



CNMC Goldmine Holdings Limited

1Q2017 Results Briefing

15 May 2017

(These presentation slides are available on the Company's corporate website www.cnmc.com.hk)

1Q2017

Financial Highlights

Financial Highlights

Income statement	1Q 2017	1Q 2016	Change
Revenue (US\$' million)	4.73	8.40	↓ -43.7%
Results from operating activities (US\$' million)	(0.02)	5.66	n.m.
Net profit (US\$' million)	0.07	5.61	↓ -98.8%
Net (loss)/profit (excluding FX Impact) (US\$' million)	(0.25)	3.65	n.m.
Net profit margin	1.5%	66.8%	↓ -65.3%
Net (loss)/profit margin (excluding FX Impact)	-5.3%	43.5%	n.m.
Earnings per share (US cents)	0.01	1.12	↓ -99.1%
Earnings per share (SG cents)	0.01	1.58	↓ -99.4%

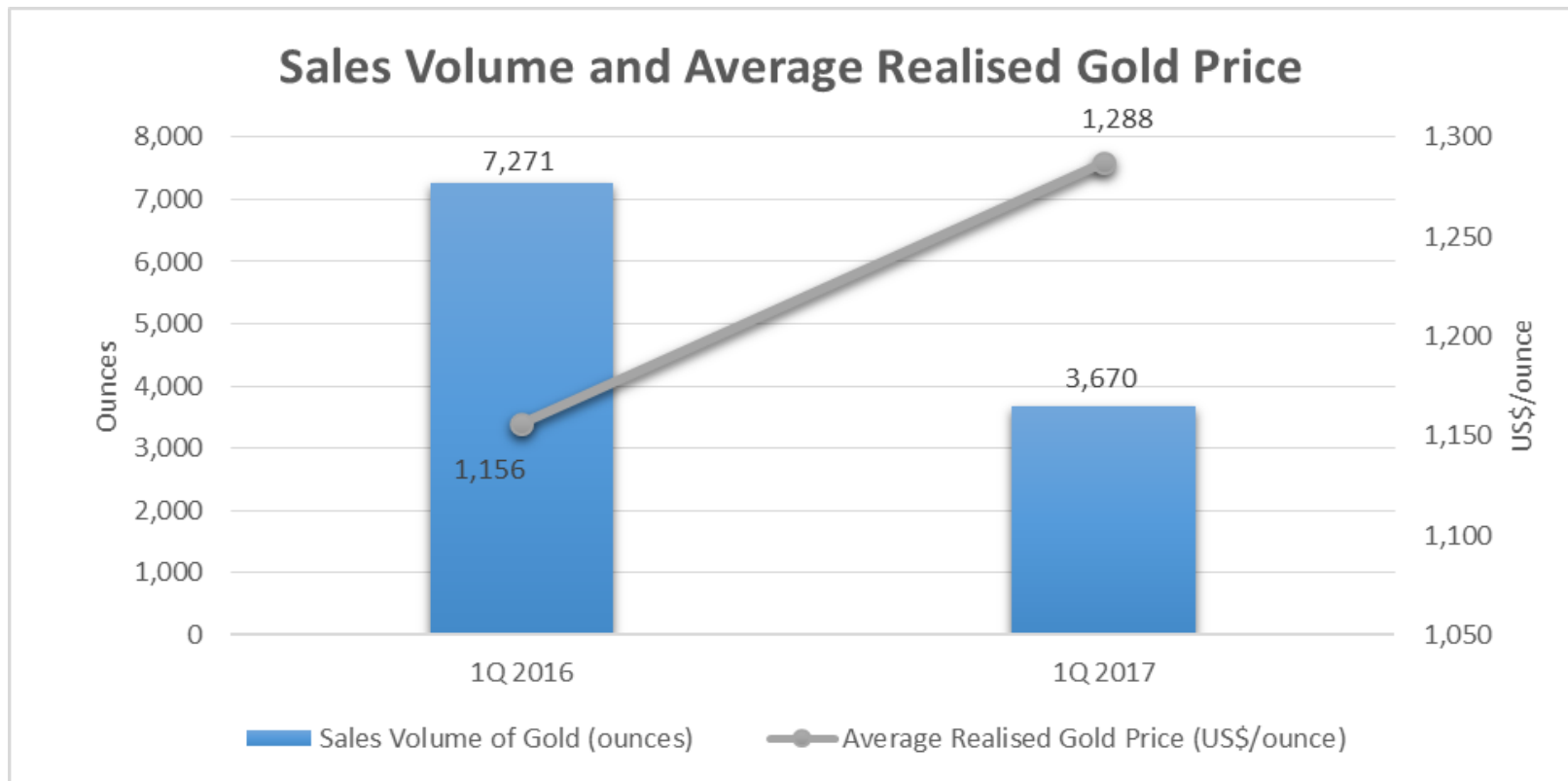
**Net assets
value of
US\$39.69
million**

**Current
ratio of
5.48**

**Debt/Equity
ratio of
0.02**

**Net cash
position of
US\$24.20
million**

Revenue



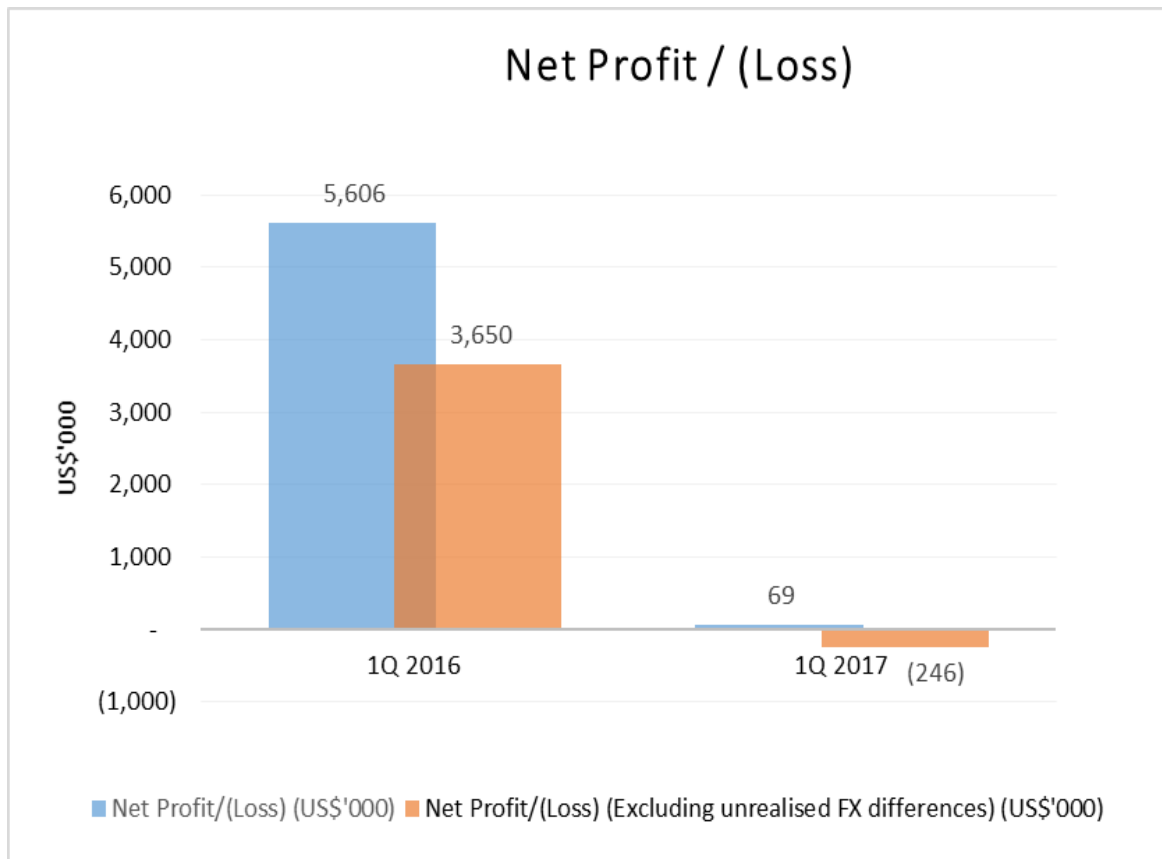
Revenue fell 44%:

↓ Sales volume of fine gold, from 7,271 ounces to 3,670 ounces

Partly offset by

↑ Average realized gold price, from US\$1,156/ounce to US\$1,288/ounce

Net Profit / (Loss)



**1Q 2017
Net Cash
outflow:
US\$2.32
million**

**1Q 2016
Net Cash
inflow:
US\$2.08
million**

Net profit fell 98.8% to US\$0.07 million due mainly to the lower ore grades, which resulted in lower sales volume of fine gold.

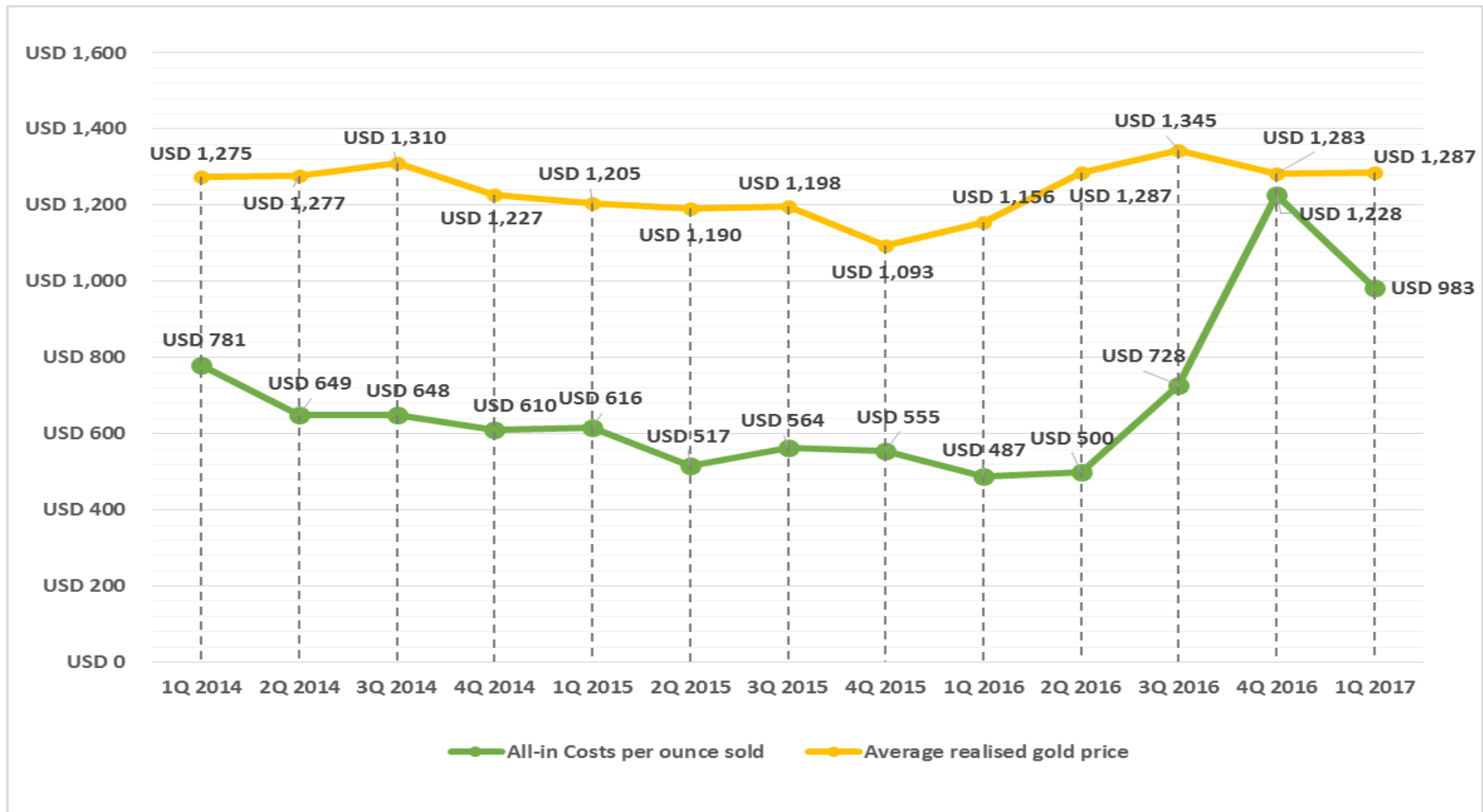
Partly offset by the increase of average realised gold price.

Analysis Of All-In Costs And Margin

	1Q 2017	1Q 2016	Changes
	US\$ / gold ounce sold		%
Mining related costs	647	318	103%
Royalty and tribute expenses	174	86	102%
Adjusted operating costs	821	404	103%
General and administrative costs	125	49	155%
Capital expenditure	7	21	-67%
All-in sustaining costs	953	474	101%
Capital exploration (non-sustaining)	1	1	0%
Capital expenditure (non-sustaining)	29	12	142%
All-in costs (A)	983	487	102%
Average realized gold price (B)	1,288	1,156	11%
All-in Margin (C= B - A)	305	669	-54%
All-in Margin (%) (C / B)	24%	58%	-34%

All-in sustaining costs include adjusted operating costs and sustaining capital expenditure, corporate general and administrative expenses, exploration expense, reflecting the full cost of gold production from current operations.

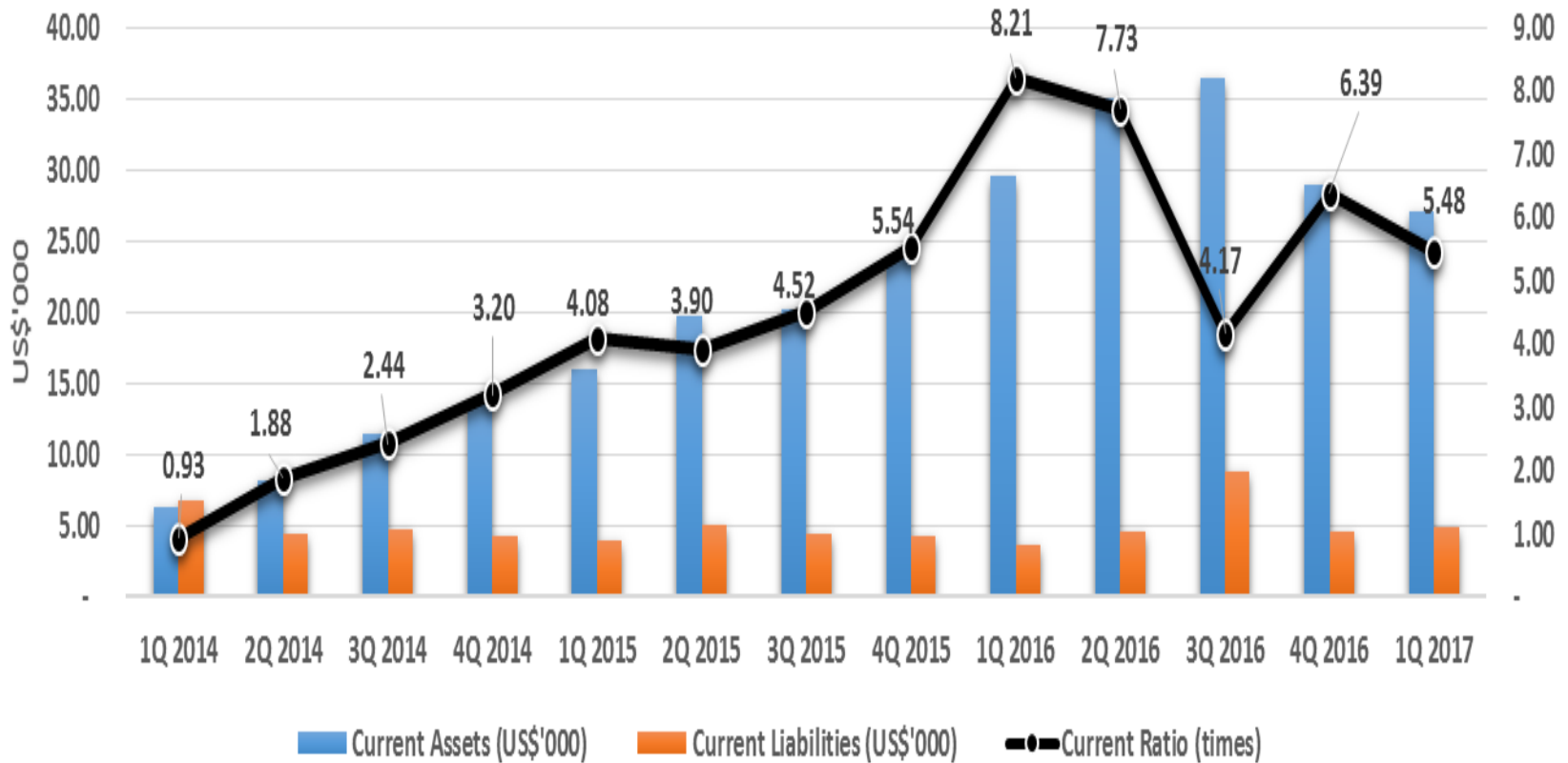
Summary Of All-In Costs And Margin



All-in costs of production increased to US\$983/ounce in 1Q2017 from US\$487/ounce in 1Q2016, mainly due to lower sales volume of fine gold and higher general and administration costs.

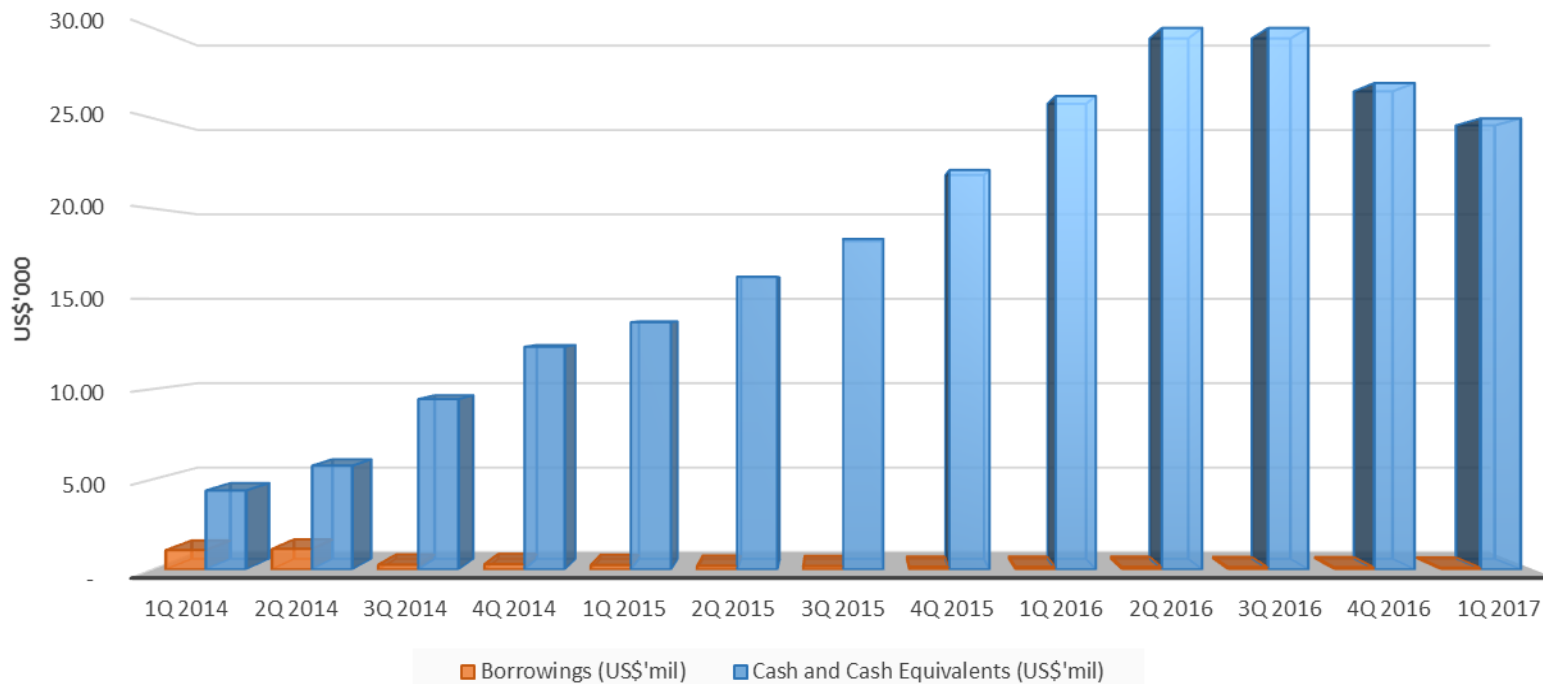
Balance Sheet Highlights

Current Assets versus Current Liabilities, Current Ratio



Cash Position

Cash and Cash Equivalents versus Borrowings



- In 1Q2017, the net cash generated from operations was US\$1.09 million compared to US\$3.26 million in 1Q2016, mainly due to lower operating profit before working capital changes.
- It has cash and cash equivalents of US\$24.99 million at the end of 1Q2017, decreased by US\$1.24 million compared to US\$26.23 million as at end of 1Q2016.



Milestones

2017 Milestones

Date	Milestone
20 January	Completed due diligence for subscription of 51% of the shares in the enlarged share capital of Pulai Mining Sdn. Bhd.
20 January	Entered into an assignment agreement with Kelantan State Economic Development Corporation (“ KSEDC ”) where KSEDC has agreed to assign a mining lease for a period of 21 years till December 2034 for an area covering 956.5 hectares in the Sokor district
24 February	Completion of the subscription of new shares representing 51% of the shares in the enlarged share capital of Pulai Mining Sdn. Bhd.
18 March	Entered into share sale agreement for the proposed acquisition of the entire issued share capital of Kelgold Mining Sdn. Bhd.
4 April	Gold resources amounted to 13.25 million tonnes at 1.5g/t gold as at 31 December 2016. This translates into 623,000 ounces of contained gold, up 0.8% compared to 31 December 2015



Outlook & Investment Merits

Outlook

- **Continue Production Expansion:**
 - Increase leaching capacity and enhance gold recovery process with the aim of increasing gold production
- **Minimise Cost:**
 - Further streamline production process to reduce wastage of raw material
 - Leverage economies of scale from increased production capacity to lower material costs from key suppliers
- **Accelerate Exploration:**
 - Increase gold resources and reserves (as well as silver, lead and zinc resources and reserves) at Sokor
- **Expand Portfolio:**
 - Explore opportunities to acquire and develop other mines in Malaysia, other parts of Southeast Asia and Australasia

Competitive Strengths

Profitable gold producer

Low all-in costs of production

Strong operating cash flow

Corporate transparency

Exploring portfolio expansion

Asset Portfolio

**Production Asset:
Sokor Gold Project
(10km²)**

**Brownfield Asset:
Pulai Mining
(38.4km²)**

**Greenfield Asset:
KelGold Mining
(15.5km² + 8.7km²) ***

**Still in the process of acquisition*

Stock Data & Dividend

Stock Data & Dividend

(SGX: 5TP) (Reuters: CNMC.SI) (Bloomberg: CNMC:SP)	11 May 2017
Price per share	S\$0.290
Market capitalisation	S\$118.11 Million
Share issued	407.29 Million
P/E ratio (Note)	18.71
Dividend Yield (YTD)	3.91%

Note: Market price per share @ 11 May 2017 / Trailing earning per share (S\$) as of 31 March 2017.

Dividend Yield is based on two interim tax-exempt dividend of total 0.40 Singapore cent per share, a final dividend of 0.20 Singapore cent and special dividend of 0.534 Singapore cent per share.

Shareholder Base and Analyst

Key Shareholders

Executive Directors:
Professor Lin Xiang Xiong and Mr. Lim Kuoh Yang : 26.538%
Mr. Choo Chee Kong : 12.980%

Analyst Coverage

CNMC Goldmine Holdings Limited
 1Q16 results update
 15 July 2016

Overweight
 Current Price **S\$0.216**
 Fair Value **S\$0.430**
 Up (Downside) **100.4%**

Stock Statistics
 Market cap **S\$107.5M**
 Size **S\$5.17B**
 52 High **S\$0.300**
 Avg daily vol **450,152**
 No of share **407.39M**
 Free float **46.3%**

Key Indicators
 ROE 16% **41.5%**
 ROA 14% **39.4%**
 P/BK **2.07**
 Net gearing **Net cash**

Major Shareholders
 Prof. Lin Xiang Xiong **26.53%**
 Mr Lim Kuoh Yang **12.98%**
 Choo Chee Kong **12.9%**

Historical Chart

Analyst Recommendations

Date	Rating	Share Price (S\$)	Target Price (S\$)
17-Nov-15	BUY	0.355	0.480

12-Mth CNMC SP (Buy) vs. FSTI (RED)

Source: Bloomberg

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FINANCIAL SUMMARY (USD MILLION)

	2014	2015	2016F	2017F	2018F
Revenue	18.2	36.5	43.6	48.4	49.3
EBITDA	18.8	29.9	27.1	27.8	28.3
Core PBTM	13.2	12.8	16.4	18.9	15.5
Core PBTM (%)	72.5	35.3	37.6	39.0	31.5
Core PBTM (RM)	4.1	4.0	5.0	6.0	4.5
Core PBTM (RM) (%)	39.0	12.2	19.8	15.2	2.8
Core PBTM (RM) (%)	20.9	6.0	6.0	5.8	5.8
Core PBTM (RM) (%)	0.7	0.9	1.0	1.0	1.0
Dividend Yield (%)	1.8	2.3	2.6	2.6	2.6
Dividend Yield (RM)	0.2	0.8	0.8	0.8	0.8
Net Cash	1.4	1.0	2.2	1.6	1.3
Net Cash (%)	7.6	2.8	5.0	3.4	2.7
Net Cash (RM)	0.4	0.3	0.7	0.5	0.4
Net Cash (RM) (%)	2.2	0.8	1.6	1.0	0.8

Please see important disclosures at the end of this publication.

Regional Market Focus
ASEAN Small Mid-Caps Radar
 Refer to important disclosures at the end of this report

DBS Group Research - Equity

CNMC Goldmine (US\$0.27, CNMC SP)

- CNMC Goldmine (CNMC) is engaged in the gold production stages of gold doing. CNMC is coming on developing 10.1 km² "Golden Good Hope" Project in Kelantan, Malaysia, in which CNMC holds majority stake of 81%.
- At 7.4% the group trades at a discount to long valuation. Despite its smaller size, the stock also outperforms given CNMC's higher margin, cost above average income-generation capability and projects. The share price could re-rate as gold and production efforts are accelerated, as terms delivered, and with carry on the concession near.

Saluka (RMO.81, SALUT.MC)

- Saluka specialises in consumer and business etc product development such as Bluetooth stereo, smart watches and touch-screen system light-gate group is an original design manufacturer (ODM) clients include multinational corporations such as Panasonic, Apple and Sony.
- Earnings growth in FY16FY17 will be backed by contracts secured from major clients - Panasonic global. Increase in production volume will be in the addition of a new surface mount technology which will increase the maximum production of 33% to 18.5m PCBs per annum. In the mid to growth will be driven by the announcement of the own brand (RBO) product range and expansion product categories.

Buy (Initiation)

CNMC Goldmine Holdings Limited
 Sitting on a gold mine

SINGAPORE | MINING | INITIATION

- Abundant resources and reserves at Sokor field with extracted gold grade higher than cut-off grade.
- Current minimum ore processing capacity is expected to be ramped up in the upcoming future, from the current 1.2m tonnes per annum.
- After sustaining cost and AISC cost trended down over the past 5 years and are currently maintained at around US\$500/oz.
- Other resources such as Silver, Lead, and Zinc have yet to be explored, thus the value of these resources are not priced in yet.
- The acquisition of Pulai Project is awaiting to be sealed and expected to create positive synergies.
- We initiate coverage on CNMC with a Buy rating and a DCF-derived target price of S\$0.43 using a cost of equity of 8.8%. Together with an estimated dividend of 50 cents 1.4 for FY16, implied upside is 102.6%.

Investment Thesis

- The imbalance between supply and demand in the physical gold market is not the main driver of gold price.
- Exponential increase in global monetary supply due to several rounds of quantitative easing inflated asset prices, including gold.
- Gold, a safe haven asset, performed well during recessions; we see signs of an impending recession from recent slowing US economic data.

Investment Actions

We initiate coverage on CNMC with a Buy rating and a DCF-derived target price of S\$0.43, using a cost of equity of 8.8%. Together with an estimated dividend of 50 cents 1.4 for FY16, implied upside is 102.6%.

15 September 2016

Company Data	Buy
Current Price	S\$0.216
Target Price	S\$0.430
Implied Upside	100.4%
Dividend Yield	2.3%
Dividend	50 cents
Dividend Yield (%)	2.3%
Market Shareholders (%)	100%
Market Shareholders (RM)	100%
Market Shareholders (USD)	100%
Market Shareholders (SGD)	100%
Market Shareholders (MYR)	100%
Market Shareholders (IDR)	100%
Market Shareholders (THB)	100%
Market Shareholders (PHP)	100%
Market Shareholders (VND)	100%
Market Shareholders (INR)	100%
Market Shareholders (NZD)	100%
Market Shareholders (AUD)	100%
Market Shareholders (HKD)	100%
Market Shareholders (TWD)	100%
Market Shareholders (KRW)	100%
Market Shareholders (JPY)	100%
Market Shareholders (CNY)	100%
Market Shareholders (RMB)	100%
Market Shareholders (USD)	100%
Market Shareholders (SGD)	100%
Market Shareholders (MYR)	100%
Market Shareholders (IDR)	100%
Market Shareholders (THB)	100%
Market Shareholders (PHP)	100%
Market Shareholders (VND)	100%
Market Shareholders (INR)	100%
Market Shareholders (NZD)	100%
Market Shareholders (AUD)	100%
Market Shareholders (HKD)	100%
Market Shareholders (TWD)	100%
Market Shareholders (KRW)	100%
Market Shareholders (JPY)	100%
Market Shareholders (CNY)	100%
Market Shareholders (RMB)	100%

VALUATION METHOD
 DCF of Cash Flows, Terminal at 4%

Share Register
 +65 6236 6867

Page | 1 | PHILLIP SECURITIES RESEARCH (SINGAPORE)
 MCF 073 158/02/016
 Ref No: 201604_106



Strategic Acquisition

Strategic Acquisitions

- On 24 February 2017, CNMC completed the subscription of a 51% stake in Pulai Mining Sdn Bhd (“Pulai”) for a total consideration of RM13.8 million, which was funded through internal resources
- On 18 March 2017, CNMC entered into a shares sale agreement to acquire 100% stake in Kelgold Mining Sdn Bhd (“KelGold”) for a total consideration of RM2.5 million, which will be funded through internal resources
- Both acquisitions are expected to yield substantial synergies

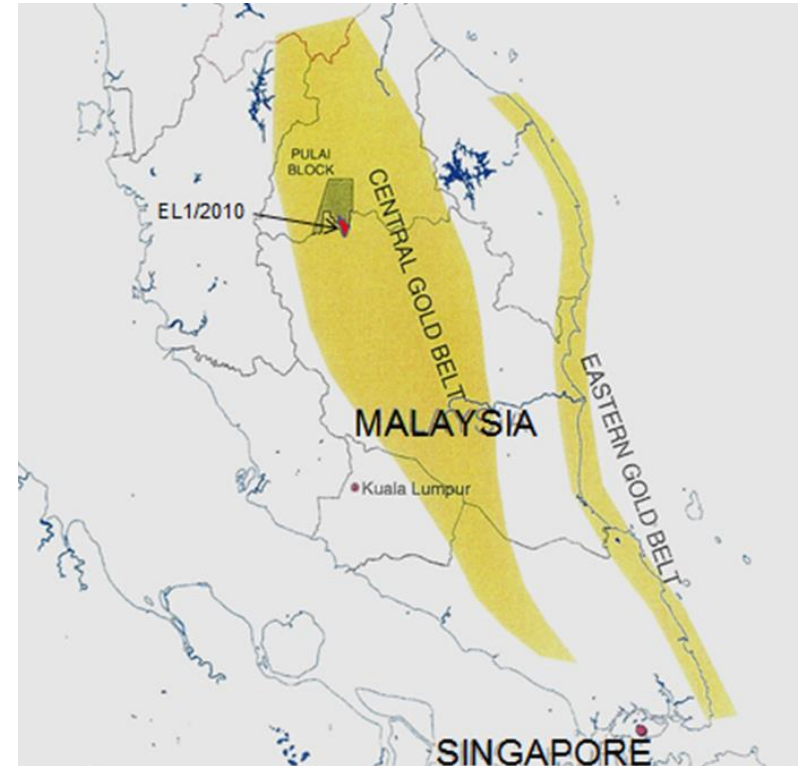


CNMC



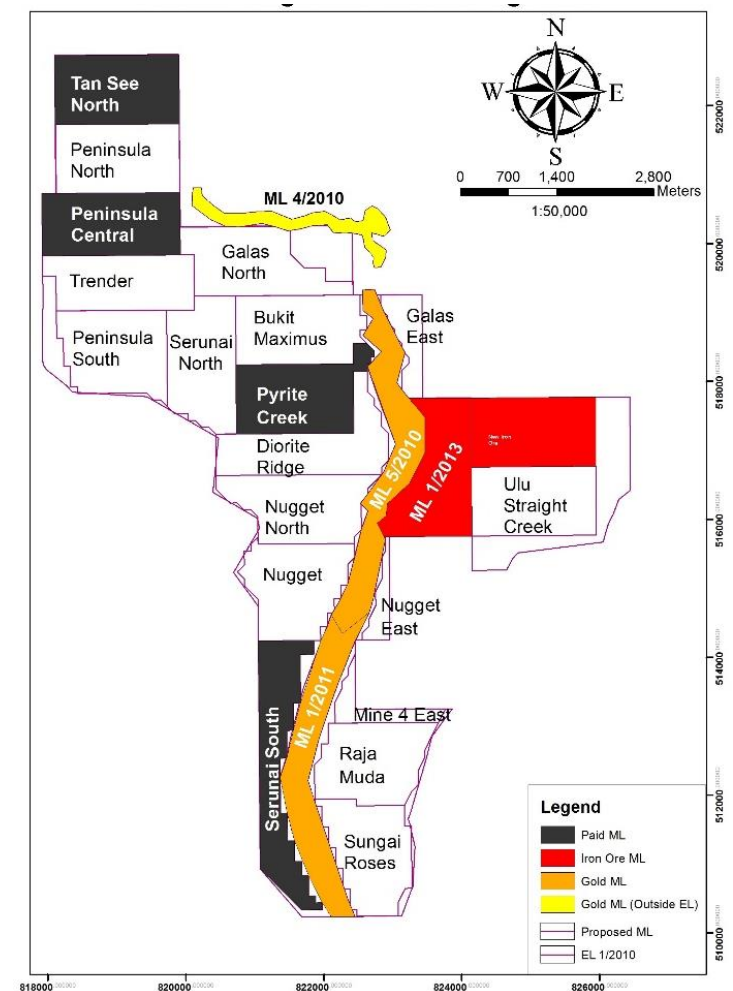
Location

- Both Pulai's and KelGold's concession areas are located within State of Kelantan, Malaysia
- Approximately 100km from our Sokor Gold Field Project
- Central Gold Belt of Malaysia lies on the eastern side of the Raub-Bentong suture, a regional scale structure that extends northwards through Thailand and Laos into China



About Pulai

- Pulai Mining is a brownfield project with 11 licenses spanning about 3,841.3ha (38.4km²) to explore and mine for gold, iron ore and feldspar
- From March 2011 to May 2013, it produced and sold over 260kg of gold with a value close to RM38 million from alluvial mining
- Project has never systematically explored feldspar deposits but managed to generate over RM500,000 in revenue from feldspar mining in FY2015



About KelGold

- KelGold is a greenfield project with an exploration license spanning about 1,550ha (15.5km²) to explore and mine for gold, iron ore and other minerals.
- In the process of renewing its rights to explore gold and/or other minerals in an area approximately 870 ha (8.7km²)
- Concession looks promising as reconnaissance exploration work carried out by our in-house exploration team uncovered interesting gold grades



About CNMC

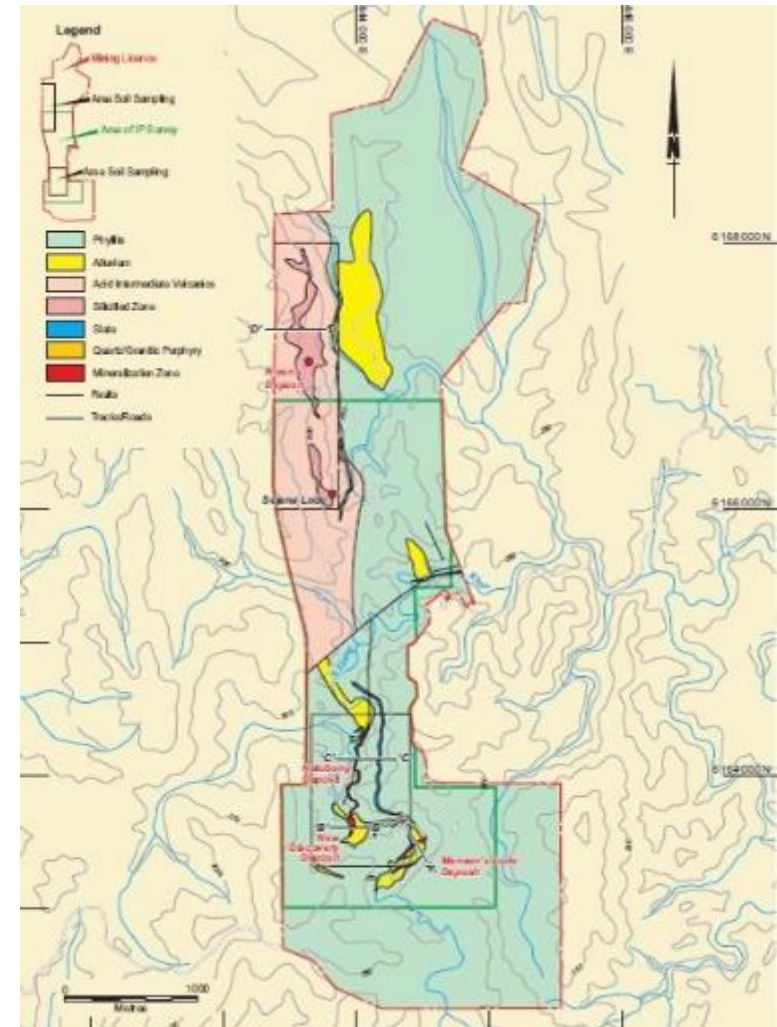
About CNMC

- Involved in exploration and mining of gold, and processing of mined ore into gold dores
- Commenced operations in 2007; first Catalist-listed gold producer on SGX-ST (listed in October 2011)
- Current flagship project – Sokor Gold Field in Kelantan, Malaysia
- CNMC founded by Prof Lin Xiang Xiong, Chief Advisor for China International Trade to Kelantan State Government



Sokor Gold Field Project

- Spanning an area of 10km², Sokor has 623,000 ounces of JORC-compliant gold resources (including ore reserves) as at 31 December 2016
- Achieved first gold pour on 21 July 2010
- Produced more than three metric tonnes of fine gold bullion since production commenced
- Five identified areas: Manson's Lode, New Discovery, New Found, Sg. Ketubong, Rixen
- Mining licences obtained with full support from Kelantan State Government



Production Facilities

- Three leaching yards with estimated leaching capacity of one million tonnes of ore per annum
- Brand-new gold de-absorption plant comprising gold de-absorption, active carbon re-generation and smelting systems to support leaching capacity of one million tonnes of ore per annum

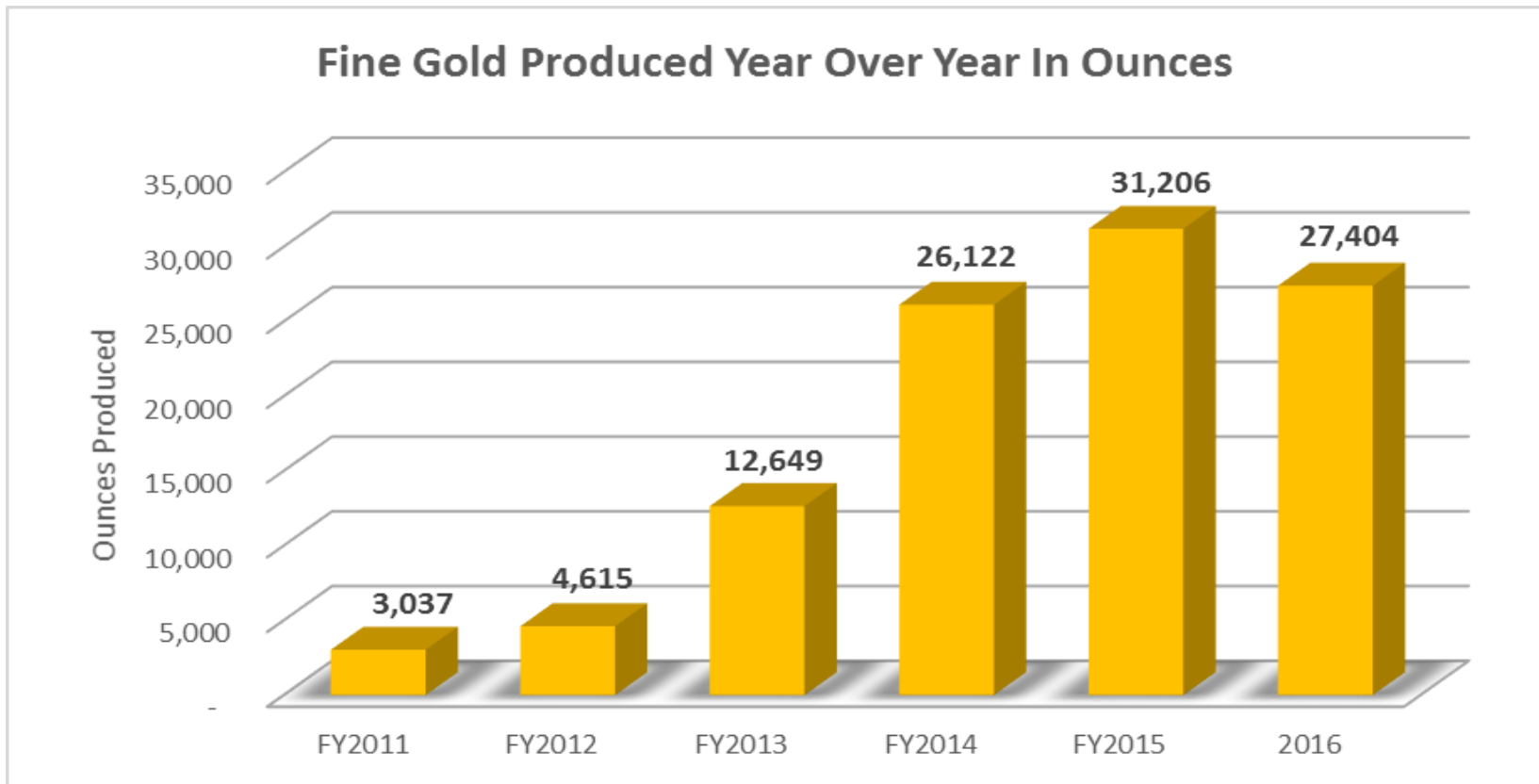


Production Facilities

- Brand-new ore agglomeration facility in construction
- Upgraded existing vat leaching facility to estimated leaching capacity of 200,000 tonnes of ore per annum



Fine-Gold Production



- Commenced gold production in July 2010 and has since successfully produced more than 105,000 ounces (3.27 metric tonnes) of fine gold
- Fine gold production decreased 12.2% to 27,403.98 ounces in FY2016 from 31,205.85 ounces in FY2015

JORC-Compliant Gold Resources

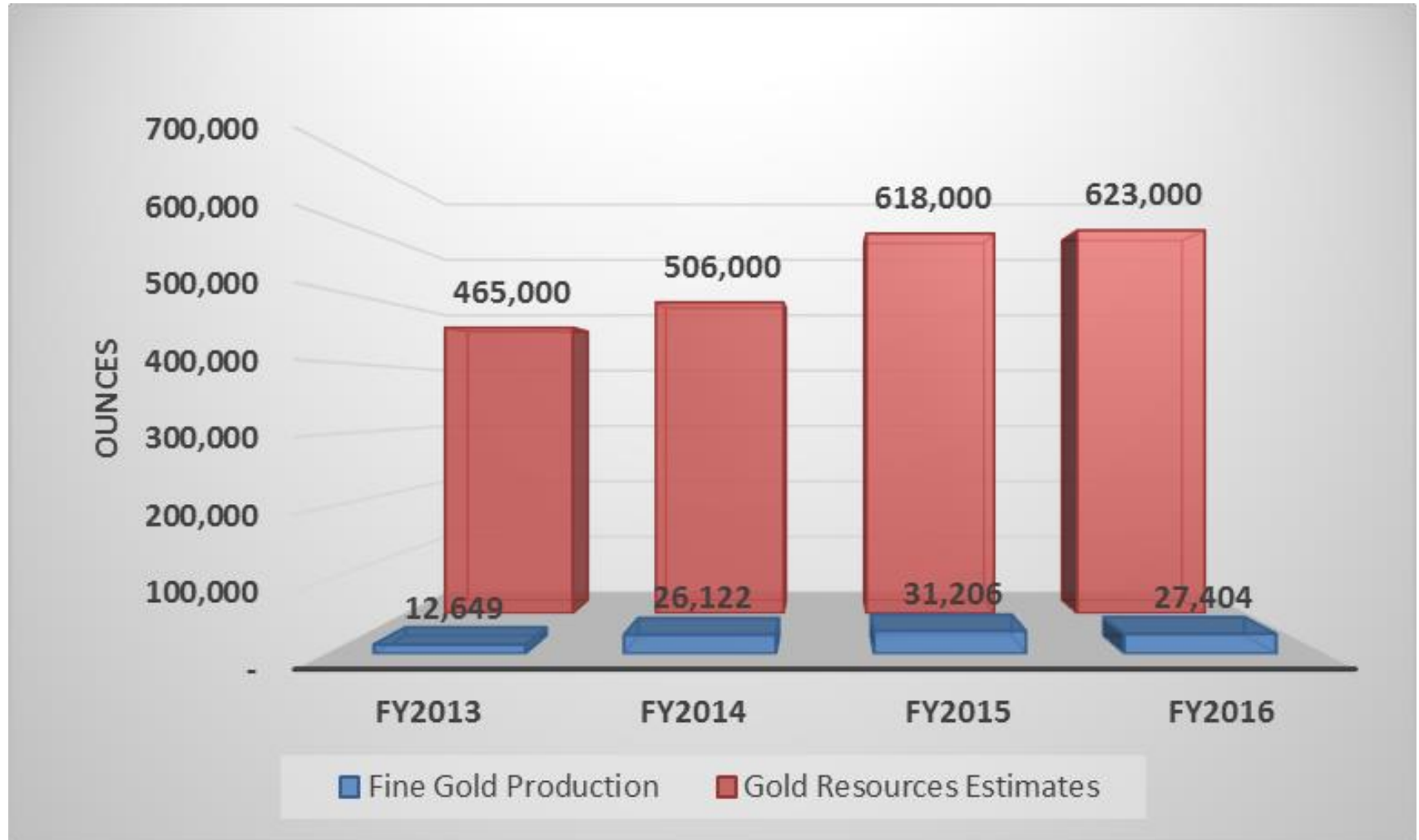
Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			Change from previous update (%)
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	
Measured	Gold	0.56	3.1	56	0.46	3.1	45	0%
Indicated	Gold	6.11	1.4	275	4.95	1.4	222	-8%
Inferred	Gold	6.57	1.4	292	5.32	1.4	237	+10%
Total	Gold	13.25	1.5	623	10.73	1.5	505	+1%
Measured	Silver	0.33	63	673	0.27	63	545	0%
Indicated	Silver	0.17	73	398	0.14	73	322	0%
Inferred	Silver	0.81	34	892	0.66	34	723	+38%
Total	Silver	1.31	47	1,964	1.06	47	1,590	+14%
Measured	Lead	0.33	1.7	5,631	0.27	1.7	4,561	0%
Indicated	Lead	0.17	1.7	2,925	0.14	1.7	2,369	0%
Inferred	Lead	0.81	1.7	14,122	0.66	1.7	11,439	+15%
Total	Lead	1.31	1.7	22,678	1.06	1.7	18,370	+9%
Measured	Zinc	0.33	1.7	5,534	0.27	1.7	4,483	0%
Indicated	Zinc	0.17	1.9	3,286	0.14	1.9	2,662	0%
Inferred	Zinc	0.81	1.6	12,628	0.66	1.6	10,229	+17%
Total	Zinc	1.31	1.6	21,448	1.06	1.6	17,373	+9%

Table extracted from Sokor Project – updated Mineral Resources and Ore Reserves Estimate as at 31 December 2016.

As at 31 December 2016, Total Measured, Indicated and Inferred gold Mineral Resources for the Sokor Gold Project (above a 0.3 g/t gold cut-off grade at Rixen, a 0.4 g/t gold cut-off grade at New Discovery and New Found and a 0.5 g/t gold cut-off grade at Manson's Lode and Ketubong) were 13.25 million tonnes at 1.5g/t gold with contained gold of 623,000 ounces (2015: 13.83 million tonne at 1.39 g/t gold with contained gold of 618,000 ounces).

Resources and Production

Gold Resources Versus Fine Gold Production



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