

SHEN YAO HOLDINGS LIMITED

Condensed interim financial statements For the first quarter and three months ended 30 September 2022

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Group		
	3 months ended		
	30 September 2022	30 September 2021	Change
	S\$'000	S\$'000	%
Revenue	16,883	21,183	(20.3)
Cost of sales	(19,294)	(18,392)	4.9
Other income	239	4,441	(94.6)
Expenses			
Administrative expenses	(1,177)	(1,368)	(14.0)
Other gains	941	1,244	(24.4)
Finance costs	(318)	(249)	27.7
(Loss)/profit before income tax	(2,726)	6,859	NM
Income tax expense	-	(417)	(100.0)
(Loss)/profit for the financial period	(2,726)	6,442	NM
(Loss)/profit for the financial period attributable to:			
Equity holders of the Company	(2,002)	6,935	NM
Non-controlling interests	(724)	(493)	46.9
	(2,726)	6,442	NM

NM: Not Meaningful

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	Group	
	3 months ended	
	30 September 2022	30 September 2021
	S\$'000	S\$'000
(Loss)/profit for the financial period	(2,726)	6,442
Other comprehensive (loss)/income, net of tax		
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
Currency translation differences arising from consolidation	(2,300)	(2,800)
<i>Item that will not be reclassified to profit or loss in subsequent period:</i>		
Currency translation differences arising from consolidation	396	425
Total other comprehensive loss for the financial period	(1,904)	(2,375)
Total comprehensive (loss)/income for the financial period	(4,630)	4,067
Total comprehensive (loss)/income for the financial period attributable to :		
Equity holders of the Company	(4,302)	4,135
Non-controlling interests	(328)	(68)
	(4,630)	4,067
(Loss)/earnings per share for profit for the period attributable to the owners of the Company:		
Basic (SGD in cent)	(0.006)	0.021
Weighted average number of ordinary shares	33,706,206,055	33,206,206,055
Diluted (SGD in cent)	(0.006) *	0.019
Weighted average number of ordinary shares	33,706,206,055 *	37,039,539,388

* The effects of share option and redeemable convertible bonds were assessed to be anti-dilutive.

B. Condensed interim statements of financial position – Group

	Group	
	30 September 2022	30 June 2022
	S\$'000	S\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,553	29,865
Exploration and evaluation expenditure	15,873	14,897
Mining properties	14,361	15,927
Security deposits	4,248	4,368
Financial assets at fair value through profit or loss	-*	-*
	62,035	65,057
Current assets		
Other receivables	2,686	2,692
Inventories	6,558	5,114
Cash and cash equivalents	983	801
Financial assets at fair value through profit or loss	-^	-^
	10,227	8,607
Total assets	72,262	73,664
LIABILITIES		
Current liabilities		
Trade and other payables	18,683	17,268
Lease liabilities	4,218	4,479
Borrowings	3,270	5,023
Provision	22	22
Convertible bonds	1,000	1,000
Income tax liabilities	43	44
	27,236	27,836
Non-current liabilities		
Lease liabilities	1,595	2,520
Borrowings	5,060	-
Deferred consideration	2,541	2,612
Rehabilitation and preservation provision	8,204	8,433
Other non-current liabilities	226	233
	17,626	13,798
Total liabilities	44,862	41,634
Net assets	27,400	32,030
Equity		
Share capital	311,378	311,378
Other reserves	62,949	62,949
Foreign currency translation reserves	(11,140)	(8,840)
Share based compensation reserve	12,661	12,661
Accumulated losses	(334,343)	(332,341)
	41,505	45,807
Non-controlling interests	(14,105)	(13,777)
Total equity	27,400	32,030
* Amount written down ^ Amount less than S\$1,000		

B. Condensed interim statements of financial position – Company

	Company	
	30 September 2022	30 June 2022
	S\$'000	S\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	8	10
Investment in subsidiaries	67,791	67,791
	67,799	67,801
Current assets		
Due from subsidiaries	5,182	5,676
Other receivables	67	41
Cash and cash equivalents	245	15
Financial assets at fair value through profit or loss	-^	-^
	5,494	5,732
Total assets	73,293	73,533
LIABILITIES		
Current liabilities		
Due to subsidiaries	43,221	45,006
Trade and other payables	1,051	996
Convertible bonds	1,000	1,000
Total liabilities	45,272	47,002
Net assets	28,021	26,531
Equity		
Share capital	311,378	311,378
Other reserves	61,979	61,979
Share based compensation reserve	12,661	12,661
Accumulated losses	(357,997)	(359,487)
Total equity	28,021	26,531
^ Amount less than \$1,000		

C. Condensed interim statements of changes in equity

	Share capital	Other reserves	Foreign currency translation reserve	Share based compensation reserve	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 July 2022	311,378	62,949	(8,840)	12,661	(332,341)	45,807	(13,777)	32,030
Loss for the financial period	-	-	-	-	(2,002)	(2,002)	(724)	(2,726)
Currency translation differences	-	-	(2,300)	-	-	(2,300)	396	(1,904)
Total comprehensive loss for the financial period	-	-	(2,300)	-	(2,002)	(4,302)	(328)	(4,630)
Balance at 30 September 2022	311,378	62,949	(11,140)	12,661	(334,343)	41,505	(14,105)	27,400

C. Condensed interim statements of changes in equity (cont'd)

	Share capital	Other reserves	Foreign currency translation reserve	Share based compensation reserve	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 July 2021	305,378	62,949	(3,988)	12,661	(339,848)	37,152	(13,441)	23,711
Conversion of shares from convertible bonds	6,000	-	-	-	-	6,000	-	6,000
Profit/(loss) for the financial period	-	-	-	-	6,935	6,935	(493)	6,442
Currency translation differences	-	-	(2,800)	-	-	(2,800)	425	(2,375)
Total comprehensive (loss)/income for the financial period	-	-	(2,800)	-	6,935	4,135	(68)	4,067
Balance at 30 September 2021	311,378	62,949	(6,788)	12,661	(332,913)	47,287	(13,509)	33,778

C. Condensed interim statements of changes in equity (cont'd)

	Share capital	Other reserves	Share based compensation reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance at 1 July 2022	311,378	61,979	12,661	(359,487)	26,531
Profit and total comprehensive income for the financial period	-	-	-	1,490	1,490
Balance at 30 September 2022	311,378	61,979	12,661	(357,997)	28,021
Balance at 1 July 2021	305,378	61,979	12,661	(373,114)	6,904
Conversion of shares from convertible bonds	6,000	-	-	-	6,000
Profit and total comprehensive income for the financial period	-	-	-	8,635	8,635
Balance at 30 September 2021	311,378	61,979	12,661	(364,479)	21,539

D. Condensed interim consolidated statement of cash flows

	Group	
	3 months ended	
	30 September 2022	30 September 2021
	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before income tax	(2,726)	6,859
Adjustments for:-		
Amortisation of mining properties	1,482	1,906
Amortisation of discount on provision for rehabilitation and preservation	3	13
Depreciation of property, plant and equipment	1,724	1,519
Fair value gain on financial liabilities at fair value through profit or loss	-	(4,406)
Gain on disposal of property, plant and equipment	(114)	-
Gain on lease modification	-	(9)
Interest income	(9)	(3)
Interest expense	315	236
Operating cash flows before working capital changes	675	6,115
Changes in operating assets and liabilities:-		
Inventories	(1,444)	(202)
Receivables	7	33
Payables	1,965	1,240
Currency translation adjustments	(1,074)	(1,429)
Cash generated from operations	129	5,757
Interest received	9	3
Tax paid	-	(426)
Net cash generated from operating activities	138	5,334
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to mining properties	(329)	(2,895)
Exploration and evaluation expenditure	(1,399)	(1,234)
Proceeds from sale of financial assets at fair value through profit or loss	-	3,389
Purchase of property, plant and equipment	(238)	(382)
Proceeds from disposal of property, plant and equipment	249	-
Net cash used in investing activities	(1,717)	(1,122)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	3,307	-
Repayment of borrowings	-	(3,023)
Repayment of lease liabilities	(1,254)	(1,597)
Interest paid	(289)	(206)
Net cash generated from/(used in) financing activities	1,764	(4,826)
Net increase/(decrease) in cash and cash equivalents	185	(614)
Cash and cash equivalents at beginning of the financial period	701	6,211
Effect of currency translation on cash and cash equivalents	(3)	(63)
Cash and cash equivalents at end of the financial period	883	5,534

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

Cash and cash equivalents on the consolidated statement of financial position	983	5,634
Less: fixed deposit pledged	(100)	(100)
Cash and cash equivalents per consolidated statement of cash flows	883	5,534

E. Notes to the condensed interim consolidated financial Statements

1. Corporate information

Shen Yao Holdings Limited (the "Company") is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited. The registered office of the Company is 9 Temasek Boulevard, #24-01 Suntec Tower 2, Singapore 038989.

These condensed interim consolidated financial statements as at and for the financial period ended 30 September 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The Company's immediate and ultimate holding company is Yaaa Capital Pte. Ltd., incorporated and domiciled in Singapore.

The principal activities of the Company are those of investments, investment holding and strategic investments and other related activities. The principal activities of the subsidiaries are those of gold mining, gold exploration, strategic investments, investment holding and other related activities.

2. Basis of Preparation

The condensed interim financial statements for the financial period ended 30 September 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s ("**Standards**"), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand (S\$'000) except otherwise indicated.

2.1. New and amended standards adopted by the Group

A number of amendments to the Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those Standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the condensed interim financial statements is included in the following notes:

(a) *Going concern assumptions*

The financial statements of the Group and the Company have been prepared on a going concern basis.

As at 30 September 2022, the current liabilities of the Group and the Company exceeded their current assets by \$17,009,000 (30 June 2022: \$19,229,000) and \$39,778,000 (30 June 2022: \$41,270,000) respectively. The Group also incurred a net loss of S\$2,726,000 during the financial period ended 30 September 2022.

The abovementioned factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

The Board is of the view that the use of the going concern assumption in the preparation of the financial statements is appropriate after taking into consideration the following:

2.2. Use of judgements and estimates (cont'd)

(a) *Going concern assumptions (cont'd)*

- (i) applications have been submitted to the relevant authorities for expansion of the capacity of the current tailings storage facilities as well as for the development of alternative storage facilities. The Company has on 8 November 2022 obtained the formal approval for the use of the Dry Stack which will provide the Group with approximately two years of tailings storage capacity. The commencement of work is subject to the Work Plan Variation being registered and the Company fulfilling all requirements under the Mineral Resources (Sustainable Development) Act 1990 (MRSDA). Meanwhile, processes are underway for the construction of new tailings storage facilities to cater to the operational needs of the Group for another 10 years;
- (ii) based on the cash flow forecast, the Group is able to generate positive cash flows from the mining operations;
- (iii) the Group is in the process of sourcing alternative sources of funding; and
- (iv) management's plans to undertake periodic assessments in relation to the Group's operations and financial positions and where appropriate seek improvements in cash flow management, productivity and manage cost efficiency of the Group's operations.

In addition, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department ("CAD") of the Singapore Police Force in April 2014 in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, management was and still is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the impact of adjustments that may arise from the investigation, if any, on the financial statements.

After considering the measures and mitigating actions described above, the directors of the Company believe that the Group and the Company will be able to generate sufficient positive cash flows and raise the necessary funds from the debt and capital markets to meet the operating requirements of the Group's operations and to pay their debts as and when they fall due. As such, the Directors have determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the financial statements.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made in the financial statements.

(b) *Contingent liabilities arising from legal proceedings*

Certain legal proceedings (as disclosed in the note 32 of the annual report of the Group for the financial year ended 30 June 2022) are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, the Group consults with legal counsel and certain other experts on matters related to litigation.

The Group recognises a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

As of 30 September 2022, no provision (30 September 2021: \$Nil) was recognised in relation to contingent liabilities which arose from legal proceedings.

(c) *Exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of ore reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

During the current financial period, there was no write-off (30 September 2021: \$Nil) in relation to exploration and evaluation expenditure.

2.2. Use of judgements and estimates (cont'd)

(c) *Exploration and evaluation expenditure (cont'd)*

Where the entity has sufficient information to make a decision whether an area of interest is economically feasible, the exploration and evaluation expenditure will be reclassified to mining properties. The accumulated costs for the relevant area of interest will then be amortised over the mine life of the area according to the rate of depletion.

(d) *Functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary companies. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales price and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

(e) *Redeemable convertible bond – Tomson Pte. Ltd.*

The Group and the Company have entered into a subscription agreement with Tomson Pte. Ltd. (the "Subscriber"), pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe for up to \$10,000,000 in aggregate principal amount of 10% unlisted and redeemable bonds (the "Bonds"). Based on the terms and conditions of the agreement, the Company is granted the right to require the Subscriber to subscribe for such Bonds from the Company as well as the right to redeem the bond earlier than Maturity date ("Early redemption option"). In addition, the Subscriber is granted the right to convert outstanding issued principal amounts into shares at any time between the issuance date and the maturity date, with the conversion subjected to adjustments for certain adjusting events ("Conversion option").

The redeemable convertible bonds are recognised as a financial instrument that is carried at fair value through profit or loss in its entirety. The Group has assessed the appropriate classification of the financial instrument based on its assessment of the components of the financial instrument and whether the embedded derivatives identified are closely or not closely related to the host.

(f) *Investigations by the CAD*

In April 2014, the Company and one of its subsidiaries were served notices by the CAD of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, management is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the financial statements.

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next interim period are included in the following notes:

(a) *Impairment of non-current assets*

Property, plant and equipment, mining properties and exploration and evaluation expenditure are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash generating units ("CGU"), have been determined based on the higher of fair value less cost of disposal and value in use calculations. These calculations involve the use of estimates and assumptions such as forecasted revenue and operating costs and discount rate. These estimates and assumption involve significant management judgement and are affected by future market and economic conditions. Changes to these estimates and assumptions could result in a change in the carrying value of these assets.

During the current financial period, no impairment loss (30 September 2021: \$Nil) was recognised on the Group's non-current assets.

(b) *Estimated net realisable value of inventories*

The calculation of net realisable value ("NRV") for ore stockpiles, gold in circuit and bullion on hand involves significant judgement and estimation in relation to timing and cost of processing, gold prices, exchange rates and processing recoveries. A change in any of these assumptions will alter the estimated NRV and may therefore impact the carrying value of inventories.

2.2. Use of judgements and estimates (cont'd)

(c) *Ore reserves, mineral resources and exploration targets*

The Group estimates ore reserves, mineral resources and exploration targets based on information compiled by competent persons. Ore reserves and mineral resources are categorised based on the level of geological confidence and the economic viability of extraction. Resources are an identified mineral occurrence with reasonable prospects for eventual economic extraction and reserves are the economically mineable part of a resource where appropriate assessments demonstrate that economic extraction can be reasonably justified. An exploration target is a hypothetical view of a mineralised reef which is not necessarily economic. It is not a mineral resource or ore reserve. There is no guarantee that tonnages will be either realised or economic. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, production costs, metal prices, mining control, dilution or other relevant issues. Ore reserves, mineral resources, exploration targets, if applicable, determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, mining properties and rehabilitation expenditure.

The determination of ore reserves, mineral resources, exploration targets and mine life affects the Group's financial performance and financial position including asset carrying values impacted by estimated future cash flows, depreciation and amortisation charges, impairment and rehabilitation provision.

(d) *Amortisation of mining properties*

Mining property expenditure is amortised on a cost per ounce basis utilising estimates of total production and projected total capitalised cost. The amortisation method is reviewed quarterly and any changes in expected production and future expenditure on capitalised mine development are accounted for by changing the amortisation calculation, which is a change in accounting estimate.

During the current financial period, amortisation of mining properties recognised was \$1,482,000 (30 September 2021: \$1,906,000).

(e) *Estimated useful life and residual value of property, plant and equipment*

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Management estimates the useful lives of the individual items of property, plant and equipment to be within 2 to 10 years.

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment and the depreciation charges for the financial period.

(f) *Rehabilitation and preservation provision*

Provision is made for environmental rehabilitation and preservation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and management uses its judgement and experience to provide for these costs over the life of the operations. Cost estimates can vary in response to many factors including changes to the relevant legal or local/national government ownership requirements, the Group's environmental policies, the emergence of new restoration techniques, the timing of the expenditures and the effects of inflation. Experience gained at other mine or production sites is also a significant consideration.

Cost estimates are updated throughout the life of the operation. The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, production rates, operating licence or economic conditions. Expenditure may occur before and after closure and can continue for an extended period of time depending on the specific site requirements. Some expenditure can continue into perpetuity.

Cash flows must be discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk free discount rate used for this purpose also requires judgement.

As a result of all of the above factors, there could be significant adjustments to the provision for close down, restoration and clean-up costs which would affect future financial results.

2.2. Use of judgements and estimates (cont'd)

(g) Impairment of investment in subsidiaries

Management performs an impairment assessment of the Company's investments in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When any such indication exists, the recoverable amount (i.e. higher of the fair value less cost of disposal and value in use) of the asset is estimated to determine the impairment loss or write back of impairment. The determination of fair value less cost of disposal involves estimation of the fair values of the underlying assets and liabilities of the subsidiary, less incremental costs for disposing the asset. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Gold mining and exploration; and
- Segment 2: Investment holdings

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Chief Operating Decision Maker who are responsible for allocating resources and assessing performance of the operating segments.

4. Segment and revenue information (cont'd)

4.1 Reportable segments

	Gold mining and exploration	Investment holdings	Consolidated
	S\$'000	S\$'000	S\$'000
3 months ended 30 September 2022			
Total segment revenue	16,883	-	16,883
Revenue from external parties	16,883	-	16,883
Interest income	9	-	9
Miscellaneous income	19	211	230
Total other income	28	211	239
Total revenue and other income	16,911	211	17,122
Depreciation of property, plant and equipment	(1,523)	(201)	(1,724)
Amortisation of mining properties	(1,482)	-	(1,482)
Finance expense	(284)	(34)	(318)
Segment (loss)/profit	(2,892)	166	(2,726)
Loss before taxation			(2,726)
Income tax expense			-
Loss for the interim period			(2,726)
Segment assets	70,467	1,795	72,262
Total assets per statement of financial position			72,262
Expenditures for segment non-current assets			
- Additions to property, plant and equipment	238	-	238
- Additions to mining properties	329	-	329
- Exploration and evaluation expenditure	1,399	-	1,399
	1,966	-	1,966
Segment liabilities	39,403	5,416	44,819
Current income tax liabilities			43
Total liabilities per statement of financial position			44,862

4.1 Reportable segments (cont'd)

	Gold mining and exploration	Investment holdings	Consolidated
	S\$'000	S\$'000	S\$'000
3 months ended 30 September 2021			
Total segment revenue	21,183	-	21,183
Revenue from external parties	21,183	-	21,183
Investment trading income	-	14	14
Interest income	3	-	3
Miscellaneous income	-	4,424	4,424
Total other income	3	4,438	4,441
Total revenue and other income	21,186	4,438	25,624
Depreciation of property, plant and equipment	(1,402)	(117)	(1,519)
Amortisation of mining properties	(1,906)	-	(1,906)
Finance expense	(60)	(189)	(249)
Segment profit	2,305	4,554	6,859
Profit before taxation			6,859
Income tax expense			(417)
Profit for the interim period			6,442
Segment assets	71,176	8,785	79,961
Total assets per statement of financial position			79,961
Expenditures for segment:			
Non-current assets			
- Additions to property, plant and equipment	379	3	382
- Additions to mining properties	2,895	-	2,895
- Exploration and evaluation expenditure	1,234	-	1,234
	4,508	3	4,511
Segment liabilities	36,805	11,734	48,539
Current income tax liabilities			644
Total liabilities per statement of financial position			49,183

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2022 and 30 June 2022:

	Group		Company	
	30 September 2022	30 June 2022	30 September 2022	30 June 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at FVTPL	^	^	^	^
Financial assets at amortised cost	6,615	5,715	5,439	5,704
	6,615	5,715	5,439	5,704
Financial liabilities				
Financial liabilities at FVTPL	1,000	1,000	1,000	1,000
Financial liabilities at amortised cost	30,976	27,573	44,088	45,818
	31,976	28,573	45,088	46,818

^ Amount less than S\$1,000

6. Profit before taxation

6.1 Significant items

	Group		
	3 months ended		
	30 September 2022	30 September 2021	Change
	S\$'000	S\$'000	%
<u>Cost of sales:-</u>			
Amortisation of mining properties	1,482	1,906	(22.2)
Depreciation of property, plant and equipment	1,494	1,367	9.3
<u>Other income:-</u>			
Investment trading income	-	14	(100.0)
Interest income	9	3	NM
Fair value gain on financial liabilities at fair value through profit or loss	-	4,406	(100.0)
Gain on disposal of property, plant and equipment	114	-	NM
Gain on lease modification	-	9	(100.0)
Rental income	18	-	NM
Others	98	9	NM
	239	4,441	(94.6)
<u>Administrative expenses:-</u>			
Depreciation of property, plant and equipment	230	152	51.3
Operating lease - rental expenses	-	3	(100.0)
<u>Other gains:-</u>			
Gain on foreign exchange (net)	(1,074)	(1,429)	(24.8)
Other mining expenses	131	185	(29.2)
Others	2	-	NM
	(941)	(1,244)	(24.4)

NM: Not Meaningful

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	3 months ended	
	30 September 2022	30 September 2021
	S\$'000	S\$'000
Current income tax expense	-	417

8. Dividend

No dividend has been declared or recommended by the board of directors of the Company ("Board" or "Directors") for the current financial period as (1) the Group's priority is to manage its cash flow prudently and responsibly to meet its financial commitments in the current highly volatile and uncertain global operating environment; and (2) due to a material uncertainty related to going concern raised by the independent auditor in the audited financial statements for the financial year ended 30 June 2022.

9. Net Asset Value

	Group	
	30 September 2022	30 June 2022
	Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	0.12
Number of ordinary shares issued at the end of the period/year	33,706,206,055	33,706,206,055

	Company	
	30 September 2022	30 June 2022
	Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	0.08
Number of ordinary shares issued at the end of the period/year	33,706,206,055	33,706,206,055

10. Financial assets at fair value through profit or loss

	Group	
	30 September 2022	30 June 2022
	S\$'000	S\$'000
<i>Financial assets measured at FVTPL</i>		
<u>Current</u>		
Quoted equity investments in Singapore	- [^]	- [^]
<u>Non-current</u>		
Unquoted equity investments in Africa	- [*]	- [*]

[^] Amount less than S\$1,000

^{*} Amount written down

11. Property, plant and equipment

During the financial period ended 30 September 2022, the Group acquired assets amounting to S\$0.2 million (30 September 2021: S\$0.4 million).

12. Borrowings

Amount repayable in one year or less, or on demand

	Group		Group	
	30 September 2022		30 June 2022	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	4,218	-	4,479	-
Borrowings	2,071	1,199	2,130	2,893
Convertible bonds	-	1,000	-	1,000
	6,289	2,199	6,609	3,893

Amount repayable after one year and not later than five years

	Group		Group	
	30 September 2022		30 June 2022	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	1,595	-	2,520	-
Borrowings	-	5,060	-	-
	1,595	5,060	2,520	-

Lease liabilities:

As at 30 September 2022, the Group's lease liabilities are secured by property, plant and equipment with a net book value of S\$6.0 million (30 June 2022: S\$7.0 million).

Borrowings:

Current:

(i) *Loan from GI 306 Pty Ltd*

The loan from GI 306 Pty Ltd of A\$2.2 million (equivalent to S\$2.1 million) with interest rate at 15% per annum and repayable on 16 November 2022. The Company is in the process of executing plans to repay and/or refinance the loan. As at 30 September 2022, the loan was secured by properties with a net book value of S\$2.7 million.

(ii) *Loan from D & Partners Co., Ltd.*

During the financial period, Balmaine Gold Pty Ltd ("Balmaine"), a 100% owned subsidiary held through Golden Point Group Pty Ltd, a subsidiary of the Company, entered into a loan agreement with D & Partners Co., Ltd. amounting to US\$760,000 (equivalent to S\$1.0 million) matures on 10 August 2023 and bears interest rate at 15% per annum.

(iii) *Others*

During the financial period, Balmaine entered into a loan agreement amounting to S\$0.2 million and bears interest rate at 8% per annum. The loan has been repaid on 11 October 2022.

Non-current:

(i) *Loan from Tomson Pte. Ltd.*

As at 30 June 2022, the loan from Tomson Pte. Ltd. amounted to EUR2.0 million (equivalent to S\$2.8 million). During the financial period, Balmaine has further drawdown S\$2.0 million loan from Tomson Pte. Ltd.. As at the date of this announcement, the loan from Tomson Pte. Ltd. totalling approximately S\$4.8 million matures on 31 December 2024 and bears interest rate at 15% per annum.

(ii) *Others*

During the financial period, Balmaine entered into a loan agreement amounting to US\$250,000 (equivalent to S\$0.3 million) matures on 31 December 2023 and bears interest rate at 15% per annum.

13. Convertible Bonds

On 3 December 2020, the Company had entered into a subscription agreement with Tomson Pte. Ltd. (the "Subscriber"), pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe for up to S\$10,000,000 in aggregate principal amount of 10% unlisted and redeemable bonds (the "Bonds") (details of which are set out in the announcement released by the Company on 3 December 2020). As at the date of this announcement, eight tranches of the Bonds of an aggregate amount of S\$8,000,000 have been issued. The Bonds were recognised at its fair value, determined by applying the binomial option valuation model. On 30 June 2022, the Company announced that the Subscriber and the Company have mutually agreed to cease issuance of the remaining two tranches of bonds of an aggregate amount of S\$2,000,000.

On 16 August 2021, the Subscriber has opted to exercise its right to convert, and the Company has accordingly cancelled the bond certificates previously issued, S\$3,000,000 in aggregate principal amount of the Bonds. Pursuant to the conversion, the Company has on 16 August 2021 issued and allotted 1,000,000,000 Conversion Shares to the Bondholder at a conversion price of S\$0.003 per share. The fair value of the Company's share at the date of conversion was S\$0.006 per share. The number of shares of the Company has increased from 32,706,206,055 Shares to 33,706,206,055 Shares.

Following the allotment and issue of the Conversion Shares, the Company has repaid S\$4.0 million principal amount of the Bonds to the Subscriber in November 2021.

As at 30 September 2022, the outstanding principal amount of the Bonds amounted to S\$1.0 million (30 June 2022: S\$1.0 million) and will mature and be due for redemption on 4 December 2022, unless otherwise redeemed, converted or purchased and cancelled by the Company prior to maturity in accordance with the terms of the Bonds. The Company is in the process of executing plans to repay and/or refinance the loan

14. Share Capital

The changes in the Company's share capital were as follows:

	No. of Shares	Share Capital S\$'000
As at 1 July 2022 / 30 September 2022	33,706,206,055	311,378

The number of Shares that may be issued on the exercise of options as at 30 September 2022 and 30 September 2021 is as follows:

	No. of Shares that may be issued	Share Capital S\$'000
As at 30 September 2022		
New shares to be issued upon exercise of the Option by the Option Subscribers, with each Option carrying the right to subscribe for one Share in the Company at the exercise price of S\$0.0028 per share, on the terms and conditions of the Option Agreements	2,500,000,000	7,000
New shares to be issued on conversion of outstanding convertible bonds of S\$1.0 million at the conversion price of S\$0.003	333,333,333	1,000
As at 30 September 2021		
New shares to be issued upon exercise of the Option by the Option Subscribers, with each Option carrying the right to subscribe for one Share in the Company at the exercise price of S\$0.0028 per share, on the terms and conditions of the Option Agreements	2,500,000,000	7,000
New shares to be issued on conversion of outstanding convertible bonds of S\$4.0 million at the conversion price of S\$0.003	1,333,333,333	4,000

There are no treasury shares or subsidiary holdings as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. The total number of issued shares as at 30 September 2022 is 33,706,206,055 (30 June 2022: 33,706,206,055).

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other Information Required by Catalyst Rules

OTHER INFORMATION

PART I - INFORMATION REQUIRED FOR QUARTERLY, HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to Section A – Condensed interim consolidated statement of profit or loss and other comprehensive income

- 1(a)(ii) Notes to statement of comprehensive income**

Please refer to Section E – Notes to the condensed interim consolidated financial statements

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

Please refer to Section B – Condensed interim statements of financial position

- 1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

Please refer to Note 12 of Section E - Notes to the condensed interim consolidated financial statements

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to Section D – Condensed interim consolidated statement of cash flows

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.**

Please refer to Section C – Condensed interim statements of changes in equity

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Please refer to Note 14 of Section E - Notes to the condensed interim consolidated financial statements

- 1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Please refer to Note 14 of Section E - Notes to the condensed interim consolidated financial statements

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors of the Company.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

The condensed consolidated statement of financial position of Shen Yao Holdings Limited and its subsidiaries as at 30 September 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial period then ended and certain explanatory notes have not been audited or reviewed.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

The Company's Independent Auditors, Baker Tilly TFW LLP ("Baker Tilly"), has issued a disclaimer of opinion ("Disclaimer of Opinion") in their Independent Auditor's Report dated 13 October 2022 in relation to the consolidated financial statements of the Group and the statement of financial position of the Company for FY2022. The basis for the Disclaimer of Opinion is in relation to (i) opening balances, (ii) going concern and (iii) investment in subsidiaries (Company level).

(i) Opening balances

The independent auditor's report on the consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 30 June 2021 expressed a disclaimer of opinion. As such Baker Tilly is not able to determine whether the opening balances as at 1 July 2021 are fairly stated. Since the opening balances as at 1 July 2021 enter into the determination of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended 30 June 2022, Baker Tilly is unable to determine whether any adjustments might have been found necessary in respect of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended 30 June 2022. In addition, Baker Tilly is also unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the carrying amount of the mining properties reflected in the consolidated statement of financial position as at 30 June 2022; and the consequential effect on mining costs and other related expenses recorded in the consolidated statement of profit or loss for the financial year ended 30 June 2022. The management will be working together with Baker Tilly towards resolving the issue, and Baker Tilly will re-assess the impact of the prior year opening balances in their course of audit for FY2023.

(ii) Investment in subsidiaries (Company level)

Management will perform an impairment assessment of the Company's investment in subsidiaries closer to year end to determine whether any further impairment or write-back of impairment, if any, is necessary.

Based on current available information, the Board confirms that the impact of the outstanding audit issue on the financial statements have been adequately disclosed.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Please refer to Note 2.1 of Section E - Notes to the condensed interim consolidated financial statements

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to Note 2.1 of Section E - Notes to the condensed interim consolidated financial statements

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Please refer to Section A – Condensed interim consolidated statement of profit or loss and other comprehensive income

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

Please refer to Note 9 of Section E - Notes to the condensed interim consolidated financial statements

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Financial Performance Review

1QFY2023

The Group recorded a decrease in revenue for the financial period ended 30 September 2022 ("1QFY2023"). The revenue decreased to S\$16.9 million as compared to S\$21.2 million for the financial period ended 30 September 2021 ("1QFY2022"), mainly attributed to the decrease in the volume of gold sold from 8,787 ounces in 1QFY2022 to 8,290 ounces in 1QFY2023.

The cost of sales included:

- (1) an amortisation of mining properties which decreased from S\$1.9 million in 1QFY2022 to S\$1.5 million in 1QFY2023, mainly due to a decrease in the gold ore processing volume from 84,000 tonnes in 1QFY2022 to 66,000 tonnes in 1QFY2023;
- (2) depreciation of property, plant and equipment which increased slightly from S\$1.4 million in 1QFY2022 to S\$1.5 million in 1QFY2023; and
- (3) a 2.75% royalty on gold extracted in the Australian state of Victoria, amounting to S\$0.4 million.

Gross loss was S\$2.4 million in 1QFY2023 as compared to gross profit of S\$2.8 million in 1QFY2022. The decrease in the gross profit was mainly due to decrease in volume of gold sold and higher unit input costs as a result of the Russia-Ukraine War, partially offset by increase in average head grade of ore from 4.1 g/t in 1QFY2022 to 4.8 g/t in 1QFY2023.

Other income decreased by S\$4.2 million to S\$0.2 million in 1QFY2023 as compared to S\$4.4 million in 1QFY2022. This was mainly due to fair value gain on financial liabilities at fair value through profit or loss related to redeemable convertible bonds of S\$4.4 million in 1QFY2022, where there was no such gain in 1QFY2023. The decrease in other income was partially offset by gain on disposal of property, plant and equipment of S\$0.1 million in 1QFY2023.

Administrative expenses decreased from S\$1.4 million in 1QFY2022 to S\$1.2 million in 1QFY2023. The decrease was mainly due to lower staff related expenses of S\$0.2 million as a result of decrease in headcount as the Company has put on hold its ongoing investment activities.

The Group recorded other gains of S\$0.9 million in 1QFY2023 as compared to S\$1.2 million in 1QFY2022. Other gains in 1QFY2023 comprised mainly foreign exchange gain of S\$1.1 million, partially offset by other mining related expenses of S\$0.1 million. Other gains in 1QFY2022 comprised mainly foreign exchange gain of S\$1.4 million, partially offset by other mining related expenses of S\$0.2 million.

Financial Position Review

Non-current assets decreased by S\$3.1 million from S\$65.1 million as at 30 June 2022 to S\$62.0 million as at 30 September 2022. The decrease was mainly attributed to:

- The decrease in property, plant and equipment of S\$2.3 million, mainly attributed to depreciation of S\$1.7 million and loss on currency exchange of S\$0.8 million as a result of depreciation of AUD against SGD, partially offset by additions of S\$0.2 million; and
- The decrease in mining properties of S\$1.6 million, mainly attributed to amortisation charge of S\$1.5 million and loss on currency exchange of S\$0.4 million as a result of depreciation of AUD against SGD, partially offset by additions of S\$0.3 million.

The decrease in non-current assets was partially offset by the increase in exploration and evaluation expenditure of S\$1.0 million, which was mainly attributed to additions of capitalised expenditure of S\$1.4 million, partially offset by loss on currency exchange of S\$0.4 million as a result of depreciation of AUD against SGD.

Current assets increased by S\$1.6 million from S\$8.6 million as at 30 June 2022 to S\$10.2 million as at 30 September 2022. The increase was mainly attributed to:

- The increase in inventories of S\$1.4 million, mainly attributed to the higher total gold produced (8,829 ounces) as compared to the total gold sold (8,290 ounces); and
- The increase in cash and cash equivalents of S\$0.2 million.

Current liabilities decreased from S\$27.8 million as at 30 June 2022 to S\$27.2 million as at 30 September 2022. The decrease of S\$0.6 million was mainly attributed to:

- The decrease in borrowings of S\$1.8 million, mainly attributed to reclassification of loan from Tomson Pte. Ltd. of €2.0 million (equivalent to S\$2.8 million) from current liabilities to non-current liabilities, as loan repayment date has been extended to 31 December 2024. The decrease in borrowings was partially offset by additional loan of S\$1.2 million during the current financial period; and
- The decrease in lease liabilities of S\$0.3 million which was attributed to repayment of lease liabilities.

The decrease in current liabilities was partially offset by the increase in trade and other payables of S\$1.4 million, mainly attributed to the increase in trade payables of S\$1.6 million and annual leave provision of S\$0.2 million, partially offset by the decrease in accrued gold royalty of S\$0.4 million.

Non-current liabilities increased from S\$13.8 million as at 30 June 2022 to S\$17.6 million as at 30 September 2022. The increase was mainly attributed to the increase in borrowings of S\$5.1 million, which was attributed to reclassification of S\$2.8 million loan from Tomson Pte. Ltd. as explained above and additional loan of S\$2.3 million during the current financial period.

The increase in non-current liabilities was partially offset by:

- The decrease in lease liabilities of S\$0.9 million which was attributed to repayment of lease liabilities; and
- The decrease in rehabilitation and preservation provision of S\$0.2 million which was due to loss on currency exchange as a result of depreciation of AUD against SGD.

Deferred consideration of S\$2.5 million pertains to a consideration payable to the previous owner of Owere Mines Ltd following certain production milestones being met. Further details of this deferred consideration can be found on page 94, note 23 of the Company's FY2022 annual report.

Total equity decreased from S\$32.0 million as at 30 June 2022 to S\$27.4 million as at 30 September 2022. This was mainly attributed to:

- The increase in negative foreign currency translation reserve by S\$2.3 million to S\$11.1 million as at 30 September 2022, due to record of foreign currency difference arising from consolidation; and
- The increase in accumulated losses from S\$332.3 million as at 30 June 2022 to S\$334.3 million as at 30 September 2022, which reflected the Group's consolidated loss attributed to equity holders for the period.

The Group had net current liabilities of S\$17.0 million as at 30 September 2022. However, the Group continues to generate positive cash flows from operating activities. The directors of the Company believe that the Group, barring unforeseen circumstances, will continue to generate positive cash flows from its mining operations. As such, there are reasonable grounds to believe that the Group will be able to operate as a going concern.

Cash Flow Statement

Net cash generated from operating activities in 1QFY2023 was S\$0.1 million as compared to S\$5.3 million in 1QFY2022. The net operating cash inflow was mainly due to an operating cash flow before working capital changes of S\$0.7 million, adjusted for working capital outflows of S\$0.5 million. The working capital outflows in 1QFY2023 were mainly attributed to the increase in inventories of S\$1.4 million and the decrease in currency translation adjustment of S\$1.1 million, partially offset by the increase in payables of S\$2.0 million.

Net cash used in investing activities in 1QFY2023 was S\$1.7 million as compared to S\$1.1 million in 1QFY2022. The net cash used in investing activities in 1QFY2023 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$1.7 million and purchase of property, plant and equipment of S\$0.2 million, partially offset by proceeds from disposal of property, plant and equipment of S\$0.2 million. Comparatively, the net cash used in 1QFY2022 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$4.1 million and purchase of property, plant and equipment of S\$0.4 million, partially offset by proceeds from sale of financial assets at fair value through profit or loss of S\$3.4 million.

Net cash generated from financing activities in 1QFY2023 was S\$1.8 million as compared to net cash used in financing activities in 1QFY2022 of S\$4.8 million. The net cash inflow in 1QFY2023 was mainly attributed to proceeds from borrowings of S\$3.3 million, partially offset by repayment of lease liabilities of S\$1.3 million and interest paid of S\$0.3 million. Comparatively, the net cash outflow in 1QFY2022 was mainly attributed to repayment of borrowings of S\$3.0 million, repayment of lease liabilities of S\$1.6 million and interest paid of S\$0.2 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no forecast or prospect statement which has been previously disclosed.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The global recovery continues even as the pandemic resurges, but uncertainty has increased due to the Russia-Ukraine War, and supply chain disruptions. We expect gold price to remain volatile amid the uncertainties in global developments. Looking forward, the major risks for the fluctuations in gold price will be continued inflation, rising interest rates and ongoing geopolitical instability experienced globally. At the same time, rising costs of supplies including energy and logistics have resulted in business across all sectors, including the gold mining industry experiencing cost pressures. Against this backdrop, it remains vital that the Group continues with its ongoing efforts to improve in terms of operations and process with an objective of maximizing returns.

11 Dividend Information

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

Nil

(b) (i) Amount per share

Nil

(ii) Previous corresponding period

Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be shared).

Not applicable

(d) Date the dividend is payable

Not applicable

(e) Date on which Registrable Transfers received by the Company (up to 5pm) will be registered before entitlements to the dividend are determined

Not applicable

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended by the board of directors of the Company ("Board" or "Directors") for the current financial period as (1) the Group's priority is to manage its cash flow prudently and responsibly to meet its financial commitments in the current highly volatile and uncertain global operating environment; and (2) due to a material uncertainty related to going concern raised by the independent auditor in the audited financial statements for the financial year ended 30 June 2022.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from its shareholders for the Interested Person Transactions.

14 Negative confirmation by the board pursuant to Rule 705(5)

Yao Liang and Sun Shu, being two directors of the Company, have confirmed on behalf of the Board that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for 1QFY2023 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

16 Disclosure pursuant to Rule 706(A)

There was no acquisition or sale of share by the Company during the financial period which requires disclosure pursuant to Rule 706(A) of the Catalist Rules.

17 Use of proceeds

The Company has previously provided updates on the use of proceeds from the issuance of the eight tranches of the Bonds via financial statement announcement for the second quarter ended 31 December 2020 released on the SGXNET on 10 February 2021, announcement dated 7 July 2021, financial statement announcement for the third quarter ended 31 March 2022 released on the SGXNet on 13 May 2022. As stated in these announcements, all the proceeds from the issuance of the eight tranches of the Bonds have been fully utilised for the Group's growth and expansion plans.

18 Additional information required for mineral, oil and gas companies

1) Rule 705(6)(a) of the Catalyst Rules

a. Use of funds/cash for the quarter – Tarnagulla Gold Project in Victoria, Australia

In 1QFY2023, funds/cash was mainly used for the following activities, as compared to the projections:

Purpose	Amount (AUD'000)		
	Projected	Actual	Variance
Exploration and related activities	150	124	(26)
General working capital	100	54	(46)
Total	250	178	(72)

Explanation for the variances:

Costs associated with Ironbark Mining during the quarter have been less than anticipated as a result of adverse weather conditions impacting the ability to undertake on the ground exploration, resulting in the focus of exploration being related to discussions with regulators regarding and preparation of Work Plans. During the quarter, there has been a reduction in personnel related to the project, as current work could be completed by the available staff and a contractor which was engaged previously was no longer required during the reporting period.

b. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions - Tarnagulla Gold Project

For the next immediate quarter (financial period from 1 October 2022 to 31 December 2022 ("2QFY2023")), the Group's use of funds/cash for production activities is expected to be as follows:

Purpose	Amount (AUD'000)
Exploration and related activities	125
General working capital	150
Total	275

Ironbark Mining continues to progress database development, project related material, presentation material and discussions with outside parties regarding potential arrangements for co-operation to further explore and advance the tenements of Ironbark Mining.

Ironbark Mining continues to pursue work to seek Work Plans to allow future exploration of the Tarnagulla Gold Project. This relates to planned future drill exploration, future surface mapping and sampling programs, and advancing a Work Plan to re-open the underground workings associated with the Tarnagulla underground project last operated between 1994 and 2000.

Ironbark Mining holds mineral tenements covering other historic goldfields with other mineral commodities, which while having been mined historically for mineralisation, have not been subject to significant systematic modern exploration activities.

The forward quarter focus of Ironbark Mining will be to relocate the operations base from the current location to a more suitable location and environment.

The aim of Ironbark Mining is to identify mineral resources which could lead to future mining operations. This can be achieved through detailed exploration undertaken by the Company, or through the acquisition or application of further tenement areas. Ironbark Mining is presently developing a comprehensive portfolio of exploration prospects amenable to exploration in the State of Victoria.

2) Rule 705(6)(b) of the Catalyst Rules

Yao Liang and Sun Shu, being two directors of the Company, have confirmed on behalf of the Board that, to the best of their knowledge, nothing has come to their attention which may render the information provided, pursuant to Rule 705(6)(a) of the Catalyst Rules, false or misleading in any material respect.

3) **Rule 705(7) of the Catalyst Rules**

Details of exploration (including geography surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

TARNAGULLA GOLD PROJECT

The present exploration of Ironbark Mining revolves around seeking Work Plans to re-open the past underground mining operations between 1994 and 2000, for this to occur the Company is required to obtain a Work Plan prior to works commencing. Furthermore, the Company is planning exploration of known extensions of mineralised quartz reef systems to the north of present workings, where the mineralised reef systems are interpreted to be buried underneath shallow alluvial cover of up to 20-30 metres deep. This exploration will require shallow, low-cost drilling to further define the precise locations of mineralisation.

The work completed during the past quarter has been primarily office based, a requirement due to weather conditions, personnel availability and the Company preparing for future exploration.

There were no mining or exploration related activities that were undertaken by the remaining subsidiaries of the Group in 1QFY2023.

BY ORDER OF THE BOARD

Yao Liang
Executive Chairman
9 November 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and 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 Sheila Ong, Registered Professional, W Capital Markets Pte. Ltd., 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 6513 3543.