

CNMC Goldmine To Ramp Up Production Amid Rising Gold Prices

- Underground mining to resume as soon as possible upon workers' return
- Immediate focus for surface mining in a recently discovered zone containing higher quality gold ore

SINGAPORE, 14 August 2020 – CNMC Goldmine Holdings Limited (“CNMC”, and together with its subsidiaries, the “Group”) will resume underground infrastructure construction and mining as soon as possible once its crew returns to Malaysia, after travel restrictions in the wake of the Covid-19 outbreak created a manpower crunch that has kept operations on hold for at least six months.

With both China and Malaysia imposing travel restrictions to contain the virus, almost all of CNMC’s underground mining workers have not been able to return after travelling to Hubei province early this year for Chinese New Year celebrations.

While CNMC has nonetheless been trying for months to arrange for the workers’ return, it was only recently that the official greenlight was given for some of them to fly back. Upon their arrival in Malaysia in the coming weeks, they will have to be quarantined for 14 days before they can travel to Kelantan, home to CNMC’s flagship Sokor gold project.

The Group did not recruit new underground mining workers during the hiatus as putting together an experienced and fully equipped underground mining crew requires substantial time and resources. It also did not deploy any of its open-pit mining workers to its underground mining operation as they lack the full expertise to mine underground.

Underground mining is one of the Group’s growth engines going forward given its potential to yield high-grade gold ore. Open-pit mining currently accounts for all of its gold output. CNMC’s immediate focus for its open-pit operation at Sokor is a particular near surface zone it recently discovered that contains higher quality gold ore.

Beyond gold, CNMC intends to produce feldspar on its own after its existing production agreement with a third-party contractor expires this year. Doing so inhouse is expected to yield higher profit margins over the long term. Feldspar is a mineral used for making glass and ceramics.

Barring unforeseen circumstances, the Group is counting on these growth strategies to bolster its fortunes in the months ahead. It recorded a loss for the first six months of 2020 (“1H2020”).

Financial Highlights

US\$	1H2020	1H2019	Change (%)
Revenue	10,470,879	20,382,931	(48.6)
EBITDA	939,950	6,444,505	(85.4)
Results from Operations	(1,164,406)	4,040,160	N.M.
Net (Loss)/Profit	(1,083,017)	2,861,336	N.M.
(Loss)/Profit Attributable to Owners	(903,164)	2,212,832	N.M.

N.M. – Not Meaningful

The Group ended 1H2020 with a loss of US\$0.90 million attributable to shareholders as revenue fell by nearly half from the same period last year (“1H2019”) to US\$10.47 million. Included in the loss was an unrealised US\$0.67 million foreign-exchange hit stemming from the Malaysian Ringgit’s depreciation against the US Dollar in 1H2020.

Lower grade ore and a lull of seven consecutive weeks dented revenue in 1H2020, even though the Group fetched a higher average selling price of US\$1,682.92 per ounce for its gold bars, compared to US\$1,304.66 in 1H2019. CNMC could not carry out any mining work between 18 March and 5 May as Malaysia had imposed a nationwide movement control order in an attempt to curb the Covid-19 outbreak.

With the drop in output, CNMC’s all-in cost for every ounce of gold produced rose to US\$1,481 in 1H2020 from US\$983 in 1H2019. The Group had net cash¹ of about US\$10.31 million as at 30 June 2020.

Mr Chris Lim, the Group’s CEO, said: “Gold is now very much in favour with investors worldwide as central banks and governments have unleashed unprecedented amounts of stimulus to shore up economies amid the devastation from Covid-19. This is pushing down bond yields and the US Dollar, making gold attractive as an investment hedge. We hope to ramp up gold production in the near term even as we push ahead with plans to monetise other minerals such as feldspar, silver, lead and zinc.”

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¹ Cash and cash equivalents less loans & borrowings, derivative financial instrument and lease liabilities

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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 10km², 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 a 51% stake in CNMC Pulau Mining Sdn. Bhd., which is authorised to mine gold, iron ore and feldspar on an approximately 38.4km² brownfield site in Kelantan. CNMC Pulau 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

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

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