



CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中远金矿有限公司

(Co. Reg. No. 201119104K)

(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING TO BE HELD ON 26 JUNE 2020

The Board of Directors of CNMC Goldmine Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to thank shareholders for submitting their questions in advance of the Annual General Meeting (“**AGM**”) and Extraordinary General Meeting (“**EGM**”) to be held by way of electronic means on Friday, 26 June 2020 at 4.00 p.m. and 5.00 p.m., respectively.

The Company’s responses to the shareholders’ questions, which are relevant to the resolutions to be tabled on the AGM and EGM, are set out as below:

Questions

- 1) Are gold mining operations back to pre-Covid-19 levels?

Response:

We have been doing our utmost to ramp up gold production ever since we resumed open-pit mining operations on 6 May 2020. Prior to that, all mining activities were stopped from 18 March 2020 due to Malaysia’s movement control order.

As far as underground mining is concerned, operations have yet to resume as many of our underground mining workers, who left Kelantan for China to celebrate the Chinese New Year, have still not returned to Malaysia due to the travel restrictions. To date, we have yet to process any ore extracted from our underground mining operations.

- 2) What are the lessons learnt from the Covid-19 outbreak and what steps are the Company taking to prevent a similar disruption to its business operations if a similar outbreak is to occur in the future?

Response:

Covid-19 is a black swan that has had a huge impact on businesses worldwide. As this pandemic is unprecedented and unparalleled, many industries, including the mining industry such as ours, are still trying to get a handle on how best to move forward.

For now, mining companies will likely have to reconfigure or even revamp certain practices to ensure that overall workflow can continue and workers’ safety is prioritised. In this regard, we believe that being nimble and adaptable is vital so that we can be well positioned for the eventual upturn.

In the wake of Covid-19, we have instituted enhanced operational protocols and measures that can be activated to help mitigate disruptions should a similar outbreaks occur in future.

- 3) What strategies are the Company undertaking to improve its cost efficiency and improve net profit margin?

Response:

Cost discipline has always been a key focus for the Group. Apart from renegotiating with our suppliers and service providers to better manage operating expenses, our other cost-saving initiatives include plans to erect a power line that will enable us to be more self-sufficient in energy generation and reduce our dependence on third-party suppliers of diesel, which is one of our main mining consumables.

We have also built permanent heap leaching pads designed for continuous leaching. These leaching pads enhance gold recovery and reduce transportation costs, as mined ores can be leached continuously without having to be removed after being processed.

- 4) One of the resolutions is "to enable the directors to issue new shares of an aggregate number of up to 100% of the total number of issued shares". Please explain the rationale. Will the new shares be scrip dividend shares or new shares? If it is to issue new shares, there must be at a premium to share price.

Response

This is a resolution that has been put to shareholders every year since the Company's public listing in 2011. Under Catalist Rules 806(2)(a) if shareholders approve this share issue mandate by an ordinary resolution, the Directors shall be given the authority to issue shares and convertible securities to existing shareholders on a pro-rata basis of up to the limit of not more than 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings).

This resolution provides the company with the flexibility to raise funds from its shareholders via avenue such as a rights issue or preferential offering for cash, if and when necessary. Where there is an issuance of new shares or convertible securities on a pro-rata basis, the issue price or conversion price for such new shares shall not exceed 10% discount to the weighted average market price for trades done for the full market day prior to the announcement of the fund raising exercise.

We remain in a net cash position and have no plans to raise any funds at this point in time. We have also not considered scrip dividends at this point in time.

By Order of the Board

Lim Kuoh Yang
Chief Executive Officer

16 June 2020

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 Catalyst.

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 contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).