

CNMC Goldmine Reports 2Q2019 Net Profit on Higher Gold Production and Gold Price Rebound

- Plans for underground mining on track
- Construction of flotation plant for lead and zinc production in progress

US\$	2Q2019	2Q2018	Change (%)	1H2019	1H2018	Change (%)
Revenue	10,006,484	9,315,830	7.4	20,382,931	15,411,091	32.3
Results from operations	1,742,915	(387,194)	N.M.	4,040,160	41,166	N.M.
EBITDA	2,944,030	1,036,815	183.9	6,444,505	2,621,582	145.8
Net profit / (loss)	1,104,038	(182,330)	N.M.	2,861,336	431,001	563.9
Profit / (loss) attributable to owners	831,596	(336,938)	N.M.	2,212,832	191,407	N.M.

N.M. – Not Meaningful

SINGAPORE, 14 August 2019 – Higher gold production, lower operating costs and the absence of expenses relating to a proposed dual listing in Hong Kong drove CNMC Goldmine Holdings Limited (“CNMC”, and together with its subsidiaries, the “Group”) back to profitability in the second quarter of 2019 (“2Q2019”) from a loss in the same period last year (“2Q2018”).

The gold producer generated a profit attributable to shareholders of US\$0.83 million for 2Q2019, reversing from a loss of US\$0.34 million for 2Q2018. The loss in 2Q2018 was due mainly to expenses incurred for the proposed dual listing exercise, which did not materialise.

For the first six months of 2019 (“1H2019”), the Group generated profit attributable to shareholders of US\$2.21 million, substantially more than the US\$0.19 million achieved in the same period last year (“1H2018”). Higher revenue, which rose 32.3% to US\$20.38 million from US\$15.41 million in 1H2018, and the absence of expenses for the proposed Hong Kong dual listing were the main reasons for the improvement in 1H2019.

Revenue for 2Q2019 rose 7.4% to US\$10.0 million as output at the Group’s flagship Sokor gold field in Malaysia’s Kelantan state increased 5.7% to 7,599.85 ounces. A higher average selling price of US\$1,316.67 per ounce of gold in 2Q2019, compared to US\$1,296.10 in 2Q2018, also contributed to the rise in revenue.

Total expenses for 2Q2019 were 14.8% lower at US\$8.26 million. Besides the absence of expenses for the proposed Hong Kong listing as well as a smaller unrealised foreign-exchange loss, the decline was also due mainly to lower usage of consumables including diesel, a fall in amortisation and depreciation costs, and lower marketing and publicity expenses. The Group’s all-in cost of production, which includes capital expenditure for an underground mining facility, came in at US\$1,046 per ounce of gold, comparable to the US\$1,038 in 2Q2018.

While the Group managed to keep a lid on operating expenses, it had to contend with a tax bill of US\$0.76 million in 2Q2019. As previously disclosed, profits from the sale of gold doré bars produced at Sokor were fully exempted from tax for five years under Malaysia's Pioneer Status Incentive Scheme. With the tax holidays over since 30 June 2018, all profits from such sales are taxable. The Group is in discussions with the Malaysian authorities for it to be reinstated into the scheme or to apply for other relevant tax incentives.

As part of its efforts to boost gold production, CNMC incorporated a subsidiary in June this year to spearhead its foray into underground mining. CNMC Mining Sdn Bhd ("**CNMC Mining**"), in which CNMC has a 51% stake, will be responsible for underground mining at Sokor even as the Group continues with existing open-pit mining operations at the 10km² gold field. The remaining 49% of CNMC Mining is held by an individual who is an underground mining subcontractor hired by the Group.

While underground mining will cost more than open-pit mining, the Group expects the former to yield higher-grade gold ore, which will enable it to produce and sell more gold. The resultant increase in revenue is expected to offset the rise in expenses for underground mining.

In seeking to diversify its income streams, the Group has started planning for the construction of a flotation plant at Sokor for processing lead and zinc. The plant, slated to be completed before the end of 2019, will be able to process approximately 500 tonnes of ore daily.

Barring any unforeseen circumstances and subject to permits being obtained for commercial operation from the relevant authorities in Malaysia, the flotation plant is expected to start generating revenue in the first half of next year. The new facility is expected to cost approximately RM20 million, which will be funded using internal resources. As at 30 June 2019, the Group had US\$14.77 million in cash and cash equivalents and no bank borrowings.

Mr Chris Lim, the Group's CEO, said: "We are laying the foundation for our long-term growth with the foray into underground mining and diversification into the production of other metals. Once these growth engines are fully in place, we will be a diversified mining company with multiple income streams."

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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 2018, the Sokor Gold Field Project had JORC-compliant gold resources (inclusive of ore reserves) of 17.91 million tonnes at a grade of 1.6 g/t in the Measured, Indicated and Inferred categories for a total of 914,000 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 press release 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.

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