



# **CNMC Goldmine Holdings Limited**

## **2Q2017 Results Briefing**

**14 August 2017**

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

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**2Q2017**

**Financial Highlights**

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# Financial Highlights

Income statement	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
Revenue (US\$' million)	4.86	12.62	↓ -61.5%	9.59	21.03	↓ -54.4%
Results from operating activities (US\$' million)	0.30	5.71	↓ -94.7%	0.28	11.38	↓ -97.5%
Net profit (US\$' million)	0.52	5.85	↓ -91.1%	0.59	11.46	↓ -94.9%
Net (loss)/profit (excluding FX Impact) (US\$' million)	(0.04)	6.49	n.m.	(0.28)	10.14	n.m.
Net profit margin	10.7%	46.4%	↓ -35.7%	6.2%	54.5%	↓ -48.3%
Net (loss)/profit margin (excluding FX Impact)	-0.8%	51.4%	n.m.	-2.9%	48.2%	n.m.
Earnings per share (US cents)	0.12	1.16	↓ -89.7%	0.13	2.27	↓ -94.3%
Earnings per share (SG cents)	0.17	1.61	↓ -89.4%	0.18	3.15	↓ -94.3%

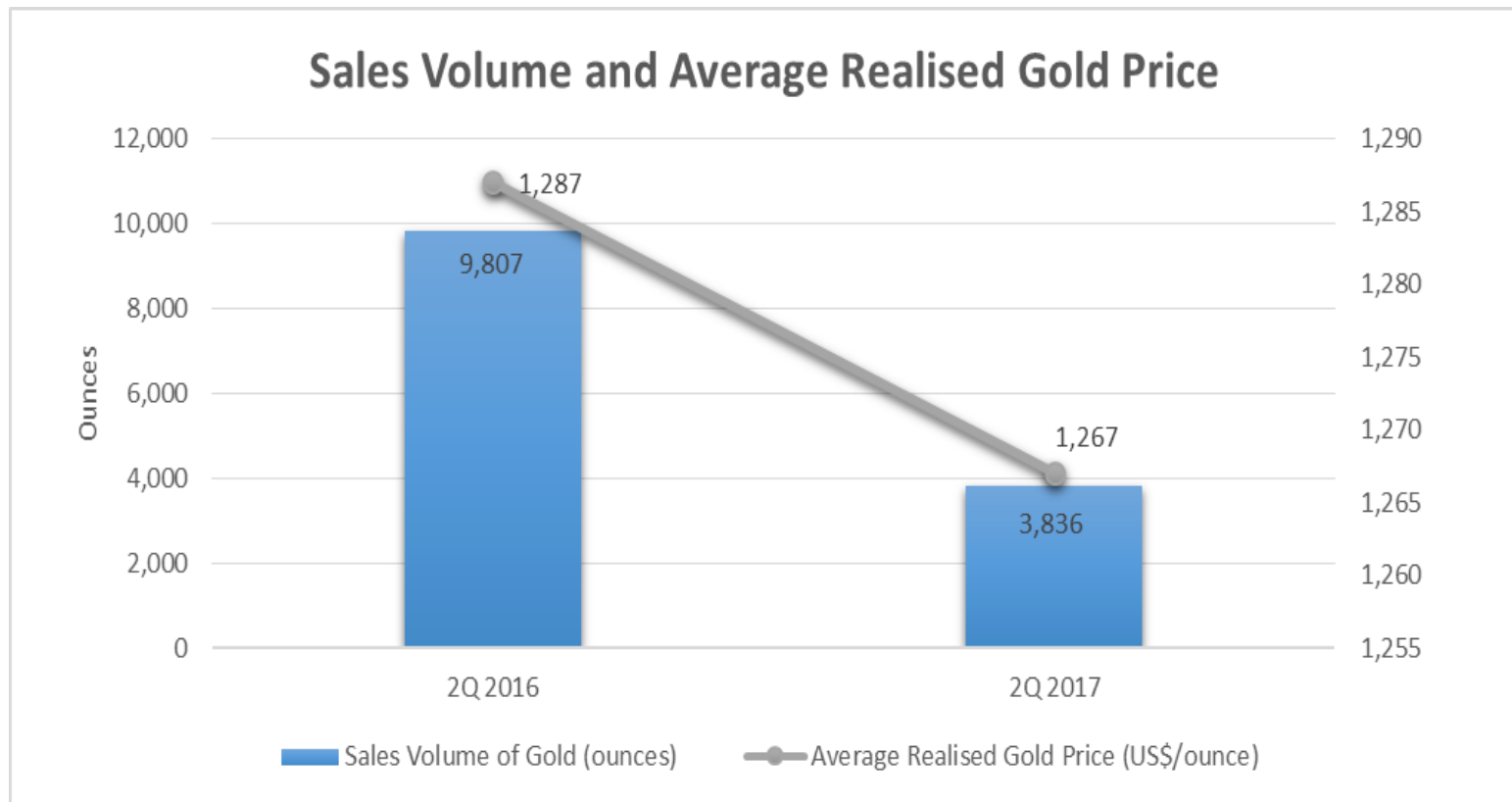
**Net assets  
value of  
US\$38.05  
million**

**Current  
ratio of  
3.77**

**Debt/Equity  
ratio of  
0.02**

**Net cash  
position of  
US\$20.92  
million**

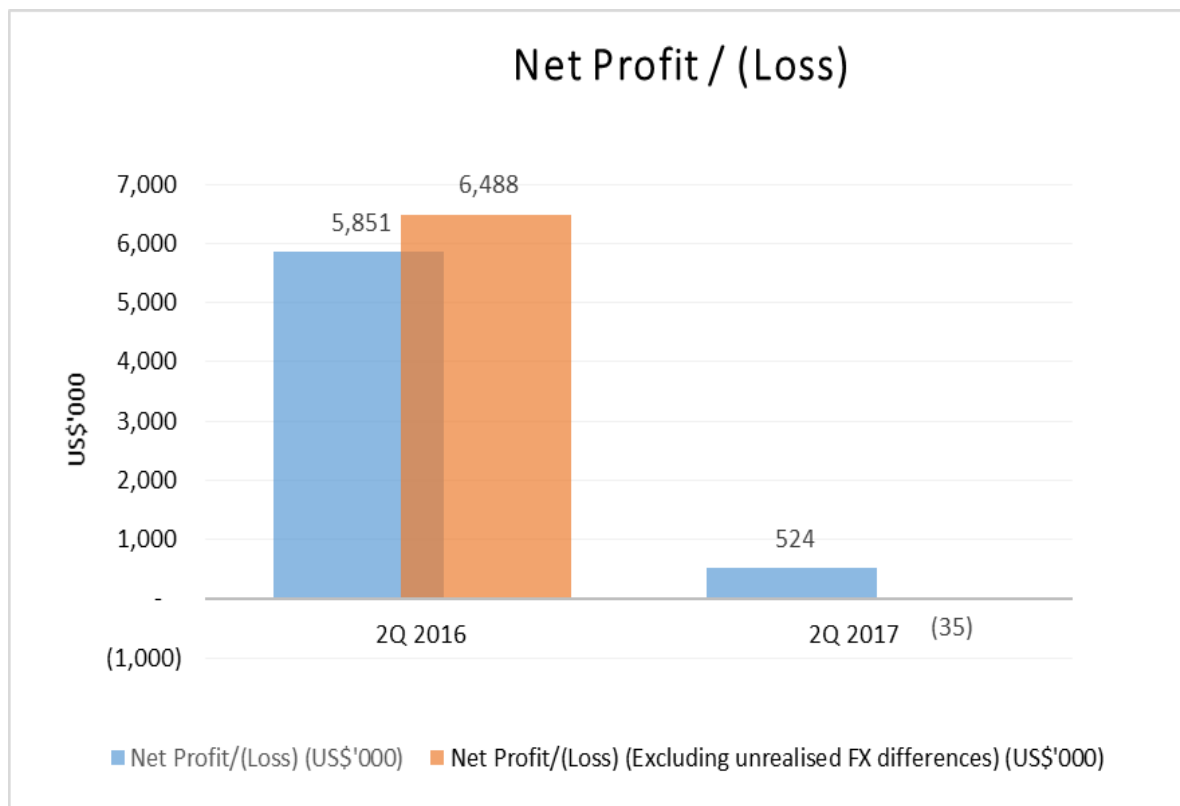
# Revenue



## Revenue fell 62%:

- ↓ Sales volume of fine gold, from 9,807 ounces to 3,836 ounces
- ↓ Average realized gold price, from US\$1,287/ounce to US\$1,267/ounce

# Net Profit / (Loss)



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

**2Q 2016  
Net Cash  
inflow:  
US\$6.85  
million**

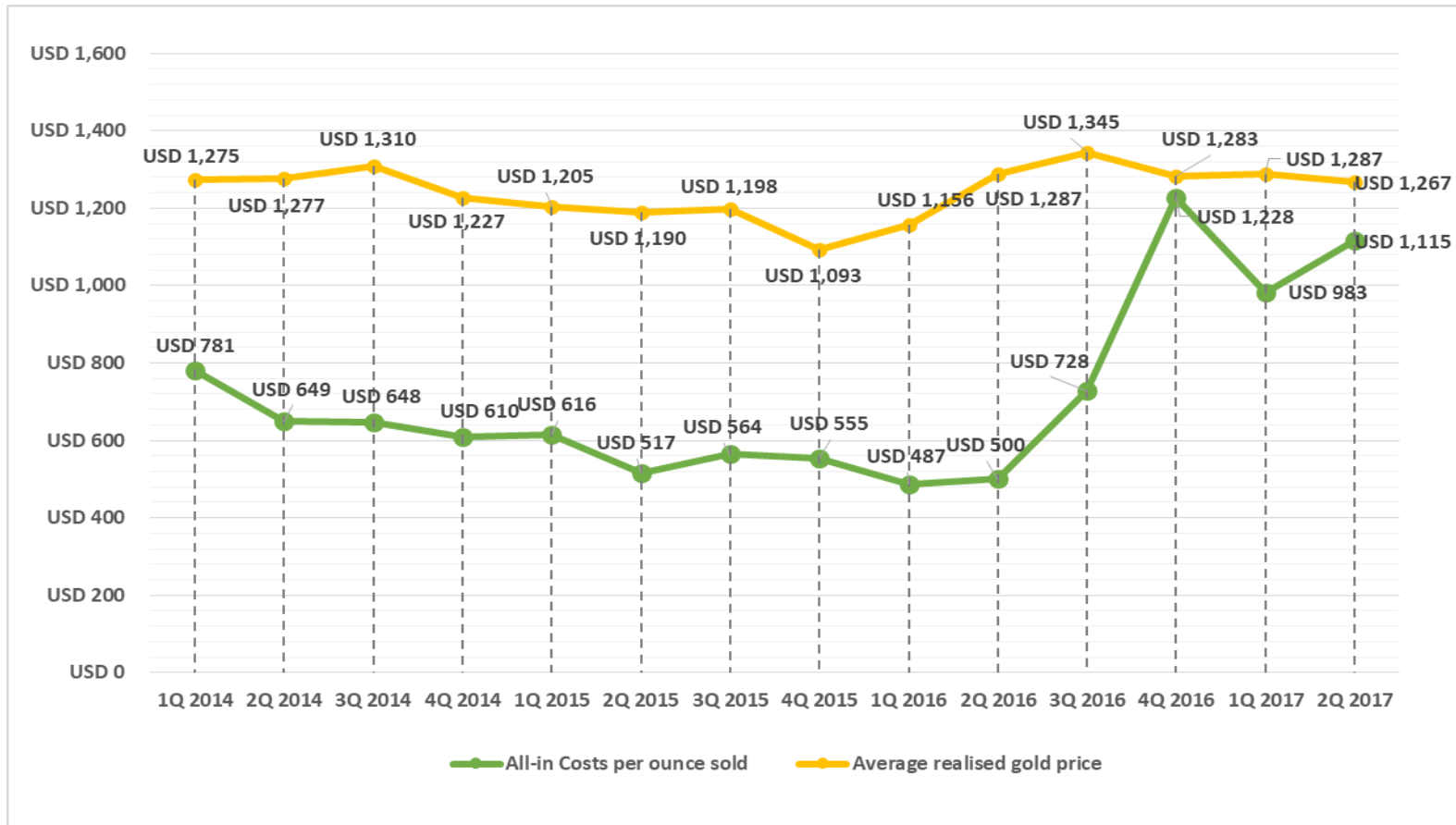
Net profit fell 91.1% to US\$0.52 million mainly due to lower sales volume of fine gold and decrease in average realised gold price.

# Analysis Of All-In Costs And Margin

	2Q 2017	2Q 2016	Changes
	US\$ / gold ounce sold		%
Mining related costs	625	315	98%
Royalty and tribute expenses	166	94	77%
Adjusted operating costs	<b>791</b>	<b>409</b>	93%
General and administrative costs	147	53	177%
Capital expenditure	22	16	38%
All-in sustaining costs	<b>960</b>	<b>478</b>	101%
Capital exploration (non-sustaining)	17	6	183%
Capital expenditure (non-sustaining)	138	16	763%
All-in costs (A)	<b>1,115</b>	<b>500</b>	123%
Average realized gold price (B)	1,267	1,287	-2%
All-in Margin (C= B - A)	152	787	-81%
All-in Margin (%) (C / B)	12%	61%	-49%

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.

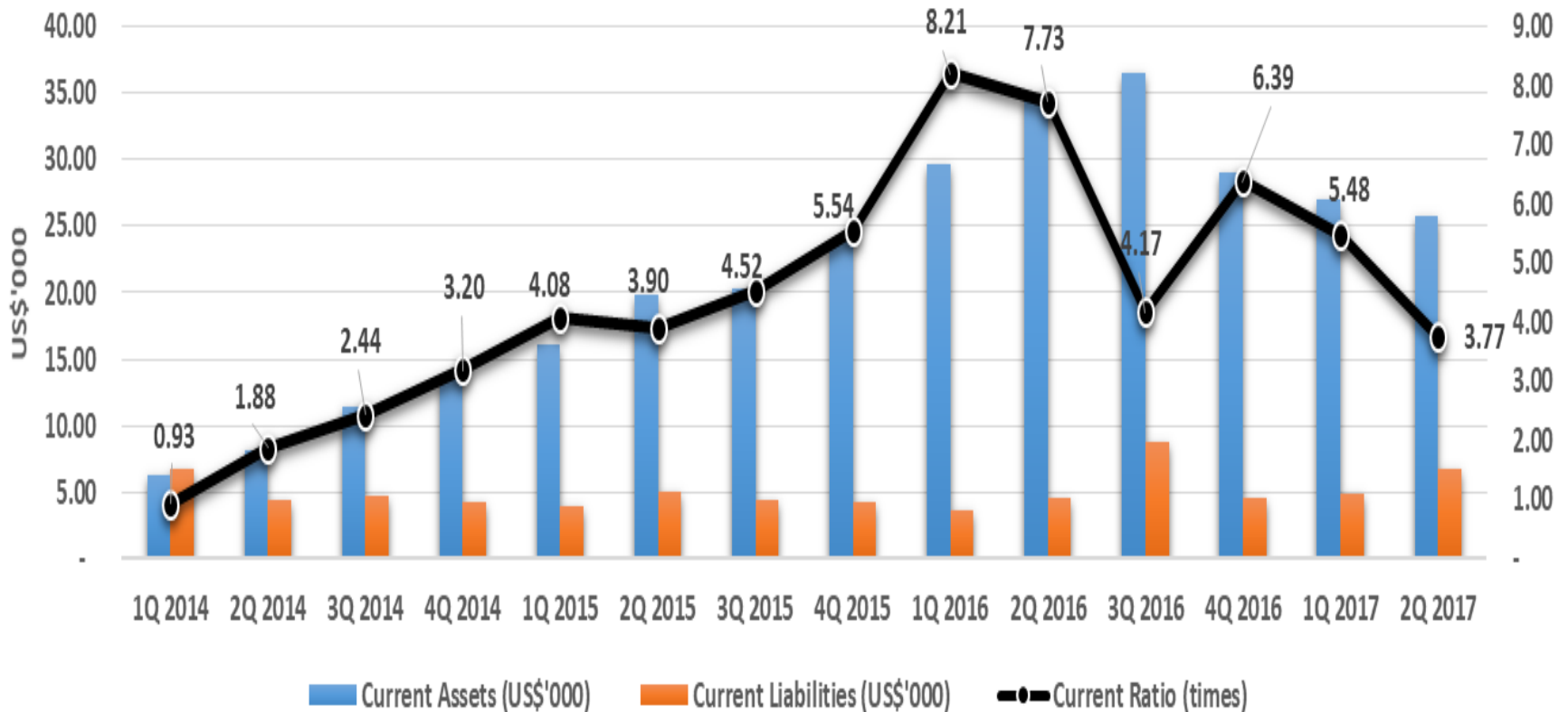
# Summary Of All-In Costs And Margin



All-in costs of production increased to US\$1,115/ounce in 2Q2017 from US\$500/ounce in 2Q2016, mainly due to lower sales volume of fine gold and construction of carbon-in-leach plant.

# Balance Sheet Highlights

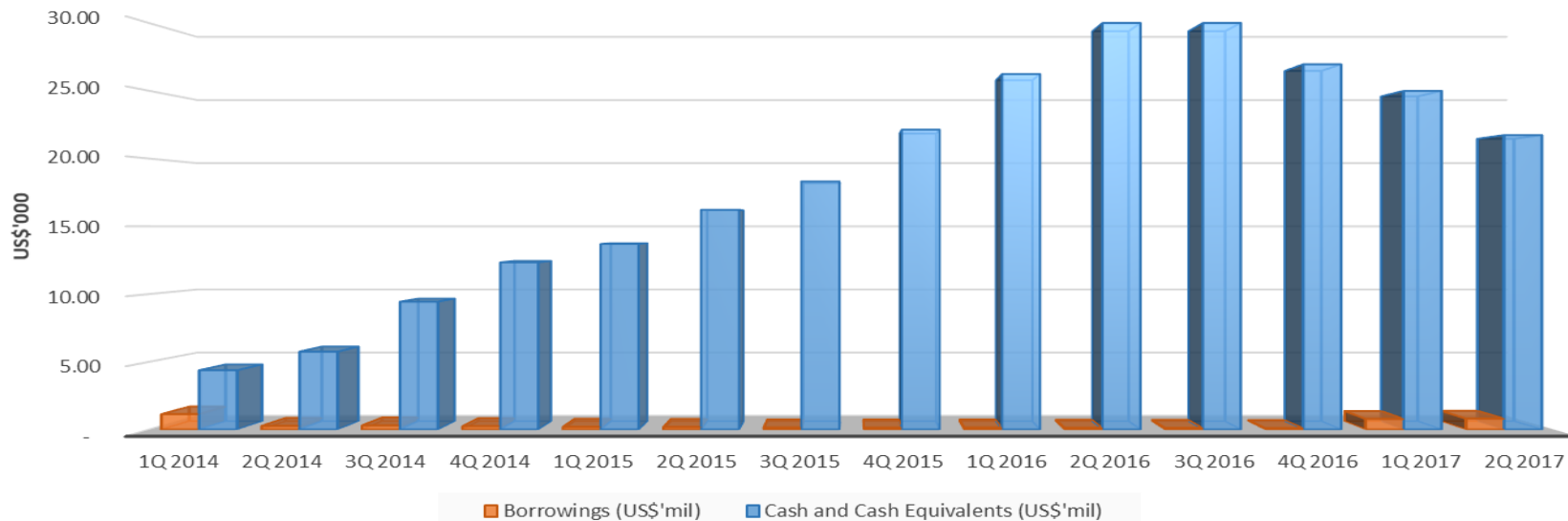
## Current Assets versus Current Liabilities, Current Ratio





# Cash Position

Cash and Cash Equivalents versus Borrowings



- In 2Q2017, the net cash used in operations was US\$1.14 million compared to net cash generated in operations US\$9.00 million in 2Q2016, mainly due to lower operating profit before working capital changes.
- It has cash and cash equivalents of US\$21.73 million at the end of 2Q2017, decreased by US\$10.75 million compared to US\$32.48 million as at end of 2Q2016.



# Milestones

# 2017 Milestones

Date	Milestone
<b>20 January</b>	Completed due diligence for subscription of 51% of the shares in the enlarged share capital of Pulai Mining Sdn. Bhd.
<b>20 January</b>	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
<b>24 February</b>	Completion of the subscription of new shares representing 51% of the shares in the enlarged share capital of Pulai Mining Sdn. Bhd.

# 2017 Milestones

Date	Milestone
<b>18 March</b>	Entered into share sale agreement for the proposed acquisition of the entire issued share capital of Kelgold Mining Sdn. Bhd.
<b>4 April</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</b>	Completion of the acquisition of entire issued share capital of Kelgold Mining Sdn. Bhd.



# **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, Pulai, and KelGold
- **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  
(10km<sup>2</sup>)**

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

**Greenfield Asset:  
KelGold Mining  
(15.5km<sup>2</sup> + 8.7km<sup>2</sup>)**



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# Exploration Progress

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# Exploration Progress

## Sokor Project

2Q 2017

- The exploration in Sokor area was focused in re-studying previous works done in hoping to extend the existing mineralization and searching for primary ore. The drillings were mainly done in New Discovery, Manson's Lode and Ketubong deposits
- 26 drillholes were completed with a total footage of 4065.67m

3Q 2017

- Diamond drilling program planned for Sg. Amang, Ketubong, New Found and New Discovery areas
- The 1st phase diamond drilling program for Sokor area is approaching the end, drillhole data will be analyzed before the 2nd phase of exploration begins

# Exploration Progress

## Pulai Project

### 2Q 2017

- Magnetic survey was carried out in the iron deposit potential area. The survey commenced on 27th April and completed on 18th May. The results showed a few magnetic anomalies in the area
- 3 drillholes were completed in 2Q 2017 with a total footage of 353.45m. Drilling activity in Peninsula area for gold was temporarily halted as the results from the first few drill holes were not within the Geology Department's expectation. The Department will continue to analyze all available data with the aim to formulate new exploration plans before re-starting the drilling program for gold

### 3Q 2017

- Diamond drilling in potential iron deposit. Based on the magnetic survey results and previous studies, 11 drillholes are designed to verify the northern anomalies

# Exploration Progress

## KelGold Project

### 2Q 2017

- Since field reconnaissance from February 2017, geochemistry survey work was carried out in Jeli area. The soil sampling program commenced on 17th May and is currently ongoing. The soil sampling program is estimated to be completed before end of August 2017. As of 30th June, a total of 2560 samples were collected and 48.24km of designed tracks were surveyed

### 3Q 2017

- Continuation of geochemistry soil sampling which is expected to complete within July.

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# CIL Construction Progress

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# CIL Construction Progress

- Announced the setting up of a 500 tonnes of ore a day carbon-in-leach (“CIL”) plant at the Sokor mine on 15<sup>th</sup> May 2017 in unaudited financial statement and dividend announcement for the first quarter ended 31 March 2017
- Photos of construction in progress as of first week of August



# CIL Construction Progress



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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 2017</b>
Price per share	S\$0.280
Market capitalisation	S\$114.04 Million
Share issued	407.29 Million
P/E ratio (Note 1)	254.55
Dividend Yield (YTD) (Note 2)	-

Note1 : Market price per share @ 10 August 2017 / Trailing earning per share (S\$) as of 30 June 2017.

Note2: 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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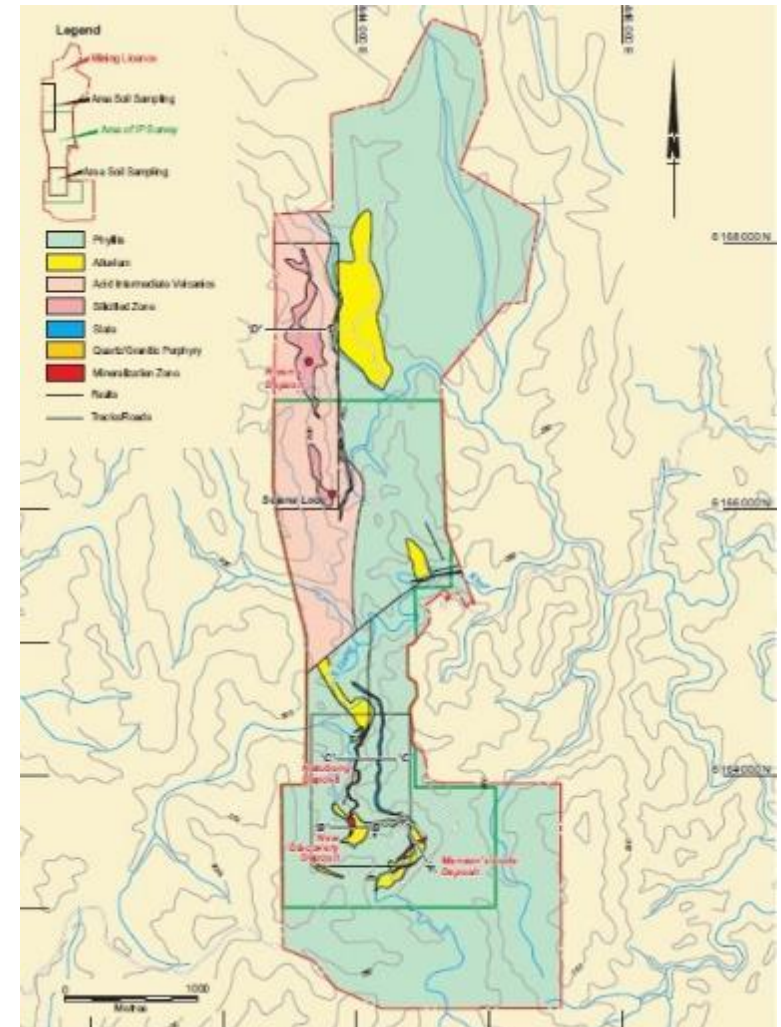
# About CNMC

- 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



# Sokor Gold Field Project

- Spanning an area of 10km<sup>2</sup>, 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

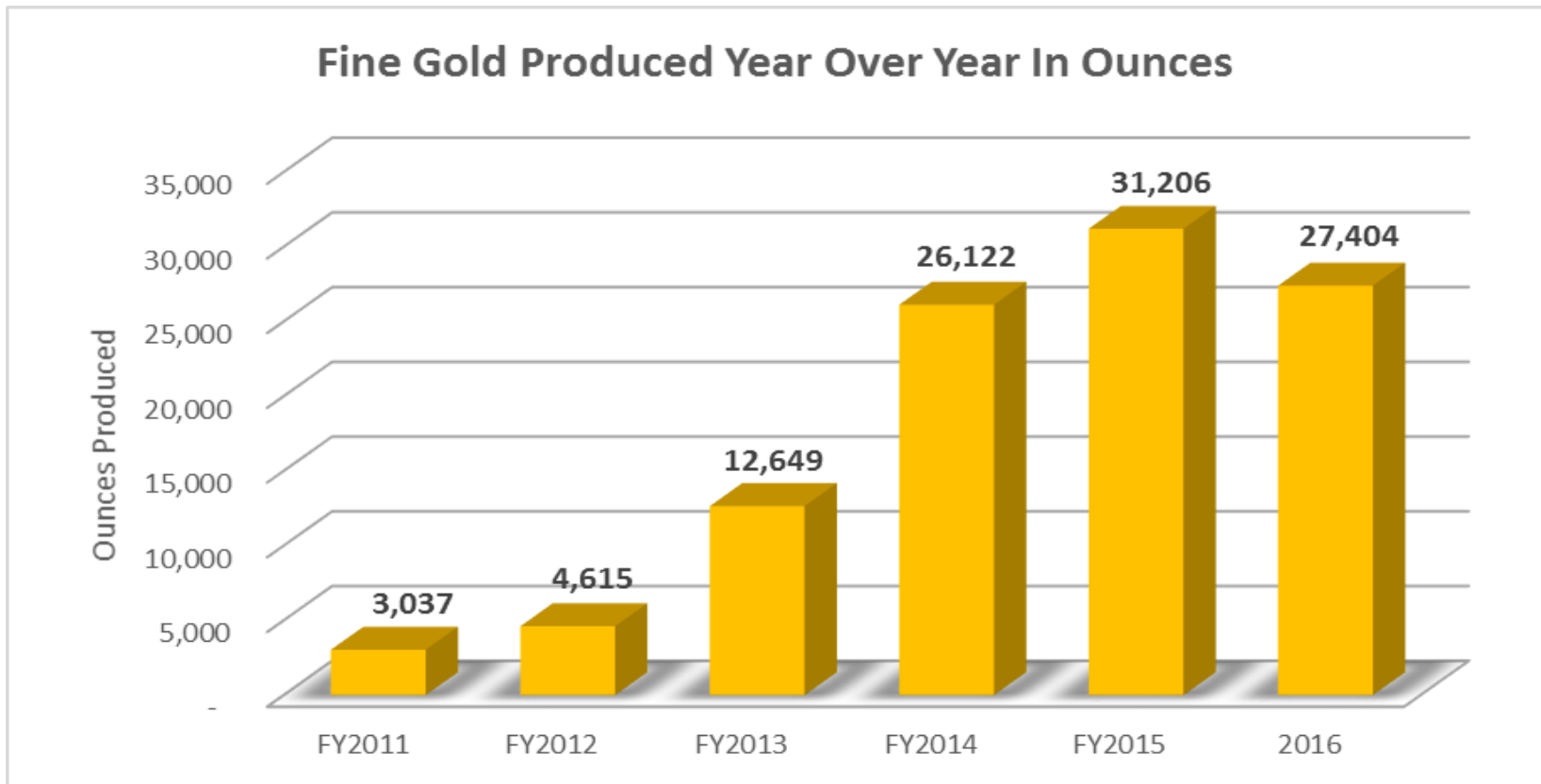


# Production Facilities

- 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

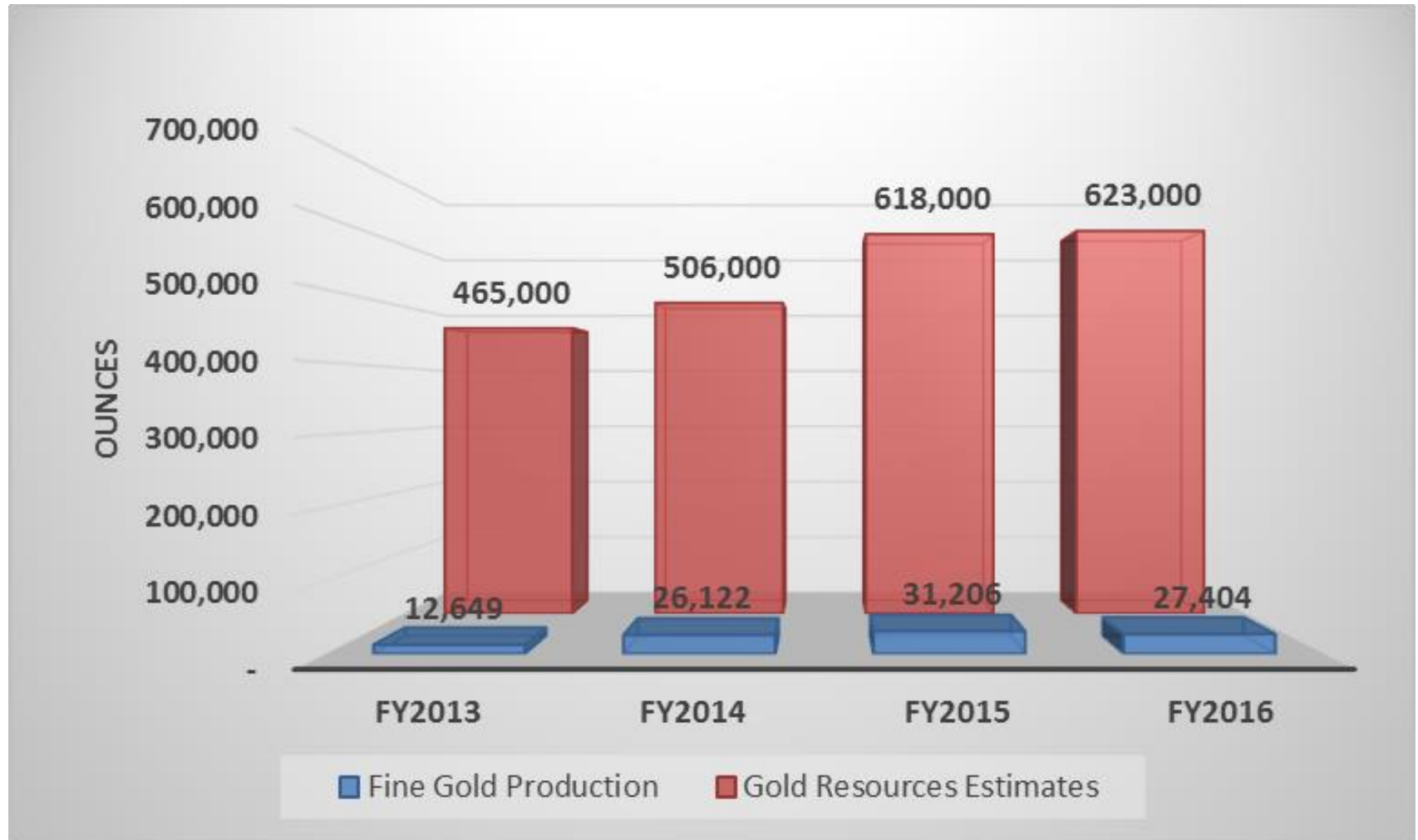
Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			Change from previous update (%)
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, 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%
<b>Total</b>	<b>Gold</b>	<b>13.25</b>	<b>1.5</b>	<b>623</b>	<b>10.73</b>	<b>1.5</b>	<b>505</b>	<b>+1%</b>
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%
<b>Total</b>	<b>Silver</b>	<b>1.31</b>	<b>47</b>	<b>1,964</b>	<b>1.06</b>	<b>47</b>	<b>1,590</b>	<b>+14%</b>
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%
<b>Total</b>	<b>Lead</b>	<b>1.31</b>	<b>1.7</b>	<b>22,678</b>	<b>1.06</b>	<b>1.7</b>	<b>18,370</b>	<b>+9%</b>
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%
<b>Total</b>	<b>Zinc</b>	<b>1.31</b>	<b>1.6</b>	<b>21,448</b>	<b>1.06</b>	<b>1.6</b>	<b>17,373</b>	<b>+9%</b>

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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## Media and Investor Contact Information:

**WeR1 Consultants Pte Ltd**  
**3 Phillip Street, #12-01**  
**Royal Group Building, Singapore 048693**  
**Tel: (65) 67374844 | Fax: (65) 67374944**  
**Frankie Ho, frankieho@wer1.net**  
**Grace Yew, graceyew@wer1.net**