

# CNMC Goldmine Holdings Limited

## Annual General Meeting

30 April 2021

# Agenda

- Overview of FY2020 Financial Performance**
- Recent Corporate Developments**
- Growth Strategies**
- Outlook**

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# **Overview of FY2020 Financial Performance**

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# FY2020 Financial Highlights

Income statement	FY 2020	FY 2019	Change
Revenue (US\$' million)	23.88	39.10	-38.9%
Results from operating activities (US\$' million)	(5.13)	6.41	n.m.
Net (loss)/profit (US\$' million)	(4.78)	5.47	n.m.
Net (loss)/profit margin	-20.0%	14.0%	-34.0%
(Loss)/Earnings per share (US cents)	(0.87)	1.09	n.m.
(Loss)/Earnings per share (SG cents)	(1.20)	1.49	n.m.

**Net asset  
value of  
US\$39.44m**

**Current  
ratio of 2.82**

**Debt/Equity  
ratio of 0.02**

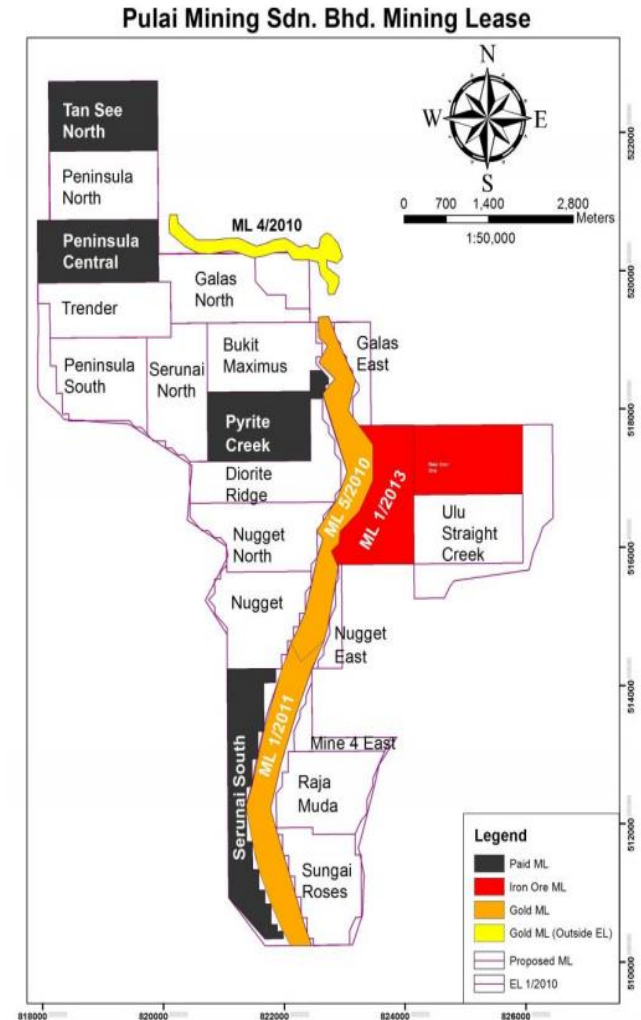
**Net cash  
position of  
US\$10.44m**

# Impairment for CNMC Pulai

Impairment allowance of US\$3.8 million was made against certain exploration and evaluation assets of CNMC Pulai, in view of the following:

- The outcome of the renewal for an exploration licence, which expired late last year, is still pending
- The unfavourable outcome of the renewal of iron ore mining licences was made known only last year even though the renewal application was made two years ago. An appeal has since been filed but the outcome is still pending
- Uncertainties over the renewal of a feldspar mining licence and over the economic viability of feldspar mining following an internal review

Notwithstanding the above, revenue and profit contributions from CNMC Pulai have not been significant to date



# Analysis of All-In Costs and Margin

	FY 2020	FY 2019	Changes
	US\$ / gold ounce sold		%
Mining related costs	1,125	634	77.4%
Royalty and tribute expenses	241	175	37.7%
<b>Adjusted operating costs</b>	<b>1,366</b>	<b>809</b>	<b>68.9%</b>
General and administrative costs	222	153	45.1%
Capital expenditure	38	47	-19.1%
<b>All-in sustaining costs</b>	<b>1,626</b>	<b>1,009</b>	<b>61.1%</b>
Capital exploration (non-sustaining)	12	45	-73.3%
Capital expenditure (non-sustaining)	12	112	-89.3%
<b>All-in costs (A)</b>	<b>1,650</b>	<b>1,166</b>	<b>41.5%</b>
<b>Average realised gold price (B)</b>	<b>1,830</b>	<b>1,390</b>	<b>32%</b>
<b>All-in Margin (C= B - A)</b>	<b>180</b>	<b>224</b>	<b>-20%</b>
<b>All-in Margin (%) (C / B)</b>	<b>10%</b>	<b>16%</b>	<b>-6%</b>

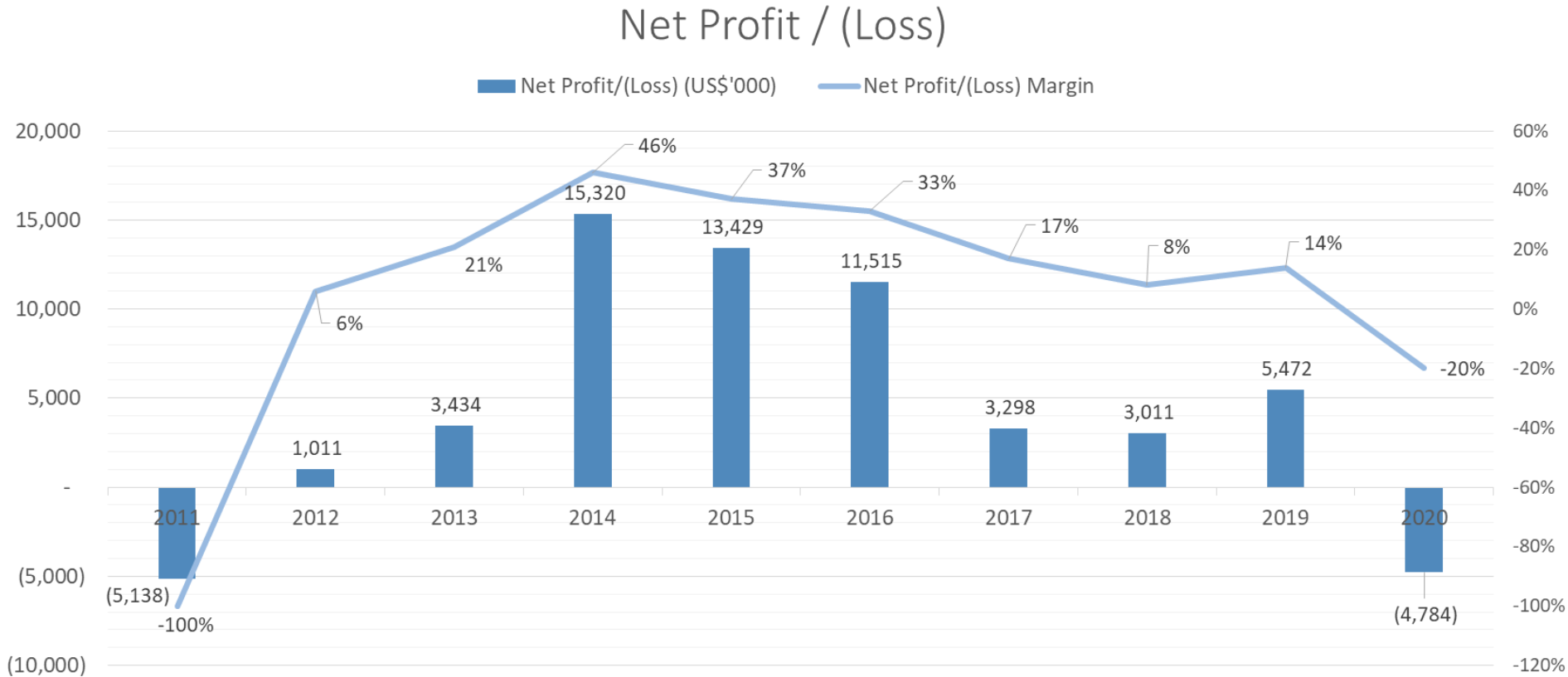
All-in sustaining costs include adjusted operating costs and sustaining capital expenditure, corporate general and administrative expenses, and exploration expenses, reflecting the full cost of gold production from current operations

# Revenue: FY 2011 to FY 2020

Revenue (US\$'000)



# Net Profit / (Loss): FY 2011 to FY 2020





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# Recent Corporate Developments

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# Recent Developments

## Underground Mining

- Started in November 2020, with first batch of gold bars produced in December
- Gold production in December accounted for 46% of total 2H2020 output
- Carbon-in-leach (CIL) plant running at more optimal levels: combined open-pit and underground operations feeding higher-grade gold ores to CIL facility



# Recent Developments

## Tax Status

- Application to be reinstated into Malaysia's Pioneer Status Incentive Scheme not successful
- Under this scheme, CNMC's main operating subsidiary was fully exempted from taxes for 5 years until 30 June 2018 for profits generated from the sale of gold bars
- Outcome not expected to have material impact as provisions already made following the cessation of the tax exemption in 2018

# JORC-Compliant Gold Resources

## JORC-Compliant Gold Resources (as 31 December 2020)

Category	Mineral	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	0.69	1.7	40	0.56	1.7	30	15%
Indicated	Gold	9.98	1.4	460	8.08	1.4	380	-4%
Inferred	Gold	7.50	1.6	390	6.07	1.6	310	1%
<b>Total</b>	<b>Gold</b>	<b>18.16</b>	<b>1.5</b>	<b>890</b>	<b>14.71</b>	<b>1.5</b>	<b>720</b>	<b>-1%</b>
Measured	Silver	0.32	69	700	0.26	69	570	-18%
Indicated	Silver	0.17	73	390	0.13	73	310	13%
Inferred	Silver	1.45	49	2,280	1.18	49	1,850	6%
<b>Total</b>	<b>Silver</b>	<b>1.94</b>	<b>54</b>	<b>3,370</b>	<b>1.57</b>	<b>54</b>	<b>2,730</b>	<b>1%</b>
Measured	Lead	0.32	2.0	6,230	0.26	2.0	5,040	-18%
Indicated	Lead	0.17	1.8	2,980	0.13	1.8	2,410	14%
Inferred	Lead	1.45	2.6	37,100	1.18	2.6	30,050	42%
<b>Total</b>	<b>Lead</b>	<b>1.94</b>	<b>2.4</b>	<b>46,300</b>	<b>1.57</b>	<b>2.4</b>	<b>37,510</b>	<b>27%</b>
Measured	Zinc	0.32	1.9	6,170	0.26	1.9	5,000	-23%
Indicated	Zinc	0.17	2.0	3,330	0.13	2.0	2,700	12%
Inferred	Zinc	1.45	2.7	39,040	1.18	2.7	31,630	21%
<b>Total</b>	<b>Zinc</b>	<b>1.94</b>	<b>2.5</b>	<b>48,550</b>	<b>1.57</b>	<b>2.5</b>	<b>39,320</b>	<b>12%</b>

*Note: Inconsistencies in totals are due to rounding*

\*Gross attributable to licence, of which 81% is attributable to the Group

# JORC-Compliant Gold Resources

## JORC-Compliant Mineral Resources

- Total Measured, Indicated and Inferred gold resources for Sokor project:
  - ❑ 18,160 kt at 1.5 g/t gold for 890,000 ounces of contained gold (including materials used to define Ore Reserves)
- Total resources for silver, lead and zinc mineralization:
  - ❑ 1,940 kt with average grade of 54 g/t silver, 2.4% lead and 2.5% zinc for 3,370,000 ounces of contained silver, 46,300 tonnes of contained lead and 48,550 tonnes of contained zinc
- Compared to Mineral Resource estimates as at 31 December 2019, there was a decrease of 1% in contained gold and increases of 1% in contained silver, 27% in contained lead and 12% in contained zinc

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# Growth Strategies

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# Growth Initiatives For Sokor

- Ultimate objective is to:
  - ❑ Further boost gold production;
  - ❑ Better manage operating expenses; and
  - ❑ Diversify mining portfolio to include silver, lead and zinc production



# Growth Initiatives For Sokor

- Further boost gold production:
  - Exploring the possibility of expanding CIL plant as part of efforts to double production capacity.
- Better manage operating expenses:
  - Renegotiate with our suppliers and service providers to better manage operating expenses.



# Growth Initiatives For Sokor

- Diversify mining portfolio:
  - ❑ Currently working with relevant authorities to obtain approval to start installation of flotation facility equipment for processing approximately 500 tonnes of ore a day to monetise silver, lead and zinc resources.



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# Outlook

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# Outlook

- ❑ Slight pullback in gold prices in recent months due to:
  - Higher US Treasury yields and resilient US dollar (US economic indicators turning positive)
  - Global roll-out of Covid-19 vaccines
  - Growing risk appetite (evident in run-up in stock markets)
  - Increased interest in cryptocurrencies, especially Bitcoin
  
- ❑ Notwithstanding the above factors, we continue to believe gold ought to be part of any long-term investor's portfolio
  
- ❑ Growing expectations of a commodities super-cycle
  
- ❑ New source of income from sales of lead and zinc concentrate once flotation plant starts commercial operation in 2021 (subject to award of operation permits from relevant authorities)

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