

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 2021

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 2021.

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

Highlights

- From January to June 2021, a total of 343,403 tons of ore was extracted from the Pakrut gold mine; 363,030 tons of ore was processed at a grade of 1.95 g/t; and 19,337 oz. gold ingots were poured.
- From January to June 2021, the Group sold 17,288 oz. of gold ingots, achieving sales revenue of US\$30.87 million.
- Since the outbreak of COVID-19 in Tajikistan on April 30 2020, the Company has taken appropriate steps and effective measures to ensure that staff at protected at site. It is worth noting that Tajikistan officials announced that since August 29 2021, no new COVID-19 infection cases have been found in Dushanbe, the capital of Tajikistan. To date operations at the mine site at Pakrut continue as normal, and there are no confirmed or suspected cases in the Company in Tajikistan or China.

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

China Nonferrous Gold Limited

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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 2021. 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 2021, a total of 343,403 tons of ore was extracted from the Pakrut gold mine. During that same six month period:

- 363,030 tons of ore was processed;
- the average grade of the raw ore was 1.95 g/t;
- the recovery rate of processing was 93.63%;
- 10,003.47 tons of concentrate was produced from the processing plant; and
- 9,346 tons of concentrate was treated in the smelter (the comprehensive recovery rate of smelting was 92.46%) and 19,337 oz. gold ingots were poured.

From 2020, the gold price began to rise, especially after March 2020, which has benefited the Group. From January to June 2021, the Group sold 17,288 oz. of gold ingots, achieving sales revenue of US\$30.87million (unaudited), with an average sales price of US\$1,785.62 / oz.

Financial Results

The Company continued its production and operation work during the first six months of 2021. Administration expenditure was US\$9,055,372 (30 June 2020: US\$8,063,474). The largest increases are insurance expenses and travel expenses being mainly due to the increase of annual insurance premium for the fixed assets of Pakrut and the increase of air ticket and repatriation isolation fee. The non-operating costs were increased largely because as part of the terms of the historic Investment Agreement with the Government of the republic of Tajikistan, pursuant to which the Company, was obliged to donate \$2.21m for certain social projects in Tajikistan Government. The operating profit was US\$4,848,000 (30 June 2020: US\$1,503,000). Total cash equivalents at the end of the period amounted to US\$2,140,259 (30 June 2020: US\$19,548,292). As at 30 June 2021, the Group had net liabilities of \$21,518,316 (30 June 2020: net liabilities \$20,712,868).

Given the limited production and cash balances the Group has been reliant on support from its major shareholder, CNMC, and its associates. US\$20m of the CITIC Loan has been drawn down in January 2021(short-term liability) to replace the China Construction Bank (CCB) Macau loan of US\$20m (long-term liability) which became due in January 2021. The second draw down of the CITIC loan of US\$14.55m in March 2021 was used to repay the CCB Asia loan of US\$14.55m which was due for repayment in March 2021.

The total amount of US\$65m being a loan facility from the Shanghai (Hong Kong) Limited (BOS) has been drawn down on 28 June 2021 in order to repay the CCBC Macau loan, of which US \$65m remains outstanding. As announced in February 2021, the Company has repaid US\$20m of its outstanding loan with CNMC International Capitals Company II Limited (CNMC International) in accordance with its terms. And in June 2021, the Company repaid US\$9.25m to CNMC International which resulted in the decline of finance cost. Total debt now equals \$359.396m (including interest).

The Group commenced full production in January 2019, enabling it to generate ongoing working capital. As mentioned earlier, in order to ensure the repayment of existing loans, a broader refinancing is required. Discussions are ongoing and further updates will be provided in due course.

Outlook

The Company remains confident in its ability to achieve the internal production target of 680,000 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.

While we have 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, 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. The Company will continue to monitor the situation 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 2021. 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 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited	Unaudited	Audited
	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended 31 December 2020
Note	US\$'000	US\$'000	US\$'000
Revenue	30,865	24,329	64,516
Cost of sales	(14,595)	(14,134)	(35,297)
Gross profit	16,270	10,195	29,219
Other Operating income	-	-	1
Administrative and other expenses	(9,055)	(8,063)	(17,827)
Loss on foreign exchange	(143)	(629)	(1,076)
Other operating expenses	(2,224)	-	(46)
Operating profit	4,848	1,503	10,271
Interest income	6	50	196
Finance costs	(5,498)	(8,465)	(15,999)
Loss before Tax	(644)	(6,927)	(5,532)

China Nonferrous Gold Limited

Income tax		(731)	-	(824)
Loss for the period attributable to owners of the Company		(1,375)	(6,927)	(6,356)
Other comprehensive income		-	-	-
Total comprehensive income for the period attributable to owners of the Company		(1,375)	(6,927)	(6,356)
 Earnings per Share				
Basic and diluted (cents)	3	(0.35)	(1.81)	(1.66)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Unaudited		Unaudited		Audited	
		30	June 2021	30	June 2020	31	December 2020
		US\$'000		US\$'000		US\$'000	
Non-Current Assets							
Property, plant and equipment	5	368,036		400,701		373,201	
Total Non-Current Assets		368,036		400,701		373,201	
Current Assets							
Inventories		18,238		17,035		15,911	
Trade and other receivables		13,682		6,373		5,649	
Cash and cash equivalents		2,140		19,548		27,196	
Total Current Assets		34,060		42,956		48,756	
Non-Current Liabilities							
Borrowings	4	(324,846)		(18,586)		(19,822)	
Provisions for other liabilities and charges		(995)		(913)		(995)	
Total Non-Current Liabilities		(325,841)		(19,499)		(20,817)	
Current Liabilities							
Borrowings	4	(34,550)		(362,077)		(368,919)	

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Trade and other payables	(63,224)	(82,792)	(52,363)
Total Current Liabilities	(97,774)	(444,870)	(421,282)
Total Liabilities	(423,615)	(464,369)	(372,526)
Net Liabilities	(21,518)	(20,712)	(20,143)
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	(97,632)	(96,826)	(96,257)
Total Equity	(21,518)	(20,712)	(20,143)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited Six months ended 30 June 2021 US\$'000	Unaudited Six months ended 30 June 2020 US\$'000	Audited Year ended 31 Dec 2020 US\$'000
Cash flows from Operating Activities			
Loss before income tax	(646)	(6,927)	(5,451)
<i>Adjustments for:</i>			
Finance income	4	(50)	(196)
Finance cost	5,498	8,465	15,999
Depreciation	5,617	3,741	11,072
Foreign exchange	-	-	1,076
Impairment	-	-	-
<i>Change in working capital:</i>			
Inventory	2,327	178	945
Trade and other receivables	1,431	1,620	(1,004)
Trade and other payables	(7,055)	(4,461)	(5,405)
Other current assets	(12)	(13)	121
Other current liabilities	-	353	(19)
Tax paid			-
Net cash flows from Operating Activities	7,164	2,906	17,137
Cash flows from Investing Activities			
Purchase of property, plant and equipment	(421)	(1,892)	(1,942)

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Payments for mining rights and construction in progress	-	-	-
Disposal of PPE	-	-	-
Interest received	4	50	196
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Net cash used in Investing Activities	(417)	(1,842)	(1,746)
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Cash flows from Financing Activities			
Proceeds from borrowings	99,550	14,550	14,550
Repayment of borrowings	(130,095)	(5,000)	(10,000)
Interest paid	(1,258)	(2,186)	(3,866)
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Net Cash (used in)/from Financing Activities	(31,803)	7,364	684
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Net (Decrease)/Increase in Cash and Cash Equivalents	(25,056)	8,428	16,075
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Cash and cash equivalents at beginning of the period			
Cash and cash equivalents at beginning of the period	27,196	11,120	11,120
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Cash and cash equivalents at end of the period	2,140	19,548	27,196
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 January 2020	38	65,901	10,175	(89,899)	(13,785)
Loss and total comprehensive income for the period	-	-	-	(6,927)	(6,927)
Balance at 30 June 2020	38	65,901	10,175	(96,826)	(20,712)
Loss and total comprehensive income for the period	-	-	-	571	571
Balance at 31 December 2020 (audited)	38	65,901	10,175	(96,257)	(20,143)
Balance at 1 January 2021	38	65,901	10,175	(96,257)	(20,143)
Loss and total comprehensive income for the period	-	-	-	(1,375)	(1,375)
Balance at 30 June 2021 (unaudited)	38	65,901	10,175	(97,632)	(21,518)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021 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 2021 to 30 June 2021 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 2020 to 30 June 2020 and extracts from the audited financial statements for the year to 31 December 2020. 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 2020 and the accounting policies adopted are consistent with those used in the preparation of its financial statements for the year ended 31 December 2020.

ii) Cyclicalities

The interim results for the six months ended 30 June 2021 are not necessarily indicative of the results to be expected for the financial year 2021. The operations of China Nonferrous Gold Limited may be subject to seasonal variations depending on the severity of snowfall levels at the mine site. Severe levels may impact the ability to continue operations and result in damage to the mine site.

**NOTES TO THE INTERIM FINANCIAL
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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.
- The ultimate parent will continue to support the Group and therefore the directors believe that funding and financial support will be forthcoming if required although this is not guaranteed.

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. Earnings per Share

	<i>June 2021</i>	<i>June 2020</i>	<i>December 2020</i>
Basic and diluted earnings per share(cents)	(0.36)	(1.81)	(1.66)

The basic earnings per share is calculated by dividing the loss attributable to equity holders after tax of US\$1,375,921 (30 June 2020: US\$6,927,214) by the weighted average number of shares in issue and carrying the right to receive dividend. For all the periods disclosed up to 2021, the total number of shares remains unchanged being 382,392,292 shares.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

4. Borrowings

	<i>June 2021</i>	<i>June 2020</i>	<i>December 2020</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Bank borrowings	99,550	104,550	99,550
Other loans	259,846	276,113	289,191
Less: unamortised borrowing costs	-	-	-
Total	359,396	380,663	388,741
Non-current portion	324,846	18,586	19,822
Current portion	34,550	362,077	368,919

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

In January 2021, the Company drew down US\$20 million to be used for the replacement of CCB Macau loan of US \$20m. A second draw down of US\$14.55m in March 2021 was used to repay the CCB Asia loan of US\$14.55m which was due for repayment in March 2021. These are all short-term borrowings which come from external borrowings of \$34.55m from China CITIC Bank Corporation Limited (Zhuhai Branch) ("CITIC").

The total amount of US\$65m of the Shanghai (Hong Kong) Limited (BOS) Loan has been drawn down on 28 June 2021 in order to repay the CCBC Macau loan. US \$65m of the BOS Loan remains outstanding. As announced in February 2021, the Company repaid US\$20m of its outstanding loan with CNMC

International Capitals Company II Limited (CNMC International) in accordance with its terms. In June 2021, the Company repaid a further US\$9.25m to CNMC International.

Of the total borrowings \$324.85m (including finance costs) of long-term borrowings are provided by related parties.

CNMC trade: A loan of US\$126.5m which was due to be repaid on 20 December 2020 was extended by agreement to 20 December 2022. A loan of US\$20m which was due to be repaid on 26 November 2020 has been extended to 26 November 2022.

CNMC International: A loan of US\$70m which was due to be repaid on 8 December 2020 has been extended to 8 December 2022.

Shanghai (Hong Kong) Limited (BOS) :The Company has executed an agreement with Bank of Shanghai (Hong Kong) Limited (“BOS”) for a loan facility of up to US \$65 million which is for a maximum of 24 months . This is due to expire on 23 June 2023.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. Property, Plant and Equipment

	<i>Land</i>	<i>Office furniture and equipment</i>	<i>Motor vehicles</i>	<i>Plant and machinery</i>	<i>Producin g 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 2020	32	587	8,698	17,119	398,639	4,322	429,397
Additions	-	106	-	1,836	-	-	1,942
Transfer	-	-	-	4,322	-	(4,322)	-
Disposals	-	-	-	-	-	-	-
Settlement of historical liabilities		-	-	-	(20,214)		(20,214)
At 31 December 2020	32	693	8,698	23,277	378,425	-	411,125
Additions	-	10	254	189	-	-	453
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-

China Nonferrous Gold Limited

At 30 June 2021	32	703	8,952	23,466	378,425	-	411,578
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**Accumulated
Depreciation**

At 1 January 2020	-	322	6,227	11,476	8,823	-	26,848
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Charge for the period	-	32	414	2,580	8,050	-	11,076
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Disposals	-	-	-	-	-	-	-
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At 31 December 2020	-	354	6,641	14,056	16,873	-	37,924
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Charge for the period	-	18	(2,090)	3,537	4,153	-	5,618
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Disposals	-	-	-	-	-	-	-
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At 30 June 2021	-	372	4,551	17,593	21,026	-	43,542
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Net Book Value

At 30 June 2021	32	331	4,401	5,873	357,399	-	368,036
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At 31 December 2020	32	339	2,057	9,221	361,552	-	373,201
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Depreciation for the producing mines is calculated based on the unit of production method resulting to \$4,153,000 of depreciation charge for the 6 months period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

6. Subsequent events

In order to streamline the administration of the Group of CNG, reduce the expenditures and ease the financial position, the Board approved the dissolution of two subsidiary companies and one representative office within the Group. Kryso Resources Limited (UK) and International Mining Supplies & Services Limited will be struck off and dissolved in October 2021. Kryso Resources Limited (BVI) Beijing Representative Office was dissolved in August 2021. All the assets and liabilities of these three companies have been transferred to Kryso Resources Limited (BVI), another subsidiary company within the Group.

In future, the Group will continue to concentrate on the development of Pakrut mine, and look forward to expanding their interest in mineral resources in the surrounding areas of Central Asia.