M M P RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Registration No: 200613299H)

RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON 15 APRIL 2019 WITH RESPECT TO THE COMPANY'S ANNOUNCEMENT ON 5 APRIL 2019 ON ITS ANNOUNCEMENT IN RELATION TO RULE 704(5) OF THE LISTING MANUAL – DISCLAIMER OF OPINION BY INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS

The Board of Directors ("**Board**") of MMP Resources Limited (the "**Company**") and together with its subsidiaries the "**Group**") wishes to announce the following:-

Response to Queries

The Company would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 15 April 2019 with respect to the Company's announcement on 5 April 2019 in relation to Rule 704(5) of the Listing Manual – Disclaimer of opinion by independent auditors on financial statements. Unless otherwise defined herein, terms defined in such announcement shall have the same definitions herein.

(1) In the Company's announcement of 5 April 2019 titled "ANNOUNCEMENT IN RELATION TO RULE 704(5) OF THE LISTING MANUAL – DISCLAIMER OF OPINION BY INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS", it was disclosed that "management has estimated the recoverable amount of the Group's PPE based on value-in-use". Please:-

(i) provide details on these property, plant and equipment ("PPE");

The property, plant and equipment includes:

- house and land in Rankoshi owned by MMP Resources Japan K.K, a wholly owned subsidiary of the Company ("**MMPRJ**");
- improvement cost associated assets by MMPRJ;
- computers owned by both the Company and MMPRJ;
- furniture and fittings owned by MMPRJ;
- machinery and equipment owned by MMPRJ; and
- 3 snowmobiles owned by MMPRJ.

(ii) quantify the value-in-use amount; and

The value-in-use amount is approximately S$842,000.

(iii) disclose the major assumptions in arriving at the value-in-use amount.

The value-in-use amount is determined based on the assumptions set out in the Company's 3-year financial budget. The key assumptions used under the Company's 3-year financial budget are set out below: -

- Revenue growth rate of 20% - 50%
- Gross margin of 37% - 58%
- Pre-tax discount rate of 15.6%

(2) It was disclosed that "(a)s disclosed in Note 13 to the financial statements, as at 31 December 2018, the Company has other receivables from subsidiary corporations amounted to S$1,197,000 (2017: S$931,000), of which S$969,000 (2017: S$703,000) is receivable from a subsidiary corporation with significant increase in credit risk as at 31 December 2018".

(i) Please disclose the subsidiary mentioned above; and

The subsidiary mentioned above is MMP Resources Japan K.K.

(ii) Please explain why there is a significant increase in credit risk from this subsidiary.

The auditors had doubts on the MMPRJ's ability to repay the outstanding balances based on its current financial performance and its current operations. The concerns are: -

- Financial performance of MMPRJ had been deteriorating and this can be observed from the increase in the net loss of S$219,000 in the current financial year as compared to FY2017.
- In addition, MMPRJ had incurred net operating cash outflow of S$128,000 in FY2018.

Based on the concerns listed above, the Company understands that the auditors are of the view that there is a significant increase in credit risk (risk of default on payment) from MMPRJ.

Nonetheless, management is of the view that there is no recoverability issue on the outstanding balances due from MMPRJ based on MMPRJ's 3-year financial budget.

BY ORDER OF THE BOARD

Chong Chee Meng Gerard
Lead Independent Director
17 April 2019