



# **CNMC Goldmine Holdings Limited**

## **2Q2018 Results Briefing**

**15 August 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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**2Q2018**

**Financial Highlights**

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# Financial Highlights

Income statement	2Q 2018	2Q 2017	Change	1H 2018	1H 2017	Change
Revenue (US\$' million)	9.32	4.86	91.8%	15.41	9.59	60.7%
Results from operating activities (US\$' million)	(0.39)	0.30	n.m.	0.04	0.28	-85.7%
Net (loss)/profit (US\$' million)	(0.18)	0.52	n.m.	0.43	0.59	-27.1%
Net (loss)/profit margin	-1.9%	10.7%	n.m.	2.8%	6.2%	-3.4%
Net profit/(loss) (excluding FX Impact and other one-off expenses) (US\$' million)	1.80	(0.04)	n.m.	1.69	(0.28)	n.m.
Net profit/(loss) margin (excluding FX Impact and other one-off expenses)	19.3%	-0.8%	n.m.	11.0%	-2.9%	n.m.
Earnings per share (US cents)	(0.08)	0.12	n.m.	0.05	0.13	-61.5%
Earnings per share (SG cents)	(0.11)	0.17	n.m.	0.07	0.18	-61.1%

Note: Other one-off expenses include listing expenses in relation to the dual primary listing on HKEX and share performance expenses which subsequently terminated on 4 July 2018.

**Net asset  
value of  
US\$40.13  
million**

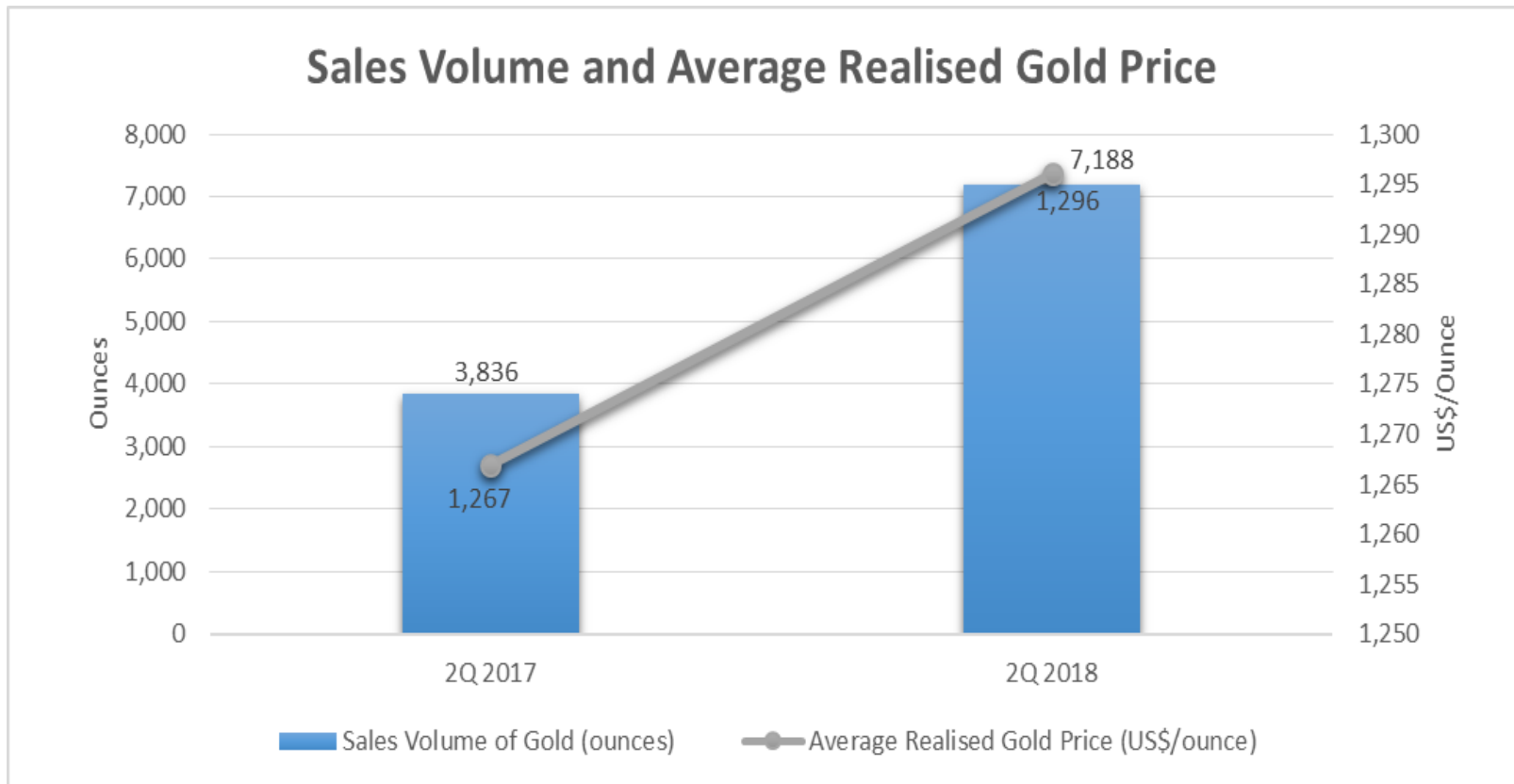
**Current  
ratio of  
2.74**

**Debt/Equity  
ratio of  
0.02**

**Net cash  
position of  
US\$12.82  
million**



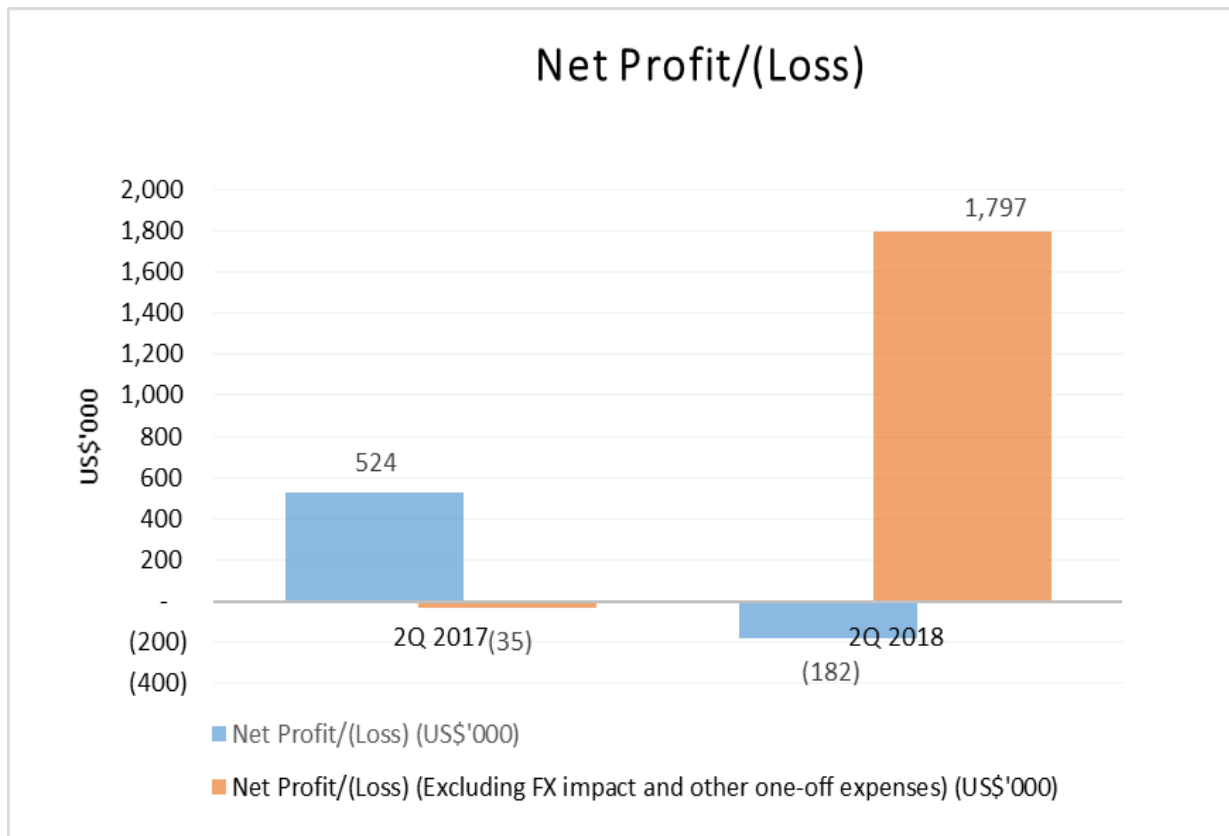
# Revenue



## Revenue rise 92%:

- ↑ Sales volume of fine gold, from 3,836 ounces to 7,188 ounces
- ↑ Average realized gold price, from US\$1,267/ounce to US\$1,296/ounce

# Net Profit / (Loss)



**2Q 2018  
Net Cash  
outflow:  
US\$3.68  
million**

**2Q 2017  
Net Cash  
outflow:  
US\$3.87  
million**

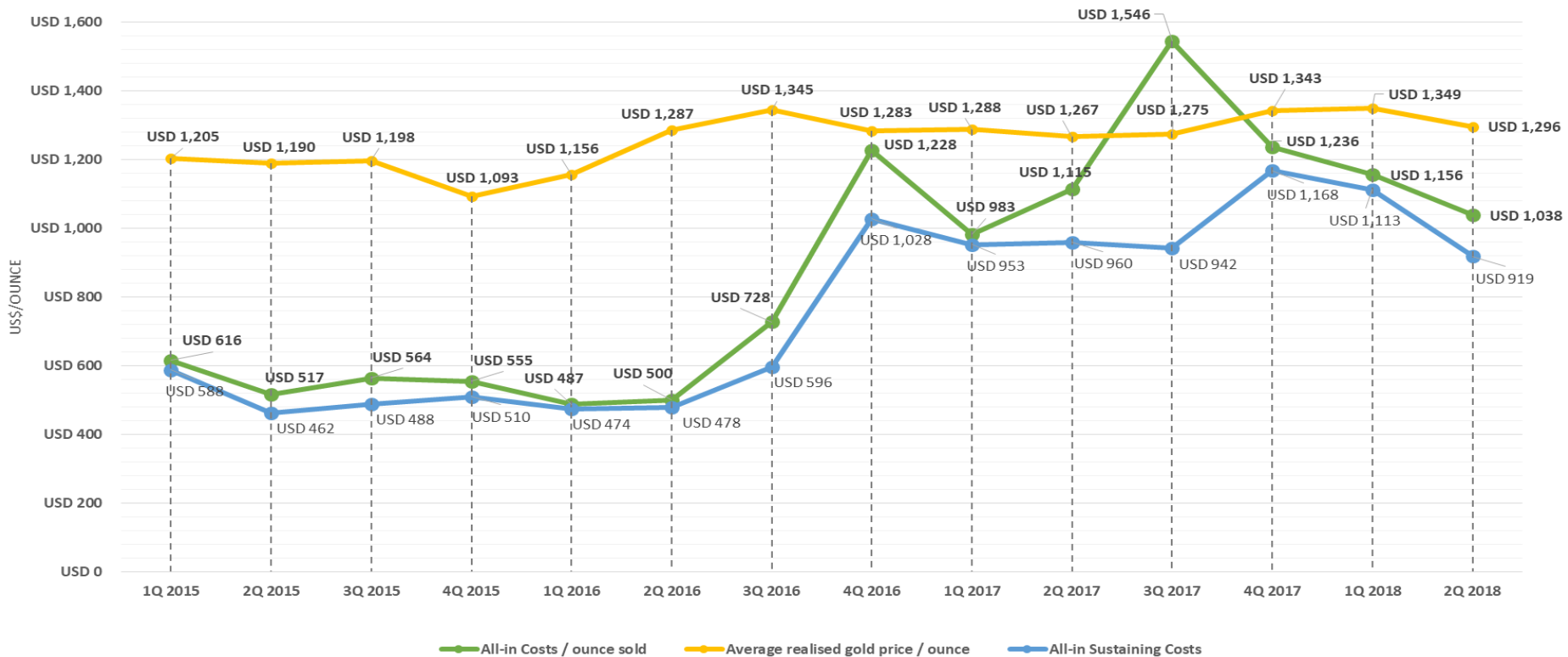
Recorded a net loss of US\$0.18 million in 2Q2018 compared to a net profit US\$0.52 million in 2Q2017 mainly due to the foreign exchange impact and one-off expenses, i.e. listing expenses and share performance expenses.

# Analysis Of All-In Costs And Margin

	2Q 2018	2Q 2017	Changes
	US\$ / gold ounce sold		%
Mining related costs	566	625	-9.4%
Royalty and tribute expenses	170	166	2.4%
Adjusted operating costs	<b>736</b>	<b>791</b>	-7.0%
General and administrative costs	125	147	-15.0%
Capital expenditure	58	22	163.6%
All-in sustaining costs	<b>919</b>	<b>960</b>	-4.3%
Capital exploration (non-sustaining)	12	17	-29.4%
Capital expenditure (non-sustaining)	107	138	-22.5%
All-in costs (A)	<b>1,038</b>	<b>1,115</b>	-6.9%
Average realised gold price (B)	1,296	1,267	2%
All-in Margin (C= B - A)	258	152	70%
All-in Margin (%) (C / B)	20%	12%	8%

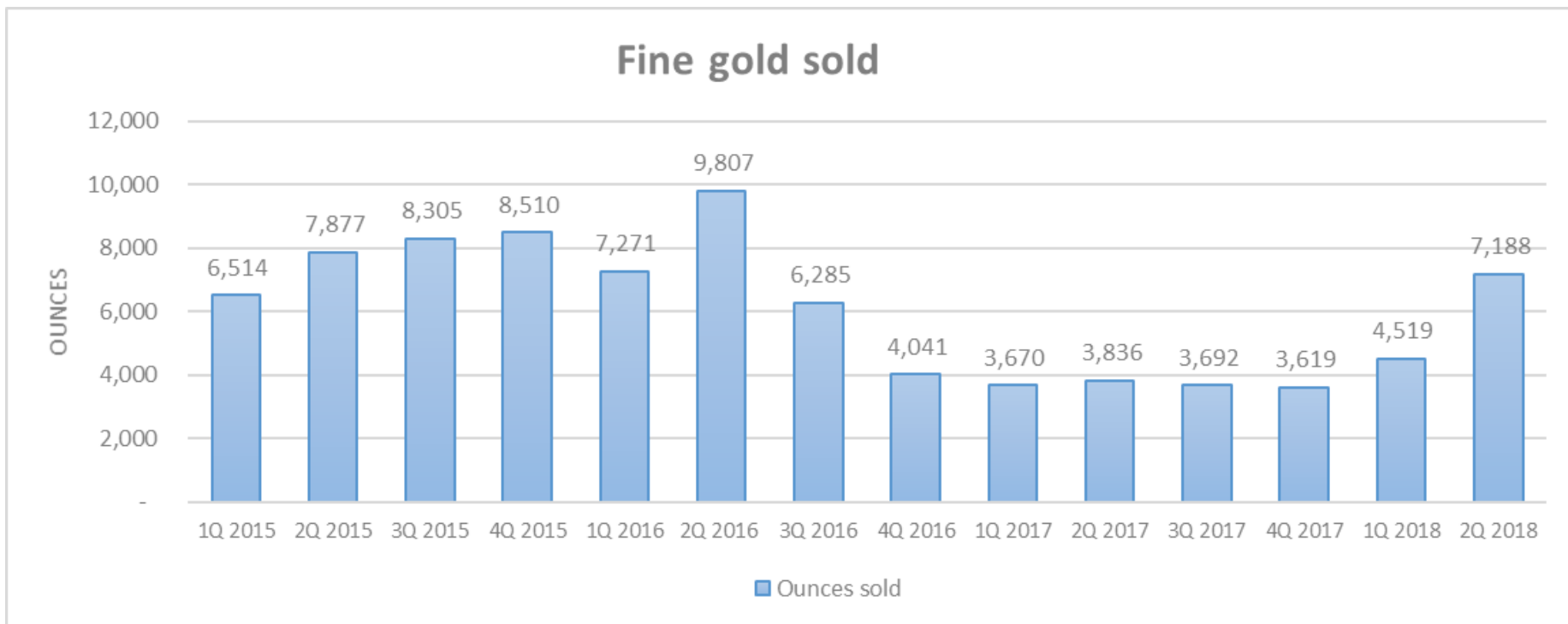
All-in sustaining costs include adjusted operating costs and sustaining capital expenditure, corporate general and administrative expenses, exploration expense, reflecting the full cost of gold production from current operations.

# Summary Of All-In Costs And Margin



All-in costs of production decrease to US\$1,038/ounce in 2Q2018 from US\$1,115/ounce in 2Q2017, mainly due to higher sales volume of fine gold.

# Quarterly Production Volume





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# Milestones

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# 2018 Milestones

Date	Milestone
15 January 2018	Proposed dual primary listing on main board of Hong Kong Stock Exchange
22 March 2018	Gold resources amounted to 13.86 million tonnes at 1.6g/t gold as at 31 December 2017. This translates into 724,000 ounces of contained gold, up 16% from 31 December 2016
6 April 2018	Carbon-in-leach plant achieves first gold pour from trial operation in March: 863 oz of gold dore bars
25 April 2018	Joint venture agreement between KelGold and Yayasan Kelantan Darulnaim (Yakin) for exploration on 1,550ha site in Kelantan
2 May 2018	Official opening of carbon-in-leach plant



# 2018 Milestones

Date	Milestone
<b>28 May 2018</b>	Carbon-in-leach plant in stable commercial operation: 3,749 ounces of gold dore bars for the month of May 2018
<b>2 July 2018</b>	Sokor gold project produced 8,750 oz of gold dore bars in 2Q 2018
<b>10 July 2018</b>	Submission of application and application proof of the prospectus in relation to dual primary listing to HKEX



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# **Corporate & Business Update**

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# Review of Operations at Sokor

Production and sales volume highest since 3Q2016

Chief Minister of Kelantan officiated the opening of the newly built Carbon-in-leach (“CIL”) plant on 2<sup>nd</sup> May 2018.

With the new CIL Plant now fully up and running, the Company will be able to treat higher grade ore that it has been conserving.

- Heap leaching plant more suited for lower-grade ore
- Vat leaching plant used mainly for ore with low percolation rates
- CIL plant target at extraction gold from higher gold grades ore

# 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 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 Pulau

## 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-fledged 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





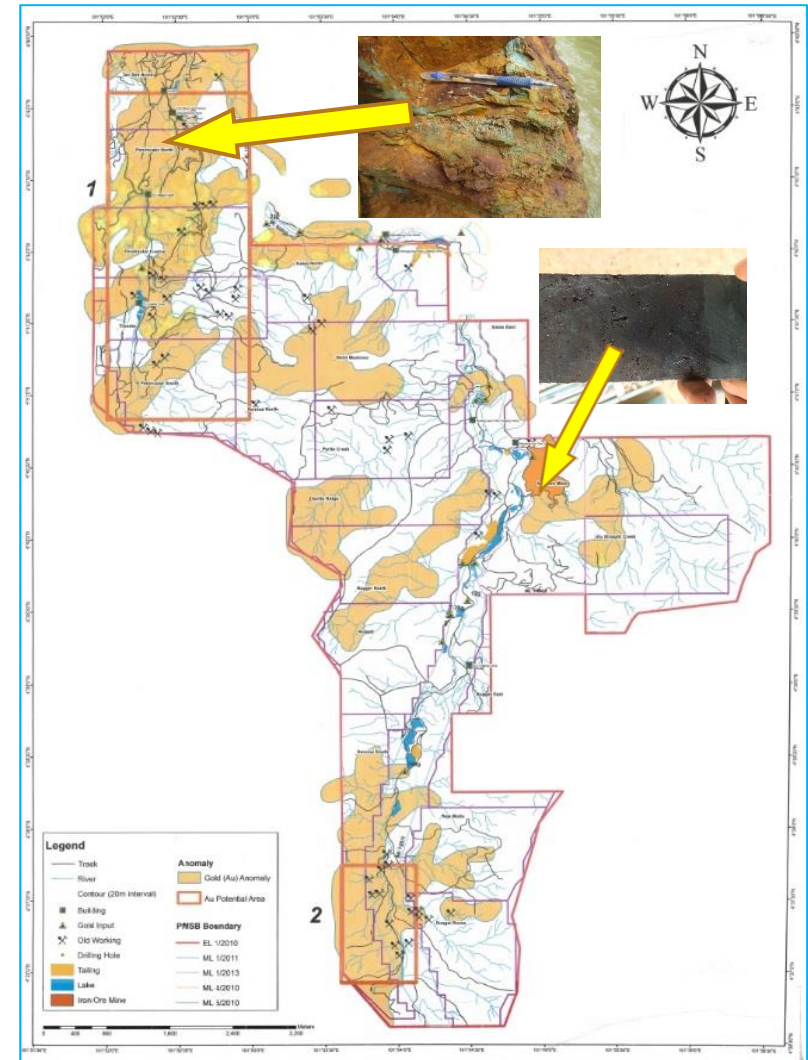
# #2 Expedite Exploration at KelGold and Pulai

## 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 Pulau

- Areas for potential gold and iron ore mineralization within the concession
- 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\$13.6m in cash & cash equivalents as at 30 June 2018

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

Hong Kong sponsor: Alliance Capital Partners.

# Company Outlook

1

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

2

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



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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>10 August 2018</b>
Price per share	S\$0.265
Market capitalisation	S\$108.04 Million
Share issued	407.69 Million
P/E ratio (Note 1)	31.93
Dividend Yield (YTD) (Note 2)	-

Note 1 :

Market price per share @ 10 August 2018 / Earning per share (S\$) for the year ended 30 June 2018.

Note 2 :

The Company aspires to pay dividends of up to 30% of its net profits for each financial year based on the recommendations of the Board. Please refer the Company's FY2016 annual report for more details.

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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





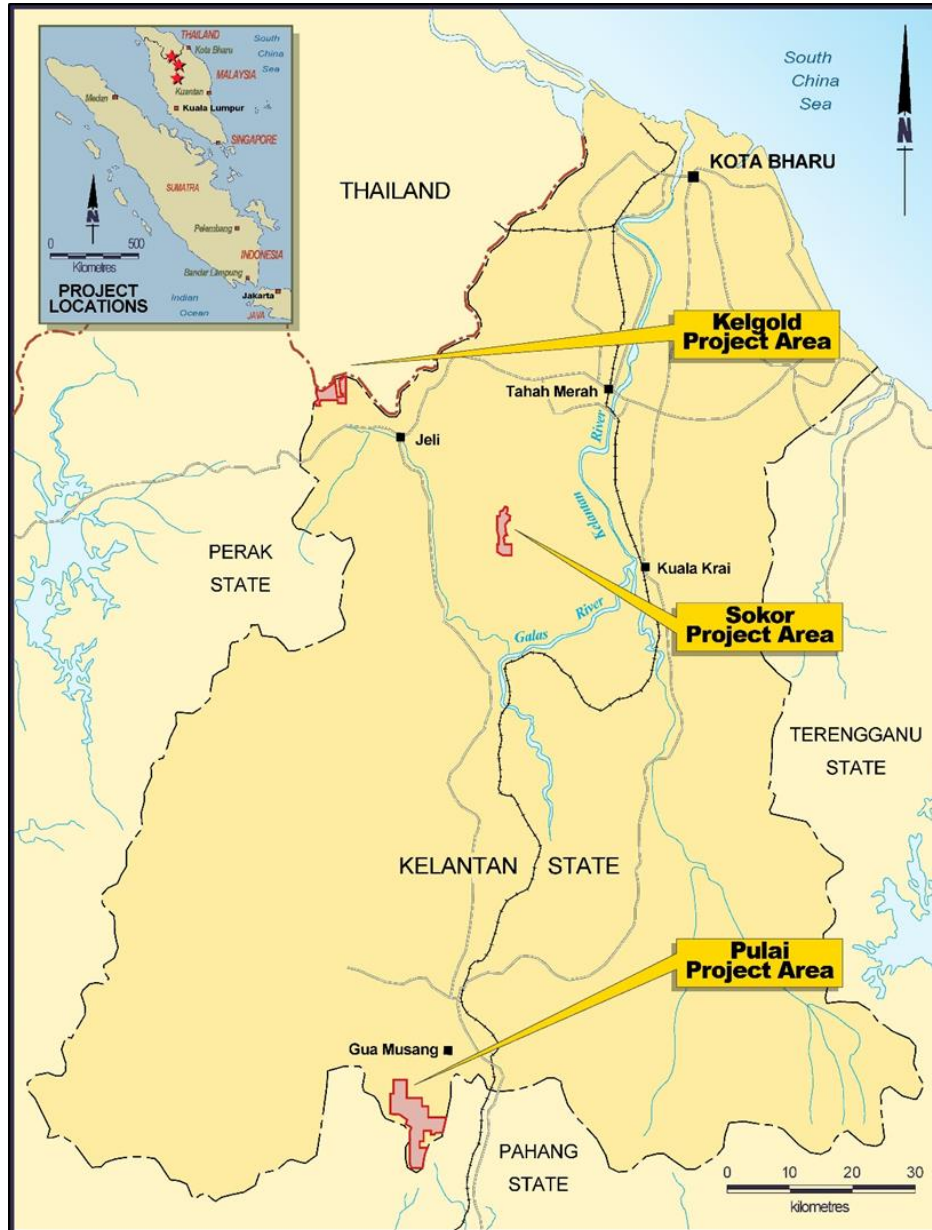
# Asset Portfolio

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

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

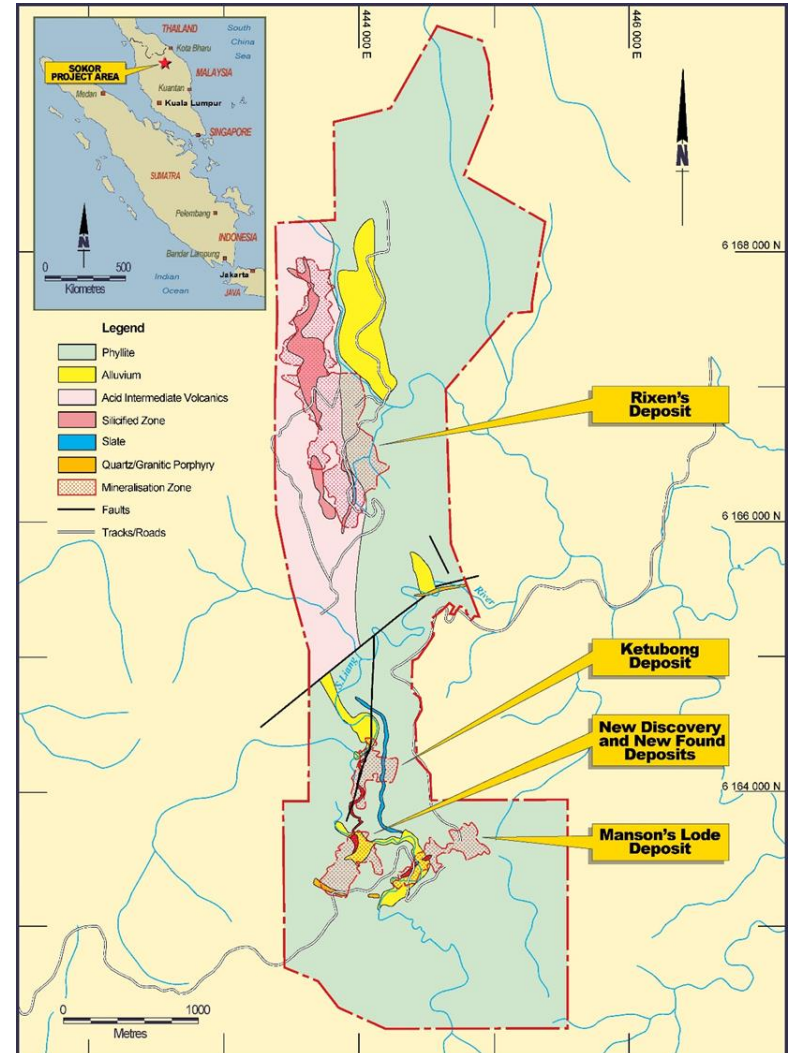
**Greenfield Asset:  
KelGold Mining  
(15.5km<sup>2</sup>)**

# Asset Portfolio



# 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 CIL facility
- Capable of processing estimated 500 tonnes of ore per day

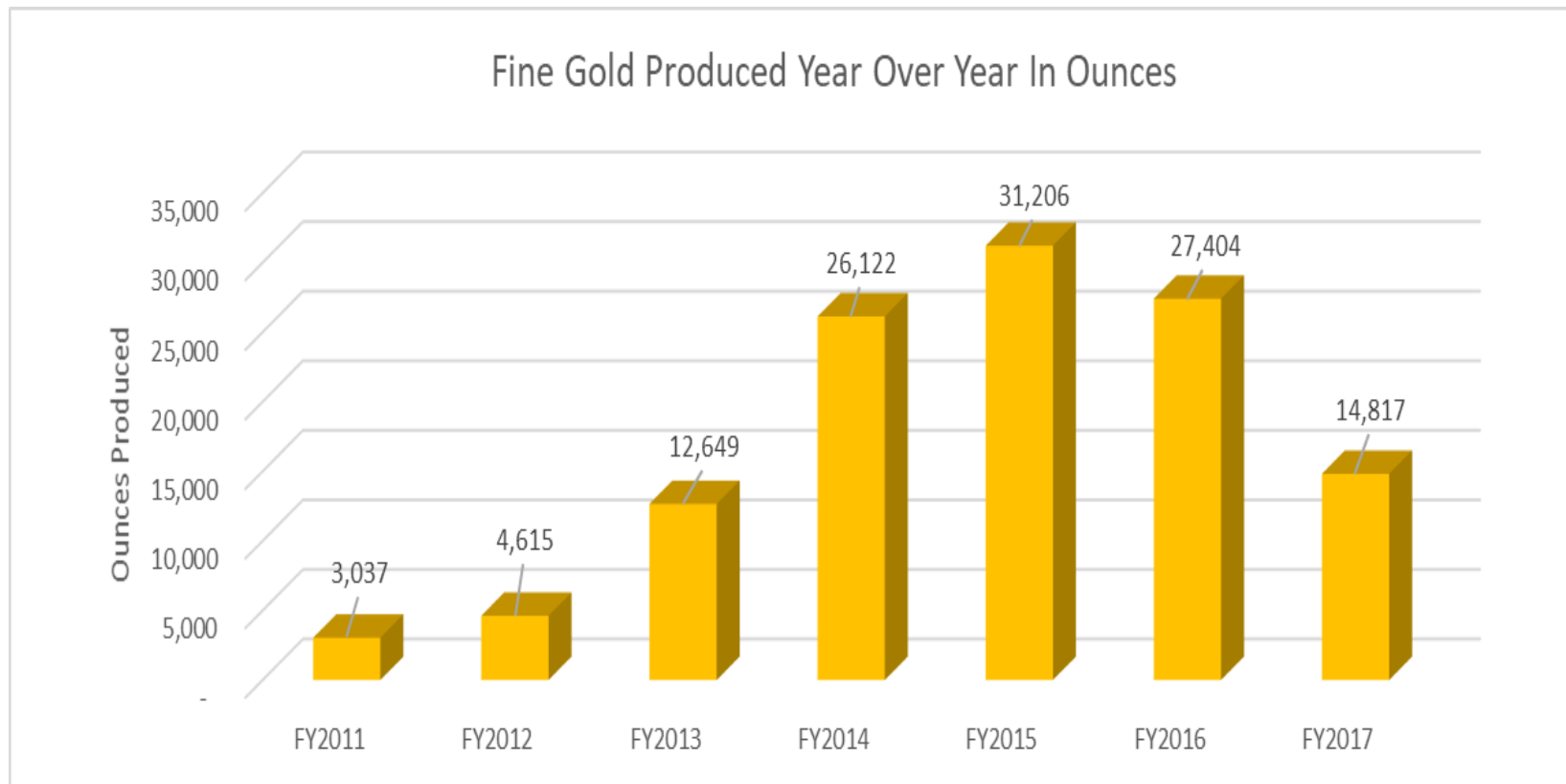




# Production Facilities



# 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>

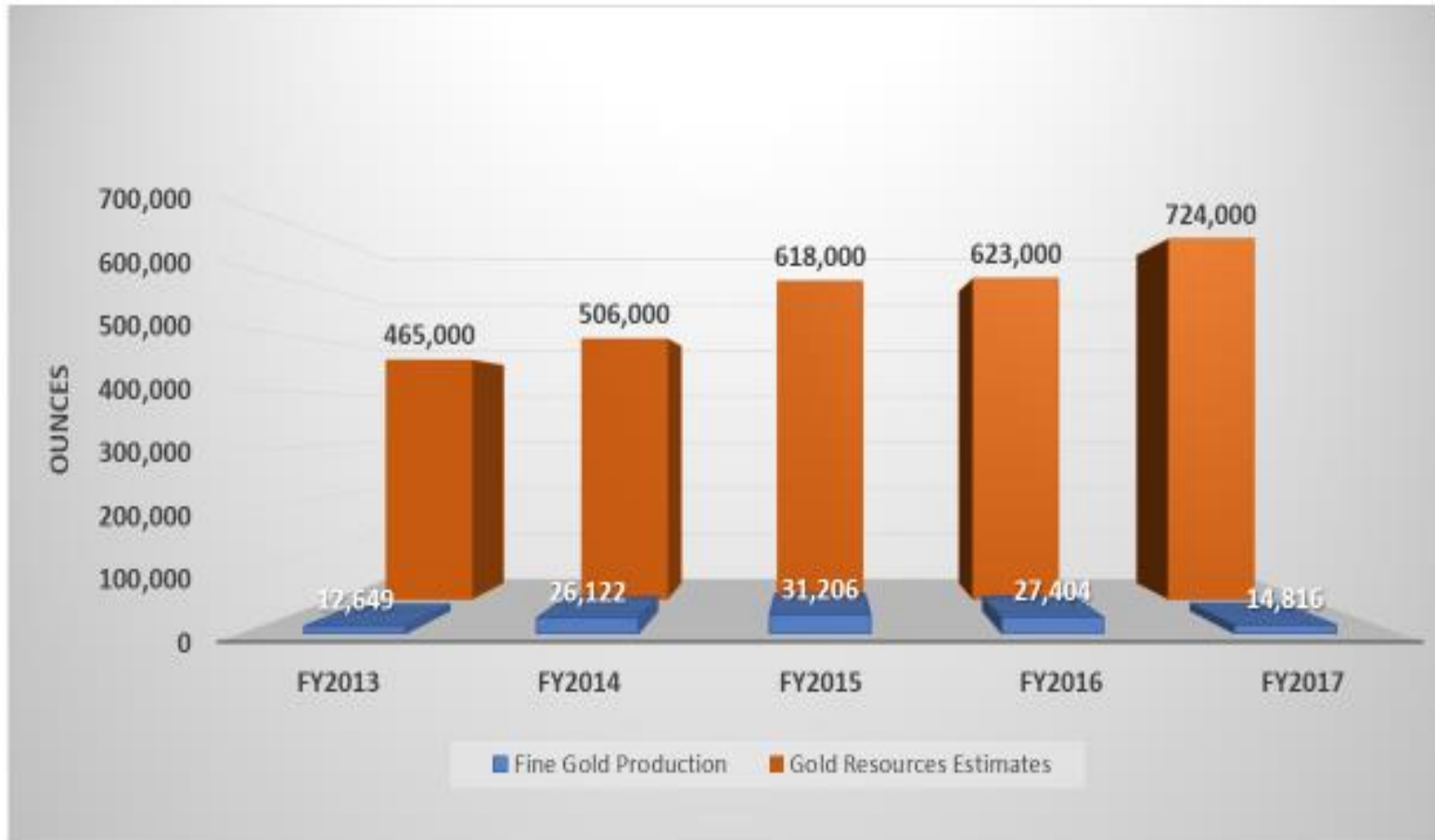
Table extracted from Sokor Project – updated Mineral Resources and Ore Reserves Estimate as at 31 December 2017.

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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