

## CNMC Goldmine to Focus on Underground Mining to Revive Growth

- Underground mining accounted for nearly half of total gold output in 2H2020
- 2H2020 revenue up 28% vs 1H2020 on higher-grade gold ore and selling price

**SINGAPORE, 28 February 2021** - CNMC Goldmine Holdings Limited (the “Company”) will focus on underground mining in its bid to revive growth after the Kelantan-based gold producer posted its first annual loss since 2011, on the back of the fallout last year from the Covid-19 pandemic.

The Company produced its first batch of gold dore bars utilising high grade ore from underground mining in December 2020, months behind schedule, as dozens of its migrant workers could not return to Malaysia as planned after returning home to China for Chinese New Year celebrations early last year. They started to make their way back to Malaysia in groups only from August after travel restrictions imposed in the wake of the coronavirus outbreak were eased.

While December 2020 was the only month in which the Company produced gold utilising ores from its underground mine, that accounted for about 46% of its output for the second half of last year (“**2H2020**”), attributable mainly to higher grade ores underground. For 2H2020, it produced and sold a total of 6,824.43 ounces of fine gold, up from 6,221.87 ounces in the first half of 2020 (“**1H2020**”).

Given the increased gold production and a higher average selling price of US\$1,964.42 per ounce of gold, revenue for 2H2020 rose 28.0% to US\$13.41 million from US\$10.47 million for 1H2020.

With underground mining underway, the Company’s carbon-in-leach (“**CIL**”) plant at its flagship Sokor gold field is running at more optimal levels. This is because higher grade gold ores from combined open-pit and underground operations are now fed into the CIL facility.

Mr Chris Lim, the Company’s CEO, said: “The increase in production since December 2020 is encouraging. While we would have liked to start mining underground much earlier but we are off to a good start nonetheless. We will strive to build up the momentum in the months ahead and make up for lost ground after a subpar performance last year.”

## Financial Highlights

US\$	2H2020	2H2019	Change (%)	FY2020	FY2019	Change (%)
Revenue	13,406,037	18,715,894	(28.4)	23,876,916	39,098,825	(38.9)
EBITDA	(1,921,449)	4,656,485	N.M.	(981,499)	11,100,990	N.M.
Results from Operations	(3,960,785)	2,367,644	N.M.	(5,125,191)	6,407,804	N.M.
Net (Loss)/Profit	(3,701,442)	2,611,114	N.M.	(4,784,459)	5,472,450	N.M.
(Loss)/Profit Attributable to Owners	(2,631,874)	2,227,498	N.M.	(3,535,038)	4,440,330	N.M.

*N.M. – Not Meaningful*

In the financial year ended 31 December 2020 (“**FY2020**”), the Company and its subsidiaries (collectively the “**Group**”) registered a loss attributable to shareholders of US\$3.54 million. This is the Group’s first annual loss in nine years. It reported earnings of US\$4.44 million in the financial year ended 31 December 2019 (“**FY2019**”).

The loss came as output fell by more than half to 13,046 ounces of fine gold from 28,137 ounces in FY2019. The production decline was mainly due to the Covid-19 pandemic, which triggered Malaysia’s lockdown measures that forced the Group to stop all on-site activities from 18 March 2020 to 5 May 2020 with lingering disruptions thereafter.

Operations could not resume immediately as the Group required time to tune up its machinery and equipment after the seven-week hiatus. The delayed commencement of underground mining also contributed to the drop in production.

With the reduced output, the all-in cost of production for every ounce of gold rose to US\$1,650 in FY2020 from US\$1,166 in the previous year. It went up even higher to US\$1,800 in 2H2020 from US\$1,334 in 2H2019.

Besides lower revenue, an impairment allowance of US\$3.84 million for certain exploration and evaluation assets of the Group also contributed to the Group’s loss in FY2020. The non-cash in nature impairment stems from some uncertainties surrounding the operations of CMNC Pulai Mining Sdn Bhd (“**CNMC Pulai**”), the Company’s 51%-owned subsidiary, which owns a brownfield project in Kelantan that can potentially yield gold, feldspar and iron ore. These include uncertainty over whether some of CNMC Pulai’s expired exploration and mining licences could be renewed, as well as some operational and regulatory issues and challenges encountered by CNMC Pulai from time to time.

Without the aforesaid impairment, the Group would have made a net loss of US\$0.95 million for FY2020. Despite the accounting impairment, gold exploration plans have been made for other areas within CNMC Pulaui's concessions.

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### **Media & Investor Contact**

Frankie Ho  
M: 9858 7990  
Email: [frankie@outreachcomms.com](mailto:frankie@outreachcomms.com)

### **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 2019, the Sokor Gold Field Project had JORC-compliant gold resources (inclusive of ore reserves) of 16.32 million tonnes at a grade of 1.7 g/t in the Measured, Indicated and Inferred categories for a total of 900,000 ounces. The project achieved its first gold pour on 21 July 2010.

The Company also owns CNMC Pulaui Mining Sdn. Bhd. and Kelgold Mining Sdn. Bhd., both of which are in Kelantan.

For more information on the Company, please visit [www.cnmc.com.hk](http://www.cnmc.com.hk)

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*The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)*