



# **CNMC Goldmine Holdings Limited**

## **1Q2017 Results Briefing**

**15 May 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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# **1Q2017**

# **Financial Highlights**

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# Financial Highlights

Income statement	1Q 2017	1Q 2016	Change
Revenue (US\$' million)	4.73	8.40	↓ -43.7%
Results from operating activities (US\$' million)	(0.02)	5.66	n.m.
Net profit (US\$' million)	0.07	5.61	↓ -98.8%
Net (loss)/profit (excluding FX Impact) (US\$' million)	(0.25)	3.65	n.m.
Net profit margin	1.5%	66.8%	↓ -65.3%
Net (loss)/profit margin (excluding FX Impact)	-5.3%	43.5%	n.m.
Earnings per share (US cents)	0.01	1.12	↓ -99.1%
Earnings per share (SG cents)	0.01	1.58	↓ -99.4%

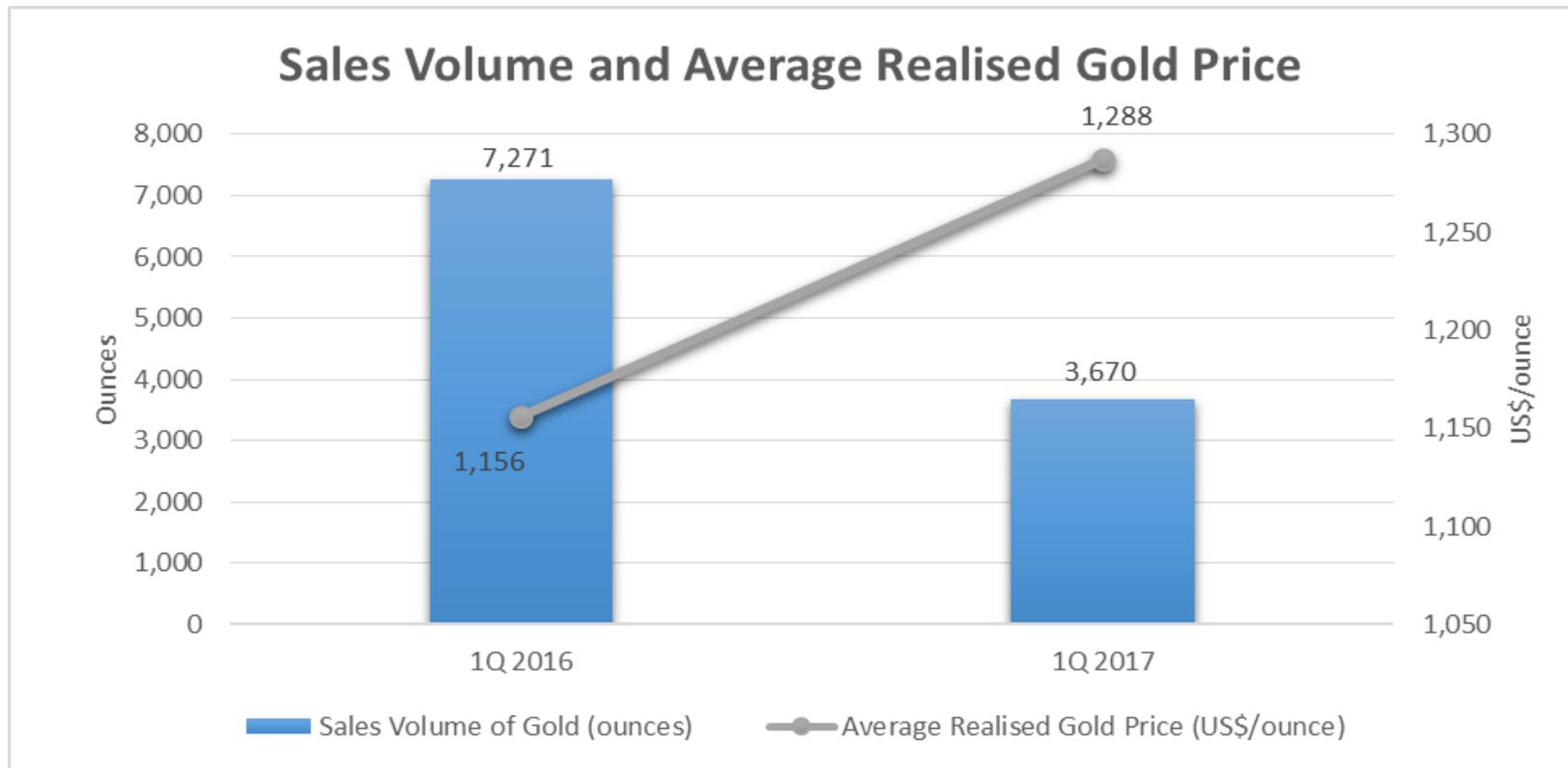
**Net assets  
value of  
US\$39.69  
million**

**Current  
ratio of  
5.48**

**Debt/Equity  
ratio of  
0.02**

**Net cash  
position of  
US\$24.20  
million**

# Revenue



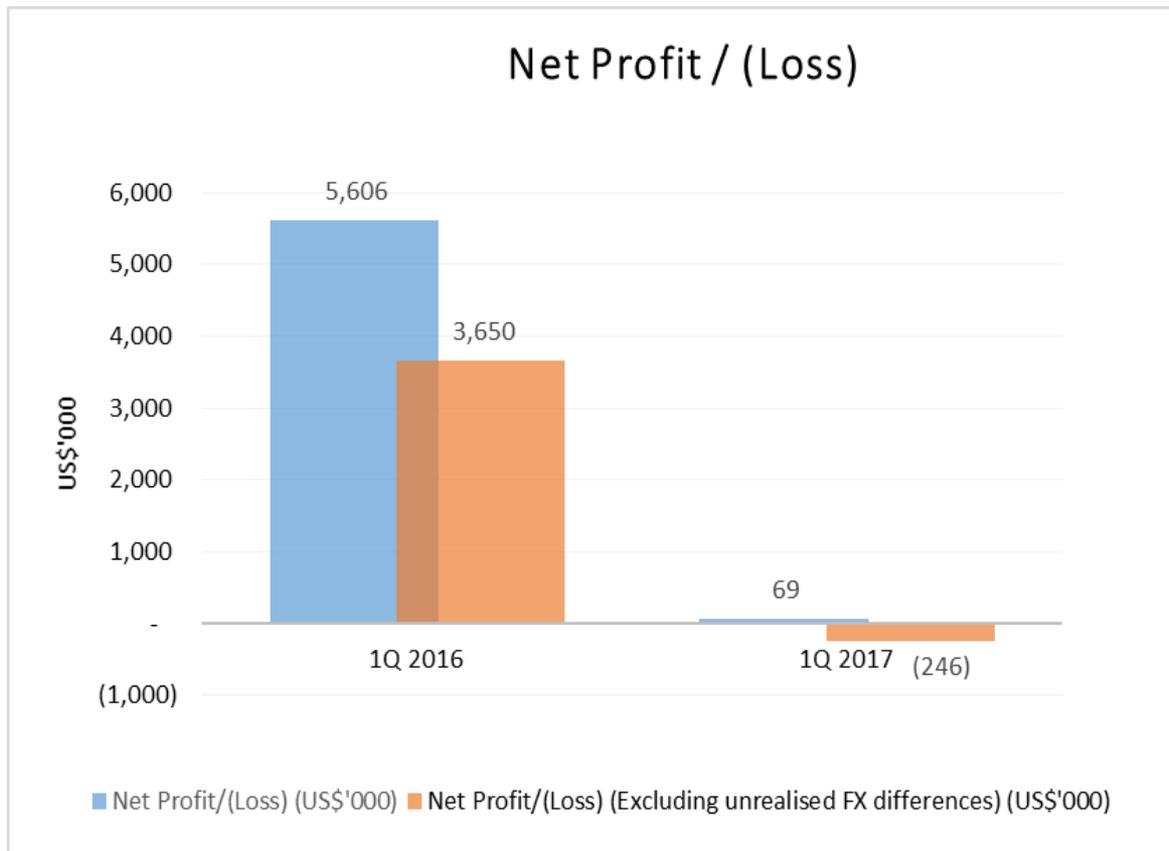
## Revenue fell 44%:

↓ Sales volume of fine gold, from 7,271 ounces to 3,670 ounces

## Partly offset by

↑ Average realized gold price, from US\$1,156/ounce to US\$1,288/ounce

# Net Profit / (Loss)



**1Q 2017  
Net Cash  
outflow:  
US\$2.32  
million**

**1Q 2016  
Net Cash  
inflow:  
US\$2.08  
million**

Net profit fell 98.8% to US\$0.07 million due mainly to the lower ore grades, which resulted in lower sales volume of fine gold.

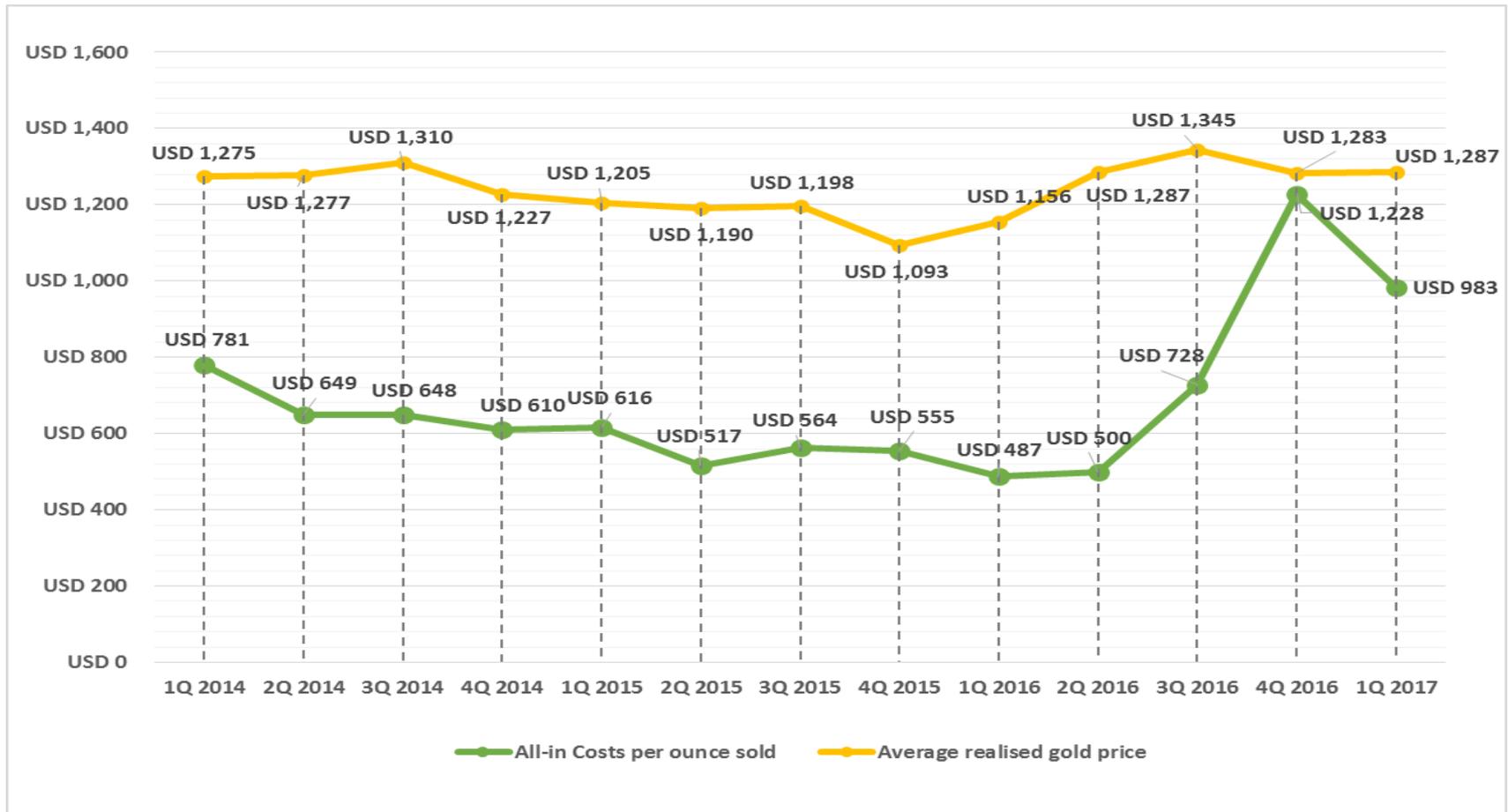
Partly offset by the increase of average realised gold price.

# Analysis Of All-In Costs And Margin

	1Q 2017	1Q 2016	Changes
	US\$ / gold ounce sold		%
Mining related costs	647	318	103%
Royalty and tribute expenses	174	86	102%
Adjusted operating costs	<b>821</b>	<b>404</b>	103%
General and administrative costs	125	49	155%
Capital expenditure	7	21	-67%
All-in sustaining costs	<b>953</b>	<b>474</b>	101%
Capital exploration (non-sustaining)	1	1	0%
Capital expenditure (non-sustaining)	29	12	142%
All-in costs (A)	<b>983</b>	<b>487</b>	102%
Average realized gold price (B)	1,288	1,156	11%
All-in Margin (C= B - A)	305	669	-54%
All-in Margin (%) (C / B)	24%	58%	-34%

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.

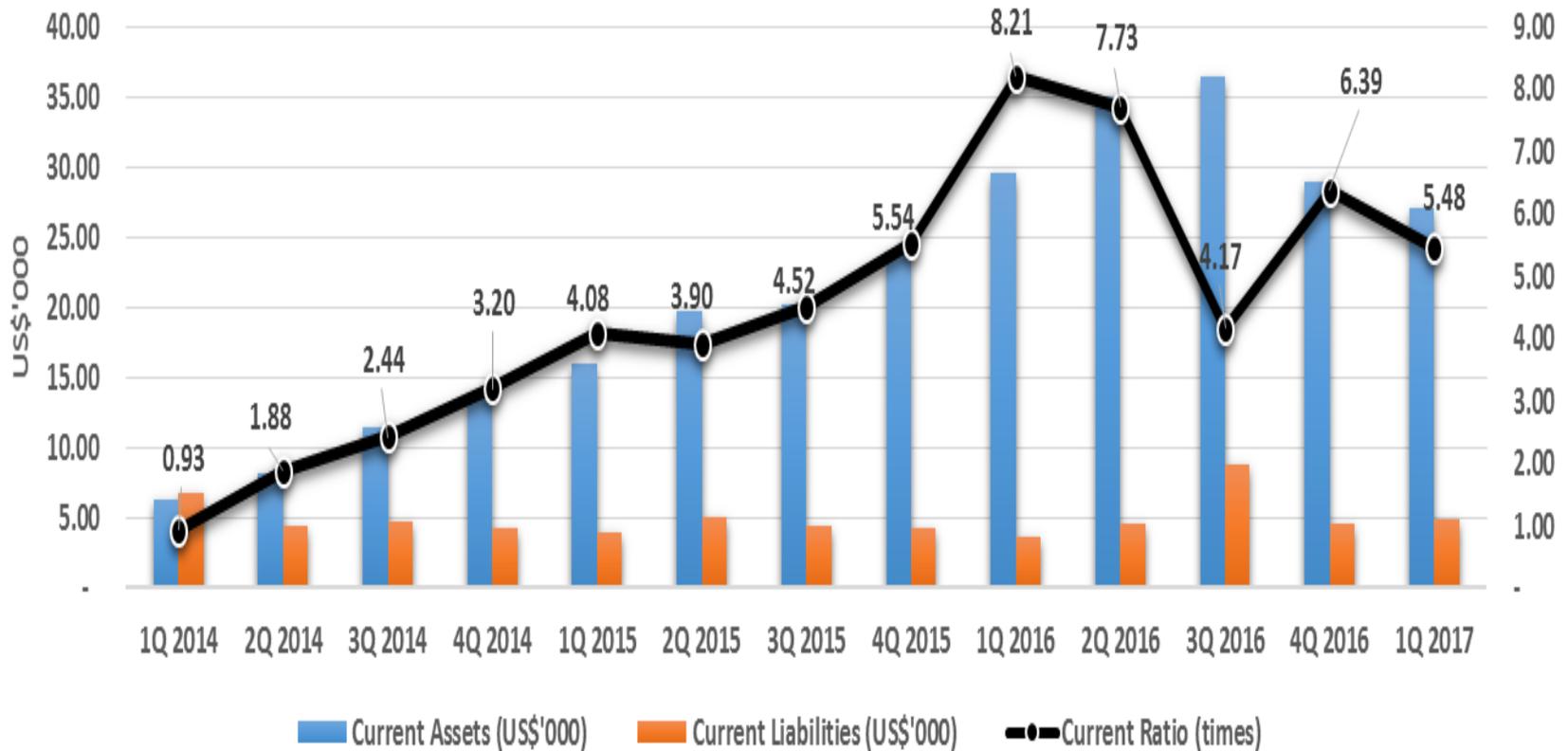
# Summary Of All-In Costs And Margin



All-in costs of production increased to US\$983/ounce in 1Q2017 from US\$487/ounce in 1Q2016, mainly due to lower sales volume of fine gold and higher general and administration costs.

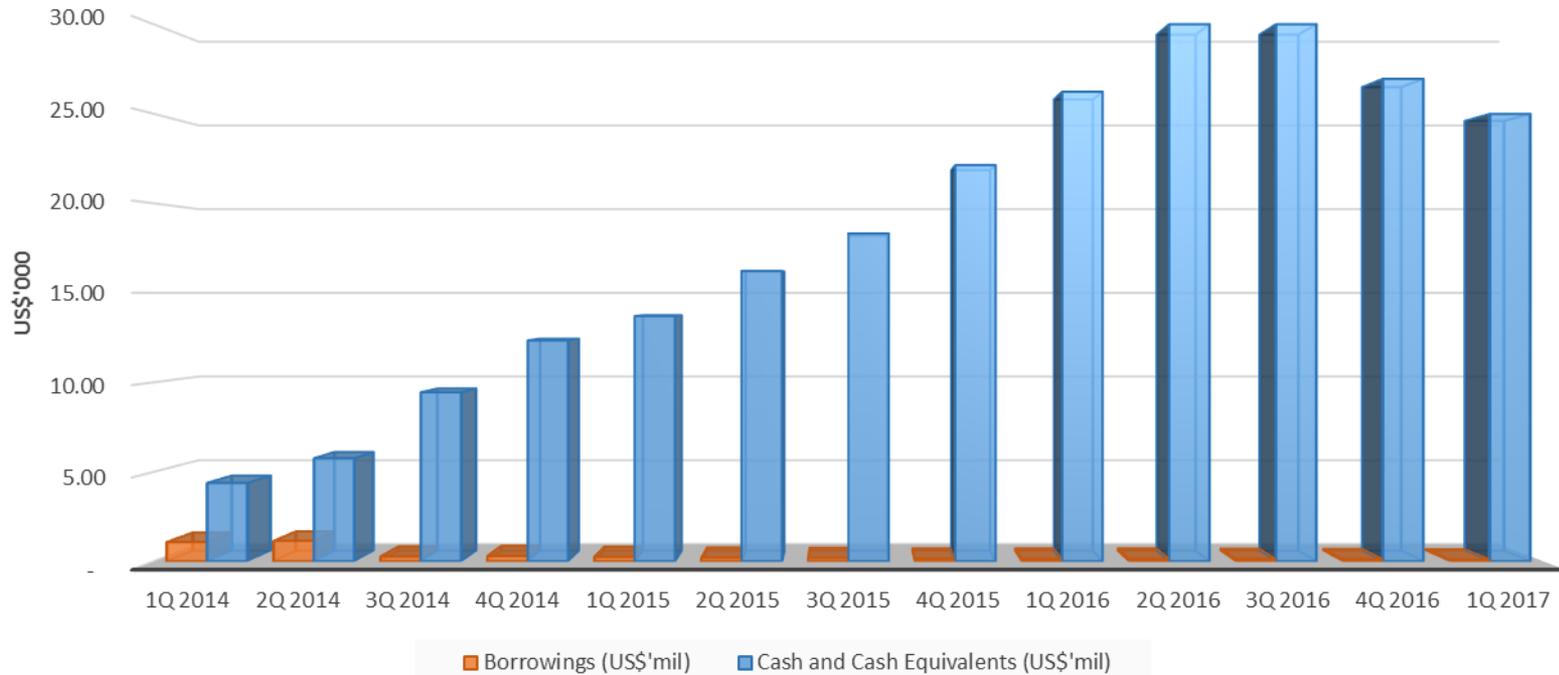
# Balance Sheet Highlights

## Current Assets versus Current Liabilities, Current Ratio



# Cash Position

## Cash and Cash Equivalents versus Borrowings



- In 1Q2017, the net cash generated from operations was US\$1.09 million compared to US\$3.26 million in 1Q2016, mainly due to lower operating profit before working capital changes.
- It has cash and cash equivalents of US\$24.99 million at the end of 1Q2017, decreased by US\$1.24 million compared to US\$26.23 million as at end of 1Q2016.

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# Milestones

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# 2017 Milestones

Date	Milestone
20 January	Completed due diligence for subscription of 51% of the shares in the enlarged share capital of Pulai Mining Sdn. Bhd.
20 January	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
24 February	Completion of the subscription of new shares representing 51% of the shares in the enlarged share capital of Pulai Mining Sdn. Bhd.
18 March	Entered into share sale agreement for the proposed acquisition of the entire issued share capital of Kelgold Mining Sdn. Bhd.
4 April	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



# **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**

# 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>) \***

*\*Still in the process of acquisition*

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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>11 May 2017</b>
Price per share	S\$0.290
Market capitalisation	S\$118.11 Million
Share issued	407.29 Million
P/E ratio (Note)	18.71
Dividend Yield (YTD)	3.91%

Note: Market price per share @ 11 May 2017 / Trailing earning per share (S\$) as of 31 March 2017.

Dividend Yield is based on two interim tax-exempt dividend of total 0.40 Singapore cent per share, a final dividend of 0.20 Singapore cent and special dividend of 0.534 Singapore cent per share.



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# Strategic Acquisition

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# Strategic Acquisitions

- On 24 February 2017, CNMC completed the subscription of a 51% stake in Pulai Mining Sdn Bhd (“Pulai”) for a total consideration of RM13.8 million, which was funded through internal resources
- On 18 March 2017, CNMC entered into a shares sale agreement to acquire 100% stake in Kelgold Mining Sdn Bhd (“KelGold”) for a total consideration of RM2.5 million, which will be funded through internal resources
- Both acquisitions are expected to yield substantial synergies

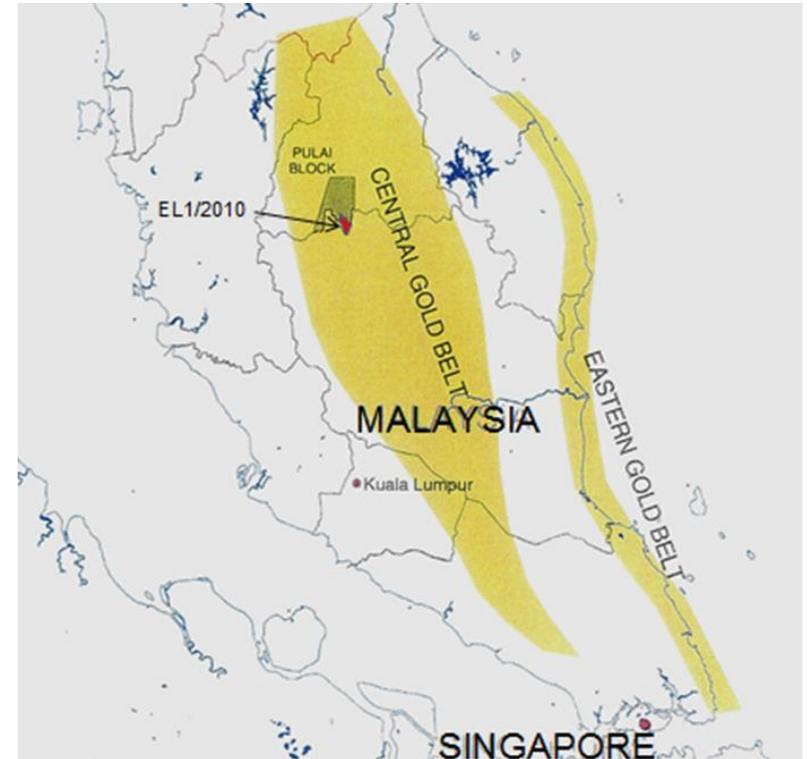


CNMC



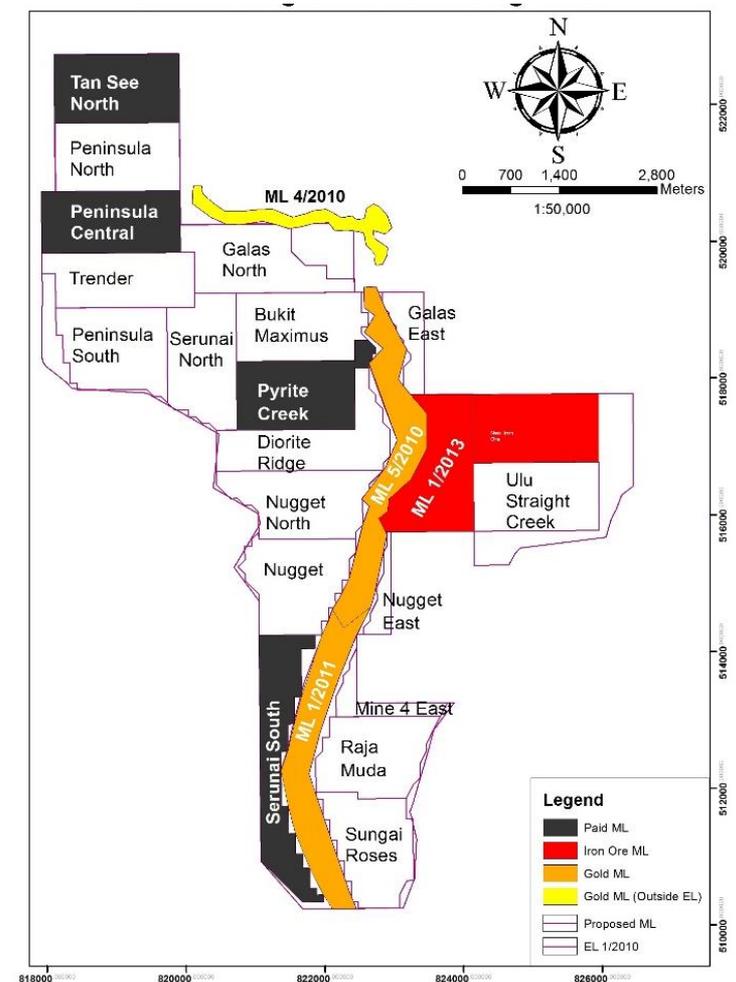
# Location

- Both Pulai's and KelGold's concession areas are located within State of Kelantan, Malaysia
- Approximately 100km 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



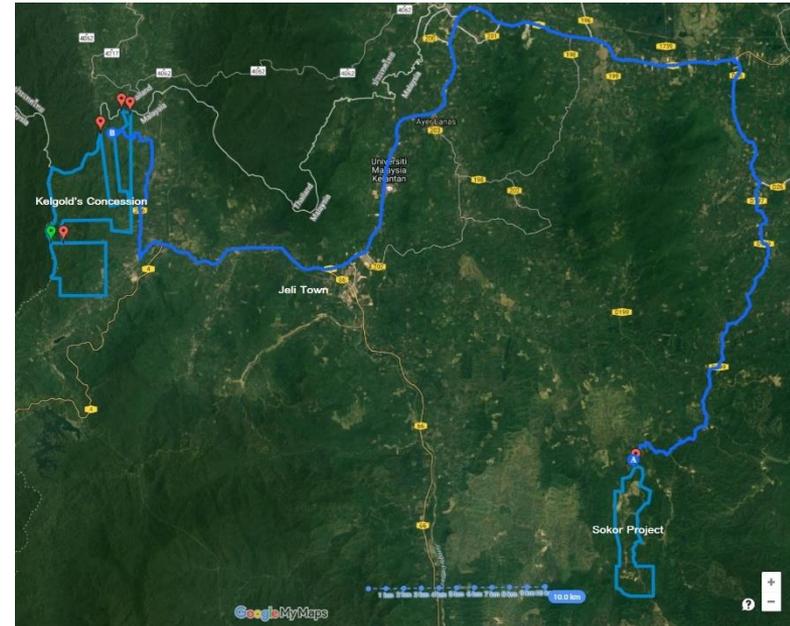
# About Pulai

- 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



# About KelGold

- KelGold is a greenfield project with an exploration license spanning about 1,550ha (15.5km<sup>2</sup>) to explore and mine for gold, iron ore and other minerals.
- In the process of renewing its rights to explore gold and/or other minerals in an area approximately 870 ha (8.7km<sup>2</sup>)
- Concession looks promising as reconnaissance exploration work carried out by our in-house exploration team uncovered interesting gold grades



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# About CNMC

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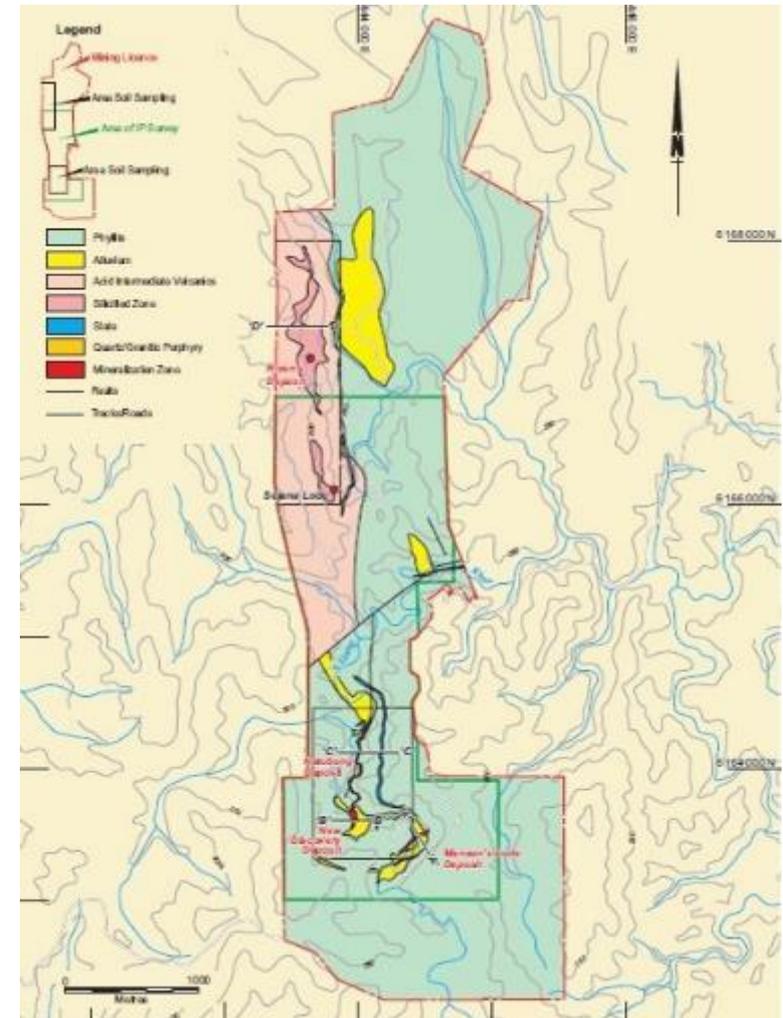
# About CNMC

- 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

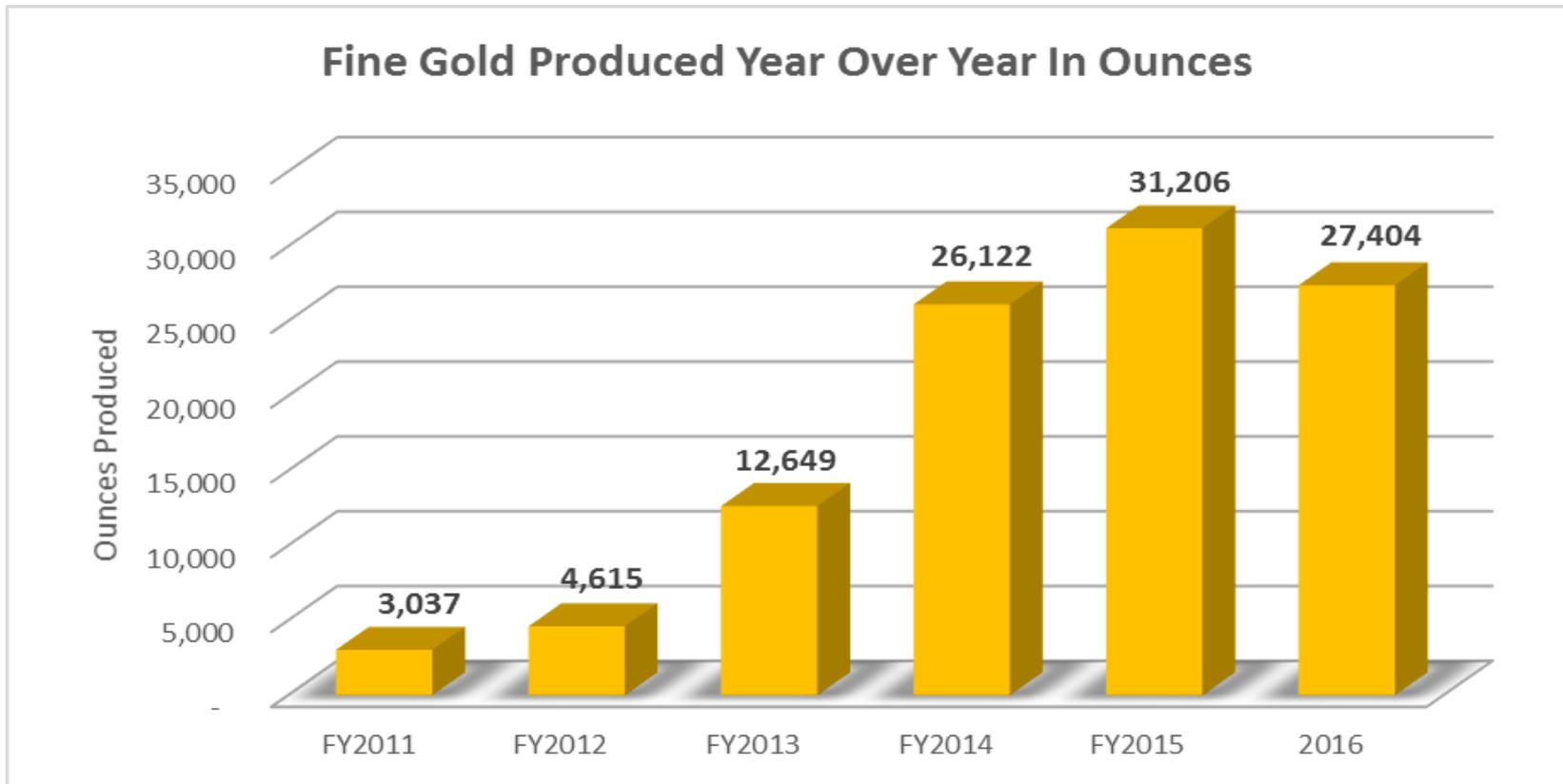


# Production Facilities

- 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

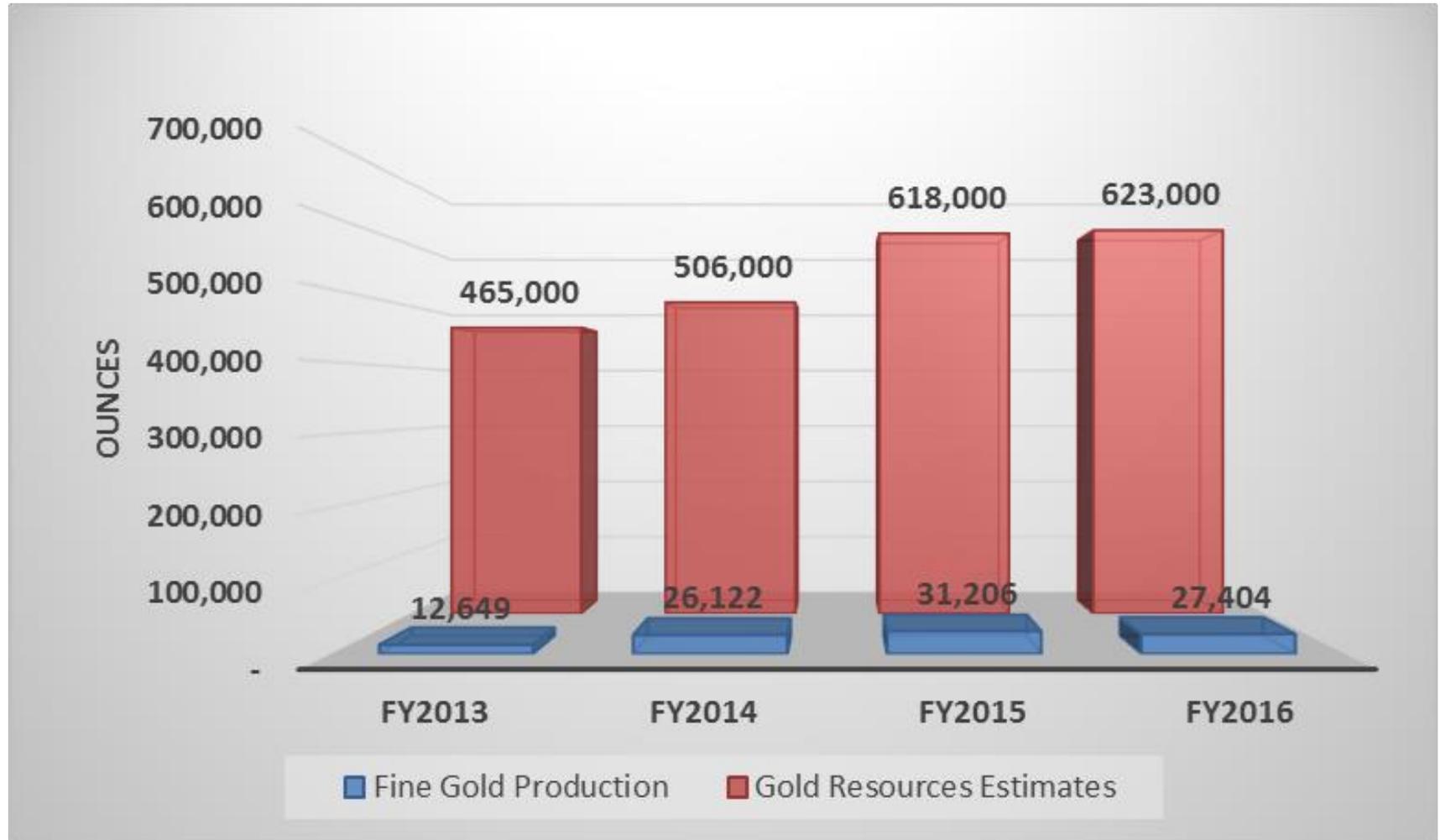
Category	Mineral type	Gross attributable to licence			Gross attributable to CNMC			Change from previous update (%)
		Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, Zn t)	Tonnes (millions)	Grade (Au g/t, Ag g/t, Pb%, Zn%)	Contained metal (Au koz, Ag koz, Pb t, 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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