



# **CNMC Goldmine Holdings Limited**

## **3Q2016 Results Briefing**

**7 November 2016**

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

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# Financial Highlights

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	3Q 2016	3Q 2015	Change	9M 2016	9M 2015	Change
Revenue (US\$' million)	8.45	9.95	↓ -15.1%	29.48	27.17	↑ 8.5%
Results from operating activities (US\$' million)	2.24	2.33	↓ -3.9%	13.62	9.38	↑ 45.2%
Net profit (US\$' million)	2.25	2.38	↓ -5.5%	13.71	9.35	↑ 46.6%
Net profit (excluding FX Impact) (US\$' million)	2.73	5.10	↓ -46.5%	12.87	13.03	↓ -1.2%
Net profit margin	26.6%	23.9%	↑ 2.7%	46.5%	34.4%	↑ 12.1%
Net profit margin (excluding FX Impact)	32.3%	51.3%	↓ -19.0%	43.7%	48.0%	↓ -4.3%
Earnings per share (US cents)	0.43	0.45	↓ -4.4%	2.71	1.82	↑ 48.9%
Earnings per share (SG cents)	0.59	0.63	↓ -6.3%	3.72	2.56	↑ 45.3%

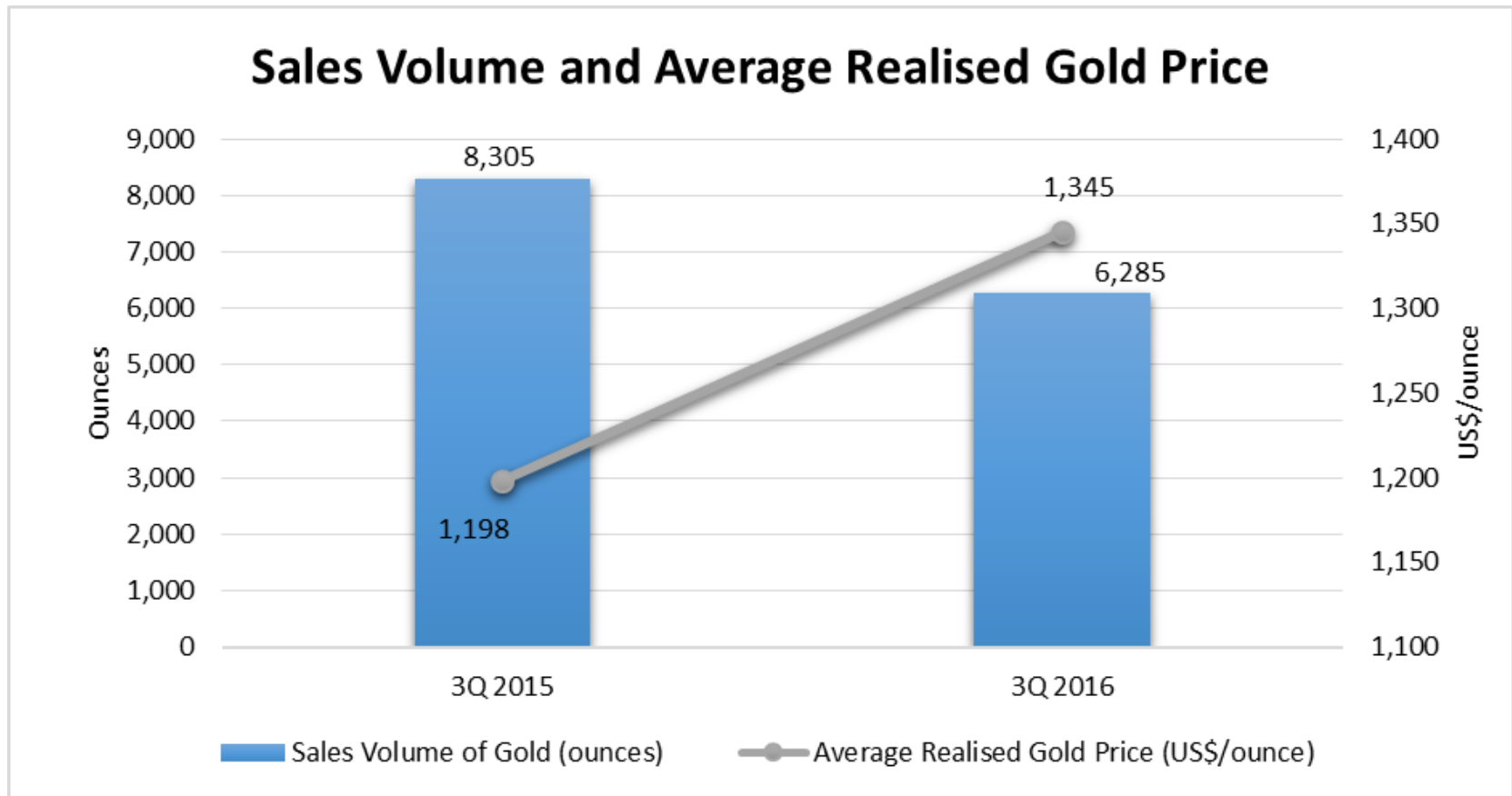
**Net assets  
value of  
US\$42.16  
million**

**Current  
ratio of  
4.17**

**Debt/Equity  
ratio of  
0.002**

**Net cash  
position of  
US\$33.37  
million**

# Revenue



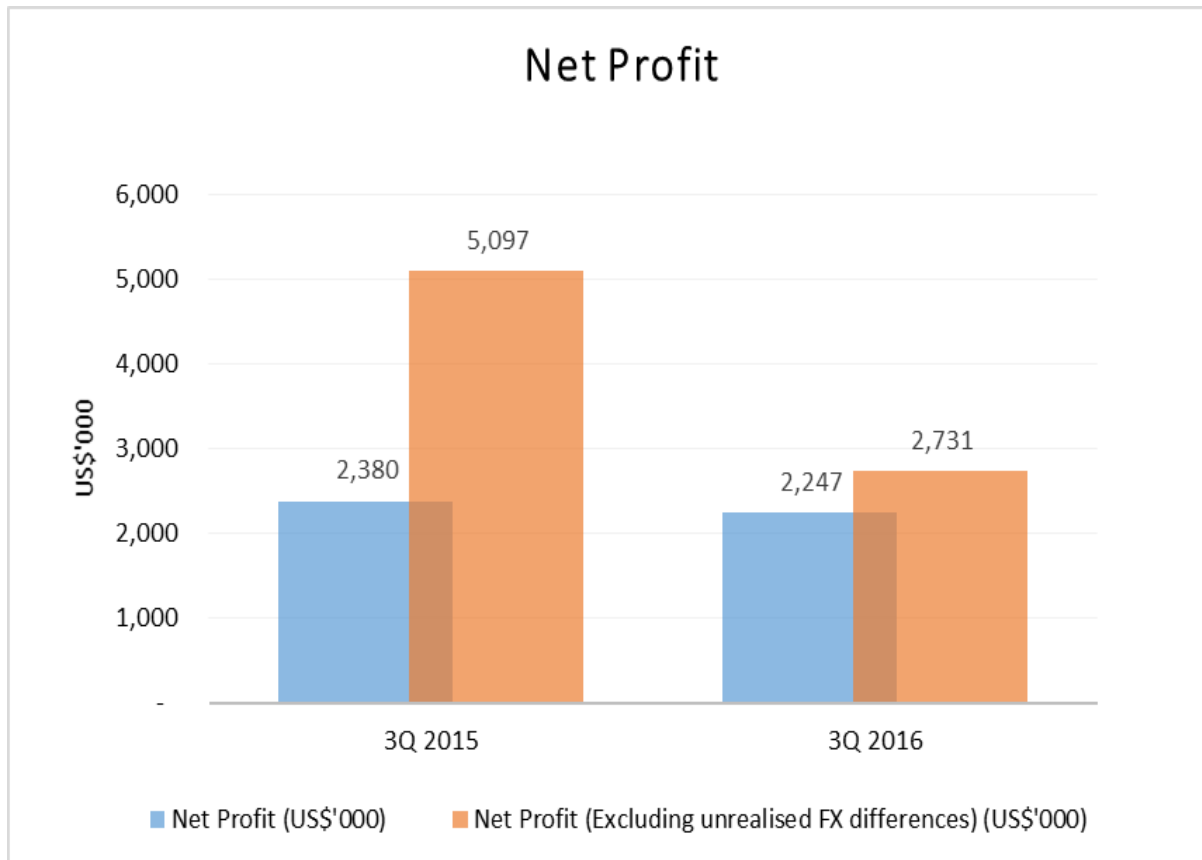
## Revenue fell 15%:

↓ Sales volume of fine gold, from 8,305 ounces to 6,285 ounces

## Partly offset by

↑ Average realized gold price, from US\$1,198/ounce to US\$1,345/ounce

# Net Profit



**3Q 2016  
Net Cash  
inflow:  
US\$1.73  
million**

**3Q 2015  
Net Cash  
inflow:  
US\$4.98  
million**

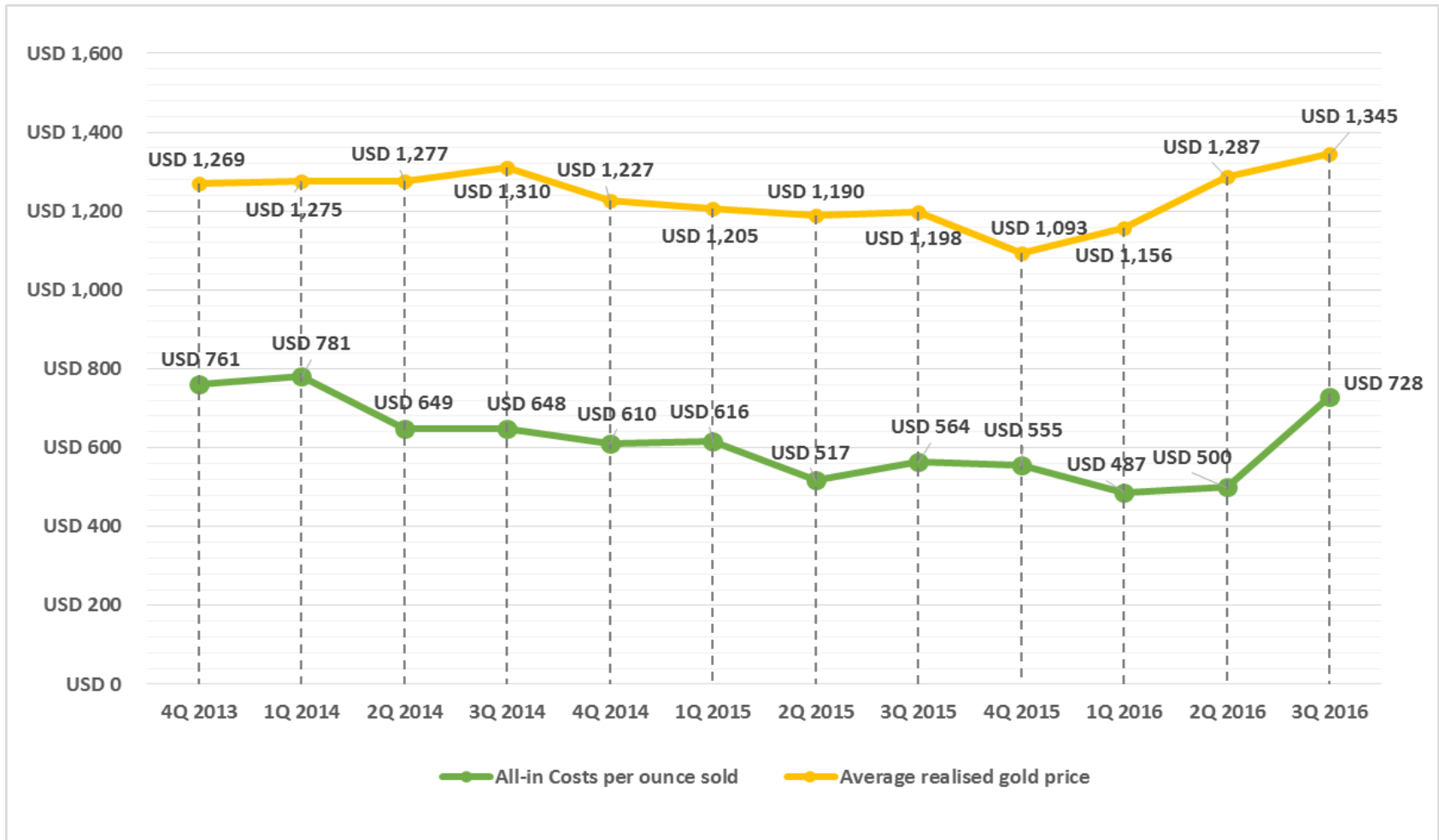
**Net profit** fell 6% to US\$2.25 million due mainly to the SWO, which resulted in lower sales of fine gold, higher operating costs in relation to the reinstatement of production after SWO lifted and recognition and amortisation one-time processing fee in relation to the extension of the Sokor mining lease to 31 December 2034.

# Analysis Of All-In Costs And Margin

	3Q 2016	3Q 2015	Changes
	US\$ / gold ounce sold		%
Mining related costs	399	283	41%
Royalty and tribute expenses	96	89	8%
<b>Adjusted operating costs</b>	<b>495</b>	<b>372</b>	<b>33%</b>
General and administrative costs	95	71	34%
Capital expenditure	6	45	-87%
<b>All-in sustaining costs</b>	<b>596</b>	<b>488</b>	<b>22%</b>
Capital exploration (non-sustaining)	9	42	-79%
Capital expenditure (non-sustaining)	28	34	-18%
Partial payment for 21-year mining lease extension	95	-	100%
<b>All-in costs (A)</b>	<b>728</b>	<b>564</b>	<b>29%</b>
<b>Average realized gold price (B)</b>	<b>1,345</b>	<b>1,198</b>	<b>12%</b>
<b>All-in Margin (C= B - A)</b>	<b>617</b>	<b>634</b>	<b>-3%</b>
<b>All-in Margin (%) (C / B)</b>	<b>46%</b>	<b>53%</b>	<b>-7%</b>

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.

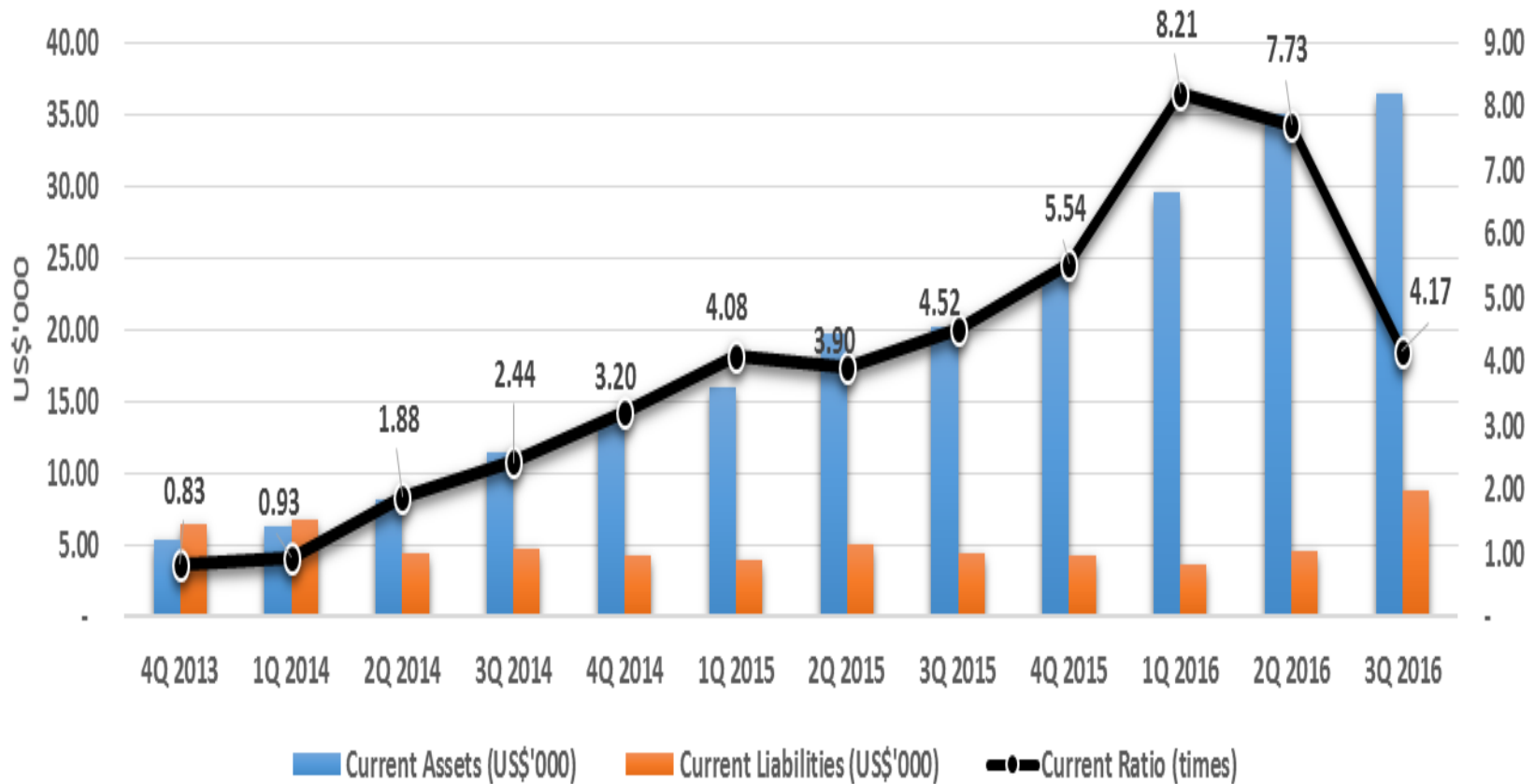
# Summary Of All-In Costs And Margin



All-in costs of production increased to US\$728/ounce in 3Q2016 from US\$564/ounce in 3Q2015, mainly due to lower sales of fine gold, increase in mining related costs and partial payment for 21-year mining lease extension.

# Balance Sheet Highlights

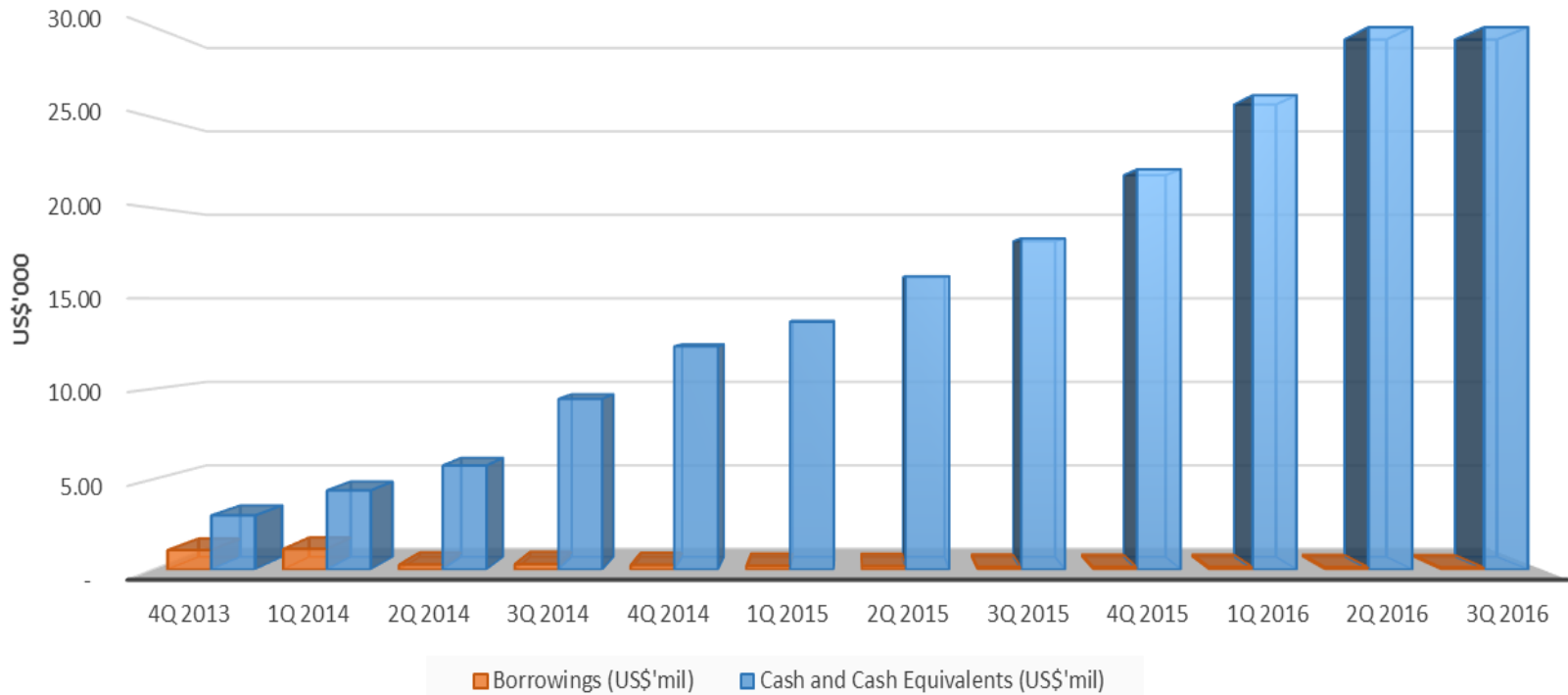
## Current Assets versus Current Liabilities, Current Ratio





# Cash Position

## Cash and Cash Equivalents versus Borrowings



- In 3Q2016, the company generated net cash of US\$3.50 million from operations, down from US\$6.84 million in 3Q2015 mainly due to lower operating profit before working capital changes.
- It had cash and cash equivalents of US\$33.49 million at the end of the quarter, almost twice as much as the US\$18.31 million as at end-3Q2015.

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# 2016 Milestones

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# 2016 Milestones

Date	Milestone
<b>20 October</b>	CNMC appointed Academician Zhao Pengda, Professor Xiao Rong Ge, Dato Nik Kamaruddin Ismail and Dato' Sri Nik Othman Nik Hussein as advisors for a period of 12 months to provide strategic guidance and counsel to the Executive Directors on matters relating to mining and social affairs
<b>22 September</b>	Produced more than 100,000 ounces of fine gold since production commenced in 2010, surpassing initial gold ore reserves estimate of 70,300 ounces
<b>25 August</b>	Execution of Share Subscription Agreement for proposed subscription of shares in Pulai Mining Sdn Bhd

# 2016 Milestones

Date	Milestone
<b>23 August</b>	CNMC gets regulatory nod for extension of mining lease for Sokor Gold Field until 2034
<b>4 July</b>	Produced 9,807.37 ounces of fine gold in 2Q2016, the most in any quarter since gold production started in 2010
<b>28 June</b>	Execution of Non-Binding Letter of Intent in relation to the proposed subscription of shares in Pulai Mining Sdn Bhd
<b>6 June</b>	Collaboration with University of Malaya in forming a research unit for in-depth studies on mineralisation of gold and rare earth elements in Malaysia
<b>13 April</b>	Newly upgraded vat leach facility achieves first gold pour, producing 1,363.29 ounces of gold doré bars

# 2016 Milestones

Date	Milestone
<b>31 March</b>	Gold resources amounted to 13.83 million tonnes at 1.4g/t gold as at 31 December 2015. This translates into 618,000 ounces of contained gold, up 22% compared to 31 December 2014
<b>7 January</b>	Produced record 31,205.85 ounces of fine gold in FY2015



# **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**



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# Stock Data & Dividend

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<b>(SGX: 5TP) (Reuters: CNMC.SI) (Bloomberg: CNMC:SP)</b>	<b>4 November 2016</b>
Price per share	S\$0.54
Market capitalisation	S\$ 219.94 Million
Share issued	407.29 Million
P/E ratio (Note)	10.93
Dividend Yield (YTD)	1.79%

Note: Market price per share @ 4 November 2016 / Trailing earning per share (S\$) as of 30 September 2016.

For the 9 months ended 30 September 2016, CNMC paid an interim tax-exempt dividend of 0.20 Singapore cent per share, up from 0.18 Singapore cents per share for the 9 months ended 30 September 2015.

Dividend Yield is based on FY2015 2<sup>nd</sup> interim tax-exempt dividend of 0.18 Singapore cent per share, FY2015 final dividend of 0.18 Singapore cent per share and special dividend of 0.405 Singapore cent per share and FY2016 1<sup>st</sup> interim tax-exempt dividend of 0.20 Singapore cent per share for FY2016.

# Stock Data & Dividend (Cont'd)

\$ CNMC Goldmine (5TP.SI)

**0.54**



Source: <https://sg.finance.yahoo.com/echarts?s=5TP.SI>

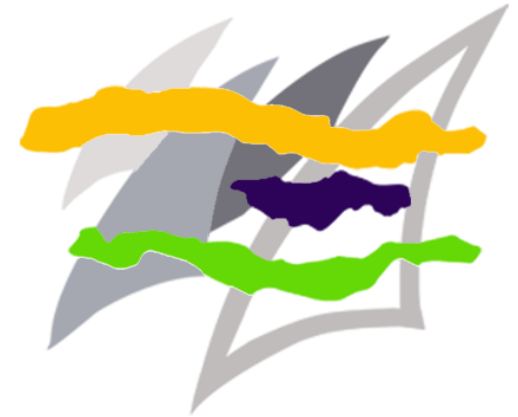




# **Pulai Mining - Strategic Acquisition**

# Strategic Acquisition

- On 25 August 2016, CNMC signed a conditional Share Subscription Agreement to acquire a 51% stake in Pulai Mining Sdn Bhd (“Pulai”)
- Existing shareholders of Pulai are:
  - Sumberjaya Ventures Sdn Bhd,
  - Centurion Resources Pte Ltd,
  - Kelstone Sdn Bhd,
  - CM Strategic Holdings Pte Ltd; and
- Pulai will issue new shares to CNMC for a total consideration of RM13.8 million, which will be funded through internal resources
- Acquisition is expected to yield substantial synergies

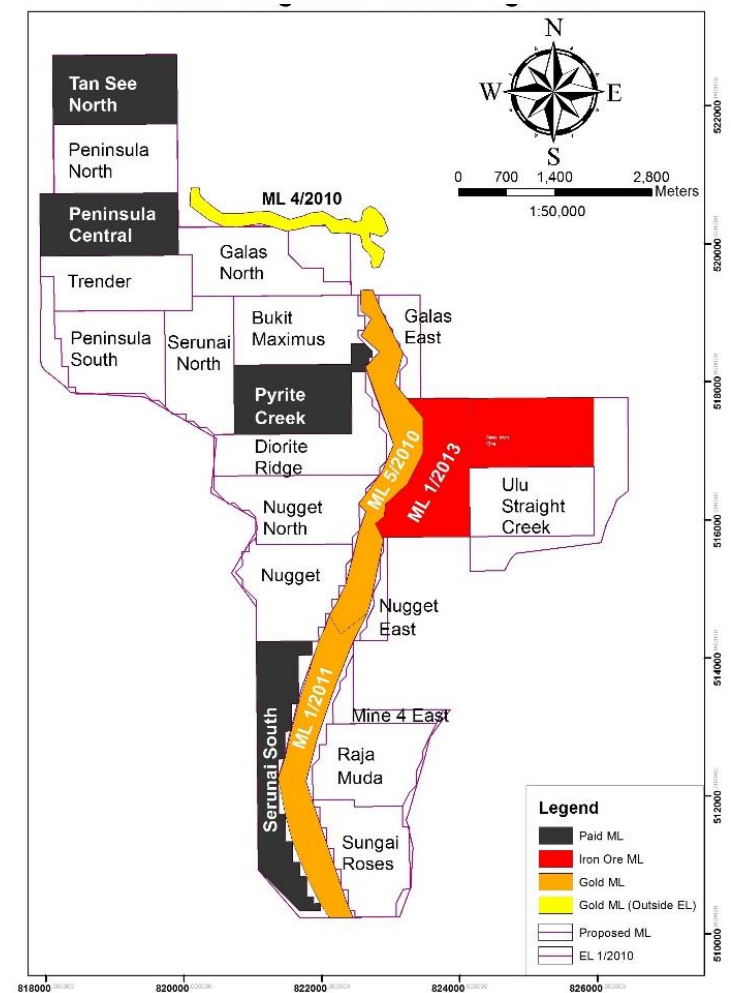


CNMC



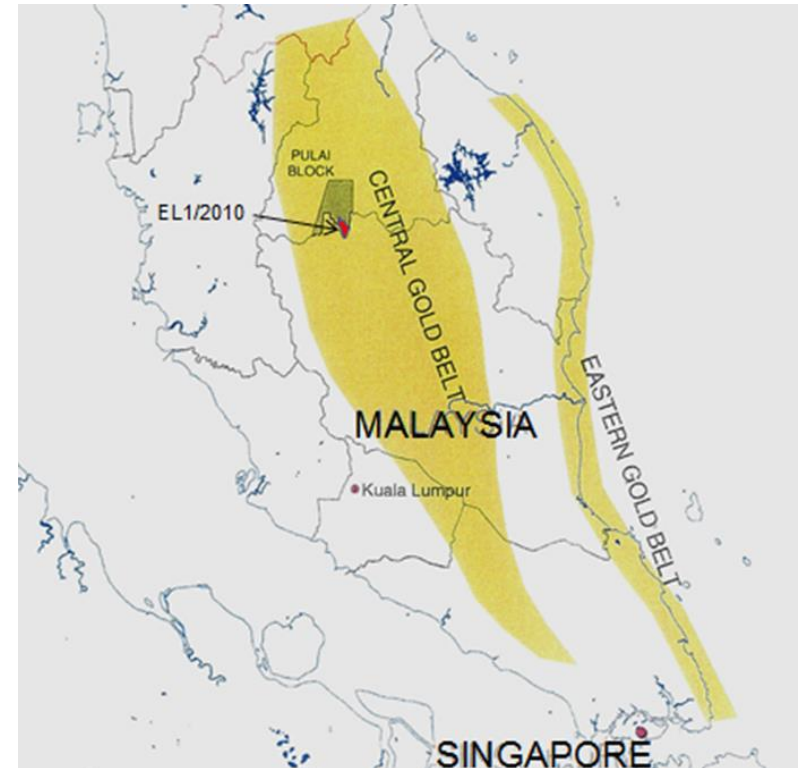
# About Pulai

- Pulai Mining is a brownfield project with 11 licenses spanning about 3,841.3ha (38.4km<sup>2</sup>) 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



# Location

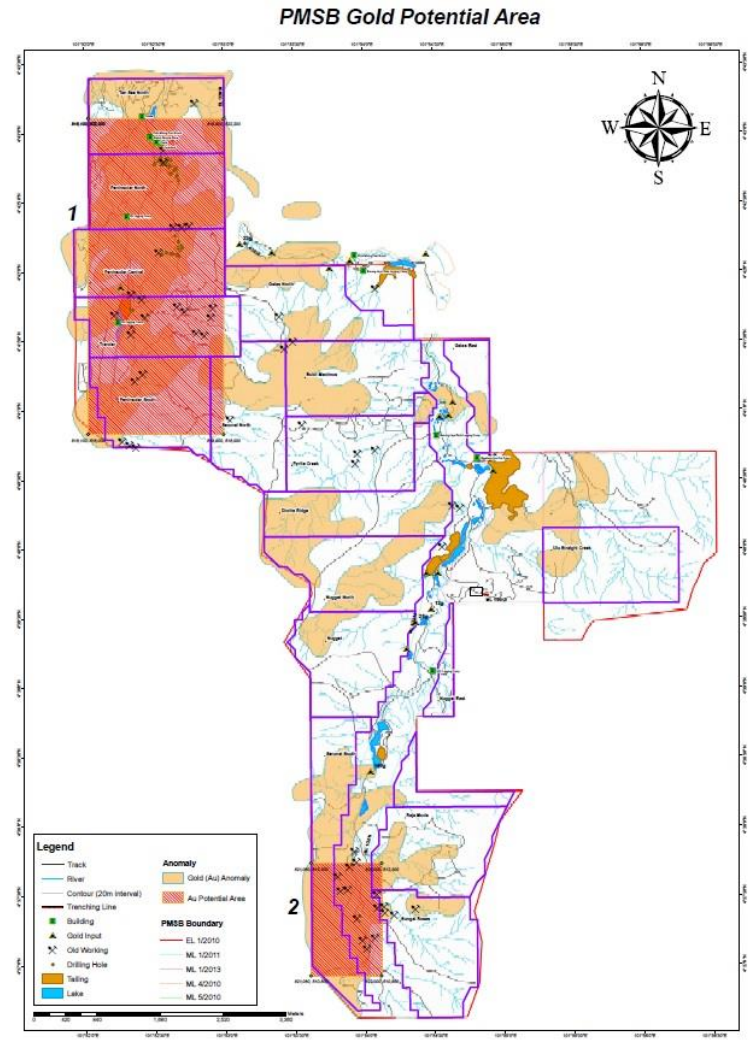
- Pulai's concession areas are located approximately 17km Southwest of GuaMusang town, Kelantan, Malaysia
- Approximately 105km from our Sokor Gold Field Project
- Central Gold Belt of Malaysia lies on the eastern side of the Raub-Bentong suture, a regional scale structure that extends northwards through Thailand and Laos into China





# Previous Exploration Activities

- Whole EL radar (LIDAR) topography
- Soil geochemical survey of 43.41km<sup>2</sup>
- Induced polarization surface survey area of 7.5km<sup>2</sup>
- Simple geological survey and sampling
- 52 drill holes - total length of 5,715.6m
- 12 channeling sampling



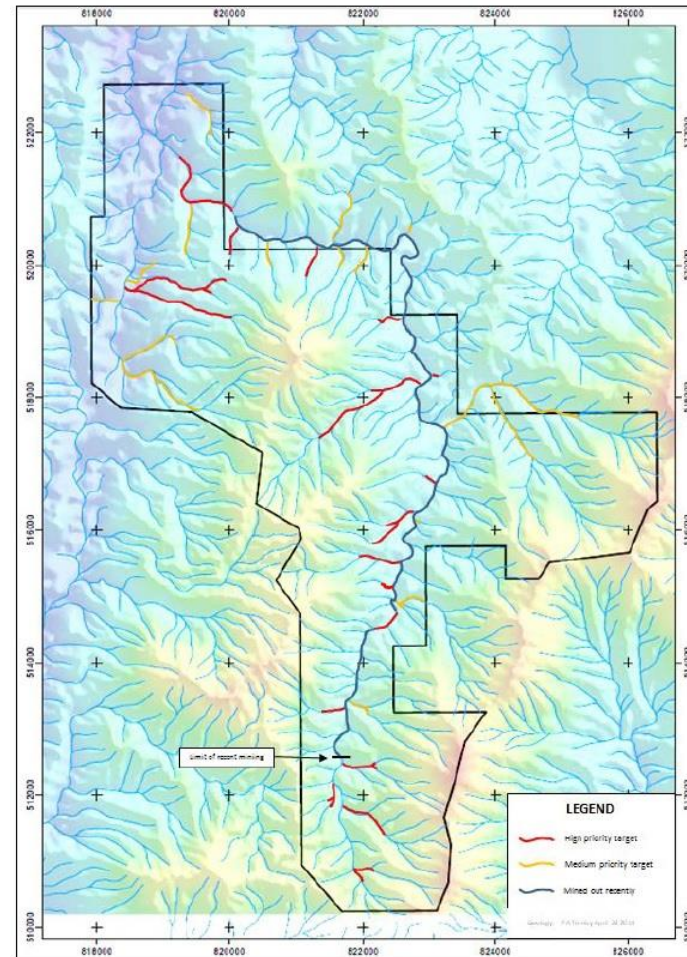
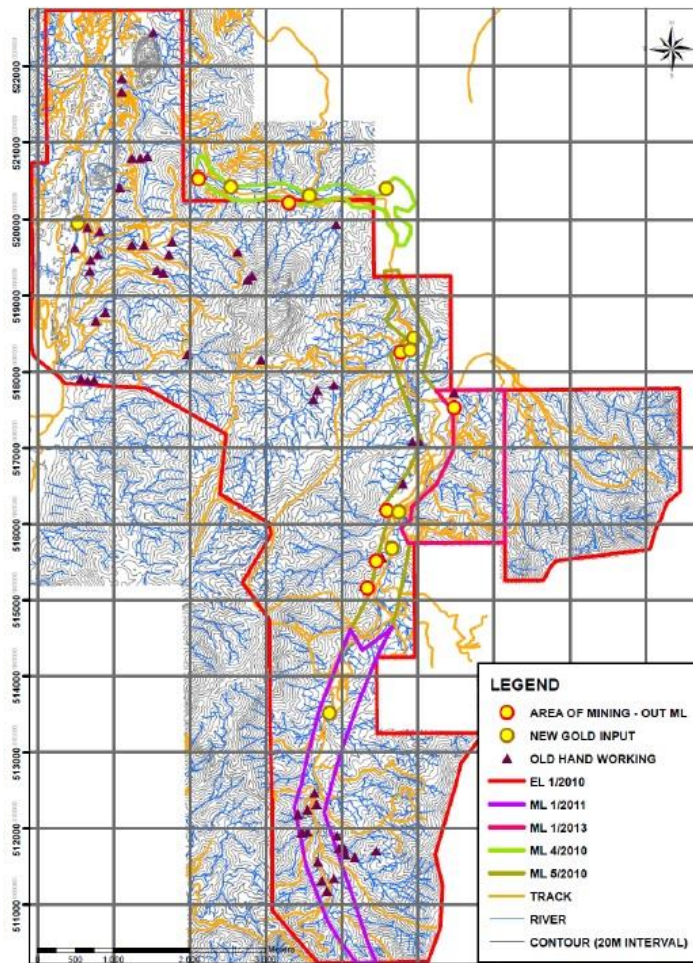
# Previous Exploration Activities

- From October 2014 to April 2015, exploration team from China Railway Resources Exploration Ltd carried out geological mapping, geochemical anomaly inspection, drilling core verification, trenching and comprehensive study of regional mineralization characteristics
- Comparative studies have shown that Pulai has similar mineralization features as Sokor Gold Mine
- Similar geological background – both on the east side of Bentong-Raub fault within 15-30km range within the same mineralization belt
- Similar tectonic structure – fault structures have developed well and control the distribution of alteration and mineralization
- Similar geochemistry and mineralization features



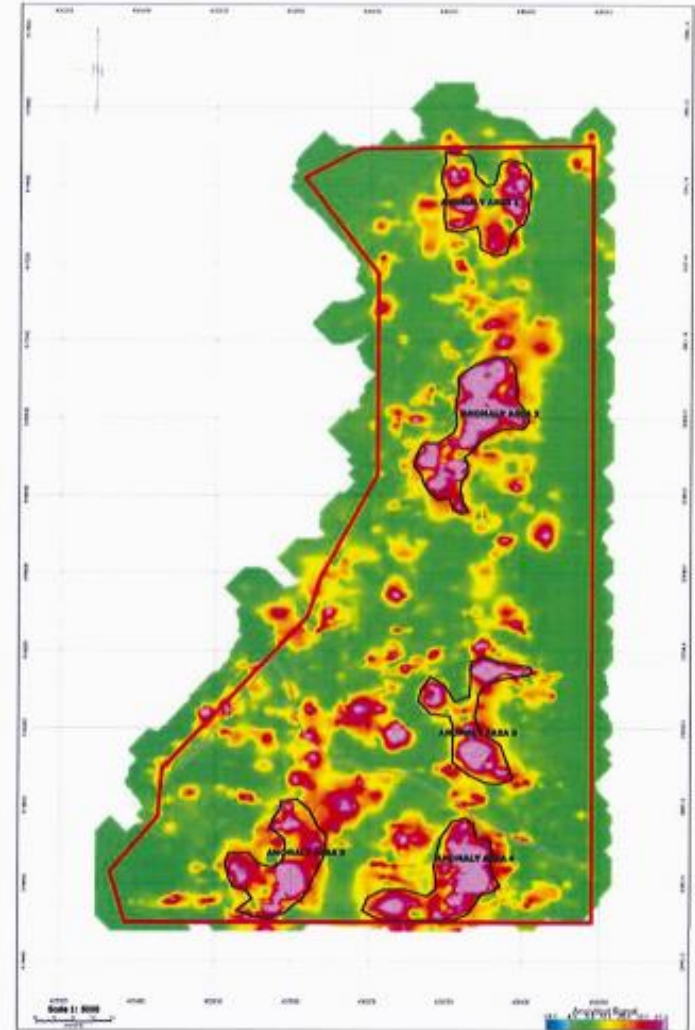
# Potential Alluvial Production

- Review of previous gold production data collected by previous consultant concluded there was evidence to support the interpretation of possible new gold inputs



# Potential Iron Ore Mineralization

- Geomagnetic studies delineated 5 anomaly zones
- Total of 27 RC drillholes were completed in all 5 anomaly zones
- About 10,000 tonnes of ore were extracted with grade ranging from 50% to 55% Fe



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# About CNMC

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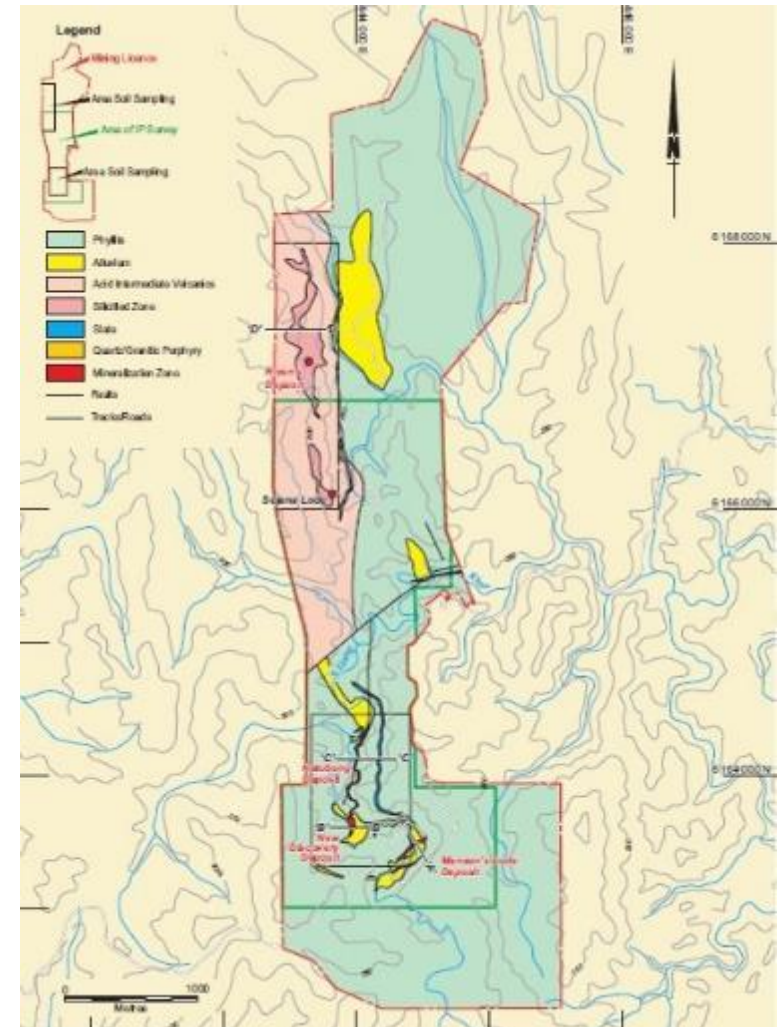
# About CNMC

- 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



# Sokor Gold Field Project

- Spanning an area of 10km<sup>2</sup>, Sokor had 618,000 ounces of JORC-compliant gold resources (including ore reserves) as at 31 December 2015
- Achieved first gold pour on 21 July 2010
- Produced more than two metric tonnes of fine gold bullion since production commenced
- 4 identified areas: Manson's Lode, New Discovery, Sg. Ketubong, Rixen
- Mining licences obtained with full support from Kelantan State Government



# Production Facilities

- Three leaching yards with estimated leaching capacity of 1 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 1 million tonnes of ore per annum



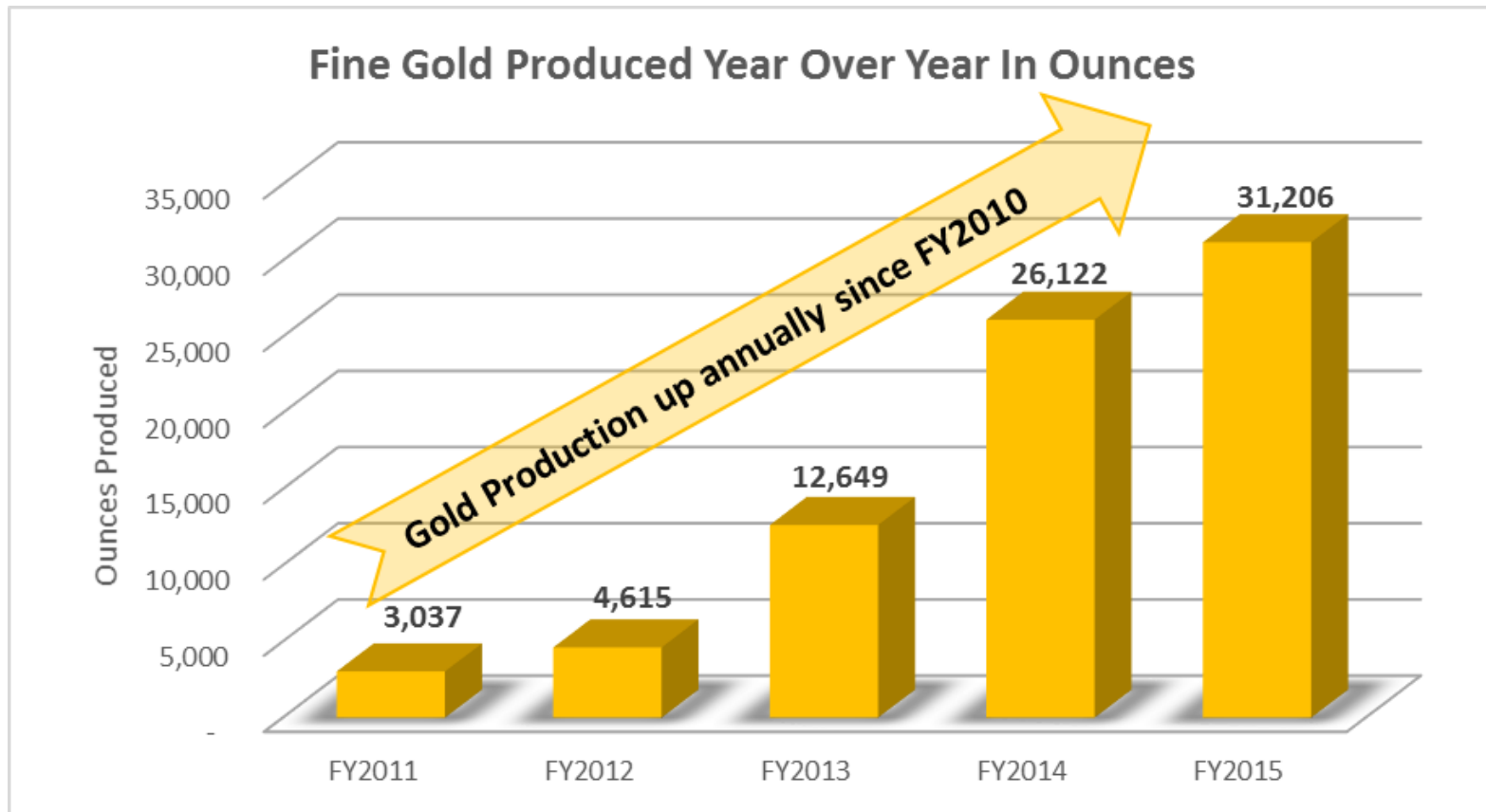


# Production Facilities

- 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 85,000 ounces (2.64 metric tonnes) of fine gold
- Over the comparative periods, fine gold production increased 19.46% to 31,205.85 ounces in FY2015 from 26,122.08 ounces in FY2014

# JORC-Compliant Gold Resources

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	0.56	3.1	56	0.46	3.1	45	-2%
Indicated	Gold	7.14	1.3	297	5.78	1.3	241	+4%
Inferred	Gold	6.13	1.4	265	4.95	1.4	215	+63%
<b>Total</b>	<b>Gold</b>	<b>13.83</b>	<b>1.4</b>	<b>618</b>	<b>11.18</b>	<b>1.4</b>	<b>501</b>	<b>+22%</b>
Measured	Silver	0.33	63	674	0.27	63	546	+2%
Indicated	Silver	0.17	73	398	0.14	73	322	+10%
Inferred	Silver	0.71	28	645	0.57	28	522	+36%
<b>Total</b>	<b>Silver</b>	<b>1.21</b>	<b>44</b>	<b>1,717</b>	<b>0.98</b>	<b>44</b>	<b>1,391</b>	<b>+15%</b>
Measured	Lead	0.33	1.7	5,632	0.27	1.7	4,562	+1%
Indicated	Lead	0.17	1.7	2,925	0.14	1.7	2,370	+11%
Inferred	Lead	0.71	1.7	12,245	0.57	1.7	9,918	+188%
<b>Total</b>	<b>Lead</b>	<b>1.21</b>	<b>1.7</b>	<b>20,802</b>	<b>0.98</b>	<b>1.7</b>	<b>16,850</b>	<b>+67%</b>
Measured	Zinc	0.33	1.7	5,535	0.27	1.7	4,483	+1%
Indicated	Zinc	0.17	2.0	3,299	0.14	2.0	2,672	+8%
Inferred	Zinc	0.71	1.5	10,781	0.57	1.5	8,733	+142%
<b>Total</b>	<b>Zinc</b>	<b>1.21</b>	<b>1.6</b>	<b>19,615</b>	<b>0.98</b>	<b>1.6</b>	<b>15,888</b>	<b>+51%</b>

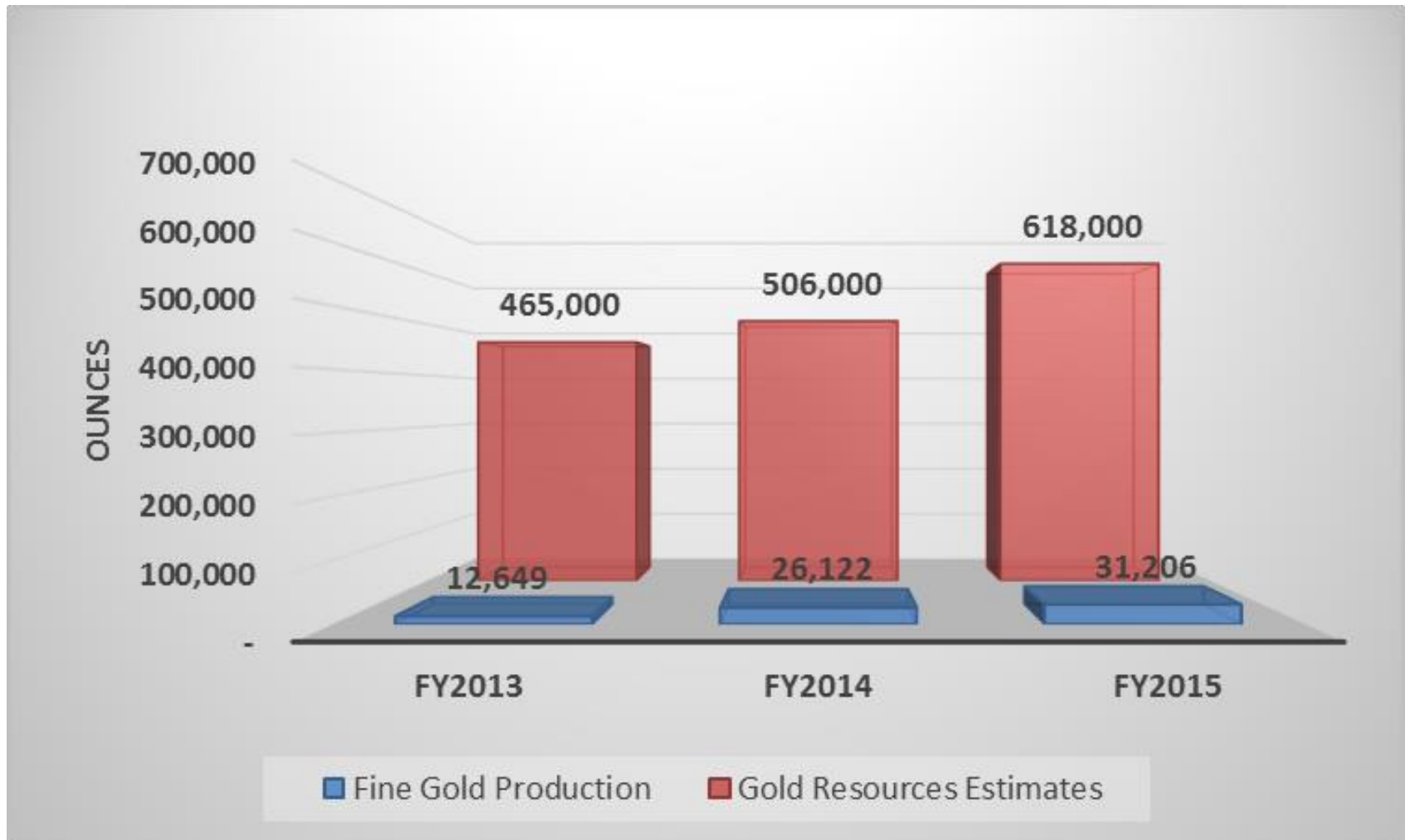
Note: Inconsistencies in totals are due to rounding

Table extracted from Sokor Project – updated Mineral Resources and Ore Reserves Estimate as at 31 December 2015.

As at 31 December 2015, 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 a 0.5 g/t gold cut-off grade at Manson's Lode and Ketubong) were 13.83 million tonnes at 1.39g/t gold with contained gold of 618,000 ounces (2014: 10.81 million tonne at 1.5 g/t gold with contained gold of 506,000 ounces).

# Resources and Production

## Gold Resources Versus Fine Gold Production



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