

China Nonferrous Gold Limited 中国有色黄金有限公司

(‘CNG’ or the ‘Company’)

Interim Results for the Six-Month Period Ended 30 June 2022

China Nonferrous Gold Limited (AIM:CNG), the gold producer with the operational Pakrut Gold Project (‘the Pakrut Project’) in the Republic of Tajikistan, today announces its interim results for the six-month period ended 30 June 2022.

The results below are available on the Company's website at www.cnfgold.com.

Highlights

- From January to June 2022, a total of 302,590 tons of ore was extracted from the Pakrut gold mine; 274,453 tons of ore was processed at a grade of 2.58 g/t; and 16,330 oz. gold ingots were poured.
- From January to June 2022, the Group sold 16,484 oz. of gold ingots, achieving sales revenue of US\$30.71 million.

For further information please visit the Company’s website (www.cnfgold.com) or contact:

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Project Summary

The Pakrut Gold Project, of which CNG has 100 per cent ownership, is situated in Tajikistan approximately 120km northeast of the capital city Dushanbe. Pakrut is located within the Tien Shan gold belt, which extends from Uzbekistan into Tajikistan, Kyrgyzstan and Western China, and which hosts a number of multi-million ounce gold

deposits.

CNG entered steady state production from January 2019.

About Tajikistan

Tajikistan is a secular republic located in Central Asia. The country is a member of the Commonwealth of Independent States and the Shanghai Cooperation Organization. Tajikistan hosts numerous operating precious metal mines as well as the largest aluminum smelter in Central Asia. CNG's management team has extensive experience in the mining industry in Tajikistan.

CEO's Statement

As CEO of the board, it gives me great pleasure to present the CEO's statement of the Interim Results for the Six-Month Period Ended 30 June 2022. Despite the global pandemic, Pakrut took pandemic prevention and protection measures, and continued producing during the first half of the year, making the group an important gold producer in Tajikistan.

From January to June 2022, a total of 302,590 tons of ore was extracted from the Pakrut gold mine. During that same six month period:

- 274,453 tons of ore was processed;
- the average grade of the raw ore was 2.58 g/t;
- the recovery rate of processing was 92.08%;
- 9,288.31 tons of concentrate was produced from the processing plant; and
- 9,104.48 tons of concentrate was treated in the smelter (the comprehensive recovery rate of smelting was 92.58%) and 16,330 oz. gold ingots were poured.

From January to June 2022, the Group sold 16,484 oz. (30 June 2021:17,288 oz.) of gold ingots, achieving sales revenue of US\$30.71million (unaudited) (30 June 2021:\$30.87million), with an average sales price of US\$1,863.02 / oz.(30 June 2021:\$1,785.62 / oz.)

Financial Results

The Company continued its production and operation work during the first six months of 2022. Administration expenditure was US\$10,032,340 (30 June 2021: US\$9,055,372). The largest increases are bank fees and tax being mainly due to the increase of interest expense and the increase of the Tajikistan imposed Resource Tax due to the increase of ore grade from 91.01% to 92.08%. The operating profit for the period under review was US\$4,910,000 (30 June 2021: US\$4,848,000) and the loss before tax from the period was US\$946,000 (30 June 2021: US\$644,000). Cash and cash equivalents at the end of the period amounted to US\$11,791,206 (30 June 2021: US\$2,140,259). As at 30 June 2022, the Group had net liabilities of \$31,304,559 (30 June 2021: net liabilities \$21,518,316).

Given the limited production and cash balances the Group continues to be reliant on support from its major shareholder, CNMC, and its associates. In January 2022, the Group executed a loan agreement with CNMC Trade Company Limited (“CNMC Trade”) for a loan of up to USD \$34.55 million (the “CNMC Loan”). As announced in January 2022, this CNMC Loan has been used to repay the existing China CITIC Bank Corporation Limited (“CITIC”) bank facilities of USD \$34.55m (being USD20m advanced in January 2021 (“First Loan”) and USD14.55m advanced in March 2021 (“Second Loan”).

In addition, on 24 January 2022, the Group executed a foreign currency working capital loan agreement with China CITIC Bank Corporation Limited (Zhuhai Branch) (“CITIC”) for a loan facility of up to US\$20 million (the “new CITIC Loan”), with an annual interest at 3.00% over 6 month LIBOR, which was used to repay US\$20m of the CNMC Loan.

The Company currently has total debt facilities (including banking facilities), before interest, of c.US\$319 million.

Additional Tajik Tax

During August 2022, the Tajik Revenue Authority conducted a routine tax inspection and concluded that the Tajik subsidiary (Pakrut LLC) had generated a taxable profit of USD \$4 million for the financial year ended 31 December 2021 (this was higher than the taxable profit originally recognized by the Company for its subsidiary). Therefore, pursuant to Tajik tax regulations, an associated tax charge of approximately 12% of the total net profit was due. This was USD\$500,000, which had not been previously provided for by the Company. This has been provided for in these interim financial statements.

Outlook

The Company remains confident in its ability to achieve the internal production target of 700,000 tons of ore set at the beginning of this year. This is considered an achievable target.

The Company continues to seek to improve its production capacity through technological innovation. Whilst improving production, the Company is also focusing on perfecting and improving the smelting process by reducing production costs, increasing recovery rates and improving competitiveness.

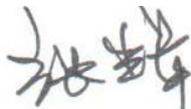
Whilst the Company has taken big strides in the production and operation of the Pakrut gold mine and achieved much, there are still challenges to overcome and targets to meet, such as: further high ore grade, improvement of internal controls and improved warehouse management. And due to the insufficient capacity of the flotation tailings pond, compared with the same period in 2021, the progress of production tasks lags behind to a certain extent. In the second half of the year, the production and engineering construction organization are under great pressure and the task is heavy, all of which we will look to address in the coming months.

Uncertainty created by the COVID-19 pandemic with regards to future production and operations still exists in Tajikistan, and the long term effects are difficult to predict and estimate but there does appear to be indications that the global community is bringing the situation under control, and the epidemic situation in Tajik is stabilizing. The Company will continue to monitor the situation, conduct regular nucleic acid inspection for all staff to ensure their

health and make every effort to meet pandemic prevention and control requirements, as well as stabilizing the production and operation of Pakrut gold mine.

I would like to take this opportunity to thank all our employees, management and advisers for their continued hard work in 2022. I would also like to extend my thanks to all our stakeholders for their continued backing over the years. I very much look forward to updating our shareholders further on the mine developments, production levels, new strategy and direction.

Zhang Hui



CEO

29 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Unaudited	Unaudited	Audited
	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
Note	US\$'000	US\$'000	US\$'000
Revenue	30,710	30,865	71,992
Cost of sales	(15,469)	(14,595)	(37,256)
Gross profit	15,241	16,270	34,736
Other Operating income	8	-	-
Administrative and other expenses	(10,032)	(9,055)	(19,879)
Loss on foreign exchange	(280)	(143)	(1,855)
Other operating expenses	(27)	(2,224)	(2,416)

Operating profit		4,910	4,848	10,585
Interest income		-	6	6
Finance costs		(5,856)	(5,498)	(10,826)
Loss before Tax		(946)	(644)	(235)
Income tax		(3,971)	(731)	(6,012)
Loss for the period attributable to owners of the Company		(4,917)	(1,375)	(6,247)
Other comprehensive income		-	-	-
Total comprehensive income for the period attributable to owners of the Company		(4,917)	(1,375)	(6,247)
Earnings per Share				
Basic and diluted (cents)	3	(1.29)	(0.35)	(1.63)

All of the activities of the Group are classified as continuing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Unaudited	Unaudited	Audited
		30 June 2022	30 June 2021	31 December
		US\$'000	US\$'000	2021US\$'000
Non-Current Assets				
Property, plant and equipment	4	359,111	368,036	364,337

Total Non-Current Assets		359,111	368,036	364,337
Current Assets				
Inventories		18,991	18,238	17,334
Trade and other receivables		1,484	13,682	4,202
Cash and cash equivalents		11,791	2,140	7,472
Total Current Assets		32,266	34,060	29,008
Non-Current Liabilities				
Borrowings	5	(65,000)	(324,846)	(65,000)
Provisions for other liabilities and charges		(1,084)	(995)	(1,084)
Total Non-Current Liabilities		(66,084)	(325,841)	(66,084)
Current Liabilities				
Borrowings	5	(307,739)	(34,550)	(303,953)
Trade and other payables		(48,859)	(63,224)	(49,696)
Total Current Liabilities		(356,598)	(97,774)	(353,649)
Total Liabilities		(422,682)	(423,615)	(324,841)
Net Liabilities		(31,305)	(21,518)	(26,388)
Capital And Reserves				
Share Capital		38	38	38
Share premium		65,901	65,901	65,901
Other reserves		10,175	10,175	10,175
Retained earnings		(107,419)	(97,632)	(102,502)
Total Equity		(31,305)	(21,518)	(26,388)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Unaudited	Unaudited	Audited
	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021
	US\$'000	US\$'000	US\$'000
Cash flows from Operating Activities			
Loss before income tax	(946)	(646)	(235)
<i>Adjustments for:</i>			
Finance income	-	4	(6)
Finance cost	5,856	5,498	10,826
Depreciation	6,215	5,617	7,972
Foreign exchange	280	-	1,853
Impairment	-	-	-
<i>Change in working capital:</i>			
Inventory	(1,657)	2,327	(1,423)
Trade and other receivables	592	1,431	(1,869)
Trade and other payables	(6,738)	(7,055)	3,222
Other current assets	3,312	(12)	(549)
Other current liabilities	1,353	-	(5,890)
Tax paid			
Net cash flows from Operating Activities	8,267	7,164	13,904
Cash flows from Investing Activities			
Purchase of property, plant and equipment	(1,336)	(421)	(994)
Payments for mining rights and construction in progress	-	-	-
Disposal of PPE	-	-	-

Interest received	-	4	6
Net cash used in Investing Activities	(1,336)	(417)	(989)
Cash flows from Financing Activities			
Proceeds from borrowings	54,550	99,550	99,550
Repayment of borrowings	(56,538)	(130,095)	(128,806)
Interest paid	(624)	(1,258)	(3,384)
Net Cash (used in)/from Financing Activities	(2,612)	(31,803)	(32,640)
Net (Decrease)/Increase in Cash and Cash Equivalents	(4,319)	(25,056)	(19,724)
Cash and cash equivalents at beginning of the period	7,472	27,196	27,196
Cash and cash equivalents at end of the period	11,791	2,140	7,472

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 January 2021	38	65,901	10,175	(96,257)	(20,143)
Loss and total comprehensive income for	-	-	-	(1,375)	(1,375)

the period

Balance at 30 June 2021	38	65,901	10,175	(97,632)	(21,518)
Loss and total comprehensive income for the period	-	-	-	(4,870)	(4,870)
Balance at 31 December 2021 (audited)	38	65,901	10,175	(102,502)	(26,388)
Balance at 1 January 2022	38	65,901	10,175	(102,502)	(26,388)
Loss and total comprehensive income for the period	-	-	-	(4,917)	(4,917)
Balance at 30 June 2022 (unaudited)	38	65,901	10,175	(107,419)	(31,305)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. Accounting Policies

i) Basis of preparation

China Nonferrous Gold Limited (the "Company") is a company registered in the Cayman Islands. The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2022 comprise the result of the Company and its subsidiaries (together referred to as the "Group") and have been prepared in accordance with the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statement" in preparing these interim financial statements.

The consolidated interim financial information for the period 1 January 2022 to 30 June 2022 is unaudited and has not been reviewed in accordance with International Standard on Review Engagements 2410 issued by the Auditing

Practices Board. In the opinion of the Directors the condensed interim financial information for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied.

The condensed interim financial information incorporates unaudited comparative figures for the interim period 1 January 2021 to 30 June 2021 and extracts from the audited financial statements for the year to 31 December 2021. A copy of the accounts for that year has been delivered to members. The auditor's report on those financial statements was unqualified. The financial information contained in this interim report does not constitute statutory accounts.

The interim report has not been audited or reviewed by the Company's auditor. The key risks and uncertainties and critical accountancy estimates remain unchanged from 31 December 2021 and the accounting policies adopted are consistent with those used in the preparation of its financial statements for the year ended 31 December 2021.

ii) Cyclicalities

The interim results for the six months ended 30 June 2022 are not necessarily indicative of the results to be expected for the financial year 2022. The operations of China Nonferrous Gold Limited may be subject to seasonal variations depending on the severity of snowfall levels at the mine site. The superposition of external unstable factors will affect the increasing operating pressure in the second half of the year. All units and departments of the company must have a clear understanding, take effective measures, make efforts from the aspects of safety and environmental protection, production organization, cost reduction and efficiency improvement, and strive to improve the basic management level to ensure the smooth operation of the safety and environmental protection situation and the smooth completion of the annual production and operation tasks.

2. Going Concern

The Interim Financial Statements have been prepared assuming the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws and regulations.

In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the Interim Financial Statements. This information includes:

- Management prepared cash flow projections;
- Estimations as to when full production will commence and first revenues will be generated and associated cash flows will occur;
- The ability to complete the mine site work within the stated time frame and budget;

- Sources of funding from external sources;
- Settle financial obligations as they fall due;
- The continued financial support of the considered controlling party; and
- The ability of management to renegotiate current financing arrangements as was achieved in June 2021 in respect of the loan with China Nonferrous Metals International Mining Co. Ltd.

As at the date of approval of these interim statements, and based upon consideration of the above, the Directors are satisfied that the Group has sufficient cash and loan facilities to finance the Group's operating expenses and any further development and construction of the Pakrut Gold Project that is required. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the interim results.

3. Earnings per Share

	<i>June 2022</i>	<i>June 2021</i>	<i>December 2021</i>
Basic and diluted earnings per share(cents)	(1.29)	(0.35)	(1.63)

The basic earnings per share is calculated by dividing the loss attributable to equity holders after tax of US\$4,917,101 (30 June 2021: US\$1,375,921) by the weighted average number of shares in issue and carrying the right to receive dividend. For all the periods disclosed up to 2022, the total number of shares remains unchanged being 382,392,292 shares.

4. Property, Plant and Equipment

	<i>Land</i>	<i>Office furniture and equipment</i>	<i>Motor vehicles</i>	<i>Plant and machinery</i>	<i>Producing Mines</i>	<i>Assets under constru ction</i>	<i>Total</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Cost							
At 1 January 2021	33	693	8,698	23,277	378,425	-	411,125

Additions	-	-	190	805	-	-	994
Disposals	-	(90)	(3,465)	(2,639)	-	-	(6,193)
Settlement of historical liabilities		-	-	-	4,307	-	4,307
At 31 December 2021	33	602	5,423	21,443	382,732	-	410,233
Additions	-	13	-	486	-	492	991
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
						-	
At 30 June 2022	33	615	5,423	21,929	382,732	492	411,224

Accumulated Depreciation

At 1 January 2021	-	354	6,641	14,056	16,873	-	37,924
Charge for the period	-	-	319	2,521	9,026	-	11,866
Disposals	-	(90)	(2,112)	(1,690)	-	-	(3,892)
At 31 December 2021	-	264	4,847	14,888	25,899	-	45,898
Charge for the period		15	78	1,167	4,955	-	6,215

Disposals	-	-	-	-	-	-	-
At 30 June 2022	-	279	4,926	16,054	30,854	-	52,113
Net Book Value							
At 30 June 2022	32	336	497	5,876	351,878	492	359,111
At 31 December 2021	32	341	575	6,555	356,833	-	364,377

Depreciation for producing mines is calculated based on the unit of production method amounting to \$4,955,000 of depreciation charge for the 6 month period.

5. Borrowings

	<i>June 2022</i>	<i>June 2021</i>	<i>December 2021</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Bank borrowings	85,000	99,550	99,550
Other loans	287,740	259,846	269,403
Less: unamortised borrowing costs	-	-	-
Total	372,740	359,396	368,953
Non-current portion	65,000	324,846	65,000
Current portion	307,740	34,550	303,953

The fair value of borrowings equals their carrying amounts, as the impact of discounting is not significant.

In January 2022 the Group executed a loan agreement with CNMC Trade Company Limited (“CNMC Trade”) for a loan of up to USD \$34.55 million (the “CNMC Loan”). This CNMC Loan has been used to repay the existing

China CITIC Bank Corporation Limited (“CITIC”) bank facilities of USD \$34.55m (being USD20m advanced in January 2021 (“First Loan”) and USD14.55m advanced in March 2021 (“Second Loan”).

In January 2022, the Group executed a foreign currency working capital loan agreement with China CITIC Bank Corporation Limited (Zhuhai Branch) (“CITIC”) for a loan facility of up to US\$20 million (the “new CITIC Loan”), which was used to repay US\$20m of the CNMC Loan.

Of the total borrowings \$372,740,000 (including finance costs), \$85,000,000 were provided by banks (including \$65,000,000 by Bank of Shanghai and \$20,000,000 by China CITIC Bank), and the rest were provided by related parties.