

## CNMC Goldmine to Expand Production Capacity; 3Q2018 Output Near All-Time Quarterly High

- *Gold production capacity of heap leach and carbon-in-leach facilities expected to increase*
- *Underground high-grade gold mining and production of silver, lead and zinc to start in 2019*

US\$	3Q2018	3Q2017	Change (%)	9M2018	9M2017	Change (%)
<b>Revenue</b>	11,530,854	4,706,428	145.0	26,941,945	14,291,544	88.5
<b>Results from operating activities</b>	1,320,344	(22,673)	N.M.	1,361,510	257,902	427.9
<b>EBITDA</b>	2,342,746	796,078	194.3	4,964,328	2,935,110	69.1
<b>Net profit</b>	630,178	1,082,388	(41.8)	1,061,179	1,674,975	(36.6)
<b>Net profit attributable to owners</b>	235,611	957,300	(75.4)	427,018	1,490,515	(71.4)

N.M. - Not Meaningful

**SINGAPORE, 14 November 2018** – CNMC Goldmine Holdings Limited (“**CNMC**”, and together with its subsidiaries, the “**Group**”) unveiled today a slew of initiatives to further boost gold production and reduce operating costs, even as output from its flagship Sokor project in Malaysia’s Kelantan state spiked in the third quarter of 2018 (“3Q2018”).

As disclosed in its last quarterly results announcement, the Group has been planning for a gold de-absorption and smelting facility next to its carbon-in-leach (“**CIL**”) plant as part of efforts to enhance production efficiency. The new facility will commence operations soon.

Besides higher productivity, the facility will help the Group save on logistics costs as currently gold-loaded carbon from the CIL plant has to be trucked to an existing de-absorption facility in another location at Sokor to be processed into gold doré bars.

Plans are also underway to replace the Group’s three existing heap leach pads with two new ones in a move that will boost its heap leaching capacity to an estimated six million tonnes of ore from 2.8 million tonnes per annum currently. The two new and larger heap leach pads are designed for continuous leaching to enhance gold recovery rate.

The Group’s existing heap leaching pads, which is meant for treating low-grade ore, is currently unable to facilitate continuous leaching as ore has to be taken out of the pads after being processed and moved to tailing ponds for storage before new ore can be added. The



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first of the two new pads has partially been completed and will be completed by end-2018, while the second is expected to be ready by the end of next year.

In yet another effort to boost production, the Group will begin underground mining in 2019. Malaysia's Department of Minerals and Geosciences has given it the greenlight to proceed after reviewing its underground mining proposal. It is estimated that the resulting rise in mining costs will be compensated by an increase in revenue as underground mining is expected to yield higher-grade ore based on geological drilling surveys.

The Group will also build a new flotation plant that is able to process approximately 500 tonnes of ore a day to monetise its silver, lead and zinc resources. The facility is expected to cost about RM20 million and, pending all regulatory approvals, could start commercial operation in the second half of 2019, paving the way for CNMC to diversify its income stream beyond gold production into industrial metals.

Having succeeded in turning high-grade ore into fine gold using its CIL plant, which started full-scale operation in May this year, CNMC is now studying how best to optimise the CIL technique to increase production further, especially at Rixen, one of five gold-deposit regions at Sokor.

Rixen accounted for the lion's share of the total indicated gold resources estimated to be in the ground at Sokor as at 31 May 2018. Pending the discovery of more high-grade ore at Rixen, CNMC can either double the existing CIL plant's processing capacity to 1,000 tonnes of ore a day or build another such plant near Rixen.

As part of ongoing efforts to reduce costs, the Group is studying the feasibility of laying a national grid power line to Sokor. This will reduce its dependence on third-party suppliers of diesel, one of its main mining consumables. Electricity at Sokor is currently provided by diesel generators located onsite. A dedicated national grid power line at Sokor, if installed, will significantly reduce its diesel consumption.

Mr Chris Lim, CNMC's Chief Executive Officer, said: "Our efforts to ramp up gold production continue to bear fruit and we intend to do even more to not only increase output further but also to generate new sources of revenue by monetizing our silver, lead and zinc resources and to better manage operating costs. We believe that, barring unforeseen circumstances, these initiatives will put us on an even stronger footing in 2019 and beyond."



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The Group expects to fund its various growth initiatives using internal resources. As at 30 September 2018, it had US\$15.06 million in cash and cash equivalents and no bank loans. In 3Q2018 alone, it generated net cash of US\$3.18 million from operations, significantly more than the US\$0.53 million from operating activities in the third quarter of 2017 ("3Q2017"), as gold production increased.

### **Latest Financial Highlights**

Revenue more than doubled to US\$11.53 million in 3Q2018 from US\$4.71 million in 3Q2017 as gold production rose to a two-year high of 9,568.99 ounces from 3,691.82 ounces over the respective periods. The CIL plant was the key driver of production growth in 3Q2018.

The higher revenue lifted EBITDA (earnings before interest, taxation, depreciation and amortisation) to US\$2.34 million in 3Q2018 from US\$0.80 million in 3Q2017.

With greater economies of scale from higher production, and lower capital expenditure for operations following the completion of the CIL plant in November last year, the Group's all-in cost of production for 3Q2018 fell to US\$952 per ounce of gold from US\$1,546 in 3Q2017.

Despite the improvement, net profit attributable to shareholders was lower at US\$0.24 million in 3Q2018 compared to US\$0.96 million in 3Q2017 as the Group incurred an unrealised foreign exchange loss of US\$0.40 million, expenses of US\$0.79 million for its proposed dual listing in Hong Kong, and tax expenses of US\$0.80 million.

As previously disclosed, CNMC's income from gold sales was fully exempted from tax for five years under Malaysia's Pioneer Status Incentive Scheme. The five-year period ended on 30 June 2018 and the Group is currently liaising with the relevant authorities for clarification on the Group's tax status.

Excluding the unrealised foreign-exchange loss, listing expenses and certain share-based expenses, net profit after tax in 3Q2018 more than doubled to US\$1.88 million from US\$0.78 million in 3Q2017 (*details in table below*).

US\$	3Q2018	3Q2017	Change (%)
Profit after tax	630,178	1,082,388	(41.8)
Unrealised foreign-exchange loss / (gain) - "A"	395,768	(300,013)	N.M.
Profit after tax excluding "A"	1,025,946	782,375	31.1
Hong Kong listing expenses - "B"	787,008	-	N.M.
Share-based expenses - "C"	71,511	-	N.M.
Profit after tax excluding items "A" to "C"	1,884,465	782,375	140.9

### End ###

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## **About CNMC Goldmine Holdings Limited (Bloomberg: CNMC:SP; Reuters: CNMC.SI)**

CNMC Goldmine Holdings Limited (the “Company”) is the first Catalist-listed gold mining company on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). Headquartered in Singapore, the Company and its subsidiaries (the “Group”) started operations in 2006 and are principally engaged in the exploration and mining of gold and the processing of mined ore into gold doré bars.

The Group is focused on developing the Sokor Gold Field Project, located in the State of Kelantan, Malaysia. Spanning an area of 10km<sup>2</sup>, the project has identified five gold deposit regions, namely Manson’s Lode, New Discovery, New Found, Sg. Ketubong and Rixen.

As at 31 December 2017, the Sokor Gold Field Project had JORC-compliant gold resources (inclusive of ore reserves) of 13.86 million tonnes at a grade of 1.6 g/t in the Measured, Indicated and Inferred categories for a total of 724,000 ounces. The project achieved its first gold pour on 21 July 2010.

The Company also owns a 51% stake in CNMC Pulai Mining Sdn. Bhd., which is authorised to mine gold, iron ore and feldspar on an approximately 38.4km<sup>2</sup> brownfield site in Kelantan. CNMC Pulai Mining Sdn. Bhd. has 11 exploration and mining licences. The Company also owns KelGold Mining Sdn. Bhd., which has rights to explore for gold, iron ore and other minerals in Kelantan. For more information on the Company, please visit [www.cnmc.com.hk](http://www.cnmc.com.hk)

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*This press release has been prepared by CNMC Goldmine Holdings Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”), for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this press release.*

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