
Convertible loan	S$	6.5	2014	1,053,599	1,053,599
At 31 December 2012					
Convertible loan	S$	–	–	–	–

15 Loans and 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 2013			
Within 1 year	10,095	948	9,147
After 1 year but within 5 years	14,589	575	14,014
	24,684	1,523	23,161
At 31 December 2012			
Within 1 year	11,111	1,607	9,504
After 1 year but within 5 years	27,170	1,676	25,494
	38,281	3,283	34,998

Convertible loan

	Group and Company	
	2013 US$	2012 US$
Proceeds from issue of convertible loan	1,144,630	–
Conversion rights (note 16)	(91,031)	–
Carrying amount of liability at 31 December 2013	1,053,599	–

On 15 July 2013, the Company issued a convertible loan which is unsecured and bears interest of 6.5% per annum with a total principal amount of S$1,450,000 (US$1,144,630).

The main terms of the convertible loan are as follows:

(a) It is convertible into ordinary shares of the Company at the option of the lenders at the conversion price of S$0.44 per share provided that the conversion notice is given to the Company at least 2 months before 14 July 2014 ("Maturity Date").

(b) The Maturity Date of the convertible loan can be extended by another 12 months at an interest rate of 6.5% per annum by the lenders.

16 Derivative financial instrument

	Group	
	2013 US$	2012 US$
At 1 January	–	–
Conversion rights recognised during the year	91,031	–
At 31 December	91,031	–

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

17 Accrued rehabilitation costs

	Group	
	2013 US$	2012 US$
Accrued rehabilitation costs	317,124	205,919

Included in the accrued rehabilitation costs is an amount of US$161,369 (2012: US$120,124) which are capitalised to mine properties during the year.

Prior to 2012, the Group made 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 ceases to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

In 2012, management received a clarification that the payment for the restoration costs is to be made to a rehabilitation fund which is to be administered by the relevant authorities in Kelantan, Malaysia, in accordance with Section 129 of the Mineral Enactment (Malaysia) Act 2001.

In accordance with Section 129 of the Mineral Enactment (Malaysia) Act 2001, the accrued rehabilitation costs is based on 1% of the gross sales value of all minerals extracted during a calendar year or an agreed annual fee, whichever is higher. In this connection, management accrued 1% of the gross sales value of all minerals extracted during a calendar year as rehabilitation costs.

18 Trade and other payables

	Group		Company	
	2013 US$	2012 US$	2013 US$	2012 US$
Trade payables	244,431	579,947	51,199	67,766
Other payables	1,079	80,759	–	–
Amount due to a subsidiary (non-trade)	–	–	188,610	–
Amounts due to contractors	1,211,637	320,525	–	–
Accrued operating expenses	1,794,408	2,098,878	389,091	147,486
Remuneration and fees payable to key management	174,267	376,738	30,975	–
Loans from directors	–	393,238	–	–
	3,425,822	3,850,085	659,875	215,252

The non-trade amount due to a subsidiary and loans from directors 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.

19 Dividends

The following exempt (one-tier) dividends were declared, paid and payable by the Group and Company:

For the year ended 31 December

	Group and Company	
	2013	2012
	US$	US$
Payable by the Company to owners of the Company		
Dividends on ordinary shares:		
- Interim dividends for the year ended 2013: S$0.001 (equivalent to US$0.0007968) (2012: S$Nil) per qualifying ordinary share	324,850	–

	Group	
	2013	2012
	US$	US$
Paid by a subsidiary to non-controlling interests		
Dividends on ordinary shares:		
- Final dividends for the year ended 2012: RM8.00 (equivalent to US$2.5416) (2011: RMNil) per qualifying ordinary share	241,452	–
- Interim dividends for the year ended 2013: RM8.00 (equivalent to US$2.516) (2012: RMNil) per qualifying ordinary share	239,020	–
	480,472	–

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2013	2012
	US$	US$
Payable by the Company to owners of the Company		
- Final dividends for the year ended 2013: S$0.001 (equivalent to US$0.0007894) (2012: S$Nil) per qualifying ordinary share	321,839	–

20 Other income

	Group	
	2013	2012
	US$	US$
Gain on disposal on property, plant and equipment	–	480
Net foreign exchange gain	7,273	165,920
Rental income	–	17,462
Others	420	–
	7,693	183,862

21 Amortisation and depreciation

	Note	Group 2013 US$	2012 US$
Amortisation of mine properties	6	438,879	201,902
Depreciation of property, plant and equipment	7	1,367,812	1,215,801
		1,806,691	1,417,703

22 Other expenses

	Group 2013 US$	2012 US$
Deposits written off	15,287	–
Listing expenses	–	13,596
Loss on disposal of property, plant and equipment	1,870	–
Plant and equipment written off	61,912	–
Service fee	350,000	–
Others	12,487	–
	441,556	13,596

The service fee relates to a one-off amount paid and payable to a controlling shareholder of the Company for its services rendered in connection with the commercial production of its mining operations.

23 Finance income and costs

	Group 2013 US$	2012 US$
Finance income		
Interest income on cash and cash equivalents	410	626
Finance costs		
Interest expenses on:		
- finance lease liabilities	(1,540)	(2,101)
- short term loan	(10,196)	–
- convertible loan	(34,490)	–
Unwinding of discount on accrued rehabilitation costs	–	(6,717)
	(46,226)	(8,818)
Net finance costs recognised in profit or loss	(45,816)	(8,192)

24 Tax expense

	Note	Group 2013 US$	Group 2012 US$
Current tax expense			
Current year		1,506,772	86,076
Deferred tax expense			
Origination and reversal of temporary differences		358,896	216,092
Adjustment for prior years		(126,904)	146,652
	9	231,992	362,744
Total tax expense		1,738,764	448,820

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

	Group 2013 US$	Group 2012 US$
Reconciliation of effective tax rate		
Profit for the year	3,433,593	1,010,724
Total tax expense	1,738,764	448,820
Profit excluding tax	5,172,357	1,459,544

	Group 2013 US$	Group 2012 US$
Tax using Malaysian tax rate of 25% (2012: 25%)	1,805,172	364,886
Effect of tax rates in foreign jurisdictions	(153,943)	25,715
Tax exempt income	(365,225)	(178,729)
Non-deductible expenses	186,787	47,518
Losses not available for carry forward	995	43,749
(Under)/Over provision of deferred tax assets	(126,904)	146,652
Withholding tax	285,505	76,724
Others	106,377	(77,695)
	1,738,764	448,820

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 provision for tax and deferred income tax provisions in the period in which such determination is made.

As at 31 December 2013, the current tax payable and net deferred tax liabilities are US$1,226,122 (2012: US$5,510) and US$124,452 (2012: net deferred tax assets of US$107,540) respectively.

25 Profit for the year

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

	Group	
	2013	2012
	US$	US$
Audit fees paid/payable to:		
- auditors of the Company	149,675	140,316
- other auditors	24,719	17,466
Non-audit fees paid/payable to:		
- auditors of the Company	19,930	40,131
- other auditors	7,692	25,799
Travelling and transportation expenses consist of:		
- travelling	131,983	160,736
- transportation of inventories	25,605	1,876,967

26 Earnings per share

The calculation of basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of US$2,679,449 (2012: US$743,786) and a weighted average number of ordinary shares outstanding of 407,693,000 (2012: 406,575,192).

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

	Group	
	2013	2012
	No. of shares	No. of shares
Issued ordinary shares at 1 January	407,693,000	404,693,000
Effect of shares issued related to share-based payment transactions	–	1,882,192
Weighted average number of ordinary shares at 31 December	407,693,000	406,575,192

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2013 was based on profit attributable to ordinary shareholders of US$2,713,939 (2012: US$743,786), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 409,218,841 (2012: 406,575,192), calculated as follows:

	Group	
	2013	2012
	US$	US$
Profit attributable to ordinary shareholders (basic)	2,679,449	743,786
Interest expense on convertible loan, net of tax	34,490	–
Profit attributable to ordinary shareholders (diluted)	2,713,939	743,786

26 Earnings per share (cont'd)

The Group's weighted average number of ordinary shares (diluted) is calculated as follows:

	Group	
	2013	2012
	No. of shares	No. of shares
Weighted average number of ordinary shares (basic)	407,693,000	406,575,192
Effect of conversion of convertible loan	1,525,841	–
Weighted average number of ordinary shares (diluted) during the year	409,218,841	406,575,192

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 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 be 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	Other operations	Inter-segment eliminations	Total
	US$	US$	US$	US$
Group				
31 December 2013				
Total revenue from external customers	16,625,532	–	–	16,625,532
Interest income	22,630	900,016	(922,236)	410
Management fee	–	1,955,441	(1,955,441)	–
Interest expense	(923,834)	(44,686)	922,294	(46,226)
Amortisation and depreciation	(1,736,111)	(70,580)	–	(1,806,691)
Reportable segment profit before tax	5,520,175	1,700,510	(2,048,328)	5,172,357
Reportable segment assets	21,385,300	26,591,717	(26,848,759)	21,128,258
Capital expenditure*	6,546,278	71,415	–	6,617,693
Reportable segment liabilities	(20,172,746)	(4,643,712)	18,354,749	(6,461,709)

27 Operating segments (cont'd)

	Gold mining US$	Other operations US$	Inter-segment eliminations US$	Total US$
Group				
31 December 2012				
Total revenue from external customers	16,761,082	–	–	16,761,082
Interest income	18,197	595,446	(613,017)	626
Management fee	–	172,416	(172,416)	–
Interest expense	(615,133)	–	613,032	(2,101)
Amortisation and depreciation	(1,344,155)	(73,548)	–	(1,417,703)
Reportable segment profit/(loss) before tax	1,783,746	(360,309)	36,107	1,459,544
Reportable segment assets	15,786,054	22,921,438	(22,775,502)	15,931,990
Capital expenditure*	3,747,221	12,100	–	3,759,321
Reportable segment liabilities	(16,314,417)	(2,220,838)	14,438,743	(4,096,512)

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

Reconciliation of reportable segment assets and liabilities

	Group	
	2013 US$	2012 US$
Assets		
Total assets for reportable segments	21,128,258	15,931,990
Unallocated assets	207,461	175,459
Consolidated total assets	21,335,719	16,107,449
Liabilities		
Total liabilities for reportable segments	(6,461,709)	(4,096,512)
Unallocated liabilities	(331,913)	(67,919)
Consolidated total liabilities	(6,793,622)	(4,164,431)

Geographical segments

The operations of the Group are principally located in Malaysia.

Major customers

There is one (2012: two) major customer who accounts for 100% (2012: 99.39%) of the Group's revenue.

28 Commitments

(i) Capital commitments

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

	Group	
	2013 US$	2012 US$
Exploration and evaluation assets, and mine properties	7,577,101	9,359,473
Property, plant and equipment	273,420	–

(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	
	2013 US$	2012 US$
Within 1 year	118,278	94,096
After 1 year but within 5 years	112,879	38,223
After 5 years	24,608	34,309
	255,765	166,628

29 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 the executive directors and other key management personnel.

Key management personnel compensation comprise:

	Group	
	2013 US$	2012 US$
Short-term employee benefits	1,387,283	860,653
Post-employment benefits	63,762	46,106
Directors' fees	91,248	90,263
	1,542,293	997,022

Included in key management personnel compensation is remuneration of certain directors amounting to US$1,172,985 (2012: US$756,142). Director's remuneration includes salaries, bonuses, fees and other emoluments.

29 Related parties (cont'd)

(b) Significant transactions with related parties

	2013 US$	2012 US$
Service fee paid and payable to a controlling shareholder of the Company (note 22)	350,000	–

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 11 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.

30 Financial risk management (cont'd)

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 reasonably be predicted, such as natural disasters.

The directors of the Company have carried out a review of the cash flow forecast of the Group for the twelve months ending 31 December 2014 after taking into account the Group's accumulated losses of US$6,639,065 (2012: US$8,993,664) as at 31 December 2013.

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 for a period of three years from 28 October 2011 to 28 October 2014 in connection with the listing of the Company on the official list of the Catalist Board of SGX-ST on 28 October 2011.

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 2013					
Trade and other payables	3,425,822	3,425,822	3,425,822	–	–
Loans and borrowings	1,076,760	1,078,283	1,063,694	14,589	–
	4,502,582	4,504,105	4,489,516	14,589	–
At 31 December 2012					
Trade and other payables	3,850,085	3,850,085	3,850,085	–	–
Loans and borrowings	34,998	38,281	11,111	27,170	–
	3,885,083	3,888,366	3,861,196	27,170	–
Company					
At 31 December 2013					
Trade and other payables	659,875	659,875	659,875	–	–
At 31 December 2012					
Trade and other payables	215,252	215,252	215,252	–	–

30 Financial risk management (cont'd)

Exposure to liquidity risk (cont'd)

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 borrowings 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 fluctuate 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.

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 USD, Singapore Dollars ("SGD"), RM, and Hong Kong Dollars ("HKD"). 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.

30 Financial risk management (cont'd)

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$	HKD US$	Total US$
Group					
At 31 December 2013					
Loans and receivables	–	27,912	1,176,168	–	1,204,080
Cash and cash equivalents	3,108	1,039,016	1,953,601	–	2,995,725
Loans and borrowings	–	(1,053,599)	(23,161)	–	(1,076,760)
Trade and other payables	(1,310,575)	(613,187)	(1,502,060)	–	(3,425,822)
Net financial (liabilities)/assets	(1,307,467)	(599,858)	1,604,548	–	(302,777)
Less: Net financial liabilities denominated in the respective entities' functional currencies	1,307,467	–	4,528	–	1,311,995
Net currency exposure	–	(599,858)	1,609,076	–	1,009,218
Sensitivity analysis	–	59,986	(160,908)	–	(100,922)
At 31 December 2012					
Loans and receivables	4,100	17,452	733,740	–	755,292
Cash and cash equivalents	3,109	1,475,046	1,208,374	–	2,686,529
Loans and borrowings	–	–	(34,998)	–	(34,998)
Trade and other payables	(551,362)	(910,168)	(2,384,685)	(3,870)	(3,850,085)
Net financial (liabilities)/assets	(544,153)	582,330	(477,569)	(3,870)	(443,262)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	544,153	–	(998)	–	543,155
Net currency exposure	–	582,330	(478,567)	(3,870)	99,893
Sensitivity analysis	–	(58,233)	47,857	387	(9,989)

30 Financial risk management (cont'd)

Exposure to currency risk (cont'd)

	USD US$	SGD US$	Total US$
Company			
At 31 December 2013			
Loans and receivables	1,697,493	5,985,014	7,682,507
Cash and cash equivalents	2,359	982,100	984,459
Loans and borrowings	–	(1,053,599)	(1,053,599)
Trade and other payables	(188,610)	(471,265)	(659,875)
Net financial assets	1,511,242	5,442,250	6,953,492
Less: Net financial assets denominated in the respective entities' functional currencies	(1,511,242)	–	(1,511,242)
Net currency exposure	–	5,442,250	5,442,250
Sensitivity analysis	–	(544,225)	(544,225)
At 31 December 2012			
Loans and receivables	1,286,702	3,819,581	5,106,283
Cash and cash equivalents	2,359	1,444,489	1,446,848
Trade and other payables	–	(215,252)	(215,252)
Net financial assets	1,289,061	5,048,818	6,337,879
Less: Net financial assets denominated in the respective entities' functional currencies	(1,289,061)	–	(1,289,061)
Net currency exposure	–	5,048,818	5,048,818
Sensitivity analysis	–	(504,881)	(504,881)

A 10% strengthening of USD against the SGD, RM and HKD 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.

A 10% weakening of USD against the SGD, RM and HKD 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. In respect of the liability component of convertible loans, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

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, loans and borrowings, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

30 Financial risk management (cont'd)

Exposure to currency risk (cont'd)

Fair value versus carrying amount

A comparison by category of financial assets and liabilities shown in the consolidated statements of financial position are as follows:

	Note	Loans and receivables	Other financial liabilities within scope of FRS 39	Total carrying amount
		US$	US$	US$
Group				
At 31 December 2013				
Assets				
Trade and other receivables*	11	1,204,080	–	1,204,080
Cash and cash equivalents	12	2,995,725	–	2,995,725
		4,199,805	–	4,199,805
Liabilities				
Loans and borrowings	15	–	1,076,760	1,076,760
Trade and other payables	18	–	3,425,822	3,425,822
		–	4,502,582	4,502,582
At 31 December 2012				
Assets				
Trade and other receivables*	11	755,292	–	755,292
Cash and cash equivalents	12	2,686,529	–	2,686,529
		3,441,821	–	3,441,821
Liabilities				
Loans and borrowings	15	–	34,998	34,998
Trade and other payables	18	–	3,850,085	3,850,085
		–	3,885,083	3,885,083

30 Financial risk management (cont'd)

Exposure to currency risk (cont'd)

Fair value versus carrying amount (cont'd)

	Note	Loans and receivables	Other financial liabilities within scope of FRS 39	Total carrying amount
		US$	US$	US$
Company				
At 31 December 2013				
Assets				
Trade and other receivables*	11	7,682,507	–	7,682,507
Cash and cash equivalents	12	984,459	–	984,459
		8,666,966	–	8,666,966
Liability				
Trade and other payables	18	–	659,875	659,875
At 31 December 2012				
Assets				
Trade and other receivables*	11	5,106,283	–	5,106,283
Cash and cash equivalents	12	1,446,848	–	1,446,848
		6,553,131	–	6,553,131
Liability				
Trade and other payables	18	–	215,252	215,252

* Excluded prepaid expenses of US$46,862 (2012: US$47,486) and US$15,112 (2012: US$15,397) for the Group and the Company respectively.

CNMC Goldmine Holdings Limited
Sokor Project – Updated Mineral Resource and Ore Reserve Estimates as at 31 December 2013

J_1692_Final v7

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March 2014

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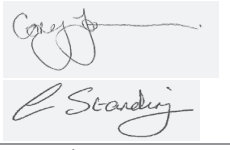
Principal Authors:	Corey Freeman *BEng (Hons)(Mining) MAusIMM* Christine Standing *BSc (Hons) (Geology), MAusIMM, MAIG*	Signature: Date:	 28 March 2014
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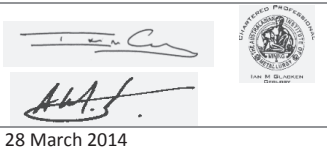
Principal Reviewers:	Ian Glacken *BSc (Hons) (Geology), MSc (Geology), MSc (Geostatistics),DIC, FAusIMM (CP), MIMMM, CEng* Andrew Law *HND (MMin.) MBA (FAusIMM) (FIQA) (MAICD) (AFAIM)*	Signature: Date:	 28 March 2014

Important Information:

This Report is provided in accordance with the proposal by Optiro Pty Ltd ("Optiro") to CNMC Goldmine Holdings Limited and the terms of Optiro's Consulting Services Agreement ("the Agreement"). Optiro has consented to the use and publication of this Report by CNMC Goldmine Holdings Limited for the purposes set out in Optiro's proposal and in accordance with the Agreement. CNMC Goldmine Holdings Limited may reproduce copies of this entire Report only for those purposes but may not and must not allow any other person to publish, copy or reproduce this Report in whole or in part without Optiro's prior written consent.

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28 March 2014 Our Ref: J_1692_v7

The Board of Directors
CNMC Goldmine Holdings Limited
745 Toa Payoh Lorong 5 #04-01
Singapore 319455

Dear Sirs

SOKOR PROJECT – UPDATED MINERAL RESOURCE AND ORE RESERVE ESTIMATES AS AT 31 DECEMBER 2013

The Sokor Project (the Project) in Kelantan State in northern Peninsular Malaysia is currently 81% owned by CNMC Goldmine Holdings Limited (CNMC) through its subsidiary CMNM Mining Group Sdn. Bhd. (CMNM). CMNM holds the rights to mine and produce gold, silver and base metals from an area of approximately 10 km^2 in the Ulu Sokor area in Kelantan. CNMC has defined three deposits in the southern part of the project area (Manson's Lode, New Discovery and Ketubong) and a fourth deposit (Rixen) approximately 3 km to the north of Ketubong.

At CNMC's request, Optiro Pty Ltd (Optiro) has updated the Mineral Resource estimate for the Sokor Project and has incorporated data from 78 holes drilled at the Sokor Project since CNMC's December 2013 Mineral Resource and Ore Reserve Statement. Mineral Resource estimates have been updated for Manson's Lode, Ketubong and Rixen. CNMC has extracted ore from Rixen during 2013 and the Mineral Resources have been depleted for mining to December 2013. The Mineral Resources at Manson's Lode, New Discovery, Rixen and Ketubong have been reported in accordance with Singapore Stock Exchange (SGX) mineral, oil and gas guidelines, having been classified and reported using the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code 2012). The Ore Reserves for the Rixen Deposit are reported in accordance with the JORC 2012 code. The Ore Reserve estimates for the Manson's Lode and the New Discovery deposit were prepared and first disclosed under JORC 2004. These Ore Reserves have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed, since it was last reported.

Optiro has prepared this document in support of CNMC's Annual Report for the year 2013. Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological Mineral Resource and Ore Reserve estimation services, but also corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 50 Colin Street, West Perth, Western Australia and Optiro's staff work on a variety of projects in a range of commodities worldwide.

The report has been provided to the Directors of CNMC in relation to reporting of the Mineral Resource and Ore Reserves estimates for the Sokor Project as at 31 December 2013 for incorporation into CNMC's Annual Report for the Year 2013; as such, it should not be used or relied upon for any other purpose.

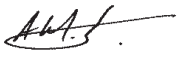
Neither the whole nor any part of this report or any reference thereto may be included in, or with, or attached to any document or used for any purpose without Optiro's written consent as to the form and context in which it appears.

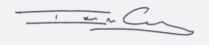
The Mineral Resource estimate has been prepared by Mrs Christine Standing and reviewed by Mr Ian Glacken. Mr Glacken, Director of Optiro and Fellow of the Australasian Institute of Mining and Metallurgy, and Mrs Standing, Principal of Optiro and Member of the Australasian Institute of Mining and Metallurgy, fulfil the requirements of competent persons as defined in the JORC Code 2012 and accept responsibility for the qualified persons' report and the JORC Code 2012 categorisation of the Mineral Resource estimate as tabulated in the form and context in which it appears in this report.

The Ore Reserve Estimate has been compiled by Mr Corey Freeman, Senior Consultant at Optiro and Member of the Australasian Institute of Mining and Metallurgy, under the direction of Mr Andrew Law, Director of Optiro and Fellow of the Australasian Institute of Mining and Metallurgy. Mr Andrew Law fulfils the requirement of a competent person as defined in the JORC Code 2012 and accepts responsibility for the qualified persons' report and the JORC Code 2012 categorisation of the Ore Reserve estimate as tabulated in the form and context in which it appears in this report.

Optiro has relied on the data, reports and information provided by CNMC; Optiro has nevertheless made such enquiries and exercised its judgement as it deems necessary and has found no reason to doubt the reliability of the data, reports and information which have been provided by CNMC.

Yours faithfully
OPTIRO





Andrew Law *FAusIMM, MAICD*
Director - Mining

Ian Glacken *FAusIMM (CP), CEng*
Director and Principal

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1. EXECUTIVE SUMMARY

1.1. INTRODUCTION

The Sokor Project (the Project), located in Kelantan State in northern Peninsular Malaysia, is currently owned 81% by CNMC Goldmine Holdings Limited (CNMC) through its subsidiary CMNM Mining Group Sdn. Bhd. (CMNM). CMNM holds the rights to mine and produce gold, silver and base metals from an area of approximately 10 km^2 in the Ulu Sokor area in Kelantan. CNMC has defined three deposits in the southern part of the project area (Manson's Lode, New Discovery and Ketubong) and a fourth deposit (Rixen) approximately 3 km to the north of Ketubong.

Optiro Pty Ltd (Optiro) undertook site visits to the Sokor Project on 7 and 8 December 2011 to review data for the Mineral Resource estimate and from the 17 to 22 October 2012 to review the mining operations for the Ore Reserve estimate. CNMC provided Optiro with the drillhole logging, assay and survey data, interpreted geological cross-sections and topographical data. In April 2012, Optiro generated a validated drillhole database, three dimensional interpretations of the mineralisation and prepared updated Mineral Resource estimates for Manson's Lode, New Discovery, Rixen and Ketubong using geostatistical techniques.

From October to December 2012, CNMC drilled an additional 18 holes at Rixen. Optiro incorporated data available from 16 of these drillholes for the 2013 update to the Mineral Resource estimate for the Rixen deposit.

During 2013, CNMC drilled an additional 76 holes for a total of 9,630 m. Data from these holes and assay data from the two 2012 holes (not available for the 2013 Mineral Resource updated) were used to update the Sokor Project Mineral Resource estimates. Updated estimates were prepared Manson's Lode, Ketubong and Rixen. Ore was extracted at Rixen during 2013 and the Mineral Resource and Ore Reserve estimates have been depleted for all mining to 31 December 2013.

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

1.2. MINERAL RESOURCE ESTIMATE

The gold mineralisation within the Sokor Project is lithologically and structurally controlled and is generally hosted in acid to intermediate volcanic rocks and in carbonate-rich rocks. The depth to the base of oxidation varies between deposits, from a shallow depth of less than 3 m at Ketubong to up to 60 m at Rixen. Previous mining of near surface, high grade ore has occurred at Manson's Lode and New Discovery and the pits have been backfilled with mineralised material of lower grades from Manson's Lode and New Discovery.

At Manson's Lode there are economic grade silver, lead and zinc assays in addition to gold that have been incorporated into the Mineral Resource model. At New Discovery, Ketubong and Rixen the silver and base metal concentrations are typically low. Exploration by CNMC has focussed on the definition of gold Mineral Resources and Ore Reserves at the Sokor Project. Results from the 2013 drilling at Manson's Lode included high zinc and lead grades and so the Mineral Resources defined for silver, lead and zinc at Manson's Lode have now been included in the formal reporting of the Mineral Resources for the Sokor Project.

Optiro interpreted the mineralisation at all deposits above a nominal 0.3 g/t gold cut-off grade. At Manson's Lode and New Discovery mineralisation was interpreted within backfilled material from previous mining and at New Discovery, Rixen and Ketubong a zone of mineralisation was interpreted within the alluvial/eluvial material overlying the bedrock.

At Manson's Lode base metal mineralisation, external and additional to the gold mineralisation, was interpreted above a nominal 3% lead and zinc (Pb+Zn) cut-off grade.

At New Discovery and Ketubong two types of mineralisation were interpreted within the bedrock: narrow zones of structurally controlled mineralisation within the north-south trending Ketubong-Rixen fault zone and lithologically controlled mineralisation to the east of the fault zone which overlies the structurally controlled mineralisation. The 2013 drilling has extended the mineralisation identified at Ketubong down-dip. At Manson's Lode and Rixen the bedrock mineralisation has been interpreted to be lithologically controlled within one relatively flat zone at Manson's Lode and two east dipping zones at Rixen.

Block grades were estimated using an ordinary kriging technique with appropriate assay top-cuts applied for each deposit and style of mineralisation. The mineralisation has been classified as Measured, Indicated and Inferred in accordance with the guidelines of the JORC Code 2012. Bulk density values for each deposit and material type were calculated using measurements from 116 sections of diamond drill core and measurements of alluvial and backfilled material from 41 test pits. This includes an additional 27 measurements obtained during 2013 from diamond core at Rixen and Manson's Lode.

Mining at Rixen during 2013 extracted 386 kt for the production of 112,000 ounces of gold via heap leach extraction, which was on-going as at 31 December 2013.

The New Discovery deposit is considered an inactive mining area at this time, with only small scale trial-mining undertaken on an ad-hoc basis as part of an ongoing exploration and metallurgical testwork process. This activity was considered immaterial in terms of its impact on the New Discovery Ore Reserve. No mining activity took place at the Manson's Lode or Ketubong deposits during 2013.

1.3. MINERAL RESOURCE AND ORE RESERVES TABULATION

The Mineral Resource estimate, as at 31 December 2013, for the Sokor Project is reported in Table 1.1 below. This has been classified and reported in accordance with the guidelines of the JORC Code 2012 and has been depleted for mining at Manson's Lode (2012), New Discovery (2012) and Rixen to 31 December 2013. The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong and above a 0.3 g/t gold cut-off grade at Rixen to reflect current commodity prices, operating costs and processing options. As at 31 December 2013, the total Measured, Indicated and Inferred gold Mineral Resources for the Sokor Project (above a 0.3 g/t gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong) is 9,140 kt at 1.6 g/t gold with contained gold of 465,000 ounces. The total Measured, Indicated and Inferred gold resources for the Sokor Project, previously reported in December 2012, was 7,800 kt at 1.6 g/t gold with contained gold of 410,000 ounces. This represents an increase of 13% in contained gold in the Mineral Resource. Both of these figures include material which has subsequently been modified to produce Ore Reserves.

Gold mineralisation at Manson's Lode has associated silver and base metal mineralisation. Silver, lead and zinc Mineral Resources have been reported for Manson's Lode within the gold mineralisation, above a 0.5 g/t gold cut-off grade, and external to the gold mineralisation above a cut-off of 3% lead and zinc (Table 1.1).

Table 1.1 Sokor Project – Mineral Resource statement as at 31 December 2013 (inclusive of Ore Reserves)

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

The additional drilling since December 2012 at Rixen, Manson's Lode and Ketubong has improved confidence in the Mineral Resource estimate at Rixen and has extended the Inferred Mineral Resource at Manson's Lode, Ketubong and Rixen. Additional Mineral Resources have been defined to the south of Rixen, which have been incorporated into the Rixen Mineral Resource estimate. Silver, lead and zinc Mineral Resources have been defined at Manson's Lode and the additional 2013 drilling has increased these Mineral Resources.

In reporting the 2013 Ore Reserves in Table 1.2 below, it should be noted that the Mineral Resource has been reported '*exclusive*' of Ore Reserves, as at 31 December 2013. This total includes Ore Reserves at Rixen which have been reported in accordance with the JORC Code 2012 and Ore Reserves at the other prospects (Manson's Lode and New Discovery) which have been restated in accordance with the JORC Code 2004. The reason for the split in reporting Ore Reserves between 2004 and 2012 versions, is that only Rixen was actively mined during 2013. Additional exploration work was undertaken at Manson's Lode and New Discovery with initial metallurgical testwork being undertaken but not finalised, during the reporting period. Additional work and studies are currently in progress and are expected to be completed during 2014 and should support future Ore Reserves being reported according to JORC 2012.

Table 1.2 Sokor Project Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (additional to Ore Reserves at Manson's Lode, New Discovery and Rixen) as at 31 December 2013

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

2. INTRODUCTION

CNMC Goldmine Holdings Limited, through its subsidiary CMNM Mining Group Sdn. Bhd., holds an 81% interest in the Sokor Project (Figure 2.1). CMNM holds the rights to mine and produce gold, silver and base metals from an area of approximately 10 km^2 in the Ulu Sokor area in Kelantan, Malaysia. CNMC listed on the Catalist Board of the Singapore Exchange by way of an Initial Public Offering on 28 October 2011. This report has been prepared to provide a market update on Mineral Resources and Ore Reserves as at 31 December 2013 as required under the mineral, oil and gas guidelines of the SGX-ST.

CNMC has defined three deposits in the southern part of the Sokor Project area (Manson's Lode, New Discovery and Ketubong) and a fourth deposit (Rixen) approximately 3 km to the north of Ketubong (Figure 2.1).

During 2013, CNMC drilled an additional 76 holes at Manson's Lode, New Discovery, Ketubong, Rixen and Sg Among (one kilometre to the east of Rixen). The database was updated to include all assay data from the 2013 drilling and the two holes drilled in 2012, for which assay data was not available for the 2013 Mineral Resource update. The Mineral Resource estimates have been updated for Manson's Lode, Ketubong and Rixen. Only minor mineralisation was intersected at Sg Among, which was insufficient to define a Mineral Resource. The New Discovery Mineral Resource estimate was not updated as the 2013 drilling comprised a twin-hole of an earlier hole and three holes located 100 m to the south of New Discovery.

Exploration by CNMC has focussed on the definition of gold Mineral Resources and Ore Reserves at the Sokor Project. Results from the 2013 drilling at Manson's Lode included high zinc and lead grades and so the Mineral Resources defined for silver, lead and zinc at Manson's Lode have now been included in the formal reporting of the Mineral Resources for the Sokor Project.

Ore was extracted at Rixen during 2013 and the Mineral Resource and Ore Reserve estimates have been depleted for mining to 31 December 2013. All of the Mineral Resources and the Rixen Ore Reserves were classified and reported in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the JORC Code 2012).

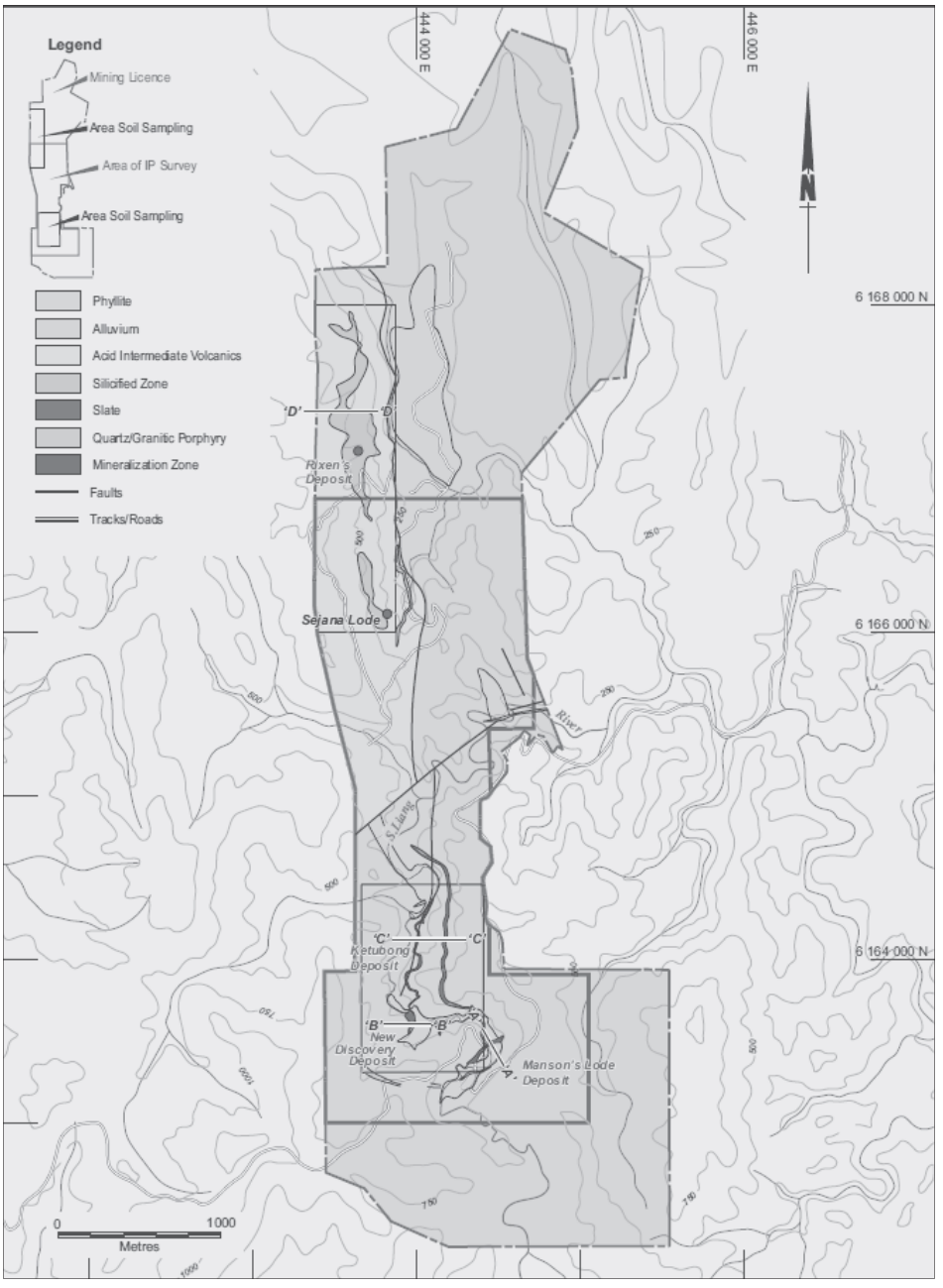
During 2013 no mining activities took place at Manson's Lode or at New Discovery. The Ore Reserves at Manson's Lode and New Discovery, which have been previously reported, were classified and reported in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004 (the JORC Code 2004).

Optiro has prepared this report to document the update to the Mineral Resource estimates and Ore Reserves in support of the planned 2013 Annual Report.

Behre Dolbear Australia Pty Ltd (BDA) has assisted CNMC with reviews of exploration procedures and Mineral Resource and Ore Reserve estimation (BDA, 2011a and 2011b).

The property description, history of the property, exploration data and procedures, mining and processing, infrastructure, environmental and community issues, life of mine production schedule and capital and operation costs have previously been documented by BDA in August and November 2011 (BDA, 2011a and 2011b).

Figure 2.1 Sokor Project – local geology and deposit location (BDA, 2011a)



Mrs Christine Standing of Optiro undertook a site visit to the Sokor Project on 7 and 8 December 2011 to review data for the Mineral Resource estimate; Mr George Brech of BDA assisted Optiro during the site visit. Mr Andrew Law of Optiro undertook a site visit to the Sokor Project between the 16 and 18 of May 2012 to review the mining operations for the Ore Reserve estimate.

Optiro viewed the drill core, trenches, excavations and drillhole collars at Manson's Lode, New Discovery, Ketubong and Rixen and held discussions with CNMC personnel regarding drilling, logging and sampling procedures and selection of samples for metallurgical test work.

CNMC provided Optiro with the drillhole logging, assay and survey data, interpreted geological cross-sections and topographical data.

The Mineral Resource estimate has been prepared by Mrs Christine Standing and reviewed by Mr Ian Glacken. Mr Glacken, Director of Optiro and Fellow of the Australian Institute of Mining and Metallurgy, and Mrs Standing, Principal of Optiro and Member of the Australasian Institute of Mining and Metallurgy, fulfil the requirements of competent persons as defined in the JORC Code and accept responsibility for the qualified persons' report and the JORC Code categorisation of the Mineral Resource estimate as tabulated in the form and context in which it appears in this report. Optiro has relied on the data, reports and information provided by CNMC; Optiro has nevertheless made such enquiries and exercised its judgement as it deems necessary and has found no reason to doubt the reliability of the data, reports and information which have been provided by CNMC.

Mrs Christine Standing [BSc (Hons) Geology, Grad Cert (Min Econs), MAusIMM, MAIG] is a geologist with over 30 years worldwide experience in the mining industry. She has six years experience as an exploration geologist in Western Australia and over 20 years experience as a consultant specialising in resource estimation, reconciliation, project management and statutory and competent persons' reporting on worldwide projects for a range of commodities. She has acted as a Qualified Person and Competent Person for gold, silver, copper, mineral sands, nickel, chromium, kaolin and PGEs.

Mr Ian Glacken [BSc (Hons) Geology, MSc (Mining Geology), MSc (Geostatistics), Grad. Dip (Comp), FAusIMM (CP), CEng, MIMMM, DIC] has 31 years worldwide experience in the mining industry. Ian is a geologist with postgraduate qualifications in geostatistics, mining geology and computing who has over 30 years worldwide experience in the mining industry. Ian has over 16 years' experience in consulting, including a decade as Group General Manager of a major consulting organisation. He has worked on mineral projects and given over 150 training courses to thousands of attendees on every continent apart from Antarctica. Ian's skills are in resource evaluation and due diligence reviews, public reporting, training and mentoring, quantitative risk assessment, strategic advice, geostatistics, reconciliation, project management, statutory and competent persons' reporting and mining geology studies. Ian was a founding Director of Optiro.

The Ore Reserve Estimate has been compiled by Mr Corey Freeman, Senior Consultant at Optiro and Member of the Australasian Institute of Mining and Metallurgy, under the direction of Mr Andrew Law, Director of Optiro and Fellow of the Australian Institute of Mining and Metallurgy. Mr Freeman and Mr Law fulfil the requirements of competent persons as defined in the JORC Code and accept responsibility for the qualified persons' report and the JORC Code categorisation of the Ore Reserve estimate as tabulated in the form and context in which it appears in this report.

Mr Andrew Law [HND MMIN, MBA, FAusIMM, FIQA] is a mining engineer with over 30 years' experience in the mining industry in Australia, Africa and South America. His extensive technical and management experience ranges from deep level underground mining environments (bulk and narrow vein); to large open pit environments (across multi commodities); and to large mineral sands dredging environments. His specialist skills are in corporate strategic business planning and due diligence; management of feasibility studies; operational optimization, Ore Reserve compliance and auditing (ASX, TSX, SEC, SGX, JSE), Corporate management mentoring and performance improvement reviews.

Mr Corey Freeman [BEng (Hons) Mining, MAusIMM] is a mining engineer with over 15 years of experience in the Australian mining industry with experience in numerous mining methods ranging from large bulk caving to narrow vein underground operations, as well as experience in open pit mining. Corey has experience in various commodities including gold, copper and lead-zinc and his skills are in operational-based management, systems development, mine planning and scheduling.

2.1. STATEMENT OF INDEPENDENCE

Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological services and mining engineering, but also resource evaluation, corporate advisory, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 50 Colin Street, West Perth, Western Australia, and Optiro's staff work on a variety of projects in a range of commodities worldwide.

This report has been prepared independently and to meet the requirements of the SGX minerals, oil and gas guidelines and in accordance with the VALMIN and JORC Codes. The authors do not hold any interest in CNMC, its associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are being charged at Optiro's standard rates, whilst expenses are reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

3. PROPERTY DESCRIPTION

3.1. PROJECT LOCATION

The Sokor Project is located approximately 80 km southwest of Kota Bharu, the capital of Kelantan State in northern Peninsular Malaysia (Figure 3.1). The project is accessed by a sealed road from Kota Bhara to Kampong Bukit, which is approximately 18 km from site, and then by gravel track from Kampong Bukit to site. Kota Bharu is connected to Kuala Lumpur by a 55 minute flight. The nearest town, Tanah Merah, is located approximately half way between the project site and Kota Bharu.

The Sokor Project is situated in the upper catchment of the Sungai Sokor River, where topography consists of moderately steep hill ridges and narrow valleys, with elevations ranging from 200 m to 900 m above sea level. The project area experiences a hot, tropical monsoonal climate with dense tropical rainforest vegetation cover. Annual rainfall in Kelantan State averages between 2,000 mm to 2,500 mm with November to January being the wettest months.

3.2. PROJECT OWNERSHIP AND STATUS

The Sokor Project consists of a Mining Licence (ML 2/2008) covering approximately 10 km^2 (known as the "Sokor Block") and an Exploration Licence (EL 2/2006) approximately 62.8 km^2 (known as the "Sokor Gold Field Project"). CNMC was granted mining rights on 8 April 2008 for a period of 10 years to the Sokor Block and the granting of the first right of refusal for a 21 year mining rights renewal extension.

A gold royalty of 5% of gross revenue is payable to the Kelantan State Government (KSG) and an additional tribute payment of 3% of gross revenue is payable to the Kelantan State Economic Development Corporation (KSEDC). Mining approval was obtained from KSG in January 2010 and allows for initial mine production of up to 300,000 tpa of mined ore.

Environmental approval was obtained from KSG in April 2010. Environmental approvals for the project included the submission of an Environmental Impact Assessment (EIA) in January 2008 and a supplementary EIA report in March 2009 with approval received in June 2009. An Environmental Management Plan (EMP) was submitted in February 2010 and an EMP Additional Information report submitted in March 2010, with approval received in April 2010. The EIA and EMP include approval for both heap leach and pond (vat) leach processing of gold ore at the Sokor mine site. Where possible CNMC will progressively rehabilitate disturbed areas and some areas, such as the process plant, will be rehabilitated when the mine is closed and the plant is decommissioned.

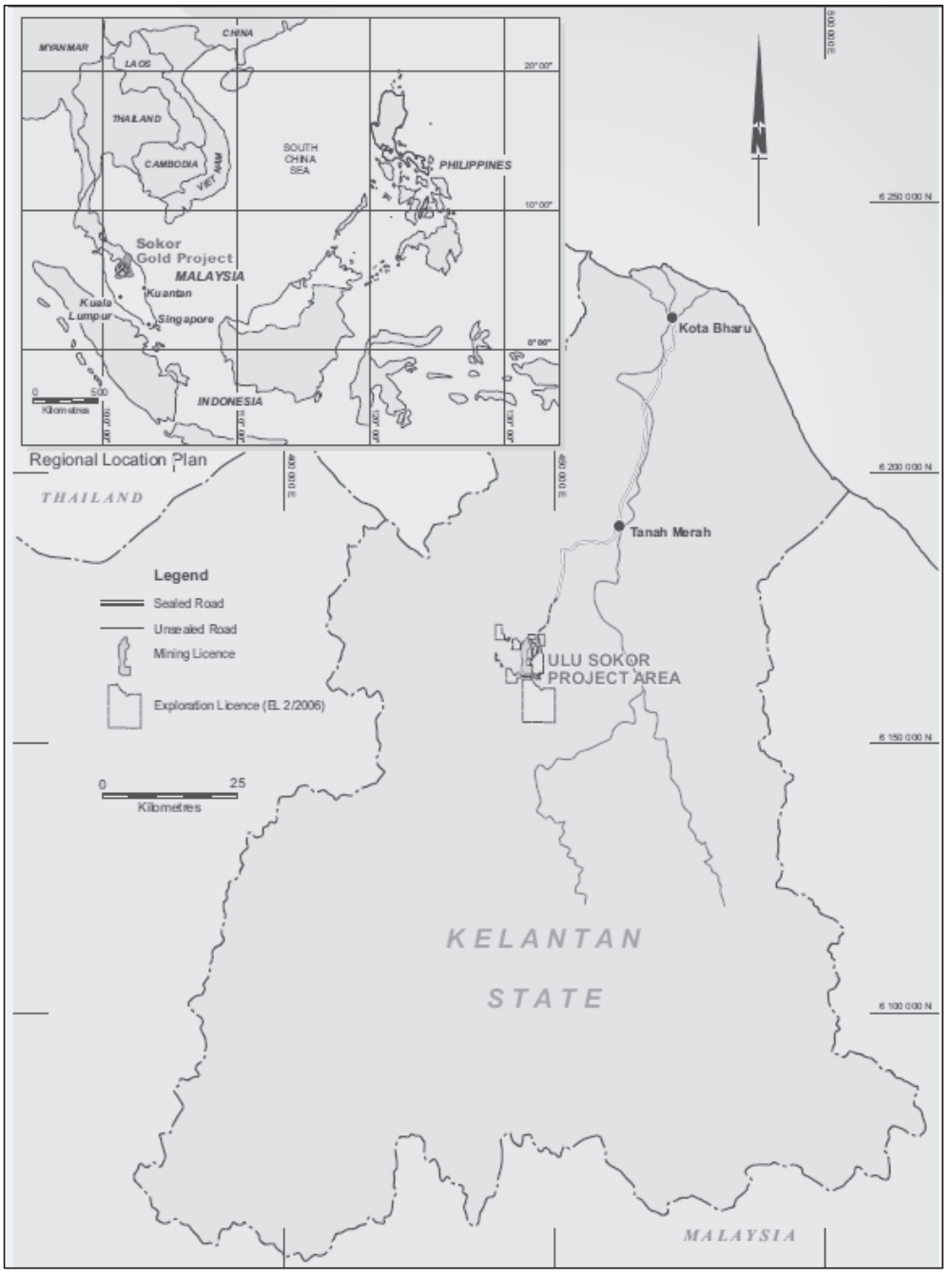
The Corporate income tax rate in Malaysia is 25%.

CNMC, through its subsidiary CMNM Mining Group Sdn. Bhd., Holds an 81% interest in ML 2/2008 and the KSG holds a 10% share and other investors in Kelantan State hold the remaining 9%. The 19% interest not held by CNMC is a non-contributory share during exploration and mine development and production stages. Exploration Licence EL 2/2006 has expired and is in the process of being renewed by CNMC through its subsidiary MCS Mining Group Sdn. Bhd. The location and exact area of EL 2/2006 will be dependent on availability of and access to land surrounding the Sokor Block.

Table 3.1 Sokor Project tenement schedule

Tenement ID	CNMC Interest	Status	Expiry Date	Area km^2	Type of Mineral deposit	Remarks
ML 2/2008	81%	Development	7/4/2018	10.0	Gold	Mining rights
EL 2/2006	80%	Exploration	Application for renewal submitted	62.8	Gold	Exploration rights

Figure 3.1 Sokor project area and location of Mining Licence and Exploration Licence (BDA, 2011a).



4. HISTORY OF THE PROPERTY

The earliest recorded exploration in the Ulu Sokor area was undertaken by Duff Development Company Limited (Duff) in the early 1900s and included trenching and the development of numerous shafts and adits.

Between 1966 and 1970 Eastern Mining and Metals Company (EMM) undertook a drilling programme at Ulu Sokor consisting of 104 holes totalling 2,963 m. EMM reported primary base metal mineralisation of 227,000 t, with gold grades ranging from 1.94 g/t to 3.33 g/t gold and oxide mineralisation of 156,000 t, with gold grades ranging from 2.85 g/t to 5.34 g/t gold.

Between 1989 and 1991 Asia Mining Sdn Bhd (Asia Mining) conducted mapping, soil sampling, rock-chip sampling and completed a drilling programme consisting of 55 holes totalling 2,705 m. From 1995 to 1996 Asia Mining operated a heap leach facility that processed around 40,000 t of near-surface gossan ore, from the Manson's Lode area and produced approximately 3,200 oz of gold. Asia Mining delineated a gold resource in the Rixen area totalling 4.1 Mt at 1.2 g/t gold above a cut-off grade of 0.5 g/t gold.

During 1997 and 1998 TRA Mining (Malaysia) Sdn Bhd (TRA) conducted geological mapping, rock chip and stream sediment sampling and completed a reverse circulation (RC) drilling programme consisting of 33 holes totalling 2,630 m. The TRA drilling was undertaken within the Manson's Lode and New Discovery areas.

CNMC commenced exploration in 2007, focusing on the known areas of mineralisation at Manson's Lode, New Discovery, Ketubong and Rixen. CNMC has conducted geological mapping, soil sampling, Induced Polarisation geophysical surveys, and diamond drilling programmes and has excavated 27 trenches. Diamond drilling has been undertaken at Manson's Lode, New Discovery, Ketubong and Rixen and has tested areas to the east of Rixen, at Sg Among.

In July 2010, CNMC commenced commissioning of a 60,000 tpa vat leach facility and gold recovery plant. Initial ore production was sourced from the Manson's Lode deposit and in 2012, CNMC expanded production with the commissioning of the 70,000 tonne heap leach facility to treat ore from the Rixen deposit.

4.1. PRODUCTION STATISTICS

Since CNMC commenced operations, there have been no comprehensive production records or reconciliation data collected. CNMC has advised Optiro that the production occurred between 2011 and 2013 which is tabulated in Table 4.1.

Table 4.1 Sokor Production Statistics for 2011 to 2013

Commodity	Production statistics	2011	2012	2013
Rixen				
Mined	Ore tonnes mined (claimed)	-	90,000	323,000
	Ore tonnes processed	-	90,000	386,000
	Ore stockpiled (not processed as at 31 December)	-	63,000	63,200
Gold	Calculated grade (g/t)	-	0.3	1.07
	Recovered gold (oz)	-	861	11,800
New Discovery				
Mined	Ore tonnes mined (claimed)	-	-	31,000
	Ore tonnes processed	-	-	31,000
	Ore stockpiled (not processed as at 31 December)	-	-	-
Gold	Calculated grade (g/t)	-	-	1.14
	Recovered gold (oz)	-	-	1,100
Silver	Calculated grade (g/t)	-	-	N/A
	Recovered silver (oz)	-	-	690
Manson's Lode				
Mined	Ore tonnes mined (claimed)	-	50,000	-
	Ore tonnes processed	-	46,791	-
	Ore stockpiled (not processed as at 31 December)	-	-	-
Gold	Calculated grade (g/t)	-	0.65	-
	Recovered gold (oz)	-	984	-
Silver	Calculated grade (g/t)	-	75.00	-
	Recovered silver (oz)	-	112,451	-
Lead	Calculated grade (%)	-	0.003	-
	Recovered lead (kg)	-	1,397	-
Zinc	Calculated grade (%)	-	0.004	-
	Recovered zinc (kg)	-	1,752	-
Total				
Mined	**Ore tonnes mined (claimed)**	**-**	**140,000**	**354,000**
	Ore tonnes processed	**-**	**136,791**	**417,000**
Gold	**Calculated grade (g/t)**	**-**	**0.42**	**0.96**
	Recovered gold (oz)	**-**	**1,845**	**12,900**
Silver	**Calculated grade (g/t)**	**-**	**75.00**	**N/A**
	Recovered silver (oz)	**-**	**112,451**	**690**
Lead	**Calculated grade (%)**	**-**	**0.003**	**-**
	Recovered lead (kg)	**-**	**1,397**	**-**
Zinc	**Calculated grade (%)**	**-**	**0.004**	**-**
	Recovered zinc (kg)	**-**	**1,752**	**-**

5. GEOLOGICAL SETTING

5.1. REGIONAL GEOLOGY

The Sokor Project is located in the Central Belt of Peninsular Malaysia. Peninsular Malaysia is divided structurally into three north-south to northwest-southeast trending belts, the Eastern, Central and Western Belts. The Eastern and Western Belts are dominated by tin-bearing granites and associated tin and wolfram mineralisation.

The Central Belt consists of Permian to Triassic age metasediments including phyllite, slate, sandstone and limestone and felsic to intermediate volcanic rocks intruded by Late Triassic to Tertiary, acid to intermediate stocks and dykes. The Central Belt contains base metal mineralisation including copper, lead, zinc, antimony and manganese, and gold mineralisation.

The eastern (Lebir Fault) and western (Bentong-Raub Fault) boundaries of the Central Belt are major fault zones featuring dextral rotation and strike slippage of 5 km to 10 km. Known gold deposits in the Central Belt include Raub, Selinsing and Penjom, all located south of Ulu Sokor. The Sokor gold mineralisation is located towards the middle of the Central Belt and is associated with the intersection of two major north-south trending structures with northeast to northwest trending secondary structures.

5.2. LOCAL GEOLOGY

The gold mineralisation within the Sokor Project is lithologically and structurally controlled and is generally hosted in acid to intermediate volcanic rocks and carbonate-rich rocks. The depth to the base of oxidation varies between deposits from a shallow depth of less than 3 m at Ketubong to up to 60 m at Rixen. Previous mining (during the 1990s) of near surface, high grade ore has occurred at Manson's Lode and New Discovery and the pits have been backfilled with material with lower grades from Manson's Lode and New Discovery.

5.2.1. MANSON'S LODE

Manson's Lode consists of a surface gossan after sulphides partially replacing a silicified limestone unit which is intercalated with phyllitic sediments. The mineralised zone extends over a strike length of approximately 600 m, trending 060°, and is marked by old surface workings and a number of shallow shafts that have been excavated to depths of up to 30 m. The Manson's Lode deposit has been tested by 130 diamond drillholes totalling 6,028 m.

The average width of mineralisation exposed in trenches is 15 m, varying from a few metres up to 34 m. The thickness of mineralisation is variable, ranging from 5 m to 20 m, and the dip of the mineralisation is shallow (10 to 15°) to the southeast. Trench mapping by CNMC suggests that the mineralisation is associated with a breccia zone. A quartz porphyry dyke which is exposed to the southeast of Manson's Lode may be a causative intrusion for the base metal-gold mineralisation. The dyke contains pyrite mineralisation as disseminations and veinlets, with rock chips returning grades of 0.5 g/t to 0.7 g/t gold. The base metal mineralisation has the same strike and dip as the gold mineralisation and extends along strike to the north-east and down-dip to the north-west, external to the gold mineralisation. Most of the surface area has been disturbed by previous mining activity and hence the relationship between the different rock types is not clear.

5.2.2. NEW DISCOVERY DEPOSIT

The New Discovery deposit is located approximately 500 m west-northwest of Manson's Lode. Gold mineralisation is associated with the Ketubong-Rixen fault that runs through the central part of the concession area. The mineralisation has been defined by surface trenching over a strike length of 200 m. Trench exposures indicate mineralised widths of 7 m to 35 m, trending 010° with a dip of approximately 30° to the east. In the north, the mineralised zone appears to be displaced to the west by a northwest trending fault.

The deposit has been drilled down dip to a depth of 200 m from surface and generally remains open at depth. The New Discovery deposit has been tested by 68 diamond drillholes totalling 5,120 m.

Based on trench mapping, mineralisation consists of gold in association with weak stockwork and disseminated pyrite hosted in sheared and brecciated phyllite and in an adjacent limestone unit. The phyllite is generally strongly altered close to the fault zone, with pervasive sericite-chlorite-epidote alteration, silicification and carbonate veining.

Four diamond drillholes were drilled during 2013. A near vertical drillhole (ZKN4-10) was designed to twin drillhole ZKN4-2 to a depth of 60 m and to test for mineralisation below 60 m. This confirmed the mineralisation in ZKN4-2 and only minor mineralisation (1.27 m at an average grade of 0.55 g/t gold) was intersected at a downhole depth of 200.23 m. Three vertical holes were drilled to the south of New Discovery and mineralisation was intersected within eluvial material (ZKN14-1, 3.6 m at 0.48 g/t gold from 4.5 m; ZKN14-2, 1.22 m at 2.91 g/t gold from 8.96 m; and ZKN14-4, 2.76 m at 0.76 g/t gold from 4.8 m). These drillholes are 100 m south of New Discovery and are spaced at 100 m and 200 m on-section; additional drilling is required before these intersections can be incorporated into the Mineral Resource estimate.

5.2.3. KETUBONG DEPOSIT

The Ketubong deposit is located approximately 600 m to the northwest of Manson's Lode and immediately north of New Discovery. Ketubong represents the northwards continuation of the north-south trending and easterly dipping mineralisation present in New Discovery. Mineralisation dips to the east at around 20° to 30°.

The deposit has been delineated by trenching and drilling over a strike length of 680 m and by gold-in-soil and induced polarisation anomalies which are open to the north. Mineralisation is contained within highly folded phyllite and intercalated limestone over widths of 2 m to 40 m based on trench exposures. Interpretation of trench mapping indicates the gold is associated with disseminated-stockwork quartz-sulphide mineralisation and more massive sulphide consisting predominantly of pyrite with minor, sporadic galena, chalcopyrite and sphalerite. Drilling data indicates the mineralisation is closely associated with a limestone unit within phyllite. CNMC has tested the Ketubong deposit with 45 diamond drillholes totalling 7,719 m. Three of the 2013 drillholes (ZKK9-3, ZKK9-4 and ZKK3-4) have extended the mineralisation down-dip. Drillholes on the intervening lines (ZKK5-4 and ZKK7-4) were not deep enough to intersect the down-dip extension to the mineralisation and there is potential to increase the Mineral Resource by extending these drillholes at depth.

5.2.4. RIXEN DEPOSIT

The Rixen deposit is located 3 km north of Ketubong and approximately 5 km from the process plant. Gold mineralisation is contained within acid volcanic rocks to the west of the Ketubong-Rixen fault. The deposit was defined initially by soil sampling and an Induced Polarisation survey which delineated an anomalous zone trending north-south with a strike length of approximately 800 m. Drilling has outlined a zone of pervasively silicified tuffs that extends over a strike of approximately 500 m. The Rixen deposit has been tested by 112 diamond drillholes totalling 9,479 m. The 2013 drilling intersected an additional zone of mineralisation 500 m to the south of Rixen; this has been incorporated into the Mineral Resource estimate.

5.2.5. SG AMONG

The 2013 drilling tested the Sg Among area, one kilometre to the east of Rixen. Only minor mineralisation was intersected at Sg Among, and this was insufficient to define a Mineral Resource.

6. EXPLORATION DATA USED FOR MINERAL RESOURCE ESTIMATION

BDA previously documented outcomes from its review of CNMC's exploration and data collection procedures on site, inspection of surface trenches, drill sites and drill core and review of drillhole logging, survey, bulk density testing, sampling and data quality procedures (BDA, 2011a and 2011b). From BDA's documentation and Optiro's site visit observations and review and validation of the drilling data used for the Mineral Resource estimate, Optiro considers that the drilling, logging, sampling and assaying procedures, as discussed below, are appropriate and in accordance with industry standards. In Optiro's overall opinion, the geological database forms an appropriate and reasonable basis for resource estimation.

6.1. DRILLING

The four Sokor deposits (Manson's Lode, New Discovery, Ketubong and Rixen) have been evaluated by surface trenches and diamond core drilling. Diamond drilling was completed on all four deposits using a combination of inclined and vertical drillholes on drill sections oriented normal to the strike of the mineralisation. Only the data from the CNMC diamond drillholes has been used for resource estimation. A total of 364 diamond drillholes for 30,075 m have been drilled at the Sokor Project for Mineral Resource definition.

CNMC provided the geological logs, assay data and survey data to Optiro as a series of spreadsheets. Optiro consolidated this data and generated a drillhole database using Datamine mining software. CNMC provided the assay certificates 162 of the drillholes for the 2011 Mineral Resource, for all 16 drillholes used for the 2012 update to the Rixen Mineral Resource estimate and for 69 of the 76 drillholes provided for the 2013 Mineral Resource update. Optiro validated the data captured by CNMC against the data from the laboratory and found only minor inconsistencies and sample mix-ups, which were subsequently resolved with CNMC.

6.2. SURVEY DATA

CNMC has completed a topographic survey over a 7 km^2 area covering the four deposits; this local detailed survey has been tied into the Malaysian National Grid (MNG) using a number of MNG survey control points. This survey work was carried out using electronic distance measurement (EDM) and from this data a digital terrain model (DTM) was produced.

Drillhole collars have been surveyed using EDM equipment. Comparison of the drillhole collars with the DTM revealed that in general there are only small differences at Manson's Lode, Ketubong and New Discovery. Some of these differences relate to recent mining by CNMC. Where there were significant differences the topographic surface was adjusted to incorporate the drillhole collar data.

At Rixen there are differences of up to 36 m between the drillhole collar elevation and the DTM, with almost 60% of the drillhole collar elevations having a difference of over 3 m from the DTM. Optiro adjusted the drillhole collar elevations to the DTM and took account of this data mismatch in the classification of the Mineral Resource.

For 21 of the 2013 drillholes, survey data was not available. Collar co-ordinates provided by CNMC are reported to be within 5 to 8 m of the actual locations and the collar elevations were determined from the topographical surface. Of these 21 drillholes, 15 were used for Mineral Resource estimation (four at Ketubong, one at Manson's Lode and ten to the south of Rixen). Optiro took account of this uncertainty in the classification of the Mineral Resource.

Drillholes were surveyed using industry standard downhole survey equipment at 50 m intervals. Deviations are reported to be minimal, with differences in the dip angles of less than 0.5°. The downhole survey data was not provided to Optiro for the 2011 Mineral Resource estimate.

The 2012 drillholes are all vertical and downhole survey data was obtained at 50 m intervals; dip deviations are less than 0.5°. Forty-nine of the 2013 drillholes are close to vertical and the remaining 27 holes are inclined at -80° to -60°. Fifty-six the drillholes have downhole survey data and dip deviations average 1.2° with a maximum of 8.5° and azimuth deviations average 4.8° with a maximum deviation of 35°.

Mining at Rixen was undertaken during 2013 and a pit survey was conducted in early 2014.

6.3. LOGGING, SAMPLING AND SAMPLE PREPARATION

Drillhole cores are logged for lithology, weathering, alteration, structure, mineralisation and geotechnical data, including core recovery, RQD (rock quality designation) and fracture frequency measurements.

All drill core is photographed using a digital camera and potentially mineralised core is marked up for sampling. Sample intervals selected for analysis range between 0.25 m and 2.17 m with an average sample interval of 1.5 m.

Systematic logging of oxidation boundaries (base of oxide and base of transitional) was introduced by CNMC for the 2011 exploration programme and oxidation was recorded as a separate field in the 2012 core logging. This practice was not continued during 2013 and needs to be re-instated.

Half core samples were selected for analysis, with quarter core samples used for quality assurance/quality control (QA/QC) analysis. Prior to 2012, sample preparation was undertaken at the ALS Group Laboratory in Perth, Australia and the 2012 and 2013 samples were prepared by SGS Laboratories (Malaysia). Sample weights range from 1 kg to 3 kg. Samples are dried, crushed to 6 mm and the whole sample is pulverised to 85% passing 75 microns. A pulp sample of 200 g is split for assay and the pulp reject bagged and retained.

6.4. SAMPLE SECURITY

Exploration samples were selected, bagged and labelled by site geologists at Sokor and placed in sealed cartons for transport to the assay laboratory. The samples were stored at the Sokor exploration office in the sample storage area, prior to dispatch to the laboratory and the camp was patrolled day and night by security personnel.

During 2012 and 2013, each batch of samples was transported to the SGS (Malaysia) laboratory at Klang, Malaysia, by an employee of CNMC. The assay laboratory confirmed that all samples were received and that the cartons had not been damaged.

6.5. ASSAYING

Gold analyses at all four deposits were by 30 g fire assay with atomic absorption spectrometry (AAS) finish, with a detection limit of 0.01 g/t gold. Prior to 2012, sample analysis was undertaken at the ALS Group Laboratory in Perth, Australia and the 2012 and 2013 samples were analysed by SGS Laboratories (Malaysia). Samples from 16 of the 2013 drillholes were analysed using a 50 g charge.

Samples from Manson's Lode are routinely analysed for Au, Ag, Cu, Pb and Zn. Prior to 2012, Ag, Cu, Pb and Zn were analysed at the ALS Group Laboratory in Perth, Australia by four acid digest and ICP Atomic Emission Spectrometry (ICPAES). The 2012 and 2013 samples were analysed by SGS Laboratories (Malaysia) by four acid digest followed by AAS. At New Discovery, Ketubong and Rixen, silver and base metal concentrations are low and after initial analysis to establish this, samples were analysed for gold only.

6.6. QUALITY ASSURANCE/QUALITY CONTROL

CNMC's QA/QC protocols consist of the insertion of duplicates at a rate of approximately one per batch of 20 samples, and blanks and standards at a rate of approximately one in every 40 samples. The duplicate samples are prepared from quarter core samples and are submitted blind to the assay laboratory. Five certified standards from Geostats Pty Ltd (G307-8, G208-7, G909-10, G910-3 and G308-4) with gold grades of 1.99 g/t, 2.45 g/t, 0.52 g/t, 4.02 g/t and 6.65 g/t respectively have been used.

CNMC's procedures have been implemented for 56 of the 77 holes drilled during 2013. These procedures need to be implemented for all drillhole samples.

Data from a total of 110 field duplicate samples from the 2013 drillholes were analysed by Optiro in 2013. Statistical analysis of original and duplicate results indicated medium to poor overall precision. Analysis of the results from the blanks samples indicates that virtually no continuation is occurring at the laboratory; 43 of the 61 samples returning below detection limit values and the highest assay reported was 0.06 g/t gold.

Assay results from the standard samples submitted during 2013 indicate that two standard samples have been swapped and that one blank sample was inserted instead of a sample. Assay results from the standards inserted with the samples from Sg Among indicate problems and that the gold assay data may have been under-stated. Results from the standard samples submitted with the samples from Rixen, Manson's Lode and Ketubong indicated that the data is within acceptable limits. No standards were submitted with the samples from New Discovery.

QA/QC data must be reviewed as it becomes available and any issues discussed with the laboratory. Optiro recommends that the QA/QC Sg Among is reviewed (in particular the results from the standards) and that selected samples should be re-submitted for analysis.

6.7. BULK DENSITY

Bulk density measurements are made on selected core samples of approximately 0.2 m in length using the water immersion method (weighing in air and water). Samples are dried before measurement. In 2013, an additional 27 measurements were made on drill core from Rixen and Manson's Lode. Bulk density values for each deposit and material type were calculated using measurements from 116 sections of diamond drill core and of alluvial/eluvial and backfill material from 41 test pits.

7. MINERAL PROCESSING AND METALLURGICAL TESTING

7.1. PROCESSING

CNMC engaged Changchun Gold Research Institute (CGRI) to carry out process testwork in 2008 and to design a process for recovery of gold and silver from the Sokor ore. A vat leaching plant was constructed on site in early 2010 and operations commenced in July 2010. During 2013, vat leaching operations continued on a minimal scale with ore from the New Discovery deposit being batch treated.

During 2012, the processing capability of the Sokor Project was increased with the construction and commissioning of a trial 70 kt heap leach facility to treat the ore from Rixen. The heap leach process was operational during January 2013 and continued throughout the year, with ore being supplied solely from the Rixen deposit. Heap leach recoveries ranged from 84% to 96% during the year, with the average recovery being 90% for 2013.

7.1.1. METALLURGICAL TESTWORK

During 2013, CNMC carried out further metallurgical testwork in the following areas:

- gravity gold recovery and heap leaching of Manson's Lode backfill ore
- mineralogical analysis on polymetallic Manson's Lode ore for selection of a process route
- mineralogical and leaching testwork on primary ore from New Discovery and Ketubong.

This testwork is ongoing, with the results to be applied to the leaching processes as required to ensure that the operational parameters remain appropriate for the anticipated variations in ore characteristics across the various deposits.

7.1.2. PLANT DESIGN

CNMC is currently using vat and heap leaching processes. The vat leaching plant comprises the following equipment:

- a 50 t per hour crushing plant which includes a jaw crusher, a secondary impact crusher and a 10 mm vibrating screen to split the secondary crusher product into plus and minus 10 mm material
- three concrete leaching vats, each with a capacity of 1,500 t of ore
- pregnant, barren and raw water ponds
- eight activated carbon columns set up in two trains of four columns
- a gold room comprising an acid wash tank and an elution column each with a capacity of 1 t of carbon
- a 1,000 kg carbon/day diesel-fired carbon regeneration furnace
- a pressurised electrowinning cell.

Crushed ore is trucked about 150 metres to the leaching vats and loaded into the vats using excavators. Barren solution is pumped into the vat to saturate the ore and allow it to soak. The pregnant solution is then drained from the vat into the pregnant solution pond. Pregnant solution is pumped through the carbon columns, an estimated 97% of the contained gold is captured on the carbon and the solution discharging from the columns is recirculated to the barren pond, from where it is pumped back to the vat.

The heap leaching process being used by CNMC features standard heap leaching practices, with fresh ore remaining on the leach pad for a residence time of between 30 and 45 days before it is regarded as being barren. Pregnant leach solution is subsequently stripped of leached gold through a similar process to that used for the vat leach, with an anticipated gold recovery in the order of 90%.

The barren heap leach material is then removed from the heap pad to a tailings storage area that is then progressively rehabilitated during the year.

The loaded carbon for both the heap leach and vat processes is transferred to the gold room for acid washing, elution and regeneration prior to recirculation to the adsorption columns. Eluate from the elution stage is circulated through an electrowinning process to produce a gold sludge which is dried and smelted to produce gold doré.

During the year the vat process was mainly used to undertake trial processing of various ore types from the New Discovery deposit. Metallurgical testwork was commenced for lead and zinc recoveries from previously stockpiled material from the Manson's Lode. Further testwork and study work will be progressed during 2014, to assist with the upgrade and reclassification of the Manson's Lode to meet the JORC 2012 Ore Reserve reporting criteria and this will now include the zinc and lead minerals in addition to the gold and silver.

8. RESOURCE AND RESERVE ESTIMATES AND EXPLORATION RESULTS

Only exploration data used for the Mineral Resource estimate has been reviewed by Optiro. Any additional exploration data obtained by CNMC, which is not within the Mineral Resource area at Manson's Lode, New Discovery, Ketubong and Rixen, has not been included in this report.

8.1. MINERAL RESOURCE

8.1.1. INTERPRETATION

CNMC provided interpreted cross-sections of the mineralisation and geology. Optiro used the cross-sections to guide interpretation of the mineralisation at all deposits using a nominal 0.3 g/t gold cut-off grade. At Manson's Lode base metal mineralisation, external and additional to the gold mineralisation, was interpreted using a nominal 3% lead and zinc (Pb+Zn) cut-off grade; this base metal interpretation encompasses the interpreted gold mineralisation. The sectional interpretations were wireframed to create three dimensional models of the mineralisation which were used to code the drillhole data and the block models for mineralisation and material type.

8.1.2. DATA ANALYSIS

Data within the interpreted mineralisation was composited to 1.5 m downhole intervals and coded for material type (alluvial/eluvial, backfill, lithologically controlled or structurally controlled). Statistical analysis of the composited and coded gold values indicated that the data populations are positively skewed and top-cut values were therefore selected for each deposit and material type. Top-cuts were not applied to the eluvial mineralisation at Ketubong or the structurally controlled mineralisation at New Discovery. For the other material types top-cut values range between 8 g/t gold within the mineralisation at south Rixen and 20 g/t gold within the lithologically controlled mineralisation at New Discovery. These top-cut grades affected the top at 1% to 3.5% of the golddata.

At Manson's Lode, silver, lead and zinc grades were top-cut to 310 g/t Ag, 9% Pb and 2% Zn within the backfill material and to 440 g/t Ag, 14% Pb and 14% Zn within the bedrock material. These top-cut grades affected the top at 1.3% to 3.5% of the data.

Mineralisation continuity was interpreted from variogram analyses to have an along strike range of 60 m to 80 m within the alluvial/eluvial and backfill material, and 40 m to 160 m within the bedrock mineralisation.

8.1.3. GRADE ESTIMATION AND CLASSIFICATION

Block models were generated for each deposit using a block size of 10 mE by 10 mN on 2 m benches at Manson's Lode, New Discovery and Ketubong and 10 mE by 20 mN on 2 m benches at Rixen. A kriging neighbourhood analysis was undertaken to optimise the block size and the kriging parameters. Block grades were estimated using ordinary kriging techniques with appropriate top-cuts as previously described applied for each deposit and style of mineralisation.

The mineralisation has been classified as Measured, Indicated and Inferred in accordance with the guidelines of the Australian JORC Code (2012). Table 1 criteria of the JORC Code and supporting comments are listed in Appendix A. Areas with well-defined geological and grade continuity were classified as either Measured or Indicated and areas with close spaced drilling with higher estimation quality were classified as Measured. Areas with wide spaced drilling and/or poor grade continuity were classified as Inferred.

Average bulk density values for each deposit and material type were calculated using measurements from diamond drillholes and test pits.

Bulk density values used for the 2014 Mineral Resource estimates were 1.85 t/m^3 for the backfill material at Manson's Lode; 2.2 t/m^3 for the oxide material at Ketubong and Rixen; and 2.79 t/m^3 and 2.65 t/m^3 for the transitional and fresh material at Ketubong and Rixen respectively. At Manson's Lode there is a strong relationship between the sulphide mineralisation, in particular the silver, lead and zinc grades, and the bulk density. An ordinary least squares model was developed and the following equation was used to determine the bulk density for the bed-rock material at Manson's Lode:

Bulk density = 3.34+(0.004*Ag)+(-0.116*Pb)+(0.063*Zn)

The New Discovery Mineral Resource was not updated for in 2014. Bulk density values used for the 2012 Mineral Resource estimate were 1.85 t/m^3 for the backfill/alluvial material, 2.2 t/m^3 for the oxide material and 2.96 t/m^3 for the fresh material.

8.1.4. MINERAL RESOURCE TABULATION

The Mineral Resource estimate, as at 31 December 2013, for the Sokor Project is reported in Table 8.1. This has been classified and reported in accordance with the guidelines of the JORC Code 2012 and has been depleted for mining. The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong and above a 0.3 g/t gold cut-off grade at Rixen, to reflect current commodity prices, operating costs and processing options. The Mineral Resources in Table 8.1 have been reported inclusive of the material used to generate Ore Reserves.

The cut-off grades used for reporting reflect the current and anticipated processing operations. Processing of the Manson's Lode and New Discovery ore and future processing of ore from Ketubong is or will be by vat leaching. The application of the lower cut-off grade at Rixen reflects the higher degree of oxidation and the proposed lower cost heap leach operation at this deposit.

Table 8.1 Sokor Project – Mineral Resource statement as at 31 December 2013 (inclusive of Ore Reserves)

Deposit	Measured		Indicated		Inferred		Total	
	Tonnes (kt)	Grade (Au g/t)	Tonnes (kt)	Grade (Au g/t)	Tonnes (kt)	Grade (Au g/t)	Tonnes (kt)	Grade (Au g/t)
Manson's Lode	315	2.7	150	2.2	135	1.7	600	2.4
New Discovery	215	4.0	210	3.2	220	1.8	640	3.0
Ketubong	-	-	115	3.9	730	2.4	840	2.6
Rixen	-	-	4,170	1.3	2,890	1.3	7,060	1.3
Total	**530**	**3.3**	**4,640**	**1.4**	**3,970**	**1.5**	**9,140**	**1.6**

Note: Inconsistencies in totals are due to rounding

At Manson's Lode, elevated silver and base metal concentrations are associated with the gold mineralisation and are reported in Table 8.2 above a cut-off grade of 0.5 g/t gold. Additional base metal mineralisation is present external to the gold mineralisation interpretation and this has been reported above a 3% lead and zinc (Pb+Zn) cut-off grade.

Table 8.2 Silver and base metal concentration within Manson's Lode Mineral Resource (inclusive of Ore Reserves)

Cut-off grade	Measured				Indicated				Inferred				Total			
	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %	Tonnes (kt)	Ag g/t	Pb %	Zn %
0.5 g/t Au	315	64	1.7	1.6	150	47	1.0	0.8	135	55	1.4	1.5	600	58	1.4	1.4
3% Zn+Pb	15	78	2.3	3.5	5	65	1.9	3.8	30	84	2.1	2.7	50	79	2.1	3.1
Total	**330**	**64**	**1.7**	**1.7**	**155**	**48**	**1.0**	**0.9**	**165**	**60**	**1.6**	**1.7**	**650**	**59**	**1.5**	**1.5**

The total Mineral Resource, inclusive of material used to generate Ore Reserves, is presented in Table 8.3. This has been depleted for material used to generate Ore Reserves and the corresponding tabulation, exclusive of Ore Reserves, is presented in Table 8.4.

Table 8.3 Sokor Project, Malaysia – Mineral Resource as at December 2013 (inclusive of Ore Reserves)

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

Table 8.4 Sokor Project, Malaysia – Mineral Resources at December 2013 (exclusive of Ore Reserves)

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
Measured	Gold	415	3.1	41	340	3.1	33	+2%
Indicated	Gold	1,040	1.5	51	840	1.5	41	+38%
Inferred	Gold	3,975	1.5	197	3,220	1.5	159	+12%
Total	**Gold**	**5,430**	**1.6**	**289**	**4,395**	**1.6**	**233**	**+14%**

8.1.5. COMPARISON WITH DECEMBER 2012 MINERAL RESOURCE

As at 31 December 2012, the total Measured, Indicated and Inferred gold resources for the Sokor Project (above a 0.3 g/t gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong, and inclusive of material used to generate Ore Reserves) was 7,800 kt at 1.6 g/t gold, with contained gold of 410,000 ounces. The Manson's Lode Mineral Resources contained silver, lead and zinc; 480 kt with an average grade of 60 g/t silver, 1.3% lead and 1.3% zinc. The Mineral Resources have been subdivided by resource category below in Table 8.5 and Table 8.7.

Table 8.5 Sokor Project, Malaysia – Mineral Resource as at December 2012 (inclusive of Ore Reserves)

Category JORC Code	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
Measured	Gold	520	3.3	55	420	3.3	45	-24
Indicated	Gold	3,900	1.4	180	3,100	1.5	146	+21
Inferred	Gold	3,400	1.6	175	2,800	1.5	144	-37
Total	**Gold**	**7,800**	**1.6**	**410**	**6,300**	**1.7**	**335**	**-18**

Table 8.6 Silver and base metal concentration within Manson's Lode Mineral Resource as at 31 December 2012 above a 0.5 g/t gold cut-off grade (inclusive of material used to generate Ore Reserves)

Classification	Tonnes	Grade		
	(kt)	Ag g/t	Pb%	Zn%
Measured	300	65	1.6	1.6
Indicated	150	50	0.9	0.8
Inferred	30	30	0.7	0.5
Total	**480**	**60**	**1.3**	**1.3**

Since the Mineral Resource was reported as at 31 December 2012, drilling data from 63 holes drilled at Rixen, Ketubong and Manson's Lode and assay data from two holes drilled at Rixen during 2012 (not available for the 2013 Mineral Resource estimate) were incorporated into the updated Mineral Resource estimate.

At Rixen, this resulted in an increased confidence in the central area of the Rixen Mineral Resource estimate and additional Mineral Resources were defined to the south of Rixen. After depletion for mining at Rixen during 2013, the additional drilling has increased the Indicated Mineral Resource tonnage by 20% and decreased the average grade of 1%, with an overall increase of 18% in contained gold. The Inferred Mineral Resource tonnage has increased by 16% and the average grade has decreased by 9%, with an overall increase of 11% in contained gold.

At Manson's Lode, the additional drilling extended the Mineral Resource along strike and increased confidence in the central area. There was a small increase to the Measured Mineral Resource tonnage with material of a lower grade which reduced the average grade and resulted in a 2% increase in contained gold for the Measured Mineral Resource. The total Mineral Resource tonnage of Manson's Lode increased by 24% and the average grade decreased by 8%, with an overall increase of 15% in contained gold.

At Ketubong, the 2013 drilling extended the mineralisation interpretation down-dip and there was an increase in the Inferred Mineral Resource tonnage of 9% and in the average grade of 4%, with an overall increase of 12% in contained gold.

As at 31 December 2013, the total Measured, Indicated and Inferred gold resources for the Sokor Project (above a 0.3 g/t gold cut-off grade at Rixen and a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong) is 9,140 kt at 1.6 g/t gold with contained gold of 465,000 ounces. (exclusive of stockpiles and inclusive of material used to define Ore Reserves). Manson's Lode Mineral Resources contain additional silver, lead and zinc Mineral Resources - 650 kt with an average grade of 59 g/t silver, 1.5% lead and 1.5% zinc. The share of the Mineral Resource attributable to CNMC is 81% and is summarised in Table 8.3.

Compared to the 31 December 2012 Mineral Resource estimate, there has been an increase in gold Mineral Resources of 1,340 kt at 1.6 g/t gold. This represents an increase of 13% in contained gold in the Mineral Resource. The increased tonnage at Manson's Lode, of 170 kt has an average grade of 58 g/t Ag, 2.1% Pb and 2.1% Zn with contained metal of 203,000 ounces of silver, 1,820 tonnes of lead and 2,140 tonnes of zinc.

8.2. ORE RESERVE ESTIMATION

The Ore Reserve estimates as stated in this document have been reported in accordance with the guidelines of the JORC Code, 2004 Edition for the Manson, and New Discovery lodes, and in accordance with the guidelines of the JORC Code, 2012 Edition for the Rixen deposit. Any inconsistencies within the tables may be attributed to the JORC requirement to report to an appropriate number of significant figures, and as such will be due to rounding.

The reason for the split in reporting Ore Reserves between 2004 and 2012 versions is that only Rixen was actively mined during 2013, and there has been no materials changes to the previously reported Ore Reserves for Manson's Lode and New Discovery. Additional exploration work was undertaken at Manson's Lode and the New Discovery with initial metallurgical testwork being undertaken but not finalised, during the reporting period. Additional testwork and studies are currently in progress and are expected to be completed during 2014 and should support future Ore Reserves being reported according to JORC 2012.

The reporting of the Ore Reserve estimates below is laid out such that each deposit is reported and discussed individually in its own section, with a combined estimate reported at the end in Section 8.3.

Where changes in ounces as a percentage are quoted this refers to the change in ounces attributable to CNMC, not the original gross value, and are based upon the rounded figures not the detailed base data.

8.2.1. MANSON'S LODE PIT ORE RESERVE

Between the period of 31 December 2012 and 31 December 2013, no mining activity occurred at Manson's Lode. The Ore Reserve remains unchanged from that previously reported.

Secondary elements have not been included within this Ore Reserve estimate, nor has the impact on either credits or penalties for the presence of other elements and contaminants been included within the cost model and cut-off grade calculations. Metallurgical testwork was commenced for lead and zinc recoveries from previously stockpiled material from the Manson's Lode. Further testwork and study work will be progressed during 2014, to assist with the upgrade and reclassification of the Manson's Lode to meet the JORC 2012 Ore Reserve reporting criteria and this will now include the zinc and lead minerals in addition to the gold and silver.

The Manson's Lode pit Ore Reserve is reported above a 1.2 g/t gold cut-off grade, using 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,350 per ounce. The 2013 Ore Reserve is quoted in Table 8.7 with the 2013 Mineral Resource (additional to the Ore Reserve) presented below.

Table 8.7 Manson's Lode Pit Ore Reserve and Mineral Resource (additional to Ore Reserves) as at 31 December 2013

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	35	3.9	4	29	3.9	4	0
Probable	Gold	85	3.2	9	69	3.2	7	0
Total	**Gold**	**120**	**3.4**	**13**	**98**	**3.5**	**11**	**0**
RESOURCES								
Measured	Gold	280	2.6	24	230	2.6	19	+57%
Indicated	Gold	60	0.9	2	50	0.9	1	-82%
Inferred	Gold	130	1.7	7	110	1.7	6	+619%
Total	**Gold**	**480**	**2.1**	**32**	**390**	**2.1**	**26**	**+22%**

Notes:

- *Ore Reserves reported as per the JORC Code 2004 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for Manson's Lode is 1.2g/t gold*
- *Gold price used for cut-off calculation is US$1,350 /oz*
- *No Inferred material is included in the Ore Reserve*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution.*

8.2.2. NEW DISCOVERY PIT ORE RESERVE

During the reporting period there was no further Mineral Resource definition or material mining activities at New Discovery. The New Discovery Mineral Resource has, been classified and reported according to the JORC Code 2004, and is unchanged from that previously reported. The New Discovery deposit is considered an inactive mining area at this time, with small scale trial-mining undertaken on an ad-hoc basis as part of an ongoing exploration and metallurgical testwork process.

The New Discovery Pit Ore Reserve estimate is reported above a 0.4 g/t gold cut-off grade, 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,350 per ounce.

The resultant Ore Reserve for the New Discovery pit is reported below in Table 8.8 and is applicable for 2013.

Table 8.8 New Discovery pit Ore Reserve and Mineral Resource (additional to Ore Reserves) as at 31 December 2013

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	81	3.8	11	66	3.8	9	0
Probable	Gold	65	3.0	7	52	3.0	5	0
Total	**Gold**	**150**	**3.5**	**17**	**120**	**3.5**	**14**	**0**
RESOURCES								
Measured	Gold	135	4.1	18	110	4.1	14	0
Indicated	Gold	140	3.3	15	115	3.3	12	0
Inferred	Gold	220	1.8	12	175	1.8	10	0
Total	**Gold**	**490**	**2.9**	**45**	**400**	**2.9**	**37**	**0**

Notes:

- *Ore Reserves reported as per the JORC Code 2004 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for New Discovery lode is 0.4g/t gold*
- *Gold price used for cut-off calculation is US$1,350 /oz*
- *No Inferred material is included in the Ore Reserve*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution.*

COMPARISON WITH 2012 ORE RESERVE ESTIMATE – NEW DISCOVERY

For the period between 31 December 2012 and 31 December 2013 there was no mining activity nor were there any additional Mineral Resources added to New Discovery that could lead to a change in Ore Reserves.

8.2.3. RIXEN PIT ORE RESERVE

Between the period of 31 December 2012 and 31 December 2013, mining activities occurred at Rixen. CNMC reported to Optiro that for the period approximately 323,000 tonnes of ore was removed from Rixen; however, accurate reporting as to the precise ore tonnes, grade and amount of waste removal was not available, and hence this information has been considered in conjunction with surveyed data and the depleted block model.

No End of Period survey of stockpiles was undertaken; however, comparison of mined versus processed operating figures indicate that approximately 65,000t of material mined during 2013 remains stockpiled for further processing during 2014.

With the information available to Optiro, a detailed reconciliation of actual mined against the depleted model could not be completed, therefore this Ore Reserve estimate has been completed solely on the basis of the depleted Mineral Resource block model against the pit design and working face surveys as of the 31 December 2013.

In addition to mining depletion, the 2013 Ore Reserve for the Rixen pit has also been influenced by the adoption of a reduced gold price of US$1,250 per ounce. This reduced price reflects a softening outlook for gold, and results in a minor increase in the applicable cut-off grade. When applied to the Rixen deposit, this cut-off grade increase has resulted in an Ore Reserve reduction of approximately 160,000 t from that previously reported.

The Rixen pit Ore Reserve estimate is reported above a 0.5 g/t gold cut-off grade, 95% mining recovery and 5% dilution at zero grade and a gold price of US$1,250 per ounce. The 2013 Ore Reserve estimate is quoted in Table 8.9.

Table 8.9 Rixen Pit Ore Reserve and Mineral Resource (additional to Ore Reserves) as at 31 December 2013

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	0	0	0	0	0	0	0
Probable	Gold	3,450	1.3	148	2,795	1.3	120	+14%
Total	**Gold**	**3,450**	**1.3**	**148**	**2,795**	**1.3**	**120**	**+14%**
RESOURCES								
Measured	Gold	0	0	0	0	0	0	0
Indicated	Gold	720	0.9	20	583	0.9	16	+269%
Inferred	Gold	2,895	1.3	120	2,345	1.3	98	+21%
Total	**Gold**	**3,615**	**1.2**	**140**	**3,930**	**1.2**	**114**	**+17%**

Notes:

- *Ore Reserves reported as per the JORC Code 2012 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for Rixen lode is 0.5g/t gold*
- *Gold price used for cut-off calculation is US$1,250 /oz*
- *No Inferred material is included in the Ore Reserve*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution.*

COMPARISON WITH 2012 ORE RESERVES ESTIMATE - RIXEN

The variance between the 2012 and 2013 Ore Reserve estimation is due to both depletion by mining activities and, less significantly, the adoption of a reduced gold price of US$1,250 per ounce. No other modifying factors have been adjusted on the Rixen pit Ore Reserve between 2012 and 2013. The previous Ore Reserve was reported as per the JORC Code 2004 edition.

Pit surveys were taken for the end-of-reporting period of 31 December 2013, and these formed the basis of the depletion model.

CNMC has reported to Optiro that for the period until 31 December 2013, 323 kt of material has been extracted.

The variation between the claimed mined tonnes and the surveyed depletion of the Mineral Resource/Ore Reserve is attributable to dilution occurring during the mining phase, combined with the addition of material to the ore claimed through operational grade control work and ore loss through operational issues.

Optiro has taken a prudent and conservative approach to account for the lack of accurate and timely production data provided, and assumed that the Ore Reserve portion was depleted prior to 31 December 2013.

As no detailed reconciliation data was provided to Optiro (Table 8.10) with respect to mine production, this Ore Reserve estimate has been calculated solely on the evaluation results from the pit design using the depleted block model created as part of this Ore Reserve report.

Figure 8.1 and Figure 8.2 show, respectively, the differences in tonnes and metal between the 2012 and 2013 Ore Reserve figures.

Table 8.10 Rixen mine - claimed versus recovered processed summary

	Tonnes	Gold	
		Grade (g/t)	Metal (oz)
Mined claimed	323,000		
Previously stockpiled material processed	126,000		
2013 mined material processed	260,000		
Total processed	386,000	1.07	13,300
Total recovered			11,800
2013 mined material stockpiled	63,000		

Figure 8.1 Waterfall chart showing variance in 2011 and 2012 Ore Reserve estimate for Rixen ore tonnes

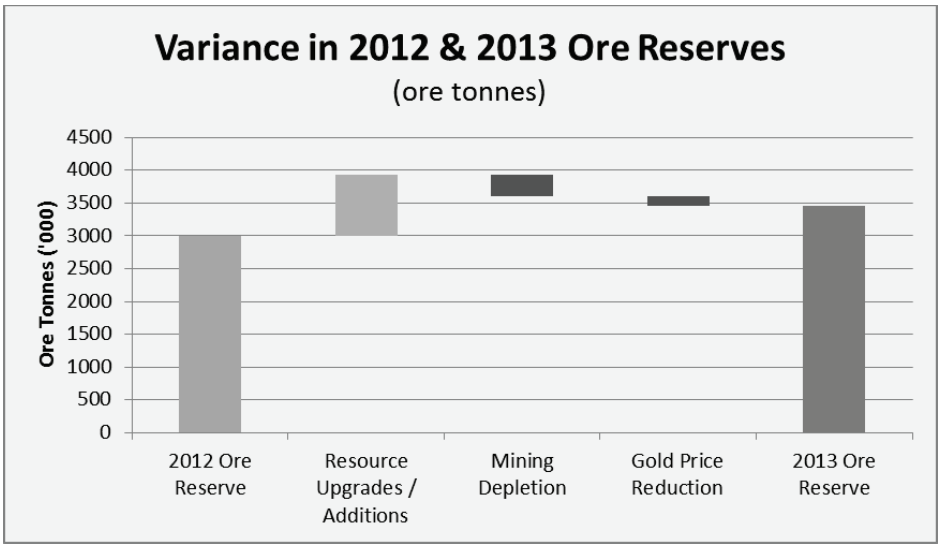
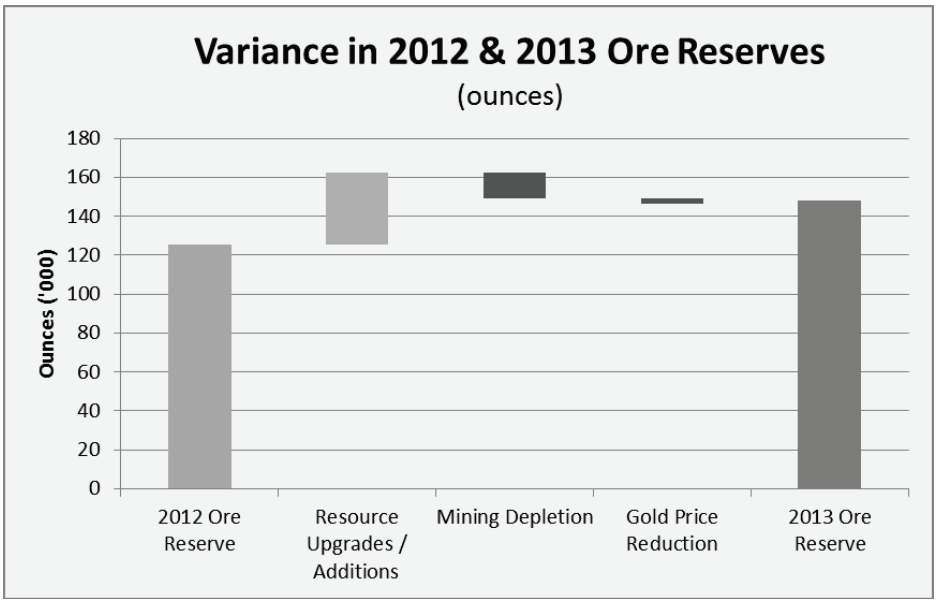


Figure 8.2 Waterfall chart showing variance in 2011 and 2012 Ore Reserve estimate for Rixen gold ounces



8.2.4. KETUBONG

No Ore Reserve estimate was calculated or reported for the Ketubong deposit as there was no activity related to that deposit during 2013.

8.3. STATEMENT OF SOKOR MINERAL RESOURCES AND ORE RESERVES

The combined Ore Reserve estimate for Manson's Lode, New Discovery and Rixen deposits has been calculated and is shown in Table 8.11, accompanied by the corresponding Mineral Resource tabulation (reported exclusive of Ore Reserves).

Table 8.11 Combined Sokor Project Ore Reserves (Manson's Lode, New Discovery and Rixen) and Mineral Resources (additional to Ore Reserves at Manson's Lode, New Discovery, Rixen and Ketubong) as at 31 December 2013

Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			
		Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Tonnes (kt)	Grade (Au g/t)	Contained Au (koz)	Change from previous update (%)
RESERVES								
Proved	Gold	115	3.8	14	95	3.8	12	0
Probable	Gold	3,600	1.4	163	2,915	1.4	132	+13%
Total	**Gold**	**3,715**	**1.5**	**178**	**3,010**	**1.5**	**144**	**+11%**
RESOURCES								
Measured	Gold	**415**	**3.1**	**41**	**340**	**3.1**	**33**	**+2%**
Indicated	Gold	**1,040**	**1.5**	**51**	**840**	**1.5**	**41**	**+38%**
Inferred	Gold	**3,975**	**1.5**	**197**	**3,220**	**1.5**	**159**	**+12%**
Total	**Gold**	**5,430**	**1.6**	**289**	**4,395**	**1.6**	**233**	**+14%**

Notes:

- *Ore Reserves for Rixen lode reported as per the JORC Code 2012 edition*
- *Ore Reserves for New Discovery and Manson's Lode reported as per the JORC Code 2004 edition*
- *Calculations have been stated to two significant figures, and may display rounding inconsistencies*
- *Cut-off grade for Rixen lode is 0.5 g/t gold*
- *Cut-off grade for New Discovery lode is 0.4 g/t gold*
- *Cut-off grade for Manson's Lode is 1.2 g/t gold*
- *Gold price used for cut-off calculation is US$1,250 /oz for Rixen*
- *Gold price used for cut-off calculation is US$1,350 /oz for Manson's Lode and New Discovery*
- *No Inferred material is included in the Ore Reserve*
- *Dilution of 5% and ore loss of 5% have been applied, with zero grade attributed to dilution.*

9. PLANNED EXTRACTION AND PROCESSING METHOD

9.1. INFRASTRUCTURE

9.1.1. POWER AND WATER SUPPLY

Power to the operation has previously been provided by three on-site diesel generators. Two generators of 400 kW and 240 kW capacity provide the bulk of the power requirements, with a 160 kW unit available as a stand-by. Small portable generators provide power to living quarters. In 2013, an additional 6 diesel generators were added to provide additional power generation for the expanded heap leach operations.

The project site is in an area of high, consistent rainfall. Water is sourced from local streams for use in mining and processing. Potable water is trucked to the site.

9.2. MINE SITE FACILITIES

CNMC has constructed offices, accommodation camp, assay laboratory and a permanent equipment maintenance facility on the site. Communications are provided via a satellite phone system. Telephone, fax and data transmission facilities are provided.

9.3. ENVIRONMENTAL AND COMMUNITY ISSUES

Optiro understands that BDA reviewed the project's Environmental Impact Assessment 2008, 2009 and Environmental Management Plan 2010. The review focussed on environmental aspects and social/community issues which are considered a material part of the project and which may have implications for project feasibility, costs and timing. Optiro understands that these have not changed since BDA's review in 2011 and the summary below is from the BDA report (BDA, 2011a)

9.3.1. ENVIRONMENTAL IMPACT ASSESSMENT

Environmental approvals for the project include submission of an Environmental Impact Assessment in January 2008 and a supplementary EIA report in March 2009, with approval received in June 2009. An Environmental Management Plan was submitted in February 2010 and an EMP – Additional Information report was submitted in March 2010, with approval received in April 2010. The EIA and EMP cover both heap leach and pond (vat) leach processing of gold ore at the Sokor mine site.

The project mining and environmental approvals are granted by the Kelantan State Department of Environment (DOE). The EIA approval was received in June 2009 with approval conditions stipulated, whilst the EMP approval was received in April 2010. The Mining Scheme approval was obtained in January 2010 and is subject to initial mine production not exceeding 300 ktpa of mined ore. This condition will be relaxed on submission to government of a full feasibility study and mine plan directed at expanding the project to include treatment of the primary gold sulphide mineralisation using a carbon in pulp process.

As part of the environmental investigations undertaken to date, potential project impacts to physical and biological resources have been assessed to identify key environmental risks that may arise from the construction, operation and eventual mine closure of the Sokor Project. Formal assessment, documentation and communication of potential project-related impacts, including the anticipated scope, magnitude, extent and duration, have been completed in conformance with the Kelantan State permitting process, including the DOE requirements and requirements under the Environmental Quality Act 1974. The information supplied under the Supplementary EIA was in response to further information requests from the DOE and the Kelantan State Minerals and Geoscience Department.

The EIA reports were prepared by Puncak Moriah Engineering Sdn. Bhd., whilst the EMP document was prepared by EQM Ventures Sdn. Bhd. The Sokor Mining Schemes Report was prepared by CMNM Mining Consultant Engineer, KF Lee Mining Consultant & Surveyor.

9.3.2. ENVIRONMENTAL PROTECTION AND MITIGATION MEASURES

CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures which have been implemented. These potential impacts and CNMC mitigation measures include:

- Site clearing impacting on downstream water quality – mitigation measures include the use of silt traps and runoff barriers, retention of vegetation, vegetation removal to follow natural contours to maximise effects of silt traps.
- Soil erosion and dust emissions resulting from earthmoving activities – mitigation measures include revegetation to control runoff and soil loss, water spraying of mine roads and trafficked areas to suppress dust emissions and provision of personal protection equipment to provide protection from dust and noise.
- Biomass waste and other waste disposal causing air pollution, fire hazard, unhealthy environment – mitigation measures include no burning of biomass waste allowed on site, spoils and waste materials to be buried on-site in a designated 'fill' area, properly designed spoil piles surrounded by soil containment berms and biodegradable waste to be left in-situ to decompose naturally.
- Wastewater generation and disposal impacting on water quality – mitigation measures include provision of suitable sanitation facilities and potable water supply, solid waste to be recycled and composted of disposed in secure areas designed in accordance with Department of Environment of Malaysia guidelines.
- Chemicals and hazardous material use impacting on water quality – mitigation measures include prevention of leakage from tailings vats by installing water proofing materials to inhibit seepage, conducting regular maintenance of vats, engagement of Kualiti Alam (a Federal Government licensed toxic waste collector) to handle all acids and hazard chemicals resulting from the operations and provision of proper safe and secure storage facilities located away from incompatible substances that may generate heat, fire, gas or explosion.
- Traffic associated with the project impacting on air quality, noise and road safety – mitigation measures include provision of sufficient width to access roads, limiting speed of vehicles, restricting entry to active mining areas to project vehicles only.
- Mine closure impacting on water quality, employment opportunities, development opportunities, loss of environmental values – mitigation measures include developing an appropriate Mine Closure and Rehabilitation Plan which includes appropriate systems for handling site storm water runoff, compacting and sealing potentially acid-generating waste rock, closure and covering tailings dams, site re-vegetation, employee training and multi-skilled experience which is transferable to other mining operations or other sectors of employment.

9.3.3. AIR QUALITY AND NOISE

Background air quality and noise were measured in and around the Sokor Project area in 2007 as part of baseline monitoring for environmental assessment purposes. In general, ambient air quality and noise levels in areas sampled in the project area are within Government of Malaysian ambient standards.

9.3.4. SURFACE HYDROLOGY

Based on topographical information, there are numerous streams which pass through the Sokor mine site area from east to west, flowing through Sg Tapis, Sg Amang, Sg Sejana, Sg Liang and Sg Ketabong, which eventually discharge into the Sg Pergau.

Surface water baseline evaluations have previously been conducted in the Sokor Project area as part of the environmental assessment process.

Baseline water quality analysis showed that the water quality in the project area is generally good and the parameter levels comply with the limits of Class III of the Interim National River Water Quality Standard for Malaysia and Standard B of the Malaysian Environmental Quality (Sewage & Industrial Effluents) Regulations, 1979.

9.3.5. WATER MANAGEMENT

Given the project area's known high rainfall, water management is a significant management issue for the project so as to minimise any potential downstream impacts.

The mine and processing plant are operated as a closed-loop circuit where no water from the site operations discharges to nearby surface waters. All process water from the plant area is to be channelled to the tailings storage facility while any excess water from the tailings storage facility (TSF) is recycled to the plant's processing circuits.

The TSF is designed to operate with a minimum freeboard of 1.5 m and is surrounded by berms. The design capacity is at least twice the actual design capacity of all water from the mineral processing circuit and has also been designed to accommodate the recorded maximum rainfall event.

The berms are designed to prevent overflow from discharging from the TSF and will also preclude rainfall runoff from entering the TSF. Any stormwater and water collected from the mine pits is channelled to a sedimentation pond (i.e. environmental control pond), which is designed to provide a retention time of 48 hours.

Discharge from the sedimentation control pond is via a spillway. The mine has been developed with minimum disturbance to streams and creeks in the area. Where this is unavoidable, silt traps and sediment control practices are to be used to prevent any inflow of sediment to surface water. Surface runoff from the workshop area and other vehicle service areas is channelled to an oil/water separator device prior to the water being discharged.

Discharge of waste water from the sewerage system, domestic waste water and rainwater runoff from on-site facilities such as workshops will be controlled so as not to impact on surrounding surface waters.

9.3.6. TAILINGS MANAGEMENT

Originally it was proposed that the project would commence using alluvial and heap leach methods to develop the mine; however, crushed ore is currently being batch processed using the previously installed vat leaching process as well as the more recently commissioned heap leach circuit.

Neither BDA nor Optiro have been supplied with any details of the design of these plants, any expansion details on proposed plant process ponds, or any site water balance data. BDA and Optiro note that it is prudent that any heap leach system (besides provisioning for process ponds – barren and pregnant solution ponds) provides a stormwater (safety) pond with sufficient capacity to accommodate the local maximum rainfall event. Such a pond will need to accommodate runoff from the entire process plant area, including the process ponds and heap leach area. A cyanide detoxification system will likely be necessary to handle increased rainfall on the heap leach area during the monsoon period and to provide for decommissioning of the heap leach structures and to make safe the process solutions once the heap leach system is closed. The EMP contains limited details on three possible cyanide detoxification methods; however, the information provided is considered preliminary, as no particular detoxification method has yet been selected.

The EIA Supplementary report contains design details and environmental protection measures to minimise the potential for water pollution. It is proposed that no solutions are to be discharged from the stormwater (safety) pond and that the cyanide content of water in the pond will be constantly monitored to ensure it remains below 0.1 mg/L.

All ponds, channels and impounding bunds are planned to be constructed with the required minimum freeboard and be HDPE-lined for protection against erosion and potential groundwater contamination.

The small TSF will store tailings from the current vat leaching system and this is still being utilised for this process. A new tailings storage facility has been built as part of the heap leach processing facility.

9.3.7. ENVIRONMENTAL MONITORING

The approved Environmental Management Plan contains details concerning the environmental monitoring requirements stipulated under the Government approval. They include requirements for the monitoring and reporting of air quality, noise and water quality.

An Environmental Audit process is set out in the Environmental Management Plan.

9.3.8. REHABILITATION

It is proposed that where possible, any disturbed areas will be progressively rehabilitated; however, there are some areas such as the process plant areas which cannot be rehabilitated until such time as the mine is closed and the plant is decommissioned.

An Erosion and Sediment Control Plan is set out in the Environmental Management Plan, together with other specific pollution control and occupational health and safety plans.

9.3.9. SOCIAL ISSUES

There is a possibility that the Sokor Project may encroach into fishing areas, which may impact on revenue and livelihoods for the members of the local communities who use the area. Consequently, local dissatisfaction with the project may arise if access to fish resources is restricted.

It is expected that the Sokor Project will create employment opportunities for residents of the area. In the communities surveyed, the residents expressed the desire to seek work at the site for both skilled and unskilled work opportunities.

CNMC has made substantial efforts to integrate its project activities with the local communities and is assisting them in social and economic development programmes. It is providing the local community with new employment opportunities, training and skills development for those staff employed in CNMC's mining activities and has broadened the economic and commercial base for local businesses, contributing to economic growth in the region. In addition it provides opportunities for business investors to invest in Kelantan.

The main negative social impact that can occur at mine closure is the loss of jobs resulting from the cessation of mining. CNMC's proposed mitigation measure is to ensure that the workforce that has been employed will be fully trained with multi-skilled experience that is easily transferable at the time of mine closure, thus enabling potential further employment in other sectors.

10. FINANCIAL ANALYSIS

10.1. LIFE OF MINE PRODUCTION SCHEDULE

The current production schedule was updated by Optiro to reflect the depletion due to mining at Rixen. The schedule (Table 10.1) is based on 40 ktpa production from both Manson's Lode and New Discovery and the balance was made up by Rixen whilst maintaining the original BDA processing capacity, ramping up to 3.9 Mtpa of total material movement. A constant strip ratio of 1.6:1 was assumed for this exercise. Whilst this mining schedule is adequate for an Ore Reserves estimate, Optiro recommends that CNMC completes a detailed life of mine schedule combining all ore sources, for accurate reporting of tonnes and grade. This mining schedule has been authorised for use by CNMC.

Table 10.1 Rixen, New Discovery and Manson's Lode high level mining schedule

Source	Units	Year				Total
		2014	2015	2016	2017	
Rixen						
Ore grade	g/t	1.26	1.26	1.51	0	1.33
Contained oz	oz	39,872	58,270	49,858	0	148,000
Ore	kt	983	1,437	1,030	0	3,450
Waste	kt	1573	2,299	1,648	0	5,520
Total material	kt	2,557	3,737	1,046	0	7,340
Manson's Lode						
Ore grade	g/t	3.46	3.43	3.43	2.80	3.41
Contained oz	oz	4,353	4,445	4,412	180	13,390
Ore	kt	40	40	40	2	122
Waste	kt	64	64	64	3	195
Total material	kt	104	104	104	4	316
New Discovery						
Ore grade	g/t	3.36	3.47	3.69	3.69	3.55
Contained oz	oz	4,318	4,469	4,752	3,002	16,541
Ore	kt	40	40	40	25	145
Waste	kt	64	64	64	40	232
Total material	kt	104	104	104	66	378
Total movement						
Ore grade	g/t	1.42	1.38	1.65	3.67	1.49
Contained oz	oz	48,543	67,184	59,022	3,182	177,931
Ore	Kt	1,063	1,517	1,110	27	3,717
Waste	Kt	1,701	2,427	1,776	43	5,947
Total material	kt	2,765	3,945	1,254	70	8,034

10.2. CAPITAL AND OPERATING COSTS

Capital and operating costs have been estimated by CNMC and were reviewed and reported by BDA in 2011 (BDA, 2011a). Optiro understands that there has been no change to the estimated costs and that CNMC plans to review the costs as part of further study work to be under taken during 2014.

10.3. OPERATING COSTS

The operating costs used to determine the economic viability of this Ore Reserve estimate have been provided to Optiro by CNMC. Whilst some actual production and processing costs have been recorded, and are lower than the study applied costs, Optiro has opted to use a combination of the current costs and the original cost projections for reasons of conservatism and consistency over variable recorded costs. The mining costs used are considered in line with current operational expectations. A revised forecast gold price of US$ 1,250 per ounce has been applied at the request of CNMC, with the net impact being an increase in the marginal cut-off grade. At 2 significant figures, however, the impact of this change on the cut-off grade is minor. The unit operating costs and cut-off grade calculations used are tabulated below in Table 10.2.

Table 10.2 Mining unit costs and cut-off grade

	Units	Rixen	Manson's Lode	New Discovery
Mining and Processing Costs				
Ore mining cost		1.77	3.38	2.65
Stripping cost		0.88	0.88	0.88
Processing cost	US$/t	14.00	36.79	13.98
Cost	US$/t ore	14.00	36.79	13.98
Revenue and Selling Costs				
Rehabilitation cost	US$/t ore	-	-	-
Selling cost	US$/g	0.59	0.59	0.59
Royalty	%	8%	8%	8%
	US$/g	3.22	3.47	3.22
Total sale cost	US$/g	4.06	4.06	4.06
Gold price	US$/oz	1,250	1,250	1,250
	US$/g	43.40	43.40	43.40
Final sale price	US$/g	39.34	39.34	39.34
Mining recovery	%	95.0%	95.0%	95.0%
Process recovery	%	80.0%	85.0%	86.8%
Recovered revenue	$/g	29.90	31.77	32.44
Marginal cut-off	g/t	0.5	1.2	0.5

Based on the financial analysis as completed by Optiro, Optiro is able to demonstrate and is satisfied that there is a positive financial outcome for the Manson's Lode, Rixen and New Discovery deposits. No financial analysis has been completed for the Ketubong deposit and thus no Ore Reserves have been stated.

11. INTERPRETATION AND CONCLUSIONS

The geology and mineralisation controls at Sokor are reasonably well understood, with mineralisation being both structurally and lithologically controlled. The Manson's Lode and New Discovery deposits are both well defined. The 2013 drilling has extended the mineralisation at Manson's Lode along strike to the north-east and deeper drilling at Ketubong has intersected mineralisation down-dip. New Discovery remains open at depth and warrants additional drill testing. Drilling 500 m to the south of Rixen has intersected mineralisation and the intervening 500 m of strike remains to be tested. Only minor mineralisation was intersected at Sg Among to the east of Rixen.

To date CNMC has focussed its exploration on the known prospects within the Sokor Block and hence there are a number of areas within the concession that have been subjected to little or no exploration; the surrounding exploration licence also has not been subjected to any systematic investigation. These areas are prospective for gold and base metal mineralisation and CNMC plans to expand its exploration programme in the future to assess these areas and also in the surrounding exploration licence.

There is considerable potential remaining in the Sokor Block and surrounding exploration licence to locate additional gold resources; however, this will require a higher rate of drilling than CNMC has completed in the past.

From an operational perspective, the predominant conclusion is a need for greater vigour to be applied to the recording and reconciliation of operating activities. Accurate reporting of mining locations and material movements on to and off of stockpiles and leach pads will provide CNMC with greatly improved production tracking and enable meaningful reconciliation of actual against planned mine performance in terms of both tonnes and grade profiles.

This recording should be supported by accurate face and stockpile surveys on a a monthly basis to provide a spatial basis of reconciliation against the reported physicals. The implementation of these processes would eliminate unaccounted for material movements and significantly streamline end of period reporting requirements.

On a similar note, the movement of material from stockpiles to leach pads should be recorded in greater detail to ensure that CNMC has a detailed basis for reconciling the performance of the leach circuits. Without recording the tonnes and grade being added to a leach circuit, together with when and what quantity of leached material is removed, there is no reliable basis for reconciling how that process has performed, nor understanding the potential metal remaining in the circuit at any given time.

These operational processes are considered to be essentials for a single-source mining and processing operation. With the potential for multiple ore sources to be mined concurrently at Sokor, the requirement for accurate and rigorous reporting processes is multiplied to ensure that operational performance is recorded on an appropriate basis.

In summary, it is concluded that the operational performance of the Sokor Project would benefit significantly from implementing more formalised and structured recording and reporting processes as soon as practicable.

12. RECOMMENDATIONS

Optiro has the following recommendations with respect to the data used for the Mineral Resource estimate at the Sokor Project:

- Geological logging is based on standardised codes and that separate codes are used to record lithology, alteration and mineralisation
- Depths to the base of oxidation and the base of transitional material should be logged from the existing drill core from Manson's Lode, New Discovery and Ketubong. This data can then be incorporated into the Mineral Resource models
- Systematic logging of oxidation boundaries (base of oxide and base of transitional) was introduced by CNMC for the 2011 exploration programme and oxidation was recorded as a separate field in the 2012 core logging. This practise was not continued during 2013 and needs to be re-instated
- QA/QC procedures should be improved by carrying out additional inter-laboratory or umpire checks, particularly of higher grade samples
- CNMC needs to ensure that QA/QC procedures are followed and that field duplicate, blank and standard samples are inserted for all drillholes
- QA/QA data must be reviewed as it becomes available and issues resolved with the laboratory. Assay results from the standards inserted with the samples from Sg Among indicate problems and that the gold assay data may have been under-stated.
- Significant differences between the topographical surface data and the drillhole collars surveys need to be resolved
- Accurate collar survey data needs to be obtained for 21 of the holes drilled in 2013
- At Manson's Lode additional base metal mineralisation is present external to the gold mineralisation interpretation; this will be evaluated for future Mineral Resource estimates.
- Pit survey pick-ups should be completed on a regular basis (at least at the end of each quarter) and the Mineral Resource models should be reconciled against production.

Optiro has the following recommendations with respect to the data used for the Ore Reserve estimate at the Sokor Project:

- A detailed life-of-mine schedule should be updated with the depleted Rixen Ore Reserve and accounting for mining activities that have occurred
- Detailed 3D topographic surfaces for each deposit should be developed to produce an accurate "as mined" point of reference for each deposit. The current depletion surfaces are lacking in detail and spatial alignment accuracy
- Once more accurate actual costs are established the cut-off grades should be re-calculated and used in the life-of-mine schedule and future mine planning and Ore Reserves reporting.
- Ongoing recording of monthly operational production figures should occur, supported by appropriately detailed daily tracking of mining and processing activities including records of material source and destination locations
- Surveys of mining face positions and stockpile profiles should occur preferably on a monthly basis but as a minimum on a quarterly basis to facilitate effective reconciliation between all stages of the operation from the resource block model through to gold produced.
- Training of production staff should be implemented to ensure that continuity of production tracking and reporting is maintained whilst staff are absent from site.

13. REFERENCES

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14. GLOSSARY

Term	Explanation
Alteration	A change in mineralogical composition of a rock through reactions with hydrothermal fluids, temperature or pressure changes.
Base metals	Non-ferrous (other than iron and alloys) metals excluding precious metals. These include copper, lead, nickel and zinc.
Bedrock	The solid rock lying beneath superficial material such as gravel or soil.
Bulk density	The mass of many particles of the material divided by the volume they occupy. The volume includes the space between particles as well as the space inside the pores of individual particles.
Cut-off grade	The grade that differentiates between mineralised material that is economic to mine and material that is not.
Diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
Fault	A fracture in rock along which displacement has occurred.
Indicated Mineral Resource	An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred Mineral Resource	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.
JORC Code	The JORC Code provides minimum standards for public reporting to ensure that investors and their advisers have all the information they would reasonably require for forming a reliable opinion on the results and estimates being reported. The current version is dated 2004.
Metallurgy	Study of the physical properties of metals as affected by composition, mechanical working and heat treatment.
Measured Mineral Resource	A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are spaced closely enough to confirm geological and grade continuity.
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.
Ordinary kriging	A geostatistical estimation method relying upon a model of spatial continuity as defined in a variogram.
Ore	Mineralised material which is economically mineable at the time of extraction and processing.
Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Oxidation	The addition of oxygen to the metal ion, generally as a result of weathering.
Recovery	Metallurgical: The percentage of metal that can be recovered given the limitations of the processing equipment.
Stripping	Open pit mining term relating to the removal of uneconomic waste material to expose ore. Metallurgical term relating to the removal of copper from the organic phase in the solvent extraction process.
Top cut	A process that reduces the effect of isolated (and possible unrepresentative) outlier assay values on the estimation.
Transitional	The partially oxidised zone between oxidized and fresh material.
Volcanics	Sequence of strata formed from an erupting volcano.

Appendix A

JORC Code, 2012 Edition – Table 1 reporting

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Drill cores were photographed and logged by geologists. Core identified as having potential for mineralisation was marked up for sampling. • Half core samples were selected for analysis and quarter core samples were used for quality assurance and quality control analysis. • Sample intervals range between 0.3 m to 3.2 m with an average interval of 1.5 m. • Samples were packed by experienced site personnel and sent to SGS Laboratory in Kuala Lumpur, Malaysia. • All sample preparation and assay were undertaken by SGS Laboratory in Kuala Lumpur, Malaysia. • Gold analyses of the 2013 samples were by fire assay with atomic absorption spectrometry (AAS) finish of a 30 g sample, with a detection limit of 0.01 g/t gold. Samples from 16 holes were analysed using a 50 g sample. • Ag, Cu, Pb and Zn were analysed by four acid digest using the SGS method AAS 40Q.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Triple tube diamond core drilling - fully drilled with diamond bit without RC pre-collar. • Core diameter varies from 122 mm, 96 mm to 76 mm with depth.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core sample recovery recorded in logging sheet and recovery results assessed by geologists. • Statistical analysis indicates there is no relationship between recovery and grade.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• All drillholes were logged by geologists. • Logging data recorded includes interval from and to, colour, major mineral composition,

Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	texture and structure, mineralisation and lithology types. • Cores were photographed. • All samples that were identified as having potential mineralisation were assayed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core samples were logged and intervals for analysis were marked-up by geologists. • Cores were cut into half and collected by experienced workers. • Sample intervals range between 0.3 m to 2.17 m with an average interval of 1.5 m. • Quarter core samples were used for quality assurance and quality control analysis.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All samples were dispatched to independent laboratory SGS in Kuala Lumpur, Malaysia. • CNMC's procedures included the submission of blind samples at a rate of one per 20 samples for duplicates, and one per 40 samples for blanks and standards. • These procedures were implemented for 56 of the 77 holes drilled during 2013. • The five standard samples are from Geostats Pty Ltd. • Analysis by Optiro indicates no sample contamination, rare sample mix-ups, moderate levels of precision and generally acceptable results from the standards. Issues were identified at the Sg Among prospect, which has not been included in the Mineral Resource estimates.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• A twin hole was drilled at New Discovery during 2013. This confirmed the mineralised intersection within the upper part of the ore body. • The data from the 2013 drilling program was imported by Optiro from the spreadsheets compiled by CNMC. • Signed copies of the assay certificates were used by Optiro to verify the assay data for 40% of the database. • Data validation included checking for out of range assay data and overlapping or missing intervals. Minor issues with overlapping

Criteria	JORC Code explanation	Commentary
		intervals were resolved. • Below detection values were set to half the detection limit.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drillhole collar locations (easting, northing and elevation) are surveyed by geologists after hole completion using SOUTH Polaris 9600 Static GPS accurate to within +/-10 cm, or GARMIN GPSmap 60CSx accurate to within +/- 7 m. • Grid system used is Malaysian National Grid (MNG). • A detailed topographical surface has been defined over a 7 km^2 area that covers the four deposits. Contour intervals are at 5 m intervals and points along the contour lines are generally at intervals of around 10 m.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• During 2013, data from 76 additional vertical and inclined drillholes for a total of 9,730 m were incorporated into the database. • Drillhole spacing and drill section spacing averaged 50 m depending on location, access and ground conditions. • Data obtained is sufficient to establish the degree of geological and grade continuity. • Samples are not composited for analysis. Down-hole compositing is applied for Mineral Resource estimation.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drill sections are oriented mine grid north-south and parallel to the strike of the deposit. • Most holes were drilled on section. • Vertical and inclined holes have been drilled, depending on the orientation of the lithology and mineralisation. • The orientation of drilling is considered adequate for an unbiased assessment of the deposit with respect to interpreted structures and controls on mineralisation.
Sample security	• *The measures taken to ensure sample security.*	• Samples packed on site and dispatched by road freight to SGS Lab, Kuala Lumpur. All sample preparation and assaying was completed under the supervision of the independent laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Optiro visited the Sokor project during December 2011. Review of the sampling techniques did not record any material issues.

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical*	• Ulu Sokor area is covered by numerous exploration, mining and general purpose tenements which supporting the on-going gold ore mining operation. • Mining Lease ML 2/2008 Lot 2014 is held by

Criteria	JORC Code explanation	Commentary
	sites, wilderness or national park and environmental settings. • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	CMNM Mining Group Sdn Bhd; a subsidiary of CNMC Goldmine Holdings Ltd. • Exploration licence EL 2/2006 has expired and is in the process of being renewed by CNMC Goldmine Holdings Ltd through its subsidiary MCS Mining Group Sdn. Bhd.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Ulu Sokor area has a long history of gold prospecting and small scale alluvial and hard rock mining since 1900s, by Duff Development Company Ltd, Eastern Mining and Metals Company, Asia Mining Sdn Bhd, and TRA Mining (Malaysia) Sdn Bhd. • BDA (Behre Dolbear Australia Pty Ltd) had provided an independent assessment of technical aspects on this project.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Ulu Sokor is located in the Central Belt of Peninsular Malaysia. Gold mineralisation is located towards the middle of Central Belt and is associated with the intersection of two major north-south trending structures with northeast to northwest trending secondary structures. • Gold mineralisation at Ulu Sokor is both lithologically and structurally controlled. It is generally hosted in acid to intermediate tuffaceous rocks and in carbonate-rich rocks. High grade gold mineralisation is typically associated with intense shearing and brecciation, veining and pervasive alteration. • Three deposits have been defined within the southern area (Manson's Lode, New Discovery Lode and Ketubong) and a fourth deposit (Rixen) is located within the northern area of the tenement. • Gold at Manson's Lode is strongly associated with pyrite, chalcopyrite, galena and sphalerite. • New Discovery and Ketubong are located within the same mineralised zone and have a combined strike length of 900 m. • Manson's Lode is located to the east of New Discovery and extends over a strike of around 600 m. • Rixen extends over a strike length of more than 1,000 m and is located 3 km north of Ketubong. An additional zone of mineralisation has been defined 300 m to the south of Rixen.
Drillhole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level –*	• Not applicable – drilling was designed for resource definition.

Criteria	JORC Code explanation	Commentary
	elevation above sea level in metres) of the drill hole collar ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable – drilling was designed for resource definition.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable – drilling was designed for resource definition.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable – drilling was designed for resource definition.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable – drilling was designed for resource definition.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples*	• Not applicable – drilling was designed for resource definition.

Criteria	JORC Code explanation	Commentary
	– size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Future resource definition drilling is planned with the area between Rixen and Ketubong. This will involve trenching and diamond core drilling to further extend known mineralised zones and to and explore for additional mineralised zones.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Data entry by site geologist, checked by geological supervisor and additional checking and validation by resource geologist. • Data validation included checking for out of range assay data and overlapping or missing intervals
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Site visit undertaken during December 2011 by Optiro (Competent Person for the Mineral Resource estimate). • During site visit geological logging, sampling techniques and procedures were reviewed.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• The level of confidence in the interpretations of the mineralised horizons is reflected by the Mineral Resource classification. • In general infill drilling has confirmed the mineralisation interpretations. • Previous mining of near surface, high grade ore has occurred at Manson's Lode and the pit has been backfilled with mineralised material of lower grades from Manson's Lode. • Geological interpretation has been defined by diamond drilling. Mineralisation interpretation was based on a nominal 0.3 g/t gold cut-off grade and were completed along drill sections, typically at spacings of 20 m and 50 m. The interpretations were triangulated to form 3D solids (mineralisation domains). • Additional base metal mineralisation was interpreted at Manson's Lode based on a nominal 3% Pb+Zn cut-off grade. • All available geological data used to interpret the mineralisation and to differentiate between mineralisation within eluvial/alluvial, backfill and bedrock. overlying • Mineralised domains were interpreted for the backfill material (at Manson's Lode), alluvial

Criteria	JORC Code explanation	Commentary
		and eluvial mineralisation, and bedrock mineralisation that occurs sub-parallel to the lithology and is structurally controlled in the vicinity of the Ketubong-Rixen fault zone. • Where possible a base of oxidation surface has been interpreted.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• At Manson's Lode the mineralisation strikes northeast-south west and has a relatively flat orientation. It is 600 m along strike and 150 m across strike and extends from surface to a depth of 40 m. • At New Discovery the mineralisation strikes north-south and dips approximately 25° to the east. It is 180 m along strike by 250 m across strike. Mineralisation extends from surface to a depth of approximately 90 m. • At Ketubong the mineralisation strikes north-south and dips approximately 50° to the east. It is 520 m along strike by 200 m down dip. Mineralisation extends from surface to a depth of approximately 200 m. • At Rixen the mineralisation strikes north-south and dips approximately 20° to the east. It is 1,000 m along strike by 300 m across strike. Mineralisation extends from surface to a depth of approximately 130 m. An additional zone of mineralisation has been defined 300 m to the south of Rixen.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (egsulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation*	• Drillhole sample data was flagged using domain codes generated from three dimensional mineralisation domains and oxidation surfaces. • Sample data was composited to a 1.5 m downhole length. • The influence of extreme sample distribution outliers was reduced by top-cutting. The top-cut levels were determined using a combination of top-cut analysis tools (grade histograms, log probability plots and CVs). • Directional variograms were modelled using a normal score transformation. Mineralisation continuity was interpreted from variogram analyses to have an along strike range of 60 m to 80 m within the alluvial/eluvial and backfill material, and 40 m to 160 m within the bedrock mineralisation. • Kriging neighbourhood analysis was performed in order to optimise the block size, search distances and sample numbers. • Grade estimation was into parent blocks of 10 m by 10 m at Manson's Lode, New Discovery and Ketubong, and 10 m by 20 m at Rixen, on 2 m benches. • Block grade estimation was carried out using ordinary kriging at the parent block scale. Three estimation passes were used for all domains; the first search was based upon the variogram

Criteria	JORC Code explanation	Commentary
	between variables. • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	ranges for each domain in the three principal directions; the second search was typically two times the first search in all directions, and the third search was four or five times the initial search, with reduced sample numbers required for estimation. • The majority of blocks at Manson's Lode and New Discovery and approximately over 50% of the blocks at Ketubong and Rixen were estimated in the first pass. • The estimated block model grades were visually validated against the input drillhole data and comparisons were carried out against the declustered drillhole data and by easting, northing and elevation slices.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• The tonnages are estimated on a dry basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The Mineral Resources are reported above a 0.5 g/t gold cut-off grade at Manson's Lode, New Discovery and Ketubong and above a 0.3 g/t gold cut-off grade at Rixen, to reflect current commodity prices, operating costs and processing options • Base metal Mineral Resources at Manson's Lode, in addition to the gold Mineral Resources, are reported above a 3% Pb+Zn cut-off grade.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• Planned extraction is by open pit mining. Mining factors such as dilution and ore loss have not been applied.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the*	• No metallurgical assumptions have been built into the Mineral Resource models.

Criteria	JORC Code explanation	Commentary
	basis of the metallurgical assumptions made.	
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures are being implemented.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Representative section of core of 0.2 m were selected and weighted in water and air. • Average bulk density values for oxide and fresh material at New Discovery, Ketubong and Rixen deposits were calculated using measurements from 87 sections of diamond core. • Density measurements were obtained from 23 sections of core from Manson's Lode. An ordinary least squares model was developed that was used to determine the density from the silver, lead and zinc contents. • Average bulk density values for the eluvial/alluvial and back fill material was determined from measurements of material from 41 test pits.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Mineral Resources have been classified on the basis of confidence in geological and grade continuity using the drilling density, geological model, modelled grade continuity and conditional bias measures (kriging efficiency). • Measured Mineral Resources have been defined at Manson's Lode and New Discovery generally in areas of 20 m by 20 m drill spacing. • Indicated Mineral Resources have been defined generally in areas of 40 m by 40 m drill spacing. • Inferred Mineral Resources have been defined generally in areas of 80 m by 80 m drill spacing, at depths of over 60 m below the topographical surface and where the confidence in the block estimate (as measured by the kriging efficiency) is low.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The estimation parameters and Mineral Resource models were peer reviewed by Optiro staff.
Discussion of relative	• *Where appropriate a statement of the relative accuracy and confidence level in*	• The assigned classification of Measured, Indicated and Inferred reflects the Competent

Criteria	JORC Code explanation	Commentary
accuracy/ confidence	*the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	Person's assessment of the accuracy and confidence levels in the Mineral Resource estimate. • The confidence levels have been assigned to the parent block size.

SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• The Mineral Resource estimate used for the Rixen deposit is classified as a JORC 2012 Mineral Resource Statement, and was completed by Ms Christine Standing of Optiro on behalf of CNMC. • The Mineral Resource estimates used for the New Discovery and Manson's Lode deposits are classified as JORC 2004 Mineral Resource Statements, and were completed by Ms Christine Standing of Optiro on behalf of CNMC. • The Mineral Resources are reported exclusive of the Ore Reserves and are as stated in this report.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• A site visit was previously undertaken in May 2012 by Mr Andrew Law (the Competent Person for the Ore Reserve estimate).
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources*	• Mineral Resources have been converted to Ore Reserves on the basis of the existing operational status of the deposits and historical records. • As the mine is currently operating, no additional studies have been completed to support this Ore reserve estimate. The mine

Criteria	JORC Code explanation	Commentary
	to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	has current, optimised mine plans in place, and material modifying factors have been derived on the basis of operational data.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Cut-off grades have been calculated based on forecast mined gold grades, recovery and dilution parameters, mining and processing costs and forecast commodity pricing.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• The methods and assumptions used in converting Mineral Resources to Ore Reserves are based on operating parameters from the mines.The mines have appropriate current designs developed from previous optimisation processes. • The open pit mining methods selected for the CNMC mines have been selected to best address the operational requirements of the deposit characteristics, and have been in effect since the commencement of mining operations in 2010. • Assumptions made regarding geotechncial constraints have been developed based on operating knowledge of the existing mines. • The assumptions made for pit optimisation have been based on known operating conditions from the exiting mines. • Mining dilution of 5% has been used. • Mining recovery of 95% has been used. • No minimum mining widths have been applied • Inferred Mineral Resources have not been included in any Ore Reserve figures reported. • As an operating mine, all infrastructure requirements are already in place for the applied mining methods.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a*	• Heap leaching and vat leaching are currently being used at the Sokor Project. These methods have been selected based on the prevailing ore characteristics. • The two leaching methods are well-tested and do not represent an untried processing strategy. • Metallurgical testwork has been carried out on samples from across the project area to confirm the appropriateness of the leaching processing methodologies. No metallurgical domaining has been applied within specific mine areas. Recovery factors have been applied on a mine basis. • No assumptions or allowances have been made for deleterious elements. • A pilot scale test of the heap leach process was undertaken during 2012 to confirm the

Criteria	JORC Code explanation	Commentary
	specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	suitability of that process for the Rixen ore. The size (approx. 90 kt) of the trial was considered representative for the Rixen deposit. • There are no specifications applied to the mine production.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• CNMC has identified the key potential environmental impacts arising from the project's operations and their associated mitigation measures are being implemented.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• The Sokor Project is currently in operation and all required infrastructure is in place.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• There are no projected major capital costs projected for the project as all construction is complete and the operating fleet is contracted. • Operating cost data has been provided by CNMC. • No allowances have been made for deleterious elements. • Metal pricing has been provided by CNMC based on current market forecasts and existing sales agreements. • All costs have been provided in US dollars with no conversions used. • Transport charges have been provided by CNMC. • Treatment and refining charges have been based on site data provided by CNMC. • A gold royalty of 5% of gross revenue is payable to the Kelantan State Government (KSG) and an additional tribute payment of 3% of gross revenue is payable to the Kelantan State Economic Development Corporation (KSEDC). CNMC holds an 81% share in the production from the project.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• As an operating project, all revenue factors have been derived from operating data. • Commodity pricing assumptions have been provided by CNMC based on gold price forecasts and existing sales arrangements.

Criteria	JORC Code explanation	Commentary
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Bullion produced is currently sold on the spot market to local buyers. There are currently no prevailing supply or demand constraints in the local gold industry. No constraints are anticipated over the production period for the project. • The local gold market is not considered to present any competitor risk given the relatively low volume of bullion to be produced by the project. • The forecast gold price used in preparation of this statement is considered to be an appropriate sales baseline for the production period applied.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• No detailed economic analysis has been completed by Optiro as the project is already in operation and demonstrates an economically viable project. • No assumptions or inputs have been applied in an NPV analysis.
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• There are no existing impediments to the licence to operate for the project.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No identifiable naturally occurring risks have been identified to impact the Ore Reserves. • There are no material legal agreements or marketing arrangements in place for the project at this time. • Government agreements include: Mining right ML 2/2008 Exploration right EL 2/2006.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• Mineral Resources converted to Ore Reserves as per JORC 2012 guidelines, i.e. Measured to Proven, Indicated to Probable. No downgrading in category has occurred for this project. • The result reflects the Competent Person's view of the deposit. • No Measured Mineral Resources have been converted to Probable Ore Reserves.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• The Ore Reserve has been calculated by Independent consultants Optiro and internal

Criteria	JORC Code explanation	Commentary
		peer review undertaken.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Relative accuracy and confidence calculations have not been conducted for the Ore Reserve. • Current and past production and reconciliation data has been used throughout the Ore Reserve estimations.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2014

Issued and paid-up capital	:	S$23,335,633
Number of shares	:	407,693,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	7	0.49	1,729	0.00
1,000 - 10,000	508	35.75	3,877,599	0.95
10,001 - 1,000,000	870	61.23	62,410,000	15.31
1,000,001 AND ABOVE	36	2.53	341,403,672	83.74
TOTAL	1,421	100.00	407,693,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	INNOVATION (CHINA) LIMITED	106,987,500	26.24
2	DBSN SERVICES PTE. LTD.	52,662,500	12.92
3	NG ENG TIONG	44,075,000	10.81
4	RAFFLES NOMINEES (PTE) LIMITED	15,203,800	3.73
5	SBS NOMINEES PRIVATE LIMITED	15,000,000	3.68
6	CITIBANK NOMINEES SINGAPORE PTE LTD	13,739,372	3.37
7	XU DEHAN	11,642,925	2.86
8	CHUA TEO LENG	9,265,000	2.27
9	LIM PENG LIANG DAVID LLEWELLYN	6,148,000	1.51
10	LIN SHIHUA	6,132,075	1.50
11	BANK OF SINGAPORE NOMINEES PTE. LTD.	5,391,000	1.32
12	LIM YEAN LENG	5,369,000	1.32
13	LIM KENG HOCK JONATHAN	4,173,000	1.02
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,961,000	0.97
15	YEO HUNG HEE BENJAMIN	3,682,000	0.90
16	CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,121,000	0.77
17	OCBC SECURITIES PRIVATE LIMITED	3,053,000	0.75
18	DBS NOMINEES (PRIVATE) LIMITED	3,051,000	0.75
19	LEE JING YI	2,691,000	0.66
20	BUSS CONSULTING PTE LTD	2,000,000	0.49
	TOTAL	317,348,172	77.84

STATISTICS OF SHAREHOLDINGS
As at 19 March 2014

Statistics of Shareholdings
List of Substantial Shareholders as at 19 March 2014

As shown in the Company's Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Innovation (China) Limited[1]	106,987,500	26.242	–	–
Ng Eng Tiong	59,075,000	14.490	–	–
Messiah Limited[2]	52,662,500	12.917	–	–
Professor Lin Xiang Xiong @ Lin Ye[1]	260,000	0.064	106,987,500	26.242
Choo Chee Kong[2]	205,000	0.050	52,662,500	12.917
Lim Kuoh Yang[1]	–	–	107,247,500	26.306
Tan Swee Ngin[1]	–	–	106,987,500	26.242
Lim Sok Cheng Julie[2]	–	–	52,662,500	12.917

Notes:-

(1) Innovation (China) Limited is a private investment holding company incorporated in Hong Kong whose shareholders are Professor Lin Xiang Xiong @ Lin Ye (65%) and his wife, Tan Swee Ngin (35%). Lim Kuoh Yang is the son of Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin. As such, Professor Lin Xiang Xiong @ Lin Ye 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 @ Lin Ye 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 19 March 2014, approximately 46.24% of the Company's issued ordinary shares are held in the hands of the public. Hence, Rule 723 of the Catalist Rules has been complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of CNMC GOLDMINE HOLDINGS LIMITED (the "**Company**") will be held at 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455 on Monday, 28 April 2014 at 3.00 pm for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited accounts for the financial year ended 31 December 2013 together with the Reports of the Directors and the Independent Auditors, and the Statement by the Directors.

Resolution 2

2. To declare a final one-tier tax exempt dividend of S$0.001 per ordinary share for the financial year ended 31 December 2013.

Resolution 3

3. To re-elect Mr Kuan Cheng Tuck who is retiring pursuant to Article 89 of the Company's Articles of Association 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 a member of the Nominating Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.

Resolution 4

4. To re-elect Mr Tan Poh Chye Allan who is retiring pursuant to Article 89 of the Company's Articles of Association 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 the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.

Resolution 5

5. To approve the payment of Directors' fees of up to S$120,000 for the financial year ending 31 December 2014 to be paid quarterly in arrears.

Resolution 6

6. To re-appoint KPMG LLP as the Company's Independent Auditors and to authorise the Directors to fix their remuneration.

7. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

Resolution 7

8. 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 Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), 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 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)]

Resolution 8

9. 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 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
11 April 2014

Explanatory Notes:

(i) Under the Catalist Rules, a share issue mandate approved by shareholders as a 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 7, 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 convertible securities. The aggregate number of Shares and convertible securities 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 convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and 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 8, 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.

NOTICE OF ANNUAL GENERAL MEETING

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 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455 not less than 48 hours before the time appointed for holding the AGM.

CNMC GOLDMINE HOLDINGS LIMITED

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

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.

ANNUAL GENERAL MEETING
PROXY FORM

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 of the Company to be held at 745 Lorong 5 Toa Payoh, #04-01 The Actuary, Singapore 319455 on Monday, 28 April 2014 at 3.00 pm 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 2013 ("FY2013") together with the Reports of the Directors and the Independent Auditors, and the Statement by the Directors		
2.	Declaration of a one-tier exempt final dividend of S$0.001 per ordinary share for FY2013		
3.	Re-election of Mr Kuan Cheng Tuck as Director of the Company		
4.	Re-election of Mr Tan Poh Chye Allan as a Director of the Company		
5.	Approval and Payment of Directors' fees of S$120,000 for financial year ending 31 December 2014 to be paid quarterly in arrears		
6.	Re-appointment of KPMG LLP as auditors of the Company		
	Special Business		
7.	General authority to allot and issue shares		
8.	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 _____ 2014

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

_____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

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 Lorong 5 Toa Payoh, #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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2013年12月5日，中色金矿与霹雳州大臣机构签署锡矿勘探与开采合同

CNMC Joint venture with Menteri Besar Incorporated (Perak) and Amanjaya Natural Resources Sdn Bhd to explore and extract tin resources in the State of Perak, Malaysia

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