



# **CNMC Goldmine Holdings Limited**

## **Presentation at Lim & Tan Securities**

**19 April 2018**

(These presentation slides are available on the Company's corporate website [www.cnmc.com.hk](http://www.cnmc.com.hk))

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# About CNMC

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# 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



# Asset Portfolio

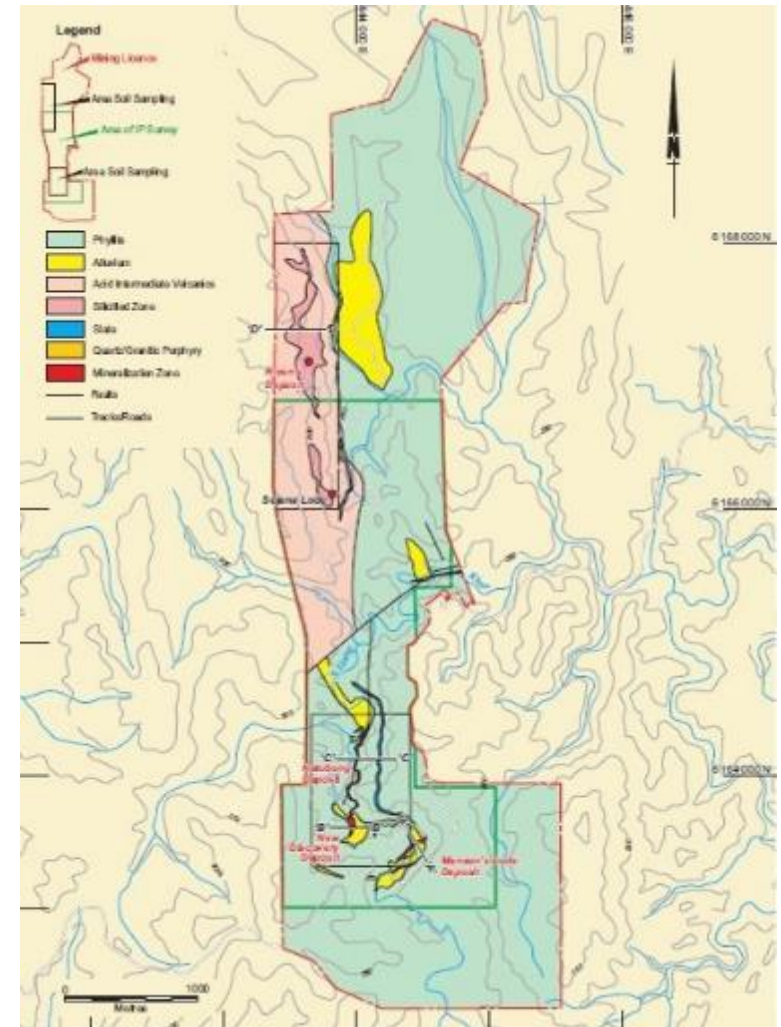
**Production Asset:  
Sokor Gold Project  
(10km<sup>2</sup>)**

**Brownfield Asset:  
Pulai Mining  
(38.4km<sup>2</sup>)**

**Greenfield Asset:  
KelGold Mining  
(15.5km<sup>2</sup>)**

# Sokor Gold Field Project

- Spanning an area of 10km<sup>2</sup>, Sokor has 724,000 ounces of JORC-compliant gold resources (including ore reserves) as at 31 December 2017
- 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
- Gold de-absorption plant comprising gold de-absorption, active carbon regeneration and smelting systems to support leaching capacity of one million tonnes of ore per annum



# Production Facilities

- Ore agglomeration facility
- Upgraded existing vat leaching facility to estimated leaching capacity of 200,000 tonnes of ore per annum



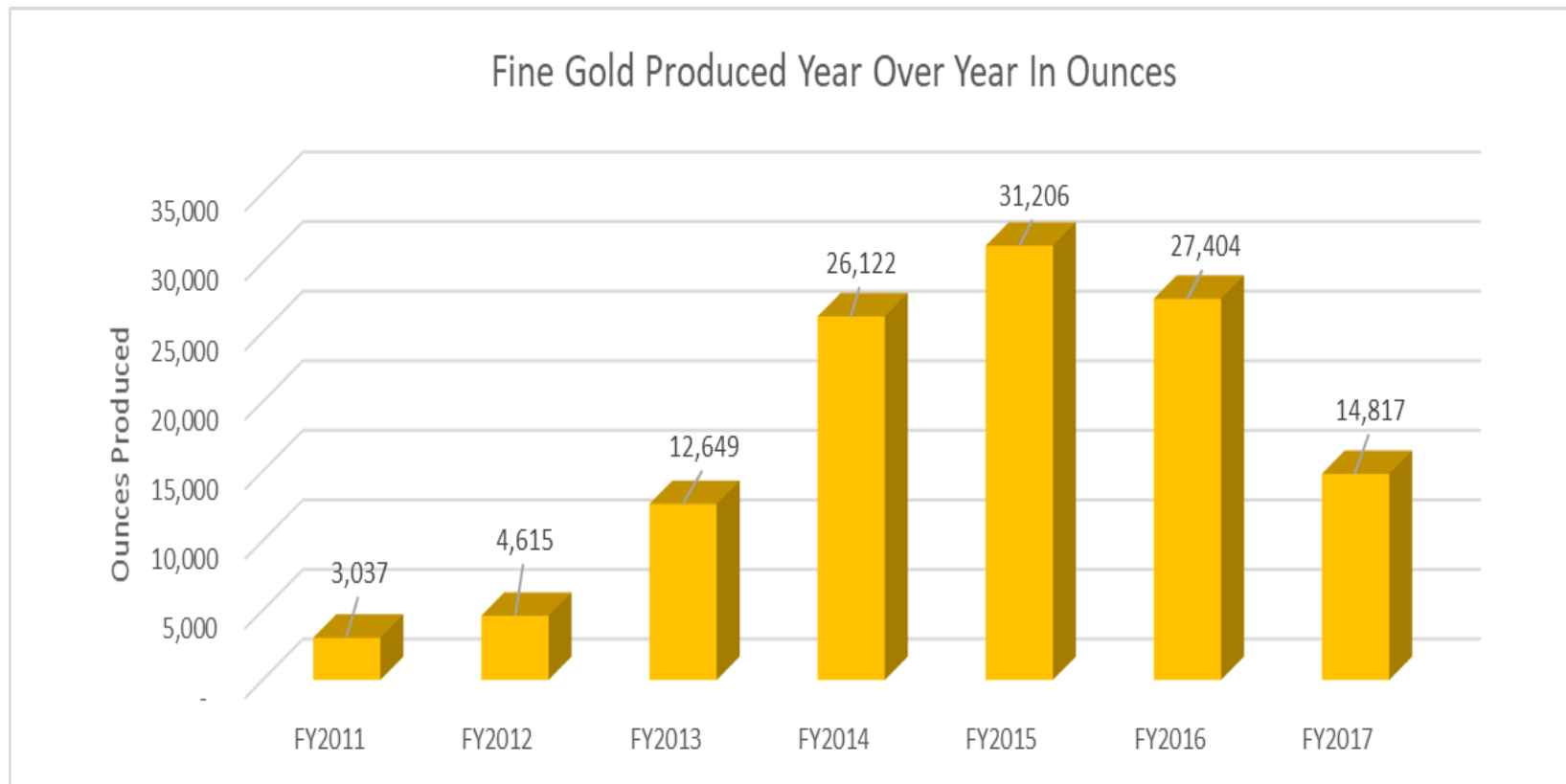
# Production Facilities

- Brand-new carbon-in-leach (CIL) facility
- Capable of processing an estimated 500 tonnes of ore per day once fully operational





# Fine-Gold Production



- Commenced gold production in July 2010 and has since successfully produced more than 100,000 ounces (3 metric tonnes) of fine gold
- Fine gold production decreased 45.9% to 14,817 ounces in FY2017 from 27,404 ounces in FY2016

# JORC-Compliant Gold Resources

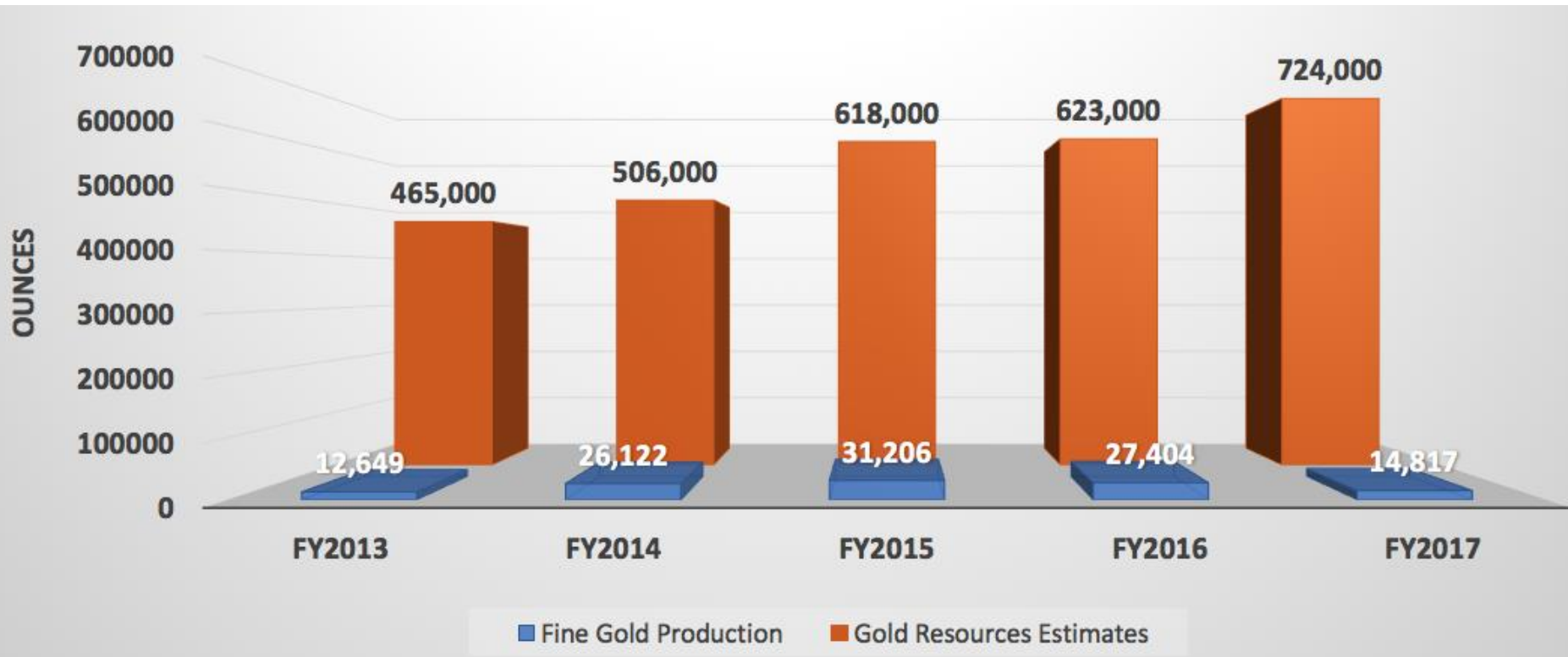
Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			Change from previous update (%)
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	
Measured	Gold	0.49	3.1	49	0.40	3.1	40	-12%
Indicated	Gold	6.01	1.5	282	4.86	1.5	228	3%
Inferred	Gold	7.36	1.7	393	5.96	1.7	318	34%
<b>Total</b>	<b>Gold</b>	<b>13.86</b>	<b>1.6</b>	<b>724</b>	<b>11.22</b>	<b>1.6</b>	<b>586</b>	<b>16%</b>
Measured	Silver	0.34	63	683	0.27	63	553	1%
Indicated	Silver	0.17	74	407	0.14	74	330	2%
Inferred	Silver	0.90	29	838	0.73	29	679	-6%
<b>Total</b>	<b>Silver</b>	<b>1.41</b>	<b>42</b>	<b>1,928</b>	<b>1.14</b>	<b>42</b>	<b>1,562</b>	<b>-2%</b>
Measured	Lead	0.34	1.5	5,058	0.27	1.5	4,097	-10%
Indicated	Lead	0.17	1.5	2,560	0.14	1.5	2,074	-12%
Inferred	Lead	0.90	1.7	15,407	0.73	1.7	12,480	9%
<b>Total</b>	<b>Lead</b>	<b>1.41</b>	<b>1.6</b>	<b>23,025</b>	<b>1.14</b>	<b>1.5</b>	<b>18,650</b>	<b>2%</b>
Measured	Zinc	0.34	1.9	6,370	0.27	1.9	5,160	15%
Indicated	Zinc	0.17	2.0	3,365	0.14	2.0	2,726	2%
Inferred	Zinc	0.90	1.5	13,770	0.73	1.5	11,154	9%
<b>Total</b>	<b>Zinc</b>	<b>1.41</b>	<b>1.7</b>	<b>23,505</b>	<b>1.14</b>	<b>1.7</b>	<b>19,039</b>	<b>10%</b>

Table extracted from Sokor Project – updated Mineral Resources and Ore Reserves Estimate as at 31 December 2017.

As at 31 December 2017, total measured, indicated and inferred gold resources for the Sokor Project (above a 0.5 g/t gold cut-off grade at Manson's Lode and for the transitional and fresh rock at Ketubong, New Discovery and New Found, and above a 0.25 g/t gold cut-off grade at Rixen) were 13.86 million tonnes at 1.6 g/t gold grade, which would amount to 724,000 ounces of contained gold (2016: 13.25 million tonnes at 1.5 g/t gold with contained gold of 623,000 ounces).

# Resources and Production

## Gold Resources Versus Fine Gold Production



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# **Corporate & Business Update**

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# Review of Operations at Sokor

Five straight quarters of below-average gold output since 4Q2016 due to low ore grades.

CNMC has been conserving higher-grade ore, with the view of mining it once it establishes the appropriate equipment to process them.

Built carbon-in-leach (“CIL”) plant in 2017 to enhance gold recovery and process higher-grade ore. This was built after Kelantan State Government extended CNMC’s operating lease on Sokor to 2034 in late 2016.

- Heap leaching plant more suited for lower-grade ore
- Vat leaching plant used mainly for ore with low percolation rates
- CIL plant began trial operation in November 2017

# Full-Scale Production

Upon completion of trial operation, CIL plant will go into full commercial production.

- Processing capacity of approximately 500 tonnes of ore daily
- Gold recovery rate can reach up to 95% vs 65% for heap leaching
- First gold pour in March 2018: 863.33 oz of gold dore bars

CIL plant will be major growth catalyst for CNMC in 2018.

Production costs at Sokor expected to fall.

- All-in cost of production: US\$1,367/oz in 2017 vs US\$819/oz in 2016 and US\$608/oz in 2015
- Capex for CIL plant fully recognised in 2017

# Additional Growth Drivers

- ❑ Monetise other minerals at Sokor
- ❑ Expedite exploration at the two Kelantan-based mining assets acquired in 2017 with a view to preparing them ready for production
- ❑ Continue to explore acquisition opportunities in Malaysia
- ❑ Enhance shareholder value through dual primary listing on the Stock Exchange of Hong Kong

# #1 Monetise Other Minerals at Sokor



Silver, lead and zinc - potentially new source of income

CNMC is looking into constructing a flotation plant to extract these base metals.

- Budget, production capacity and construction schedule likely to be similar to those for CIL plant

Existing mineral resources containing silver, lead and zinc can be increased as exploration is ongoing. As at 31 Dec 2017, Sokor had:

- 1.93 million ounces of silver
- 23,025 tonnes of lead
- 23,505 tonnes of zinc



# #2 Expedite Exploration at KelGold and Pulai

## KelGold Mining

- KelGold has rights to explore for gold, iron ore and other minerals at a 15.5km<sup>2</sup> site in Kelantan.
- To commission a JORC-compliant report to ascertain estimated amount of gold resources and reserves in the ground.
- To build leaching facilities at KelGold's premises once commercially viable ore is found.
  - Full-fledge production plant not required in initial production stage
  - Initial production capex will be minimal

# About KelGold

- 1/10,000 geochemistry soil sampling completed
- Diamond drilling in progress



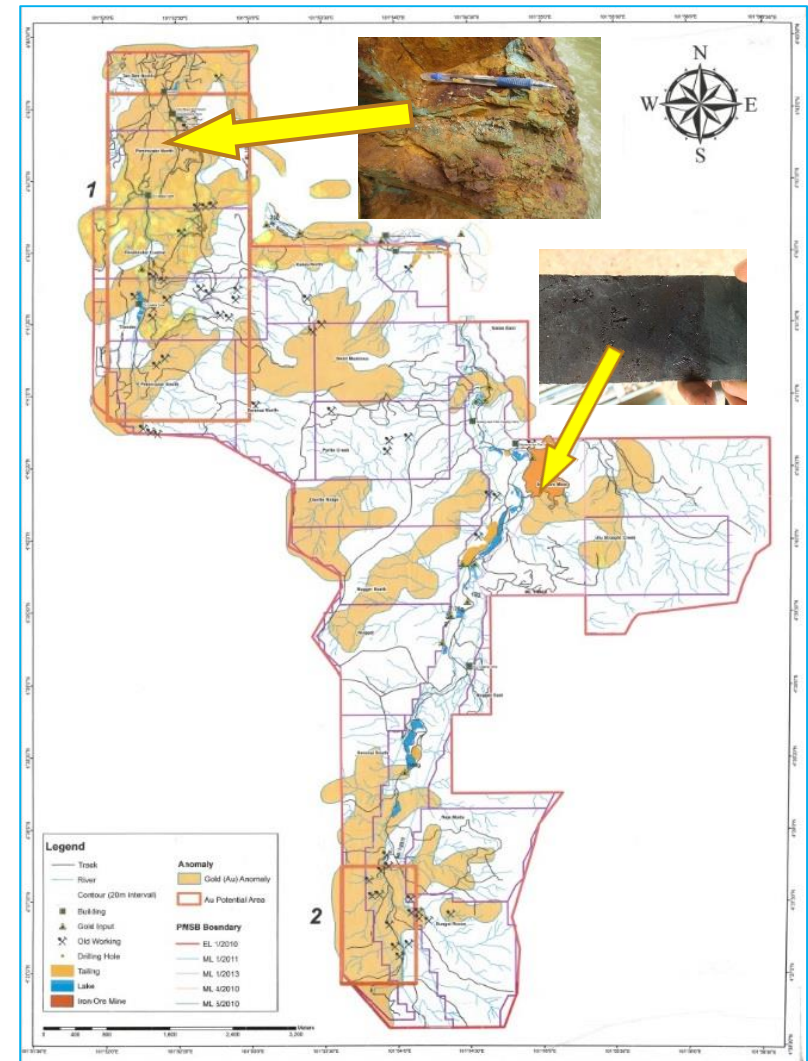
# #2 Expedite Exploration at KelGold and Pulai

## CNMC Pulai

- 51%-owned by CNMC; 11 licences to explore for and mine gold, iron ore and feldspar in 38.4km<sup>2</sup> brownfield site.
- Concession site produced RM38 million worth of alluvial gold between March 2011 and May 2013.
- To commission JORC-compliant study to ascertain economic value of feldspar in the ground.
- Exploration for gold and iron ore remains ongoing.

# About CNMC Pulai

- CNMC Pulai has a total of 11 licences to explore for and mine gold, iron ore and feldspar
- Feldspar mine with area of 0.15km<sup>2</sup> located approximately 5km South of Gua Musang town



# #3 Explore Acquisition Opportunities in Malaysia

CNMC looking to acquire more mining projects in Malaysia.

- In-house team regularly reviews potential deals

Gold mining in Malaysia generally concentrated in what is known as Central Gold Belt, which covers Pahang, Kelantan, Terengganu.

- These 3 states accounted for all of the 2,249kg of gold produced in Malaysia in 2016\*

Studies by Malaysia's Department of Minerals and Geoscience indicate potential gold deposits in other states\*.

- Negeri Sembilan, Johor, Sabah, Sarawak

\* *Source: Malaysian Chamber of Mines*

# #4 Enhance Shareholder Value via HK Listing

Strong balance sheet.

- No bank borrowings
- Consistently generating cash from operations since 2012
- US\$19.5m in cash & cash equivalents as at 31 Dec 2017

Dual primary listing in Hong Kong will help raise CNMC's profile, especially among investors outside Singapore.

Hong Kong sponsor: Alliance Capital Partners.

Proposed listing may or may not involve public offering of new shares.

# Company Outlook

1

Barring unforeseen circumstances, revenue to increase in 2018 as compared to 2017 – driven by expected increase in gold production at CIL plant

2

Potential new source of income from production and sales of silver, lead and zinc once flotation plant at Sokor starts commercial operation

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**FY2017**

**Financial Highlights**

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# Financial Highlights

Income statement	FY2017	FY2016	Change
Revenue (US\$' million)	19.15	34.67	↓ -44.8%
Results from operating activities (US\$' million)	1.78	11.30	↓ -84.2%
Net profit/(loss) (US\$' million)	3.30	11.52	↓ -71.4%
Net profit (excluding FX Impact) (US\$' million)	1.43	12.97	↓ -89.0%
Net profit margin	17.2%	33.2%	↓ -16.0%
Net profit margin (excluding FX Impact)	7.5%	37.4%	↓ -29.9%
Earnings/(Loss) per share (US cents)	0.68	2.23	↓ -69.5%
Earnings/(Loss) per share (SG cents)	0.94	3.07	↓ -69.4%

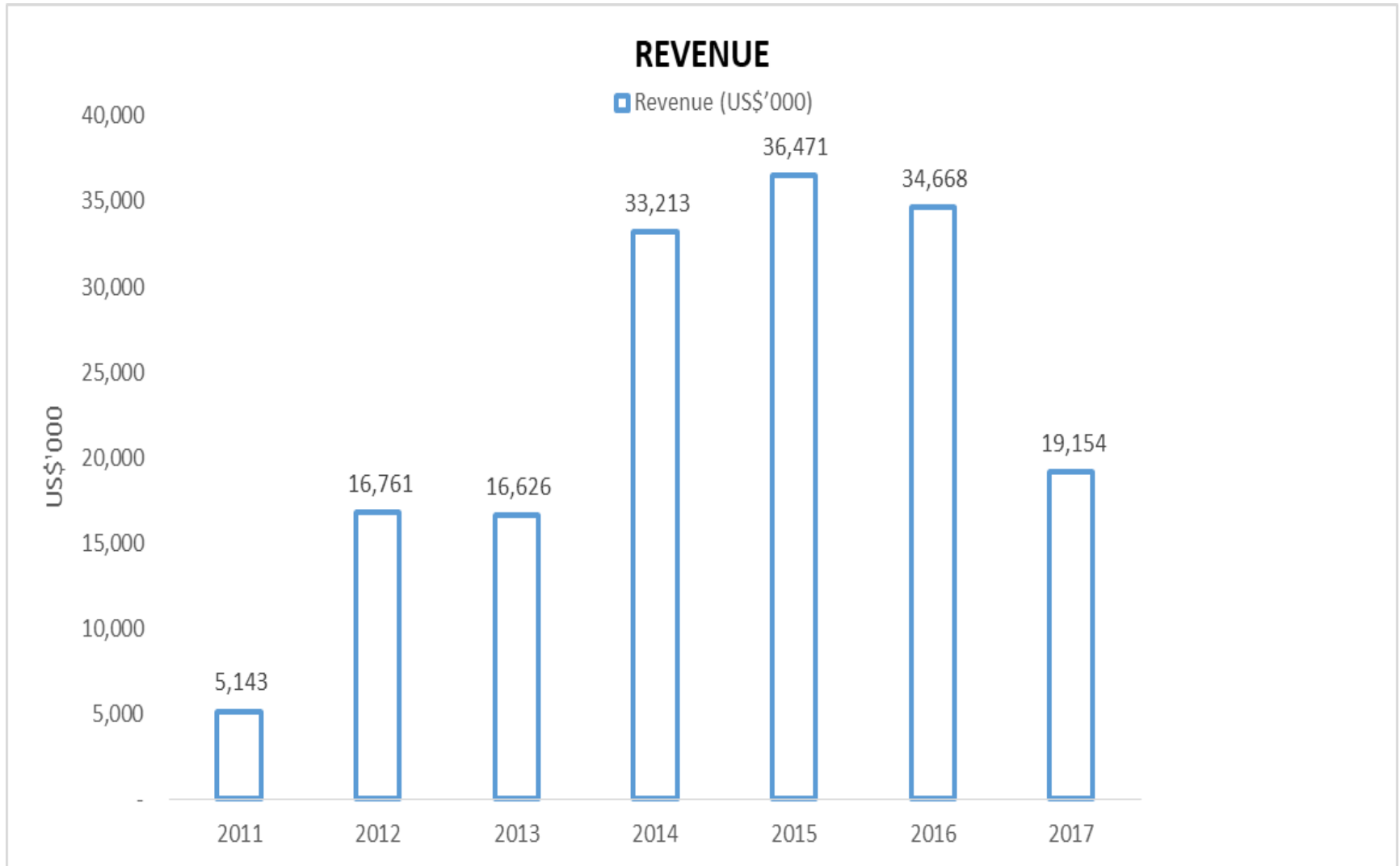
**Net asset  
value of  
US\$40.44  
million**

**Current  
ratio of  
3.15**

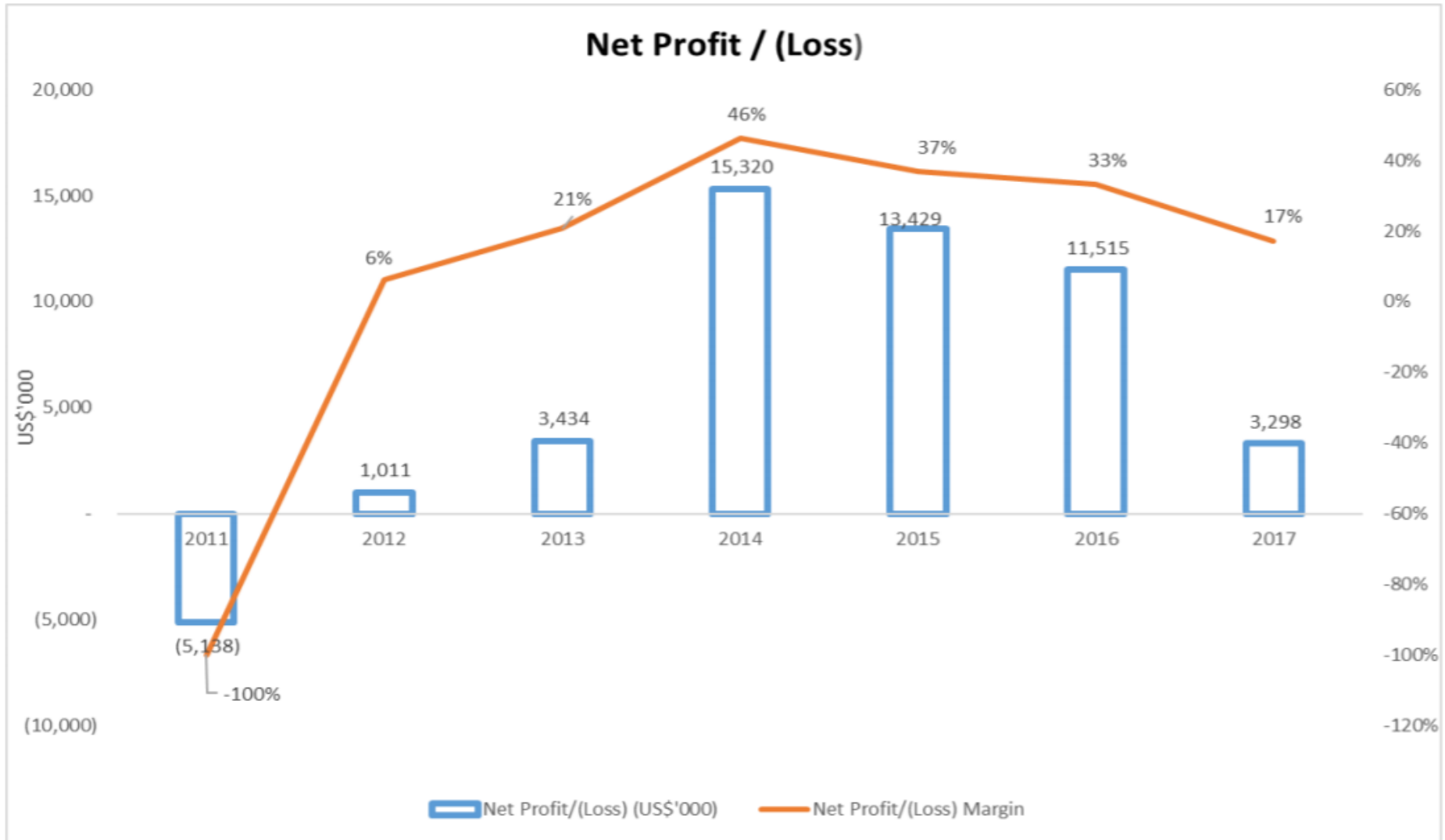
**Debt/Equity  
ratio of  
0.02**

**Net cash  
position of  
US\$18.66  
million**

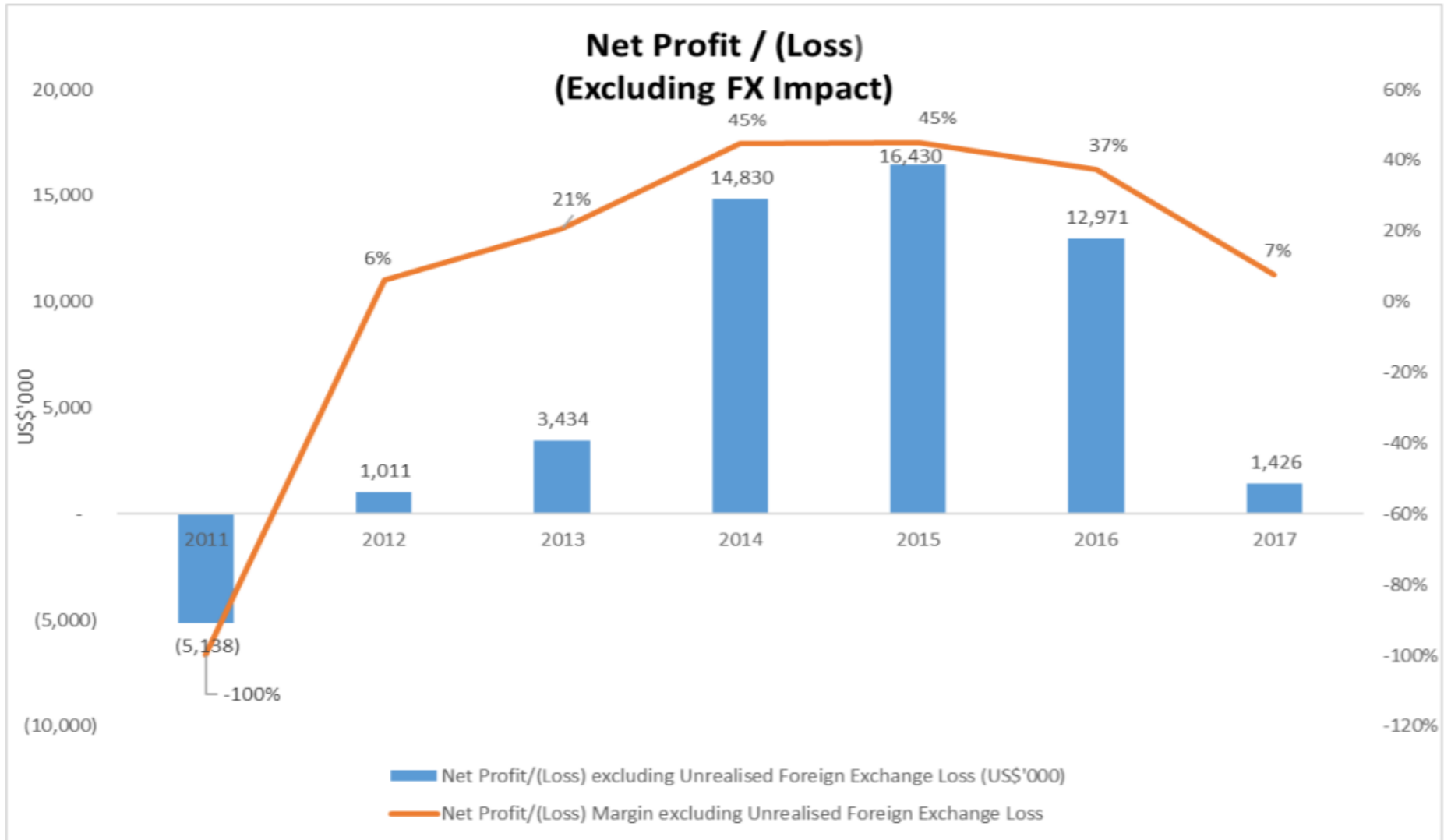
# REVENUE: FY2011 TO FY2017



# NET PROFIT / (LOSS): FY2011 TO FY2017



# NET PROFIT / (LOSS): FY2011 TO FY2017



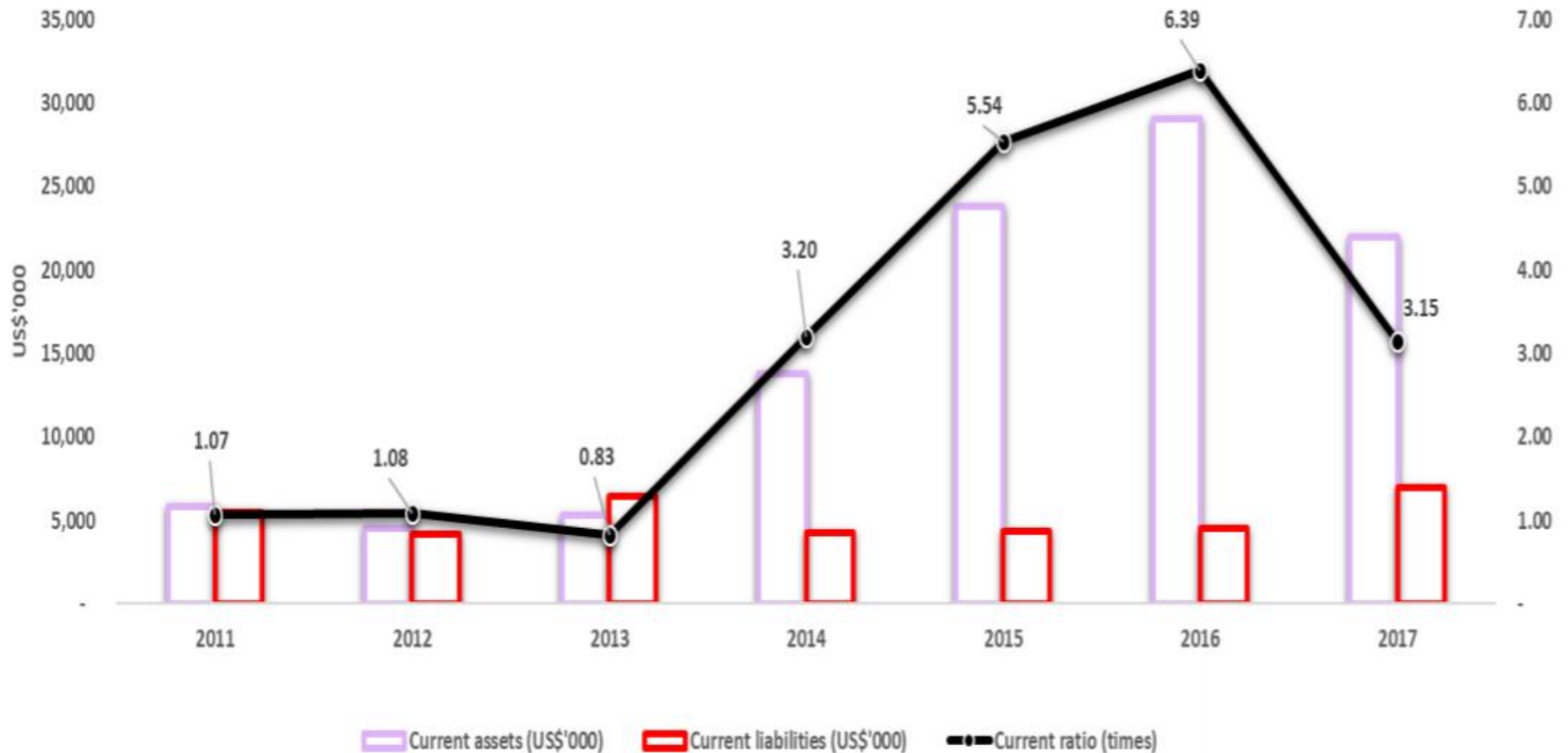
# Analysis Of All-In Costs And Margin

	2017	2016	Changes
	US\$ / gold ounce sold		%
Mining related costs	635	383	66%
Royalty and tribute expenses	174	113	54%
Adjusted operating costs	<b>809</b>	<b>496</b>	63%
General and administrative costs	118	87	36%
Capital expenditure	346	19	n.m.
All-in sustaining costs	<b>1,273</b>	<b>602</b>	111%
Capital exploration (non-sustaining)	78	11	609%
Capital expenditure (non-sustaining)	16	17	-6%
Mining lease extension	-	189	n.m.
All-in costs (A)	<b>1,367</b>	<b>819</b>	67%
Average realized gold price (B)	1,293	1,265	2%
All-in Margin (C= B - A)	(74)	446	n.m.
All-in Margin (%) (C / B)	-6%	35%	n.m.

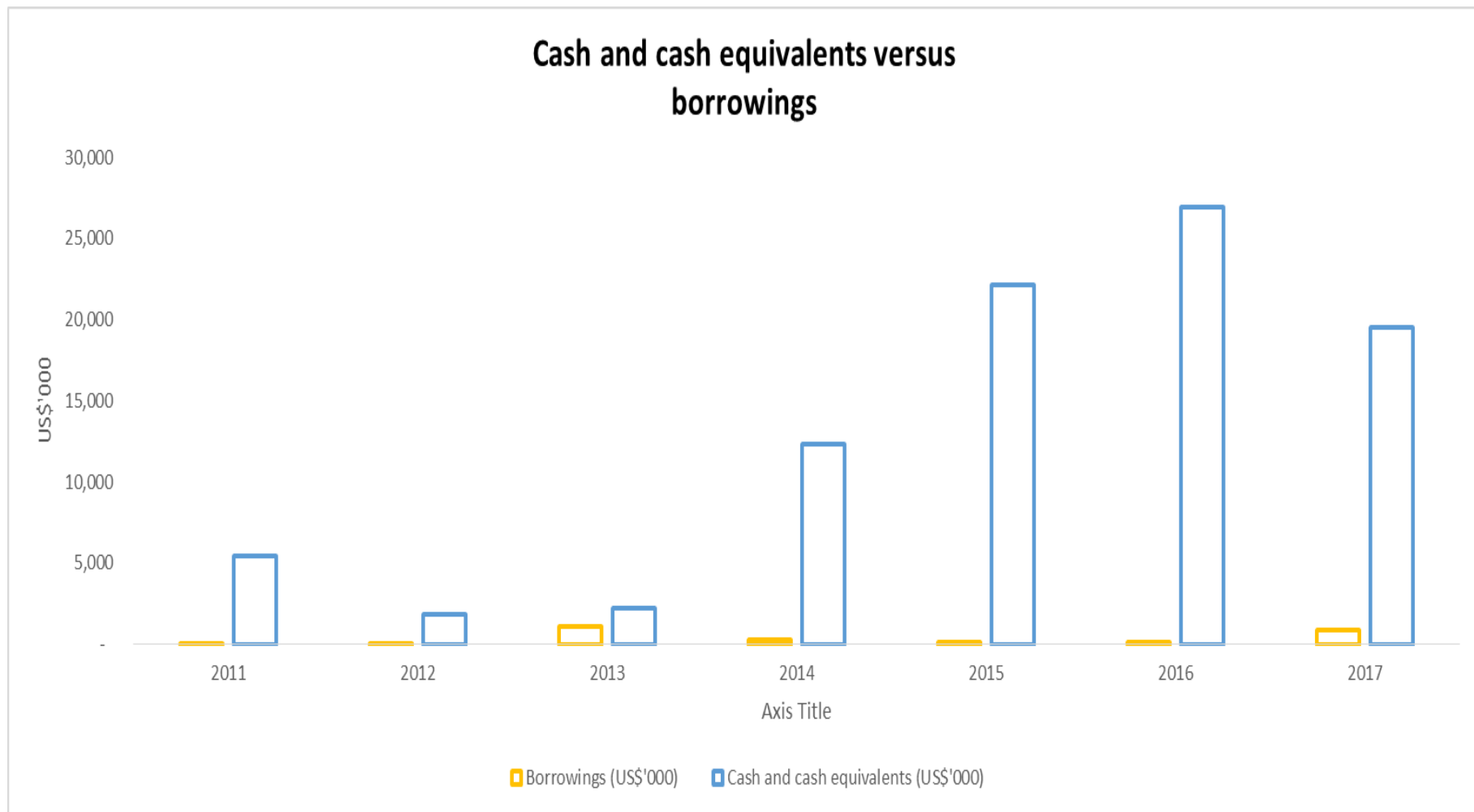
All-in sustaining costs include adjusted operating costs and sustaining capital expenditure, corporate general and administrative expenses, exploration expense, reflecting the full cost of gold production from current operations.

# CURRENT ASSETS VERSUS CURRENT LIABILITIES, CURRENT RATIO : FY2011 TO FY2017

## Current Assets versus Current Liabilities, Current Ratio



# CASH AND CASH EQUIVALENTS & BORROWINGS: FY2011 TO FY2017





# Milestones



# 2017 & 2018 Milestones

Date	Milestone
20 Jan 2017	Completed due diligence for subscription of 51% of the shares in the enlarged share capital of Pulai Mining Sdn. Bhd.
20 Jan 2017	Entered into an assignment agreement with Kelantan State Economic Development Corporation (“ <b>KSEDC</b> ”) 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 Feb 2017	Completion of the subscription of new shares representing 51% of the shares in the enlarged share capital of Pulai Mining Sdn. Bhd.
18 Mar 2017	Entered into share sale agreement for the proposed acquisition of the entire issued share capital of Kelgold Mining Sdn. Bhd.

# 2017 & 2018 Milestones

Date	Milestone
<b>4 April 2017</b>	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
<b>16 May 2017</b>	Completion of the acquisition of entire issued share capital of Kelgold Mining Sdn. Bhd.
<b>20 Sept 2017</b>	CNMC recognised for excellence in shareholder engagement at 2017 SIAS Investors' Choice Awards
<b>6 Nov 2017</b>	Completion of construction and commissioning of carbon-in-leach plant
<b>15 Jan 2018</b>	Proposed dual primary listing on main board of the Stock Exchange of Hong Kong
<b>6 Apr 2018</b>	Carbon-in-leach plant achieves first gold pour from trial operation in March: 863 oz of gold dore bars

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# Stock Data & Dividend

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# Stock Data & Dividend

<b>(SGX: 5TP) (Reuters: CNMC.SI) (Bloomberg: CNMC:SP)</b>	<b>16 April 2018</b>
Price per share	S\$0.285
Market capitalisation	S\$115.55 Million
Share issued	405.45 Million
P/E ratio (Note 1)	30.00
Dividend Yield (YTD) (Note 2)	0.70%

Note 1 :

Market price per share @ 16 April 2018 / Earnings per share (S\$) for the year ended 31 December 2017

Note 2 :

CNMC proposed a final dividend of 0.20 Singapore cent per share for shareholders' approval at the next AGM.

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