CIRCULAR DATED 11 DECEMBER 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Anchor Resources Limited (the "Company"). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the Notice of Extraordinary General Meeting ("**Notice of EGM**") and the attached proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the attached proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s) which are not deposited with the CDP, you should at once hand this Circular with the Notice of EGM and the attached proxy form immediately to the purchaser or transferee, or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Anchor Resources Limited

(Company Registration Number: 201531549N)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

(A) SETTLEMENT OF:

(1) GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$2,000,000 ISSUED TO LUMINOR PACIFIC FUND 2 LTD;

(2) NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,000,000 ISSUED TO MR GAN HUAI SHI; AND

(3) NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,500,000 ISSUED TO MS KOH AH LUAN;

BY WAY OF:

(i) ISSUANCE OF UP TO 249,200,000 NEW SHARES IN THE CAPITAL OF THE COMPANY TO LUMINOR PACIFIC FUND 2 LTD; AND

(ii) DISPOSAL OF 100% OF THE ISSUED SHARE CAPITAL OF ANGKA ALAMJAYA SDN. BHD. AS A MAJOR TRANSACTION; AND

(B) ENTRY INTO THE MANAGEMENT SERVICES AGREEMENT WITH ANGKA ALAMJAYA SDN. BHD. AS AN INTERESTED PERSON TRANSACTION.

Independent Financial Adviser in relation to the Luminor Settlement and the Provision of Management Services to AASB as an Interested Person Transaction

ASIAN CORPORATE ADVISORS PTE. LTD.

(Company Registration Number: 200310232R)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	26 December 2020 at 10:00 a.m.
Last date and time to pre-register online to attend the EGM remotely	:	25 December 2020 at 10:00 a.m.
Date and time of Extraordinary General Meeting	:	28 December 2020 at 10:00 a.m.
Place of Extraordinary General Meeting	:	The EGM will be held by electronic means

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PROXY FORM

The following definitions apply throughout in this Circular except where the context otherwise requires or otherwise stated:

"AASB"	:	Angka Alamjaya Sdn. Bhd.
"AASB Group"	:	AASB and AMSB, collectively
"AASB Shares"	:	30,908,585 ordinary shares held by the Company in AASB
"Aggregate Outstanding Amount"	:	The aggregate outstanding amount owing under the Luminor Bonds, amounting to a total of S$2,973,272
"AMSB"	:	Angka Mining Sdn. Bhd.
"associate"	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more, or such other definition as the Catalist Rules may from time to time prescribe
"Audit Committee"	:	The audit committee of the Board of the Company, as at the Latest Practicable Date
"Board" or "Directors"	:	The board of Directors of the Company as at the Latest Practicable Date
"Brunei Project"	:	The supply of granite aggregates by GGTM to SIVLI
"Business Valuer"	:	Mazars LLP, the business valuer appointed for the business valuation of the AASB Group
"BV Summary"	:	The independent business valuation summary letter dated 27 November 2020 prepared by the Business Valuer in relation to the market value of 100% equity interest in AASB Group, as set out in Appendix E to this Circular
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time

"CCCC"	:	China Communication Construction Company Ltd., the main contractor for the ECRL Project
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 11 December 2020
"Companies Act"	:	Companies Act (Chapter 50 of Singapore), as amended, modified or supplemented from time to time
"Company"	:	Anchor Resources Limited
"Completion"	:	The Luminor Completion, the GHS Completion and the KAL Completion, collectively
"Completion Date"	:	The date on which Luminor Completion, GHS Completion and KAL Completion takes place
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company. Notwithstanding, the SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"Deposits"	:	The deposit of S$300,000 upon the signing of the KAL Settlement Deed and the further payment of S$345,000 to the Company within thirty (30) days of the date of the KAL Settlement Deed
"Director"	:	A director of the Company
"ECRL"	:	East Coast Rail Link
"ECRL Project"	:	The supply of granite aggregates by GGTM to CCCC for the construction of the ECRL by Malaysia Rail Link Sdn. Bhd.
"EGM"	:	The extraordinary general meeting of the Company, to be held at 10:00 a.m. on 28 December 2020 by way of electronic means, the notice of which is set out on pages N-1 to N-6 of this Circular
"Extended Maturity Date"	:	25 June 2020
"FY2018"	:	Financial year ended 31 December 2018
"FY2019"	:	Financial year ended 31 December 2019
"GAR"	:	Great Aims Resources Sdn. Bhd.
"GGTM"	:	GGTM Sdn. Bhd., the Company's wholly-owned subsidiary principally engaged in the Granite Dimension Stone Business
"GHS"	:	Mr. Gan Huai Shi
"GHS Bonds"	:	The non-convertible bonds with the GHS Principal Amount issued to GHS
"GHS Completion"	:	The Completion of the GHS Share Transfer
"GHS Completion Date"	:	The date on which GHS Completion takes place

"GHS Maturity Date"	:	25 December 2019
"GHS Principal Amount"	:	An aggregate principal amount of S$1,000,000 owing under the GHS Bonds
"GHS Settlement"	:	The proposed settlement of the GHS Bonds pursuant to the terms of the GHS Settlement Deed as referred to in Section 3.2 of this Circular
"GHS Settlement Deed"	:	The deed of settlement dated 29 April 2020 entered into among the Company, AASB and GHS
"GHS Share Transfer"	:	The proposed transfer of 6,421,655 AASB Shares to GHS pursuant to the terms of the GHS Settlement Deed
"GHS Shortfall"	:	The amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 6,421,655 (being the number of AASB Shares to be transferred to GHS)
"GHS Subscription Agreement"	:	The subscription agreement dated 21 June 2019 entered into between the Company and GHS
"Granite Dimension Stone Business"	:	The business of exploration, mining, production and processing of granite dimension stone, marble aggregates and related products for sale as well as interior fit-out
"Group"	:	The Company and its subsidiaries, collectively
"HY2020"	:	Financial half year ended 30 June 2020
"IFA"	:	Asian Corporate Advisors Pte. Ltd., the independent financial adviser appointed by the Company to advise the Non-Interested Directors in relation to the Luminor Settlement and the Provision of Management Services to AASB as IPTs
"IFA Letter"	:	The letter dated 11 December 2020 issued by the IFA addressed to the Non-Interested Directors, containing the IFA's opinion in relation to the Luminor Settlement and the Provision of Management Services to AASB as IPTs, as set out in Appendix C to this Circular
"IPT"	:	Interested person transaction
"KAL"	:	Ms. Koh Ah Luan
"KAL Bonds"	:	The non-convertible bonds with a KAL Principal Amount issued to KAL
"KAL Completion"	:	The completion of the KAL Share Transfer
"KAL Completion Date"	:	The date on which KAL Completion takes place
"KAL Principal Amount"	:	An aggregate principal amount of S$1,500,000 owing under the KAL Bonds
"KAL Sale"	:	The proposed sale of the Sale Shares to KAL for an aggregate consideration of S$645,000 pursuant to the terms of the KAL Settlement Deed

"KAL Settlement"	:	The proposed settlement of the KAL Bonds pursuant to the terms of the KAL Settlement Deed as referred to in Section 4.2 of this Circular
"KAL Settlement Deed"	:	The deed of settlement dated 29 April 2020 entered into among the Company, AASB and KAL
"KAL Share Transfer"	:	The proposed transfer of 9,628,827 AASB Shares to KAL pursuant to the terms of the KAL Settlement Deed
"KAL Shortfall"	:	The amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 9,628,827 (being the number of AASB Shares to be transferred to KAL)
"KAL Subscription Agreement"	:	The subscription agreement dated 21 September 2018 entered into between the Company and KAL
"Late Payment Interest"	:	An additional interest of twelve per cent. (12%) per annum for late payment of any interest payable on the Luminor Bonds
"Latest Practicable Date"	:	The latest practicable date prior to the date of this Circular, being 6 December 2020
"LCPL"	:	Luminor Capital Pte. Ltd.
"Loan Capitalisation"	:	The capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company
"LPS"	:	Consolidated loss per Share
"LQN"	:	The listing and quotation notice issued by the SGX-ST for the dealing in, listing of and quotation of the New Shares on the Catalist
"Luminor 2"	:	Luminor Pacific Fund 2 Ltd
"Luminor Bonds"	:	The guaranteed exchangeable bonds with a Luminor Principal Amount issued to Luminor 2
"Luminor Completion"	:	The completion of the Luminor Share Issue and the Luminor Share Transfer
"Luminor Completion Date"	:	The date on which Luminor Completion takes place
"Luminor Guarantee"	:	The deed of guarantee dated 25 August 2018 in favour of Luminor 2 over all amounts payable by Angka Marketing Pte. Ltd. to Luminor 2 under the Luminor Subscription Agreement
"Luminor Issue Price"	:	The issue price per New Share that is the higher of (i) S$0.005; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the Completion Date
"Luminor Maturity Date"	:	25 August 2019
"Luminor Principal Amount"	:	An aggregate principal amount of S$2,000,000 owing under the Luminor Bonds
"Luminor Resolutions"	:	Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 collectively

"Luminor Settlement"	:	The Luminor Share Issue and the Luminor Share Transfer, the terms of which are as set out in Section 2.2 of this Circular
"Luminor Settlement Deed"	:	The deed of settlement dated 29 April 2020 entered into between the Company, Luminor 2 and AASB, a wholly-owned subsidiary of the Company
"Luminor Share Issue"	:	The proposed issuance of such number of New Shares at the Luminor Issue Price to Luminor 2 pursuant to the terms of the Luminor Settlement Deed
"Luminor Share Transfer"	:	The proposed transfer of 10,818,315 AASB Shares to Luminor 2 pursuant to the terms of the Luminor Settlement Deed
"Luminor Shortfall"	:	The amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 10,818,315 (being the number of AASB Shares to be transferred to Luminor 2)
"Luminor Subscription Agreement"	:	The subscription agreement dated 29 March 2017 entered into between Luminor 2 and the Company
"Management Services Agreement"	:	The management services agreement to be entered into between the Company and AASB on Completion for the Provision of Management Services to AASB
"Manager"	:	The manager to be appointed by the Company under the Management Services Agreement who will act as the Company's representative in connection with the provision of the Services under the Management Services Agreement and will have the authority to bind the Company on all matters relating to the Services
"Mineral Asset Valuation Report"	:	The valuation report dated 27 November 2020, prepared by the Mineral Asset Valuer in relation to the valuation of the mineral assets of AASB
"Mineral Asset Valuer"	:	Derisk Geomining Consultants Pty Ltd, the independent valuer appointed for the valuation of the mineral assets held by AASB
"Minimum Issue Price"	:	S$0.005
"NAV"	:	Net asset value
"Net Proceeds"	:	The net proceeds of approximately S$435,000 from the sale of 4,039,788 AASB Shares to KAL, taking into account tax expenses, legal fees and other transaction costs of approximately S$210,000 incurred in connection with the Proposed Disposal
"New Shares"	:	Up to 249,200,000 Shares proposed to be issued by the Company to Luminor 2 pursuant to the Luminor Share Issue, and each a "**New Share**"
"Non-Interested Directors"	:	The Directors who are considered to be independent for the purpose of making the recommendations to the Shareholders in respect of the Luminor Settlement and the Provision of Management Services to AASB, being Dr. Wilson Tay Chuan Hui, Mr. Lim Chiau Woei, Mr. Chan Koon Mong, Ms. Ch'ng Li-Ling and Mr. Gavin Mark McIntyre

"Notice of EGM"	:	The notice of the EGM which is set out on pages N-1 to N-6 of this Circular
"NTA"	:	Net tangible assets
"NTL"	:	Net tangible liabilities
"Premium Amount"	:	A cumulative return equal to a fifteen per cent. (15%) per annum
"Principal Interest"	:	An interest of five per cent. (5%) per annum, payable every six (6) months in arrears
"Principal Outstanding Amount"	:	The Premium Amount, the Luminor Principal Amount and Principal Interest, collectively
"Proposed Disposal"	:	The Luminor Share Transfer, the GHS Share Transfer, the KAL Share Transfer and the KAL Sale, collectively
"Proposed Settlements"	:	The Luminor Settlement, the GHS Settlement and the KAL Settlement, collectively
"Provision of Management Services"	:	The provision of management services to AASB in respect of AASB's mining licences, local government approvals and operators pursuant to the Management Services Agreement
"PMB"	:	Pulau Muara Besar
"Remainder Principal Amount"	:	The remaining principal amount due and payable to GHS as at the Extended Maturity Date, being the amount of S$930,000
"Repayment Share Issue"	:	The issuance of an aggregate of 136,363,636 new Shares to Koh Kai Jok and Tan Beng Kiat pursuant to the settlement of certain guaranteed non-convertible bonds issued to each of Koh Kai Jok and Tan Beng Kiat, details of which was announced by the Company on SGXNET on 12 July 2020
"Sale Shares"	:	The additional 4,039,788 AASB Shares that the Company proposes to sell to KAL pursuant to the KAL Sale
"Securities Account"	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account
"Services"	:	The management services to be provided by the Company to AASB under the Management Services Agreement
"Service Fee"	:	The service fee payable monthly by AASB to the Company under the Management Services Agreement
"Settlement Announcement"	:	The Company's announcement dated 29 April 2020 in relation to the Luminor Settlement, the GHS Settlement and the KAL Settlement
"Settlement Conditions"	:	The conditions precedent of each of the Luminor Settlement, the GHS Settlement and the KAL Settlement, collectively
"SFA"	:	Securities and Futures Act (Chapter 289 of Singapore), as amended, modified or supplemented from time to time
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited
"Shareholders"	:	Persons (not being Depositors) who are registered as the

		holders of the Shares in the register of members of the Company and Depositors, who have Shares entered against their names in the Depository Register, except that where the registered holder is CDP, the term "**Shareholders**", where the context admits, mean the Depositors whose securities accounts are credited with Shares
"Shares"	:	The ordinary shares in the capital of the Company
"SIVLI"	:	Sivli Sdn. Bhd.
"Sponsor"	:	UOB Kay Hian Private Limited
"Substantial Shareholder"	:	A person (including a corporation) who has an interest or interests in one or more voting Shares in the Company, and the votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
"Transition Period"	:	The period of twelve (12) months commencing from the date of completion of the Proposed Disposal
"Travel Restrictions"	:	The movement control order and overseas travel restrictions put in place by the Malaysian Government in March 2020
"VWAP"	:	Volume weighted average price

<u>Currency, Units and Others</u>

"%"	:	Percentage or per centum
"RM"	:	Malaysian Ringgit
"S$"	:	Singapore dollars

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**").

The term "**treasury shares**" shall have the meaning ascribed to it in Section 4 of the Companies Act (Chapter 50 of Singapore) ("**Companies Act**").

The terms "**subsidiaries**" shall have the meanings ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Catalist Rules or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts listed and their totals are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

ANCHOR RESOURCES LIMITED

(Company Registration Number: 201531549N)
(Incorporated in the Republic of Singapore)

Directors
Dr. Wilson Tay Chuan Hui (Non-Executive Chairman and Lead Independent Director)
Mr. Lim Chiau Woei (Managing Director)
Mr. Chan Koon Mong (Executive Director)
Ms. Ch'ng Li-Ling (Independent Director)
Mr. Gavin Mark McIntyre (Independent Director)
Dr. Foo Fatt Kah (Non-Independent, Non-Executive Director)

Registered Office
80 Robinson Road
#17-02
Singapore 068898

Date: 11 December 2020

To: The Shareholders of the Company

Dear Sir/Madam

(A) SETTLEMENT OF:

(1) GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$2,000,000 ISSUED TO LUMINOR PACIFIC FUND 2 LTD;

(2) NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,000,000 ISSUED TO MR GAN HUAI SHI; AND

(3) NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,500,000 ISSUED TO MS KOH AH LUAN;

BY WAY OF:

(i) ISSUANCE OF UP TO 249,200,000 NEW SHARES IN THE CAPITAL OF THE COMPANY TO LUMINOR PACIFIC FUND 2 LTD; AND

(ii) DISPOSAL OF 100% OF THE ISSUED SHARE CAPITAL OF ANGKA ALAMJAYA SDN. BHD. AS A MAJOR TRANSACTION; AND

(B) ENTRY INTO THE MANAGEMENT SERVICES AGREEMENT WITH ANGKA ALAMJAYA SDN. BHD. AS AN INTERESTED PERSON TRANSACTION.

1. INTRODUCTION

1.1. Extraordinary General Meeting ("EGM")

The board of directors (the "**Board**" or "**Directors**") of the Company, together with its subsidiaries (collectively, the "**Group**"), are convening the EGM to be held at 10:00 a.m. on 28 December 2020 by way of electronic means, to seek the Shareholders' approval for:

(a) the proposed settlement of:

(i) the guaranteed exchangeable bonds with an aggregate principal amount of S$2,000,000 ("**Luminor Principal Amount**") issued to Luminor Pacific Fund 2 Ltd ("**Luminor 2**") ("**Luminor Bonds**") by way of:

(A) issuance of up to 249,200,000 new ordinary shares ("**Shares**") in the capital of the Company ("**New Shares**") ("**Luminor Share Issue**") at an issue price per New Share that is the higher of (1) S$0.005 ("**Minimum Issue Price**");

and (2) an amount equivalent to the volume weighted average price ("**VWAP**") of the Shares traded on the Catalist over the period of five (5) days immediately preceding the date of completion of the Luminor Share Issue ("**Luminor Issue Price**"); and

(B) transfer of 10,818,315 ordinary shares held by the Company in Angka Alamjaya Sdn. Bhd. ("**AASB**") ("**AASB Shares**") to Luminor 2 ("**Luminor Share Transfer**"),

(collectively, the "**Luminor Settlement**");

(ii) the non-convertible bonds with an aggregate principal amount of S$1,000,000 ("**GHS Principal Amount**") issued to Mr. Gan Huai Shi ("**GHS**") ("**GHS Bonds**") by way of transfer of 6,421,655 AASB Shares to GHS ("**GHS Share Transfer**") (the "**GHS Settlement**"); and

(iii) the non-convertible bonds with an aggregate principal amount of S$1,500,000 ("**KAL Principal Amount**") issued to Ms. Koh Ah Luan ("**KAL**") ("**KAL Bonds**") by way of transfer of 9,628,827 AASB Shares to KAL ("**KAL Share Transfer**") and the sale and purchase of an additional 4,039,788 AASB Shares ("**Sale Shares**") for an aggregate consideration of S$645,000 ("**KAL Sale**", and together with the Luminor Share Transfer, the GHS Share Transfer and the KAL Share Transfer, the "**Proposed Disposal**") by KAL (the "**KAL Settlement**" and together with the Luminor Settlement and the GHS Settlement, the "**Proposed Settlements**"); and

(b) the entry into a management services agreement ("**Management Services Agreement**") to be entered into between the Company and AASB in connection with the Proposed Disposal, as an interested person transaction.

1.2. Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to the ordinary resolutions set out in the Notice of EGM to ensure that Shareholders will be in a position to make an informed decision in respect of the above proposal at the EGM. The resolutions to be tabled at the EGM are set out in the Notice of EGM on pages N-1 to N-6 of this Circular.

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.

1.3. Inter-conditionality of resolutions

The Company intends to table the following resolutions at the EGM for the settlement of the Luminor Bonds, the GHS Bonds, and the KAL Bonds:

(a) Ordinary Resolution 1 relates to the approval of the allotment and issue of up to 249,200,000 New Shares to Luminor 2 at the Luminor Issue Price, subject to and otherwise in accordance with the terms of and conditions of the Luminor Settlement Deed;

(b) Ordinary Resolution 2 relates to approval of the Luminor Settlement as an interested person transaction under the Catalist Rules;

(c) Ordinary Resolution 3 relates to the approval of the GHS Settlement, subject to and otherwise in accordance with the terms and conditions of the GHS Settlement Deed;

(d) Ordinary Resolution 4 relates to the approval of the KAL Settlement, subject to and otherwise in accordance with the terms and conditions of the KAL Settlement Deed;

(e) Ordinary Resolution 5 relates to the disposal of 100% of the issued share capital of AASB as a major transaction under Chapter 10 of the Catalist Rules, subject to and otherwise in accordance with the terms and conditions of the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed; and

(f) Ordinary Resolution 6 relates to the approval of the Provision of Management Services to AASB as an interested person transaction under the Catalist Rules.

Shareholders should note the following:

(i) **Ordinary Resolution 1 and Ordinary Resolution 2 (collectively, the "Luminor Resolutions") are inter-conditional. If any of the Luminor Resolutions are not passed, none of the Luminor Resolutions will be passed.**

(ii) **Each of Ordinary Resolution 3 and Ordinary Resolution 4 is subject to and conditional upon the passing of Ordinary Resolution 5. If Ordinary Resolution 5 is not passed, neither Ordinary Resolution 3 nor Ordinary Resolution 4 will be passed. For the avoidance of doubt, Ordinary Resolution 3 and Ordinary Resolution 4 are independent of each other and may be passed separately.**

(iii) Ordinary Resolution 5 is independent of each of the Luminor Resolutions, Ordinary Resolution 3 and Ordinary Resolution 4, and may be passed separately. However, in the event that Ordinary Resolution 2, Ordinary Resolution 3 and/or Ordinary Resolution 4 is not passed, even if Ordinary Resolution 5 is passed, the Proposed Disposal may not be completed or may be partially completed only.

(iv) Ordinary Resolution 6 is subject to and conditional upon the passing of the Luminor Resolutions, Ordinary Resolution 3, Ordinary Resolution 4 and Ordinary Resolution 5. If any of the Luminor Resolutions, Ordinary Resolution 3, Ordinary Resolution 4 and/or Ordinary Resolution 5 is not passed, Ordinary Resolution 6 will not be passed.

1.4. Legal Adviser

Virtus Law LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed Settlements and the Management Services Agreement.

2. SETTLEMENT OF THE GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$2,000,000 ISSUED TO LUMINOR PACIFIC FUND 2 LTD

2.1. Introduction

As previously announced by the Company on 29 March 2017 and disclosed in the circular to the Shareholders dated 30 June 2017, the Company entered into a subscription agreement ("**Luminor Subscription Agreement**") with Luminor 2 on 29 March 2017, pursuant to which the Company had procured its wholly-owned subsidiary, Angka Marketing Pte. Ltd., to issue to Luminor 2 the Luminor Bonds which had a maturity date of 25 August 2019 ("**Luminor Maturity Date**"). The Luminor Bonds bore interest of five per cent. (5%) per annum, payable every six (6) months in arrears ("**Principal Interest**") and an additional interest of twelve per cent. (12%) per annum for late payment of any interest payable on the Luminor Bonds ("**Late Payment Interest**"). The Late Payment Interest is also payable on any sum due to Luminor 2 from the Luminor Maturity Date. The Luminor Bonds also bear a cumulative return equal to a fifteen per cent. (15%) per annum up to the Luminor Maturity Date ("**Premium Amount**", and together with the Luminor Principal Amount and Principal Interest, the "**Principal Outstanding Amount**"). The Company had also executed a deed of guarantee dated 25 August 2018 in favour of Luminor 2 over all amounts payable by Angka Marketing Pte. Ltd. to Luminor 2 under the Luminor Subscription Agreement ("**Luminor Guarantee**"). The Company obtained shareholders' approval for the issuance of the Luminor Bonds on 19 July 2017, and the issuance of the Luminor Bonds was completed and announced on 25 August 2017.

As disclosed in its announcement dated 9 April 2019, the Company and Luminor 2 had executed a letter of extension dated 9 April 2019 pursuant to which both parties had agreed that, *inter alia*, the Luminor Maturity Date would be extended to 25 August 2020 subject to successful negotiation of the terms and conditions for the extension, including extension fees. On 26 August 2019, the Company announced that Luminor 2 had agreed to a standstill for up to three months up till 25 November 2019 to facilitate discussions on any additional and/or supplemental terms and conditions in relation to the redemption of the Luminor Bonds. Such negotiations were subsequently not concluded and hence the Luminor Maturity Date was not extended to 25 August 2020 and remained as 25 August 2019.

The Company announced on 25 November 2019 that the Company and Luminor 2 were still in discussion to finalise the terms for an extension whereby the Company will repay to Luminor 2 no later than 30 June 2020 all outstanding amounts payable on the Luminor Bonds. As Luminor 2 had on 19 August 2019 via email to the Company elected not to exercise its Exchange Right (as defined in Condition 5(1)(i) of the Luminor Subscription Agreement) under the Luminor Bonds, all outstanding Luminor Bonds were due for redemption on the Luminor Maturity Date. Accordingly, the Company and Luminor 2 have agreed that the total aggregate outstanding amount owing under the Luminor Bonds would be the sum of:

(a) the Luminor Principal Amount of S$2,000,000;

(b) the Principal Interest for the six-month period from 26 August 2019 to 25 February 2020 of S$50,000;

(c) the Premium Amount from the date of issue of the Luminor Bonds to the Luminor Maturity Date of S$645,000; and

(d) Late Payment Interest on the Principal Outstanding Amount due and payable from the Luminor Maturity Date until 30 June 2020 amounting to a total of S$278,272,

(collectively, the "**Aggregate Outstanding Amount**" amounting to a total of S$2,973,272).

Please refer to the Company's previous circular dated 30 June 2017 and its previous announcements dated 29 March 2017, 25 August 2017, 9 April 2019, 26 August 2019 and 25 November 2019 released on SGXNET at https://www.sgx.com/securities/company-announcements for more information on the above.

2.2. Luminor Settlement Deed

On 29 April 2020, the Company announced that it had entered into a deed of settlement on the same date with Luminor 2 and AASB, a wholly-owned subsidiary of the Company ("**Luminor Settlement Deed**"), pursuant to which:

(a) a portion of the Aggregate Outstanding Amount, being the amount of S$1,246,000, shall be fully settled and satisfied by the issuance of such number of New Shares by the Company to Luminor 2 at an issue price per New Share that is the higher of (i) the Minimum Issue Price; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the date of the Luminor Completion (as defined herein);

(b) the balance of the Aggregate Outstanding Amount, being the amount of S$1,727,272, shall be fully settled and satisfied by the transfer of 10,818,315 AASB Shares to Luminor 2;

(c) in the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay to Luminor 2 an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 10,818,315 (being the number of AASB Shares to be transferred to Luminor 2) ("**Luminor Shortfall**") on the date of completion of the Luminor Share Issue and the Luminor Share Transfer ("**Luminor Completion**") ("**Luminor Completion Date**"); and

(d) upon the Luminor Completion and the payment by the Company of the Luminor Shortfall to Luminor 2 (if applicable), the Luminor Bonds shall be cancelled and the Luminor Guarantee will terminate.

Please refer to the Company's announcement dated 29 April 2020 ("**Settlement Announcement**") released on SGXNET at https://www.sgx.com/securities/company-announcements for further details on, *inter alia*, the Luminor Settlement Deed.

Please refer to Section 6 of this Circular for further information on the Luminor Share Issue and Section 7 of this Circular for further information on the Luminor Share Transfer.

Please refer to Appendix A of this Circular for, *inter alia*, the current and expected shareholding interests of Luminor 2 in the Company before and after the completion of the Luminor Share Issue.

Please refer to Appendix B of this Circular for, *inter alia*, a summary of the key terms of the Luminor Share Issue and the Proposed Disposal (of which the Luminor Share Transfer is part of).

2.3. Information relating to Luminor 2

Luminor 2 is a company incorporated in Singapore engaged in the business of investment holding. It is managed by Luminor Capital Pte. Ltd. ("**LCPL**"), a fund manager headquartered in Singapore. Dr. Foo Fatt Kah, a non-executive Director of the Company appointed to the Board of the Company on 28 February 2018, is the managing director of LCPL. Dr. Foo Fatt Kah holds fifty per cent. (50%) of the total issued and paid-up share capital of LCPL.

As Dr. Foo Fatt Kah, a non-executive Director of the Company, is deemed to have an aggregate interest of more than ten per cent. (10%) in Luminor 2 through his shareholding interests in LCPL, Luminor 2 falls under the class of restricted persons as specified under Rule 812(1) of the Catalist Rules. Accordingly, the Company will be seeking the approval of the Shareholders at a general meeting to be convened for, inter alia, the Luminor Settlement.

3. THE SETTLEMENT OF THE NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,000,000 ISSUED TO MR GAN HUAI SHI

3.1. Introduction

As announced by the Company on 21 June 2019, GHS entered into a subscription agreement with the Company ("**GHS Subscription Agreement**") pursuant to which the Company issued to GHS the GHS Bonds. The GHS Bonds bore an interest rate of twenty per cent. (20%) per annum on the GHS Principal Amount outstanding commencing from the date of issue of the GHS Bonds to the original maturity date of the GHS Bonds, being 25 December 2019 ("**GHS Maturity Date**").

On 21 August 2019, the Company had repaid to GHS S$70,000 of the GHS Principal Amount, such that the remaining principal amount due and payable to GHS as at the Extended Maturity Date (as defined herein) is S$930,000 ("**Remainder Principal Amount**"). On 23 December 2019, the Company announced that the Company and GHS had agreed for the GHS Maturity Date to be extended until 25 June 2020 ("**Extended Maturity Date**").

Please refer to the Company's announcements dated 21 June 2019 and 23 December 2019 released on SGXNET at https://www.sgx.com/securities/company-announcements for more information on the above.

3.2. GHS Settlement Deed

On 29 April 2020, the Company announced that it had entered into a deed of settlement with AASB and GHS ("**GHS Settlement Deed**") pursuant to which:

(a) the sum of (i) the Remainder Principal Amount of S$930,000; and (ii) all interest accrued and payable under the GHS Bonds from the GHS Maturity Date up to 30 June 2020 of S$95,293, amounting to a total of S$1,025,293, shall be fully settled and satisfied by the transfer of 6,421,655 AASB Shares to GHS;

(b) in the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay to GHS an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 6,421,655 (being the number of AASB Shares to be transferred to GHS) ("**GHS**

Shortfall") on the date of completion of the GHS Share Transfer ("**GHS Completion**") ("**GHS Completion Date**"); and

(c) upon the GHS Completion, the GHS Bonds shall be cancelled.

Please refer to the Settlement Announcement released on SGXNET at https://www.sgx.com/securities/company-announcements for more information on the above.

Please refer to Section 7 of this Circular for further information on the GHS Share Transfer.

Please refer to Appendix B of this Circular for, *inter alia*, a summary of the key terms of the Proposed Disposal (of which the GHS Share Transfer is part of).

3.3. Information relating to GHS

GHS is a private investor and is the son of KAL, a Substantial Shareholder of the Company. Save for the GHS Bonds and save for the foregoing, he has no connections, including business relationships with the Company, its Directors and Substantial Shareholders.

4. THE SETTLEMENT OF THE NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,500,000 ISSUED TO MS KOH AH LUAN

4.1. Introduction

On 21 September 2018, the Company announced that KAL entered into a subscription agreement on the same day with the Company ("**KAL Subscription Agreement**") pursuant to which the Company issued to KAL the KAL Bonds. The KAL Bonds bore an interest rate of nine per cent. (9%) per annum on the KAL Principal Amount outstanding commencing from the date of issue of the KAL Bonds to the maturity date of the KAL Bonds, being 25 September 2021.

Please refer to the Company's announcement dated 21 September 2018 released on SGXNET at https://www.sgx.com/securities/company-announcements for more information on the above.

4.2. KAL Settlement Deed

As announced by the Company on 29 April 2020, the Company, AASB and KAL had entered into a deed of settlement on the same day ("**KAL Settlement Deed**") pursuant to which:

(a) the sum of (i) the KAL Principal Amount of S$1,500,000; and (ii) all interest accrued and payable under the KAL Bonds from 21 March 2020 up to 30 June 2020 of S$37,356, amounting to a total of S$1,537,356, shall be fully settled and satisfied by the transfer of 9,628,827 AASB Shares to KAL;

(b) in the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay to KAL an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 9,628,827 (being the number of AASB Shares to be transferred to KAL) ("**KAL Shortfall**") on the date of completion of the KAL Share Transfer ("**KAL Completion**" and collectively with the Luminor Completion and the GHS Completion, "**Completion**") ("**KAL Completion Date**", and collectively with the Luminor Completion Date and the GHS Completion Date, the "**Completion Date**"); and

(c) upon the KAL Completion, the KAL Bonds shall be cancelled;

(d) conditional upon and simultaneously with the KAL Completion, the Company shall sell and KAL shall purchase an additional 4,039,788 Sale Shares for an aggregate consideration of S$645,000; and

(e) KAL shall make payment of a deposit of S$300,000 upon the signing of the KAL Settlement Deed and a further payment of S$345,000 to the Company within thirty (30) days of the date of the KAL Settlement Deed (collectively, the "**Deposits**"), such Deposits to be applied towards the consideration of the Sale Shares at the date of the KAL Completion, and in the event that the KAL Settlement Deed is terminated, the Company shall return the Deposits to KAL within ten (10) days of such termination.

Please refer to the Settlement Announcement released on SGXNET at https://www.sgx.com/securities/company-announcements for more information on the above.

Please refer to Section 7 of this Circular for further information on the KAL Share Transfer and KAL Sale.

Please refer to Appendix B of this Circular for, *inter alia*, a summary of the key terms of the Proposed Disposal (of which the KAL Share Transfer and KAL Sale are part of).

4.3. Information relating to KAL

KAL is a private investor and is a Substantial Shareholder of the Company, with a shareholding of 5.67% in the Company. Save for the KAL Bonds and save for the foregoing, she has no other connections, including business relationships with the Company, its Directors and Substantial Shareholders.

5. CONDITIONS PRECEDENT OF THE LUMINOR SETTLEMENT, THE GHS SETTLEMENT AND THE KAL SETTLEMENT

5.1. Conditions

Each of the Luminor Settlement, the GHS Settlement and the KAL Settlement is conditional upon, and subject to, inter alia, the following:

(a) (in respect of the Luminor Settlement only) the receipt of the listing and quotation notice ("**LQN**") from the SGX-ST (and such notice not having been withdrawn or revoked on or prior to the completion of the Luminor Share Issue,) for the dealing in, listing of and quoting of the New Shares on the Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;

(b) the resolution of the board of directors of the Company and AASB (as the case may be) having been obtained for the Luminor Settlement, the GHS Settlement and/or the KAL Settlement (as the case may be);

(c) if required, the appointment of an independent financial adviser ("**IFA**") to the independent directors of the Company, and an opinion from the IFA that the Luminor Settlement, the GHS Settlement and/or the KAL Settlement (as the case may be) is not prejudicial to the interests of the Company and its minority shareholders;

(d) if required, approval of the Shareholders and the shareholders of AASB (as the case may be) in general meeting having been obtained for the Luminor Settlement, the GHS Settlement and/or the KAL Settlement (as the case may be);

(e) the Company having obtained an independent valuation report from an independent valuer in respect of AASB, pursuant to which the valuation amount of AASB is not less than RM14,804,764;

(f) all other approvals, confirmations, authorisations, registrations, licences, waivers and/or consents (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in respect of or in connection with the Luminor Settlement, the GHS Settlement and/or the KAL Settlement (as the case may be) being granted or obtained, and the same remaining in full force and effect and not being withdrawn or amended on or before Completion, and to the extent that such approvals, confirmations, authorisations, registrations, licences, waivers and/or consents are subject to any conditions required to be fulfilled before Completion, all such conditions having been duly so fulfilled;

(g) none of the Company, Luminor 2, GHS or KAL having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Luminor Settlement Deed, the GHS Settlement Deed and/or the KAL Settlement Deed, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened; and

(h) the capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company ("**Loan Capitalisation**"), resulting in the number of issued shares in AASB being increased from 16,348,358 to 30,908,585,

(collectively, the "**Settlement Conditions**").

As at the Latest Practicable Date, the Settlement Conditions in sections 5.1(b), (c), (e), and (h) above have been fulfilled. As for the Settlement Condition set out in section 5.1(g) above, this will be determined as at the Completion Date.

5.2. Long-stop Date

Pursuant to the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed, if any of the Settlement Conditions (save for those compliance with which has been waived) have not been fulfilled on or before 31 December 2020, each of the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed will automatically terminate and Luminor 2, GHS and KAL shall be entitled to take every action necessary to recover the amounts owing to each of them from the Company.

5.3. Completion

Completion of the Luminor Settlement, the GHS Settlement and the KAL Settlement is expected to take place within five (5) business days from the date on which all of the Settlement Conditions have been fulfilled (unless waived) and at such place and time as shall be mutually agreed in writing between the Company and Luminor 2, GHS and/or KAL (as the case may be).

6. OVERVIEW OF THE LUMINOR SHARE ISSUE

6.1. General Terms of the New Shares

(a) New Shares

Assuming that the New Shares are issued at the Minimum Issue Price, up to 249,200,000 New Shares will be issued to Luminor 2. Please refer to Appendix A of this Circular for the shareholding interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date and upon completion of the Luminor Share Issue.

Assuming that the maximum number of New Shares are issued, the New Shares represent approximately 17.11% of the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company of 1,456,326,449 Shares as at the Latest Practicable Date and approximately 14.61% of the enlarged share capital (excluding treasury shares and subsidiary holdings) of the Company of 1,705,526,449 Shares following the completion of the Luminor Share Issue and there are no other changes to the number of Shares in issue (excluding treasury shares and subsidiary holdings) of the Company before the completion of the Luminor Share Issue.

The New Shares shall be issued free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank *pari passu* with and shall carry all rights similar to the existing Shares except that the New

Shares will not rank for any dividends, rights, allotments, or other distributions, the record date for which falls on or before the date of the allotment and issue of the New Shares.

(b) Luminor Issue Price

The Luminor Issue Price of the New Shares is the higher of (i) the Minimum Issue Price; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the Completion Date.

The Minimum Issue Price of S$0.005 per New Share represents a discount of approximately 12.28% to the VWAP of the Shares of S$0.0057 per Share for trades done on the SGX-ST on 28 April 2020, being the preceding market date on which the Shares were traded prior to the date of the Luminor Settlement Deed. For reference, the Minimum Issue Price of S$0.005 represents a discount of approximately 28.57% when compared to the trading price of the Shares as at the Latest Practicable Date of S$0.007.

The Luminor Issue Price was commercially agreed between the Company and Luminor 2 after arm's length negotiations and taking into account historical trading performance of the Company, prevailing market conditions and future prospects of the Group.

(c) Compliance with Catalist Rules

Dr. Foo Fatt Kah, a non-executive Director of the Company, is the managing director of LCPL, which manages Luminor 2. Accordingly, Luminor 2 falls under the class of restricted persons as specified under Rule 812(1) of the Catalist Rules. The Company will be seeking the approval of the Shareholders at a general meeting to be convened for, *inter alia*, the Luminor Share Issue.

For illustrative purposes only, upon the completion of the allotment and issue of the New Shares and assuming that the New Shares are issued at the Minimum Issue Price, Luminor 2 will subscribe for up to 249,200,000 New Shares representing approximately 14.61% of the enlarged share capital (excluding treasury shares and subsidiary holdings) of the Company of 1,705,526,449 Shares following the completion of the Luminor Share Issue.

For illustrative purposes, Appendix A to this Circular sets out the indicative shareholdings interests of Luminor 2, the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date and immediately after the Luminor Share Issue.

Separately, the Luminor Settlement constitutes an interested person transaction under Chapter 9 of the Catalist Rules, and accordingly the Company will be seeking the approval of the Shareholders pursuant to Rule 906(1) of the Catalist Rules. Please refer to Section 9 of this Circular for more details.

6.2. SGX-ST Listing and Quotation Notice

The Company has made an application to the SGX-ST through its sponsor, UOB Kay Hian Private Limited ("**Sponsor**") for the dealing in, listing and quotation of the New Shares on the Catalist. The Company will make the necessary announcement upon the receipt of the LQN from the SGX-ST.

7. OVERVIEW OF THE PROPOSED DISPOSAL

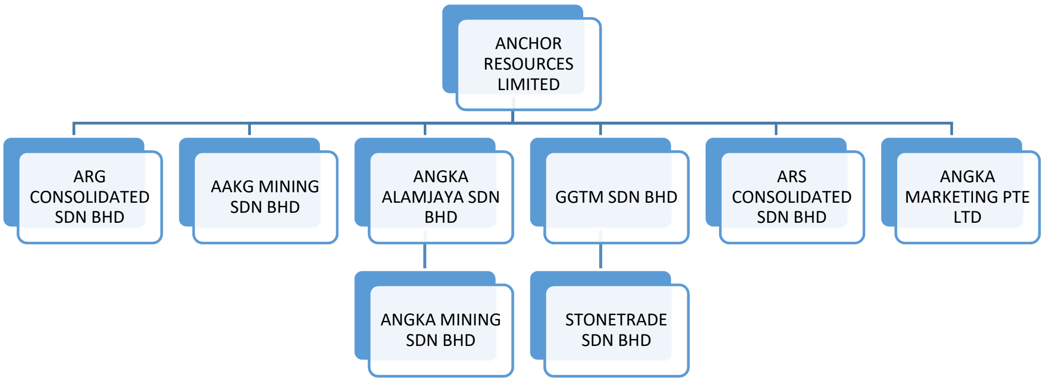
7.1. Disposal of AASB

AASB is a 100% owned subsidiary of the Company. AASB was incorporated on 9 September 2011 in Malaysia and is principally engaged in the business of exploration, mining and production of gold for sale in Malaysia and overseas.

AASB owns 100% of the issued share capital in Angka Mining Sdn. Bhd. ("**AMSB**", and together with AASB, the "**AASB Group**"), which was incorporated on 30 May 2014 in Malaysia, and which is principally engaged in gold and related mineral mining consultancy. The key assets of AASB and

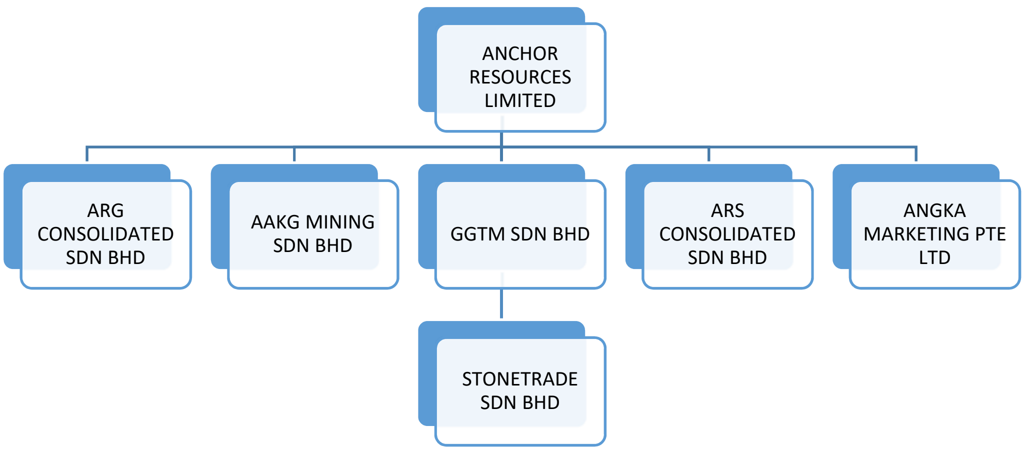
AMSB are (i) the indefinite period of concession agreement from Perbadanan Memajukan Iktisad Negeri Terengganu in Lubuk Mandi Mines; (ii) the mining right in Lubuk Mandi from the Terengganu State Land Authorities which expires on 8 April 2022; and (iii) the approval-in-principle from the Kelantan State Land Authorities on the joint venture proposal for the retreatment of tailings/rock materials/waste or mine residue in Kelantan to produce gold concentrate ore by using flotation cell method.

As at the Latest Practicable Date, the Group structure is as follows:



Upon the completion of the Proposed Disposal, the Company will cease to hold any shares in AASB and both AASB and AMSB will cease to be subsidiaries of the Company. Under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed, the Company will continue to provide management services to AASB for the period of twelve (12) months commencing from the date of completion of the Proposed Disposal ("**Transition Period**") in respect of AASB's mining licences, local government approvals and operators ("**Provision of Management Services**"). Save for the Provision of Management Services to AASB, the Company will cease all operations in its gold mining business segment, which is currently a key business segment of the Group.

Post-completion of the Proposed Disposal, the Group structure will be as follows:



The net asset value ("**NAV**") of the AASB Group as recorded in the audited consolidated financial statements of the Company as at 31 December 2018, the audited consolidated financial statements of the Company as at 31 December 2019 and the unaudited consolidated financial statements of the Company as at 30 June 2020 were RM14,176,226, RM10,636,673 and RM24,120,976 respectively.

The revenue of the AASB Group recorded in the audited consolidated financial statement of the Company for the financial year ended 31 December 2018 ("**FY2018**"), in the audited consolidated financial statements of the Company for the financial year ended 31 December 2019 ("**FY2019**") and in the unaudited consolidated financial statements of the Company for the financial half year ended 30 June 2020 ("**HY2020**") were RM1,828,186, RM4,452,663 and RM0 respectively. There was no revenue earned in HY2020 by the AASB Group due to scheduled maintenance conducted by AASB during the months of January and February 2020 and the subsequent implementation of the movement control order and overseas travel restrictions put in place by the Malaysian Government since March 2020 ("**Travel Restrictions**").

The loss after tax of the AASB Group recorded in the audited consolidated financial statement of the Company for FY2018, in the audited consolidated financial statements of the Company for FY2019 and in the unaudited consolidated financial statements of the Company for HY2020 were RM3,833,640, RM3,537,068 and RM1,075,922 respectively.

On 20 April 2020, the Loan Capitalisation was completed, resulting in the number of issued shares in AASB being increased from 16,348,358 to 30,908,585.

The adjusted net asset value of AASB Group recorded as at 31 December 2018 and 31 December 2019 were RM28,736,453 and RM25,196,900 respectively (assuming the loan capitalization was completed in FY2018 and FY2019). The actual NAV of AASB Group recorded as at 30 June 2020 was RM24,120,976.

7.2. Proposed Disposal

(a) Number of AASB Shares to be transferred

Pursuant to the terms and conditions of the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed, the Company shall transfer to each of Luminor 2, GHS and KAL such number of AASB Shares free from all encumbrances and with the benefit of all rights, interest and entitlements attaching thereto as at Completion as set out in the table below:

Name	**Settlement amounts**	**Number of AASB Shares to be transferred**
Luminor 2	S$1,727,272	10,818,315
GHS	S$1,025,293	6,421,655
KAL	S$1,537,356	9,628,827

In addition, the Company shall sell and KAL shall purchase the Sale Shares, being 4,039,788 AASB Shares, for an aggregate consideration of S$645,000, free from all encumbrances and with the benefits of all rights, interests and entitlements attaching thereto as at completion of the Proposed Disposal.

An aggregate of 30,908,585 AASB Shares, being 100% of the total issued shares of AASB, will be transferred pursuant to the Proposed Disposal. Upon the completion of the Proposed Disposal, the Company will cease to hold any shares in AASB.

The resultant shareholding in AASB before and after completion of the Proposed Disposal is detailed as follows:

Name	**Number of AASB Shares held prior to completion of the Proposed Disposal**	**Number of AASB Shares held upon completion of the Proposed Disposal**	**Resultant percentage shareholding of AASB upon completion of Proposed Disposal**
Company	30,908,585	0	0.00%
Luminor 2	0	10,818,315	35.00%
GHS	0	6,421,655	20.78%
KAL	0	13,668,615	44.22%
Total	**30,908,585**	**30,908,585**	**100.00%**

(b) Consideration and valuation

The number of AASB Shares to be transferred to each of Luminor 2, GHS and KAL was commercially agreed between the Company and each of Luminor 2, GHS and KAL after arm's length negotiations and taking into account the historical performance of AASB, prevailing market conditions and future prospects of AASB. The agreed valuation of RM14,804,764 represents a discount of approximately 38.62% from the unaudited NAV of the AASB Group RM24,120,976 as at 30 June 2020.

Pursuant to each of the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed, in the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay the relevant shortfall in respect of the agreed valuation of AASB to each of Luminor 2, GHS and KAL.

The net book value of the mineral assets held by AASB was RM13,400,000. Based on the valuation report dated 27 November 2020 ("**Mineral Asset Valuation Report**") by Derisk Geomining Consultants Pty Ltd ("**Mineral Asset Valuer**"), the independent valuer appointed by the Company in relation to the valuation of the mineral assets held by AASB, the valuation amount delivers a range of RM23,940,000 to RM42,840,000 with a preferred mid-point value of RM33,600,000 (based on an assumed average six-month exchange rate of USD1.00:RM4.20 prior to the date of the Mineral Asset Valuation Report). As at the Latest Practicable Date, no material changes have occurred since the effective date of the Mineral Asset Valuation Report which would result in a change in the valuation amount of the mineral assets held by AASB.

Please refer to the Mineral Asset Valuation Report as attached to Appendix D to this Circular for more details on the valuation of the mineral assets of AASB.

The Company had also appointed Mazars LLP ("**Business Valuer**") to conduct a separate business valuation of the 100% equity interest in the AASB Group. Based on the independent business valuation summary letter dated 27 November 2020 ("**BV Summary**"), the market value of the 100% equity interest in the capital of AASB Group as at 30 June 2020 is estimated to be approximately RM17,882,000 to RM18,599,000. This valuation is based primarily on the income approach.

Please refer to the BV Summary as attached to Appendix E to this Circular for more details on the valuation of AASB Group.

Based on the Mineral Asset Valuation Report, the valuation amount in AASB divided by the total number of AASB Shares is more than the agreed valuation amount per ordinary share in AASB of RM0.4790 under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed. Further, based on the BV Summary, the market value of the 100% equity interest in the capital of the AASB Group divided by the total number of AASB Shares is also more than the agreed valuation amount per ordinary share in AASB of RM0.4790 under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed. Consequently, the Company does not have to pay to each of Luminor 2, GHS, KAL any shortfall in respect of the agreed valuation of AASB.

The aggregate consideration for the sale of the Sale Shares to KAL is S$645,000, which was arrived at after arm's length negotiations between the Company and KAL on a willing-buyer and willing-seller basis, based on an agreed valuation of AASB of RM14,804,764.

(c) Compliance with Catalist Rules

Pursuant to Rule 906 and Rule 1014 of the Catalist Rules, the Company will be seeking the approval of the Shareholders at a general meeting to be convened for, *inter alia*, the Proposed Disposal. Please refer to Section 8 and Section 9 of this Circular for more details.

7.3. Post-Completion

During the Transition Period, the Company will continue to provide management services to AASB in respect of AASB's mining licences, local government approvals and operators, and in consideration of the foregoing, AASB will pay to the Company a monthly service fee equivalent to four and a half per cent. (4.5%) of AASB's revenue for the Transition Period, in accordance with and subject to the terms of the Management Services Agreement to be entered into between the Company and AASB on Completion.

Please refer to Section 10 of this Circular for further details on the Management Services Agreement.

Upon completion of the Proposed Disposal, save for the Provision of Management Services to AASB during the Transition Period, the Group will cease all operations under its gold mining business segment. The Company intends to focus its resources on growing the business of GGTM Sdn. Bhd. ("**GGTM**"), its wholly-owned subsidiary principally engaged in the business of exploration, mining, production and processing of granite dimension stone, marble aggregates and related products for sale as well as interior fit-out ("**Granite Dimension Stone Business**").

Please refer to Section 11.2 of this Circular for further details on, *inter alia*, the Granite Dimension Stone Business.

7.4. Loss on Disposal

Under the Proposed Disposal, the transfer of an aggregate of 26,868,797 AASB Shares to Luminor 2, GHS and KAL will be used entirely to settle and set-off certain amounts owing by the Company to them. Separately, the Company will sell to KAL an additional 4,039,788 AASB Shares for an aggregate consideration of S$645,000. The amount of loss from the Proposed Disposal is estimated to be RM9,316,212. The estimate loss from the Proposed Disposal is derived from the difference of the agreed consideration of RM14,804,764 and the unaudited NAV of the AASB Group as at 30 June 2020 of RM24,120,976.

7.5. Use of Proceeds

Under the Proposed Disposal, it is estimated that the Company will receive net proceeds of approximately S$435,000 from the sale of 4,039,788 AASB Shares to KAL, taking into account tax expenses, legal fees and other transaction costs of approximately S$210,000 incurred in connection with the Proposed Disposal (the "**Net Proceeds**").

The Company intends to use the Net Proceeds for general working capital requirements of the Group.

Pending the deployment for the uses identified above, the Net Proceeds may be deposited with banks and/or financial institutions or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

8. CHAPTER 10 OF THE CATALIST RULES

8.1. Relative Figures under Rule 1006

Based on the audited consolidated financial results of the Group for FY2019, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Disposal are set out below:

Catalist Rule	Relative Figures
Rule 1006(a): The net asset value of the assets to be disposed of, compared with the Group's net asset value.	205.81%(1)
Rule 1006(b): The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	22.36%(2)

Rule 1006(c): The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	69.58%[(3)]
Rule 1006(d): The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.
Rule 1006(e): The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	100%[(4)]

Notes:-

(1) The relative figure for Rule 1006(a) was computed based on the unaudited net asset value of the AASB Group of RM10,636,673 as at 31 December 2019 divided by the Group's unaudited net asset value of RM5,168,324 as at 31 December 2019.

(2) The relative figure for Rule 1006(b) was computed based on the unaudited net loss of RM3,537,068 of the AASB Group divided by the Group's unaudited net loss before tax and non-controlling interests of RM15,817,494 as at 31 December 2019.

(3) The relative figure for Rule 1006(c) was computed based on the aggregate consideration of S$4,934,921 divided by the market capitalisation of approximately S$7,092,412 which has been calculated on the basis of 1,244,282,813 Shares in issue multiplied by the volume weighted average price of the Shares transacted on the SGX-ST on 28 April 2020, being the full market day prior to the date of the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed on which Shares were last traded on the SGX-ST.

(4) There were no gold reserves reported for the Group. The relative figure for Rule 1006(e) was computed based on the indicated and inferred gold resources of approximately 105 kilo ounce as at 31 December 2019 which will be fully disposed pursuant to the Proposed Disposal. The Group's granite reserves of approximately 64.39 million m^3 as at 31 December 2019 was not included in the calculation as it is not meaningful for comparative purposes.

8.2. Proposed Disposal as a Major Transaction

As the relative figures computed on the basis set out in Rule 1006(a), Rule 1006(c) and Rule 1006(e) of the Catalist Rules exceed fifty per cent. (50%), the Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Catalist Rules and is conditional upon the approval of Shareholders at a general meeting to be convened.

9. THE LUMINOR SETTLEMENT AS AN INTERESTED PERSON TRANSACTION

9.1. Interested Person Transaction

(a) Definition of interested person transactions under Chapter 9 of the Catalist Rules

The Luminor Settlement, comprising the Luminor Share Issue and the Luminor Share Transfer, constitutes an interested person transaction ("**IPT**") under Chapter 9 of the Catalist Rules, as Dr. Foo Fatt Kah, a non-executive Director of the Company, owns 50% of LCPL, which in turn manages Luminor 2. Luminor 2 is therefore an "interested person" under Rule 904(4)(b) of the Catalist Rules.

(b) Relevant thresholds for IPT under Chapter 9 of the Catalist Rules

The aggregate value of the Luminor Settlement is S$2,973,272, representing approximately 172.60% of the Group's latest audited net tangible assets ("**NTA**") as at 31 December 2019 of S$1,722,667 (based on NTA of RM5,168,000 and exchange rate of S$1.00: RM3.00).

Accordingly, under Rule 906(1) of the Catalist Rules, the Luminor Settlement is subject to the approval of the Shareholders at the EGM.

9.2. Independent Financial Adviser

Rule 921(4)(a) of the Catalist Rules provides that if Shareholder approval is required in respect of an IPT, the circular to Shareholders must include an opinion in a separate letter from an IFA stating whether the relevant transaction is on normal commercial terms and is prejudicial to the interests of the issuer and its minority shareholders.

Asian Corporate Advisors Pte. Ltd. has been appointed as the IFA to provide an opinion on whether the Luminor Settlement is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders.

9.3. Opinion and recommendation of the Independent Financial Adviser to the Non-Interested Directors

Luminor Share Transfer

Based on its considerations and subject to the qualifications and assumptions set out in the IFA Letter, the IFA considers the Luminor Share Transfer as an IPT to be, on balance, **NOT ON NORMAL COMMERCIAL TERMS**.

Luminor Share Issue

Based on its considerations and subject to the qualifications and assumptions set out in the IFA Letter, the IFA considers the Luminor Share Issue as an IPT to be, on balance, **ON NORMAL COMMERCIAL TERMS**.

Luminor Settlement as a whole

Based on its considerations and subject to the qualifications and assumptions set out in the IFA Letter, the IFA is of the opinion that on balance, the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer, as an IPT is **NOT ON NORMAL COMMERCIAL TERMS, BUT NOT PREJUDICIAL** to the interest of the Company and its minority Shareholders.

A copy of the letter dated 11 December 2020 issued by the IFA, containing the IFA's opinion in full, is set out in Appendix C to this Circular ("**IFA Letter**"). Shareholders are advised to read the IFA Letter carefully and in its entirety.

The opinion and recommendation of the IFA to the Non-Interested Directors (as defined herein) has been extracted from sections 9.1 and 9.3 of the IFA Letter and is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated:-

"***9. OPINION***

9.1 Luminor Settlement as an IPT

[…]

In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to inter-alia our terms of reference and earlier analysis, and confirmations from the Directors that inter-alia there is no alternative offer, and that the Luminor Settlement represent an opportunity for the Group to settle its outstanding amounts, failing which the Group may be in default of its obligations and liabilities, and its ability to continue as a going concern will be further challenged, we are of the opinion that, on balance, the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT is ***NOT ON NORMAL COMMERCIAL TERMS, BUT NOT PREJUDICIAL*** *to the interest of the Company and its Minority Shareholders.*

For the purposes of evaluation of the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT, we have adopted the approach that the term "normal commercial terms" and "not prejudicial" comprises two distinct concepts:

(i) *Whether the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT is "normal commercial terms" relates to an opinion on the value of the Luminor Issue Price and the Transfer Price. "Normal commercial terms" are terms which a party could obtain if the transaction were on arm's length basis or on terms no less favourable to the listed issuer than terms available to or from independent third parties. This has not considered the particular circumstances facing the Company and/or the Group and/or the AASB Group. This is based strictly on a fundamental analysis and evaluation of the Luminor Issue Price and the Transfer Price as set out in this Letter and based on information known to us and/or which is publicly available.*

(ii) *Whether the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT is "not prejudicial", after taking into consideration the actual and potential financial impact of other circumstances surrounding the Luminor Settlement, which we consider relevant (being both quantitative and qualitative factors and made known to us).*

*We consider the Luminor Share Transfer as an IPT to be, on balance, **NOT ON NORMAL COMMERCIAL TERMS**, after factoring, inter-alia, the following:*

(i) *The Transfer Price represents a discount of approximately 38.6% and 66.6% from the AASB Group's NAV and/or NTA per AASB Share and the AASB Group's RNAV and/or RNTA per AASB Share as at 30 June 2020 respectively. These discounts, in general, appear to be less favourable as compared to the Selected Comparable Companies and the Selected IPT Debt Conversions.*

(ii) *The agreed upon valuation for the AASB Group pursuant to the Luminor Share Transfer, GHS Settlement and KAL Settlement is substantially lower than: (a) the market value of the Lubuk Mandi Gold Mine as ascribed by the Mineral Asset Valuer as at the Valuation Date or the RNAV and RNTA of the AASB Group; and (b) the market value of 100% equity interest in the AASB Group as ascribed by the Business Valuer as at the BV Valuation Date ranging from RM17,882,000 to RM18,599,000.*

We understand from the Directors that both the Mineral Asset Valuation Report and the BV Report are based on willing buyer and willing seller and may not have considered particular circumstances facing the Company and/or the Group and/or the AASB Group.

As stated in Section 7.2 of the Circular, based on the Mineral Asset Valuation Report, the valuation amount in AASB divided by the total number of AASB Share is more than the agreed valuation amount per ordinary share in AASB of RM0.4790 under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed. Further, based on the BV Summary, the market value of the 100% equity interest in the capital of the AASB Group divided by the total number of AASB Shares is also more than the agreed valuation amount per ordinary share in AASB of RM0.4790 under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed. Consequently, the Company does not have to pay to each of Luminor 2, GHS, KAL any shortfall in respect of the agreed valuation of AASB.

We note that the terms for the adjustments does not inter-alia provide any adjustments in the event that the valuation amount per AASB Share is greater (or in this case significantly greater) than the agreed valuation amount per AASB Share of RM0.4790, being the Transfer Price, whilst there are adjustments (for payment in cash) in the event the valuation amount is lower than the agreed valuation amount.

The Luminor Settlements which comprised the Luminor Share Transfer and Luminor Share Issue are, inter-alia, based on agreed amounts to be settled for each of these transactions and there is no mechanism for adjustments for the Luminor Share Issue in the event that, inter-alia, the valuation of AASB Shares are higher than the agreed valuation amount of RM14,804,764.

(iii) *Less favourable comparison of the valuation of the AASB Group as implied by the Transfer Price with the Selected Comparable Companies in terms of P/NAV and P/NTA after taking into account the financial performance of the AASB Group vis-à-vis the Selected Comparable Companies and noting the fact that the valuation of the AASB Group (as implied by the Transfer Price and based on the gold resources of approximately 104,606 oz as disclosed in the Group's AR2019) is within the range but below the median and simple average for the Selected Comparable Companies' valuation in terms of EV/Resources. Furthermore there are no reserves in the case of AASB whereas the Selected Comparable Companies have reserves.*

(iv) *Less favourable comparison of the valuation of the AASB Group (as implied by the Transfer Price and the RNAV or RNTA per AASB Share) in terms of P/NTA with any of the Selected IPT Debt Conversion transactions.*

(v) *Notwithstanding the differing assumptions, the Transfer Price is at a discount from both the RNAV and/or RNTA per AASB Share (as ascribed by the Mineral Asset Valuer) of approximately 66.6% and a discount from the lower end of the market value of 100% equity interest in AASB (as ascribed by the Business Valuer) of approximately 17.2% respectively.*

We consider the Luminor Share Issue as an IPT to be, on balance, ***ON NORMAL COMMERCIAL TERMS****, after factoring, inter-alia, the following:*

(i) *Pursuant to the Luminor Settlement Deed, the Luminor Issue Price is the higher of (i) the Minimum Issue Price of S$0.005; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the date of Luminor Completion.*

(ii) *The Minimum Issue Price represents substantial premiums above the Group's NAV and/or NTA per Share as at 30 June 2020, the Group's Adjusted NAV and/or NTA per Share (after taking into account the Repayment Share Issue); and a slight discount from the Group's RNAV and/or RNTA per Share (after taking into account the revaluation surplus of approximately RM20.2 million and the Repayment Share Issue).*

(iii) *The Minimum Issue Price is equal to the last transacted price per Share on the SGX-ST on the last Trading Day prior to the Announcement Date and at discounts to the historical premiums. This should be viewed in the weak financial performance and position of the Group, the generally declining trend in terms of transacted prices for the Shares and low liquidity for the Shares. In addition, we note that the Luminor Share Issue when compared with past transactions (2017 Settlements, 2019 Placement, and Gao Placement) appears in general to be relatively more favourable in terms of the premium over the historical VWAP.*

(iv) *The Luminor Issue Price is favourable taking into account that following completion of the Repayment Share Issue and assuming completion of the Proposed Disposal, the Group would have recorded net loss after tax and negative EBITDA for FY2019 and HY2020 and it would be in NL and/or NTL position as at 30 June 2020.*

(v) *The valuation of the Company (after completion of the Proposed Disposal) as implied by the Luminor Issue Price in terms of P/NTA and P/NAV, is favourable as compared to the Company's comparable companies post the Proposed Disposal (being GCCP and Dfcity).*

(vi) *Favourable comparison with the Selected IPT Debt Conversion – in particular, the Luminor Issue Price is fair or more favourable than the Selected IPT Debt Conversion in terms of implied premium or slight discount over/from the Group's Adjusted NTA and/or RNTA, and implied premium over the last transacted price for the Shares prior to the Announcement.*

(vii) *The Luminor Share Issue appears in general to be relatively more favourable than the 2017 Settlements, 2019 Placement, and Gao Placement, in terms of the premium over the NTA and historical VWAP.*

On the bases that there is no alternative offer and that the Luminor Settlement represents an opportunity for the Group to settle its outstandings, failing which the Group may be in default of its obligations and liabilities, and its ability to continue as a going concern will be further challenged, we consider the Luminor Settlement as an IPT to be ***NOT PREJUDICIAL*** *to the interest of the Company and its Minority Shareholders, from a financial point of view. This is subject to inter-alia our analysis, and confirmations from the Directors and after factoring the following:*

(i) *The Group's weak historical financial performance (in terms of the loss making position since FY2017 to HY2020 with no revenue for gold mining segment was recorded for HY2020 and minimal revenue contribution from the Granite Dimension Stone Business segment for HY2020) and financial position (in terms of, inter-alia, the minimum shareholders' equity of approximately RM0.2 million and the net current liabilities position of approximately RM23.8 million as at 30 June 2020) with material uncertainty related to going concern issued by the Independent Auditor for FY2019, which we have assessed together with the Directors' confirmation that the Group's ability to operate as a going concern for the next twelve months hinges on, inter-alia, the completion of the Proposed Disposal and the Proposed Settlements. The Proposed Transactions, if approved by the Shareholders, may address certain of the Group's material uncertainty related to the going concern to certain extent and will lower the Group's total borrowings.*

Likewise, we note the weak financial performance and position of the AASB Group (in particular, the losses incurred during the period under review being FY2017, FY2018, FY2019 and HY2020 and the net current liabilities position of approximately RM343 thousand as at 30 June 2020) wherein no revenues had been registered for HY2020.

The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements released on the SGX-Net and the AASB Group's and the Group's financial statements for HY2020 and FY2019, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(ii) *Confirmation and representation by the Directors that (i) whilst significant efforts have been made by the Directors and Management to source for alternative offers for funding or refinancing from other parties with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offer for funding or refinancing, which is comparable in nature, size and scope to the Proposed Settlements; (ii) whilst significant efforts have been made by them to obtain alternative offers for the AASB Group, they are not aware of any alternative offers for AASB available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the Luminor Settlement, the GHS Settlement and the KAL Settlement; (iii) that the definitive agreement for the unsecured loan of S$3.5 million was entered subsequent to inter-alia the execution of the documents for the Proposed Settlements and their extensions and that after repayment of amounts due to Mr. Tan Ong Huat of approximately S$1.9 million, the remaining balance of the proceeds from the loan is approximately S$1.6 million, which is lower than the aggregate amounts to be settled pursuant to the Luminor Settlement, the GHS Settlement and the KAL Settlement; and (iv) they have* *considered the winding up and/or liquidation route for the AASB Group, but are of the view that the valuation of the AASB Group under the winding up and/or liquidation scenario will likely be less favourable than the valuation pursuant to the Luminor Share Transfer, GHS Settlement and KAL Settlement.*

Notwithstanding that after completion of the Repayment Share Issue and assuming completion of the Proposed Disposal, the Group would be in NL and/or NTL position as at 30 June 2020, the Luminor Settlement, the GHS Settlement and the KAL Settlement may represent an opportunity for the Group to settle its outstandings, failing which the Group may be in default of its obligations and liabilities, and its ability to continue as a going concern will be further challenged.

(iii) *Despite of the less favourable potential financial effect of the Proposed Transactions on the Group's NTA per Share, LPS and gearing ratio, the Directors are of the view that the Proposed Settlements are in the best interests of the Company and its Shareholders. The Directors represented that the deterioration in the Group's financial position after the Proposed Settlements is due to the loss on disposal of approximately RM9.3 million and despite being made at a loss, the Board is of the view of that it is beneficial to the Group to undertake the Proposed Disposal as it will lower the Group's total borrowings and provide further resources for the working capital of the Group. In addition, the Board has also considered that the estimated loss arising from the Proposed Disposal arises mainly from the Loan Capitalisation, which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company. The Company has considered that the Proposed Disposal will relieve pressure on existing working capital needs of the Group and enable the settlement of some of the Company's liabilities.*

(iv) *The rationale for the Proposed Settlements and the Directors' confirmation and views on the existing business of the Group as set out in Section 11 and 13 of the Circular, respectively.*

(v) *The Aggregate Outstanding Amount owing to Luminor 2 shall be settled via the Luminor Share Transfer and the Luminor Share Issue. The financial terms of the Luminor Share Issue appear to be favourable in terms of (a) premiums or slight discount implied by the Luminor Issue Price over/from the Group's NAV and/or NTA per Share as at 30 June 2020, the Group's Adjusted NAV and/or NTA per Share (after taking into account the Repayment Share Issue), and the Group's RNAV and/or RNTA per Share (after taking into account the revaluation surplus of approximately RM20.2 million and the Repayment Share Issue); and (b) fair or favourable comparison with the Selected IPT Debt Conversions, 2017 Settlements, 2019 Placement, Gao Placement, and KKJ TBK Settlement.*

(vi) *The material uncertainty related to going concern highlighted by the Independent Auditor in the AR2019 and the Board's view that the Group's ability to operate as a going concern for the next twelve months hinges on, inter-alia, the completion of the Proposed Disposal and the Proposed Settlements.*

Shareholders should note that failure to settle the Group's outstandings pursuant to the Luminor Settlements (or for that matter the GHS Settlements and KAL Settlements), may result in the Group defaulting on its obligations and liabilities, and its ability to continue as a going concern or meet obligations when they are due. In the event that this occurs, the analysis presented in this Letter may not applicable as they are premised on the preparation of financial statements or analysis on a going concern basis. This will be prejudicial to the interests of the Company and its Minority Shareholders.

[…]

9.3 Recommendation

Based on our assessment of the Luminor Settlement as an IPT and the Provision of Management Services to AASB as an IPT as set out above and subject to the analysis in this Letter, inter-alia, there being no alternative offers and that the Luminor Settlement represents an opportunity for the Group to settle its outstandings, failing which the Group may be in default of its obligations and its ability to continue as a going concern will be further challenged, from a financial point of view, we advise the Non-Interested Directors to recommend that Independent Shareholders vote in favour of the Luminor Settlement and the Provision of Management Services to AASB to be proposed at the EGM. We advise the Non-Interested Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, inter-alia, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Non-Interested Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Luminor Settlement and the Provision of Management Services to AASB.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or the AASB Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and Management and therefore does not reflect any projections or future financial performance of the Company or the Group after the completion of the Luminor Settlement and the Provision of Management Services to AASB and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Luminor Settlement as an IPT and the Provision of Management Services to AASB as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

(1) The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Group after the completion of the Proposed Settlements. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Settlements or the other transactions or resolutions stipulated in the Circular (if any) or voting for or voting against the Proposed Settlements or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Group or the Luminor Settlement and the Provision of Management Services to AASB as IPTs, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

(2) Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, and investment properties) and AASB Group's assets and liabilities (including without limitation, property, plant and equipment) or contracts entered into by the Group or AASB Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or AASB Group save for the Mineral Asset Valuation Report, the BV Report and the BV Summary. With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment, and investment properties) including inter-alia the contracts or agreements that the Group or the AASB Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the audited financial statements, where applicable for the assessment.

(3) The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group and AASB Group as reflected in the unaudited financial statements for the Group as at 30 June 2020 are true and fair.

(4) The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the Company's announcements on the SGX-NET, and the financial statements for the Group and the AASB Group for FY2019 and HY2020, there has been no material changes to the Group's and AASB Group's business, assets and liabilities, financial position, condition and performance.

Specific objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Non-Interested Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments in unlisted shares or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately."

Shareholders are advised to read and consider the IFA Letter for the Luminor Settlement as an IPT in its entirety and as reproduced in Appendix C to this Circular, and carefully consider the recommendations of the Non-Interested Directors (as defined herein) for the Luminor Settlement.

9.4. View of the Audit Committee

The Audit Committee comprises Mr. Gavin Mark McIntyre, Ms. Ch'ng Li-Ling and Dr. Wilson Tay Chuan Hui.

The members of the Audit Committee do not have any interests in the Luminor Settlement and are considered independent for the purposes of the Luminor Settlement.

As disclosed in the Settlement Announcement released on SGXNET on 29 April 2020, the Audit Committee decided to obtain an opinion from the IFA before forming its view on the Luminor Settlement as an IPT.

The Audit Committee notes the opinion of the IFA that on balance, the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT is **NOT ON NORMAL COMMERCIAL TERMS, BUT NOT PREJUDICIAL** to the interests of the Company and its minority Shareholders. Pursuant to Rule 921(5) of the Catalist Rules, having considered and reviewed, *inter alia*, the terms, rationale and the benefits of the Luminor Settlement, the details of the Luminor Settlement, the financial effects of the Proposed Settlement, and the opinion and recommendation of the IFA on the Luminor Settlement as set out in the IFA Letter attached to this Circular in Appendix C, the Audit Committee does not take a different view to the IFA. Notwithstanding that the terms of the Luminor Settlement are not on normal commercial terms, the Audit Committee took into consideration, *inter alia*, the following factors while reaching its conclusion:

(a) the rationale of the Proposed Settlements, as set out in section 11;

(b) there is no alternative offer for the AASB Shares; and

(c) the Luminor Settlement represents an opportunity for the Group to settle its outstandings, failing which the Group may be in default of its obligations and liabilities, and its ability to continue as a going concern will be further challenged.

10. THE PROVISION OF MANAGEMENT SERVICES TO AASB AS AN INTERESTED PERSON TRANSACTION

10.1. Overview of the Management Services Agreement

As mentioned in section 7.3 of this Circular, the Company will continue to provide management services to AASB in accordance with the terms of the Management Services Agreement to be entered into between the Company and AASB on Completion.

The salient terms of the Management Services Agreement are as follows:

(a) Term

The Company will provide management services to AASB in respect of AASB's mining licences, local government approvals and operators for the duration of the Transition Period, being twelve months from the Completion Date.

Either party may give a one (1) month's notice before the expiry of the Transition Period for the extension of the Management Services Agreement, on such terms to be agreed upon between the parties.

(b) Fee

AASB will pay to the Company a monthly fee ("**Service Fee**") of four and a half per cent. (4.5%) of AASB's revenue for the duration of the Management Services Agreement, as well as any service tax payable on the management services provided by the Company, and reimburse the Company for any expenses agreed upon and paid in advance by the Company.

Subject to the parties agreeing to extend the term of the Management Services Agreement past the Transition Period, the Service Fee will be increased upon such renewal or extension of the Management Services Agreement. The quantum of the increase will be subject to negotiations between the parties at the time of extension.

(c) Scope of services

The scope of management services to be provided by the Company to AASB under the Management Services Agreement are as follows:

(i) advising on the renewal of AASB's mining permits and licences with the relevant authorities when necessary, including advising on the timeline for submission of renewal applications and assisting with following up with the relevant authorities;

(ii) managing the relationship with the local government and residents, so as to facilitate undisputed operations of AASB, including engaging with the residents on environmental issues;

(iii) supervising AASB's contractors' performance in terms of:

(A) weighing of gold concentrate extracted;

(B) grades of gold concentrate extracted;

(C) recording and monitoring of the movement of gold concentrate and remaining residue tailing; and

(D) storage and security of gold concentrate and residue,

and meeting with AASB's contractors regularly to ensure that AASB's day-to-day gold recovery operations are uninterrupted;

(iv) taking all reasonable measures to rectify any issues with AASB's contractor's performance;

(v) overseeing AASB's health, environmental and safety policies and their implementation; and

(vi) coordinating with customers on the sales of gold, including following up on issues such as shipping or customs delay, packaging problems, etc.,

(collectively, the "**Services**").

(d) Manager

The Company will appoint a manager for the Services ("**Manager**"), who will act as the Company's representative in connection with the provision of the Services under the Management Services Agreement and will have the authority to bind the Company on all matters relating to the Services. The Company proposes to appoint Mr. Lim Chiau Woei as the first Manager under the Management Services Agreement. Mr. Lim Chiau Woei will be appointed to the board of directors of AASB in connection with the Services during the Transition Period, and the Company will use all reasonable endeavours to ensure that Mr. Lim Chiau Woei acts as the Manager throughout the Transition Period but may replace him from time to time where reasonable necessary in the interests of the Company.

In respect of the Manager's appointment to the board of directors of AASB in connection with the Services during the term of the Management Services Agreement, the parties have agreed that:

(i) AASB will procure that there are at least three (3) directors, including the Manager, on the board of AASB throughout the term of the Management Services Agreement;

(ii) the Manager will comply with the reasonable requests and instruction of the other directors of AASB and the management of AASB and shall work and cooperate with any servant or agent or other consultant of AASB so far as possible as may be necessary for the provision of the Services;

(iii) the Manager will not, without the prior written consent of the other directors of AASB, have authority to commit AASB to any legally binding agreement, nor incur expenditure in the name or for the account of AASB, nor sign any document, bring any proceedings nor make any promise on behalf of AASB not hold himself out as having authority to bind AASB;

(iv) the Manager will not be remunerated by AASB for his role as a director of AASB and his appointment as a director of AASB is solely due to the Company's provision of the Services under the Management Services Agreement;

(v) the Manager is nominated by the Company to represent the Company in providing the Services under the Management Services Agreement, and the Manager will abstain from voting on any resolution of the board of directors of AASB in respect of which the Company has any interest; and

(vi) upon the termination of the Management Services Agreement, the Manager will cease to be a director of AASB with immediate effect and will take all such steps and sign all such documents to effect the aforementioned cessation.

The Manager undertakes not to engage in any employment or activity (whether as an employee, consultant, advisor or otherwise) in any business which is competitive with AASB unless the Manager has fully disclosed such employment or activity to AASB and obtained the prior written consent of AASB (such consent not to be unreasonably withheld).

(e) Suspension and termination of Services

In the event that the debt owing by AASB to the Company in respect of invoices issued to the Company under the Management Services Agreement exceeds an amount equivalent to two (2) months of the then prevailing Service Fee, the Company will be entitled to suspend all of the Services or any part thereof until full payment is received.

In the event that the aggregate debts which are overdue and owing by AASB to the Company in respect of the Services provided by the Company under the Management Services Agreement exceeds an amount equivalent to three (3) months of the then prevailing Service Fee, the Company will be entitled to issue a notice of termination to AASB, pursuant to which the Company will cease the provision of the Services to AASB and return all documents and records relating to the Services which are in its possession, and each party must pay to the other all amounts then owing to the other party.

Either party has the right to terminate the Management Services Agreement before the expiry of the Transition Period by giving at least two (2) months' prior written notice of termination to the other party.

(f) Governing law

The Management Services Agreement is governed by and will be construed in accordance with the laws of Malaysia.

10.2. Interested Person Transaction

(a) Definition of interested person transactions under Chapter 9 of the Catalist Rules

Upon the completion of the Luminor Settlement, the Provision of Management Services to AASB will constitute an IPT under Chapter 9 of the Catalist Rules, as Luminor 2 will have a shareholding of more than 30% in AASB. Dr. Foo Fatt Kah, a non-executive Director of the Company, owns 50% of LCPL, which in turn manages Luminor 2. Due to Luminor 2's shareholding in AASB, AASB thus becomes an "interested person" under Rule 904(4)(b) of the Catalist Rules upon the completion of the Luminor Settlement.

(b) Relevant thresholds for IPT under Chapter 9 of the Catalist Rules

Based on the assumption that the revenue of AASB after the completion of the Proposed Disposal will be similar to the historical performance of AASB for the past twelve (12) months, the aggregate value of the Management Services Agreement would be approximately S$67,500, representing approximately 3.92% of the Group's latest audited NTA as at 31 December 2019 of S$1,722,667 (based on NTA of RM5,168,000 and exchange rate of S$1.00: RM3.00) and approximately 92.89% of the Group's latest unaudited NTA as at 30 June 2020 of S$72,667 (based on NTA of RM218,000 and exchange rate of S$1.00: RM3.00).

Shareholders should note that the actual amount payable by AASB to the Company under the Management Services Agreement may or may not cross the applicable thresholds under Rule 906(1) of the Catalist Rules. Nevertheless, in the interests of transparency and as a matter of good corporate governance, the Company is seeking the approval of the Shareholders at the EGM for the Provision of Management Services to AASB and the entry into the Management Services Agreement.

For the avoidance of doubt, no statements made in this Circular in relation to the value of the Management Services Agreement are intended as a profit forecast or a profit estimate.

10.3. Review Procedures

The Group has in place internal control systems to ensure that transactions with "interested persons" are made on normal commercial terms, and are consistent with the Group’s usual business practices and policies. The Audit Committee of the Company (which currently comprises Mr Gavin Mark

McIntyre (chairman), Ms Ch'ng Li-Ling, and Dr Wilson Tay Chuan Hui) will also review and approve the IPTs where applicable on a half-yearly basis, and to ensure that all IPTs are carried out on normal commercial terms and are not prejudicial to the interests of the Group or the minority Shareholders.

The Audit Committee shall also review from time to time the guidelines and review procedures of IPTs to determine if they are adequate and/or commercially practicable in ensuring that IPTs are conducted on normal commercial terms and not prejudicial to the interests of the Company, the Group and the minority Shareholders. It will take into account all relevant quantitative and non-quantitative factors. Transaction documents and its supporting documents or such other data as may be deemed necessary by the Audit Committee shall be made available to the Audit Committee when so requested. The Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources or advisers to provide additional information pertaining to the transaction under review. In the event that a member of the Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

Pursuant to Rule 920(1)(b)(vii) of the Catalist Rules, if during its periodic reviews, the Audit Committee is of the opinion that the guidelines and procedures as stated above are inappropriate or not sufficient to ensure that IPTs will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from Shareholders, where applicable, based on new guidelines and procedures. During the period prior to obtaining a fresh mandate from Shareholders, all transactions with "interested persons" will be subject to prior review and approval by the Audit Committee. The Board will also ensure that all disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with.

As a matter of good corporate governance, the Group will implement the following review procedures to ensure that the Provision of Management Services to AASB and the entry into the Management Services Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Details of the review procedures are as follows:

(a) Register of IPTs

The Group will maintain a register of all transactions (including transactions below S$100,000) carried out pursuant to the Management Services Agreement and shall include all information pertinent to these transactions such as, but not limited to the list of associates, the value of the transactions, the basis for determining the Service Fee, the basis and rationale for entering into such transactions including where applicable, evidence obtained to support such basis with written approvals. The register shall be prepared, maintained and monitored by senior personnel of the Group such as the Chief Financial Officer ("**CFO**") (who shall not be interested in the Management Services Agreement who are duly delegated to do so by the Audit Committee) and reviewed by internal auditors on a half yearly basis.

The Audit Committee shall on a half-yearly basis, and as and when it deems fit, engage such internal auditors or professionals as are required to audit the basis and documents of all approved IPTs pursuant to the Management Services Agreement and the IPT Register, to ensure good corporate governance and that the procedures for review, approvals as well as monitoring and administration are adequate, sufficient and adhered to, in ensuring that IPTs pursuant to the Management Services Agreement are undertaken on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers or internal auditors to audit or provide additional information or advice pertaining to the transactions approved or under review or to be advised on whether the then existing or amended review procedures are appropriate and sufficient to ensure that IPTs pursuant to the Management Services Agreement will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the

Company and its minority Shareholders and the outcome of such review shall be documented and minuted.

(b) Review by Audit Committee

The Audit Committee shall review quarterly or for such other periods as determined by the Audit Committee, the payments received by the Company under the Management Services Agreement to ascertain that the terms of the Management Services Agreement have been complied with and to ensure that IPTs are undertaken on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If any member of the Audit Committee has an interest in a transaction, he shall abstain from participating in the review and approval process in relation to that transaction.

(c) Service Fee Review

The Service Fee of four and a half per cent. (4.5%) of AASB's revenue, was agreed upon based on inter-alia the margins which has been assessed to be reasonable and estimates of direct and indirect cost required to provide such services based on historical costs in the past, which has been reviewed by the Non-Interested Directors and Audit Committee. Further the agreement that AASB shall reimburse the Company for any expenses agreed upon and paid in advance by the Company (comprising inter-alia out of pocket or third-party expenses required for the services to be provided) will allow the Company to recoup any such expenses agreed upon. Any such expenses to be agreed upon and paid in advance by the Company, will be reviewed and approved by, as part of the Group's internal control procedures, the Audit Committee prior to any payment of the Company of such expenses.

The Service Fee has agreed upon and is based on all pertinent factors, including but not limited to (i) the requirements, specifications, volume, delivery time of services, industry norms, complexity, capacity availability and resources required for the provision of the service to Interested Person; and relying on corroborative inputs from reasonably experienced market practitioners like the Mineral Asset Valuer, in order to determine that the terms provided to the Interested Person are fair and reasonable; and (ii) evaluate and weigh the benefits of, and rationale for transacting with the Interested Person (including the consideration for, *inter alia*, the Luminor Settlement, taking into account factors such as, but not limited to, the nature of the services, requirements and specifications of the customer, duration of contract, complexity, industry norms, capacity availability, and track record and resources required for the provision of the service as well as the reasonableness of the margins for the provision of the service. In addition, the Management Services Agreement will assist to provide the needed continuity of management for the "change in ownership" of AASB and "assurances" parties (other than the Company) pursuant to inter-alia the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed.

In the event that the term of the Management Services Agreement is extended, the Service Fee shall be reviewed by the parties. As part of the Group's internal control procedures, the Audit Committee shall review and give its prior approval to any adjustments to the Service Fee under the Management Services Agreement. The Company will also at the point of extension and depending on the terms of extension assess whether shareholders' approval is required in accordance with the requirements of the Catalist Rules for the extension of the term of the Management Services Agreement and take the necessary action accordingly.

In reviewing the Service Fee, the Audit Committee will, subject to, inter-alia, the Company's existing procedures for IPT, determine the reasonableness of the Service Fee, after taking into account factors such as, but not limited to the costs (including direct and indirect) to be incurred in connection with the Provision of Management Services to AASB, payment terms, and comparisons based on relevant costing (if applicable) etc. In addition, the Audit Committee will take such necessary steps which would include but is not limited to (i) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms of the Management Services Agreement are fair and reasonable (as the case may be); and/or (ii) evaluate and weigh benefits of and/or rationale for the Provision of Management Services to AASB to ensure that the terms of the transaction are in accordance with applicable industry norms and/or are not prejudicial to the Company and its minority Shareholders. Furthermore, the Management Services Agreement will be evaluated based on its profitability (as compared to existing profit margins for other products or services provided by the Group) to ensure that transactions are on an arm's length basis and not prejudicial to the interest of the Company and its minority Shareholders.

(d) Disclosure

The Company will disclose the aggregate value of the transactions conducted pursuant to the Provision of Management Services to AASB in the Company's half yearly financial and full year financial statements issued under Rule 705 of the Catalist and within the time required for the announcement of such report in accordance with Rule 920(1)(a)(ii) of the Catalist Rules. Disclosure shall also be made in the annual report of the Company of the aggregate value of the transactions conducted pursuant to the Provision of Management Services to AASB during the current financial year, and in the annual reports for the subsequent financial years during which the Management Services Agreement is in force in accordance with Rule 920(1)(a)(i) of the Catalist Rules.

The name of the "interested person", "nature of relationship" and the corresponding aggregate value of the "interested person transactions" shall be presented in the following format in accordance with Rule 907 of the Catalist Rules:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)

10.4. Opinion and recommendation of the Independent Financial Adviser

Rule 921(4)(a) of the Catalist Rules provides that if Shareholders' approval is required in respect of an IPT, the circular to Shareholders must include an opinion in a separate letter from an IFA stating whether the relevant transaction is on normal commercial terms and is prejudicial to the interests of the issuer and its minority shareholders.

Based on its considerations and subject to the qualifications and assumptions set out in the IFA Letter, the IFA is of the opinion that the Provision of Management Services to AASB and the Management Services Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. A copy of IFA Letter issued by the IFA, containing the IFA’s opinion in full, is set out in Appendix C to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety.

The opinion and recommendation of the IFA to the Non-Interested Directors (as defined herein) has been extracted from sections 9.2 and 9.3 of the IFA Letter and is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated:-

"***9.2 Provision of Management Services as an IPT***

In arriving at our opinion in respect of the Provision of Management Services to AASB as an IPT, we have considered, inter-alia, the following:-

(a) The salient terms of the Management Services Agreement as set out in Section 10 of the Circular including, inter-alia, term, Service Fee, scope of Services, and suspension and termination of Services.

(b) The review procedures for the Provision of Management Services to AASB as set out in Section 10.3 of the Circular.

(c) Based on the audited financial statements of the Group for FY2018 and FY2019, the Group's gold mining segment accounted for approximately 97.3% and 94.8% of the total Group's revenue. For HY2020, no revenue was recorded by the Group's gold mining business segment due to the cessation of its tailing processing plant in connection with the MCO notice issued by the Government of Malaysia during HY2020 and also the scheduled maintenance of the tailing processing plant.

(d) Following the completion of disposal of AASB Group, the Group's remaining business would only be in the Granite Dimension Stone Business, the Management Services Agreement would therefore provide an opportunity for the Group to still derive some of its revenue from gold mining operations.

(e) We also note from the Valuation Report, the Valuer have opined that the monthly Service Fee of four and a half per cent, (4.5%) of AASB's revenue is not unreasonable for the Services provided.

Based on the above, we are of the opinion that the Provision of Management Services Agreement as an IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

9.3 Recommendation

Based on our assessment of the Luminor Settlement as an IPT and the Provision of Management Services to AASB as an IPT as set out above and subject to the analysis in this Letter, inter-alia, there being no alternative offers and that the Luminor Settlement represents an opportunity for the Group to settle its outstandings, failing which the Group may be in default of its obligations and its ability to continue as a going concern will be further challenged, from a financial point of view, we advise the Non-Interested Directors to recommend that Independent Shareholders vote in favour of the Luminor Settlement and the Provision of Management Services to AASB to be proposed at the EGM. We advise the Non-Interested Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, inter-alia, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Non-Interested Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Luminor Settlement and the Provision of Management Services to AASB.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or the AASB Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and Management and therefore does not reflect any projections or future financial performance of the Company or the Group after the completion of the Luminor Settlement and the Provision of Management Services to AASB and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Luminor Settlement as an IPT and the Provision of Management Services to AASB as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

(1) The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Group after the completion of the Proposed

Settlements. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Settlements or the other transactions or resolutions stipulated in the Circular (if any) or voting for or voting against the Proposed Settlements or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Group or the Luminor Settlement and the Provision of Management Services to AASB as IPTs, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

(2) Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, and investment properties) and AASB Group's assets and liabilities (including without limitation, property, plant and equipment) or contracts entered into by the Group or AASB Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or AASB Group save for the Mineral Asset Valuation Report, the BV Report and the BV Summary. With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment, and investment properties) including inter-alia the contracts or agreements that the Group or the AASB Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the audited financial statements, where applicable for the assessment.

(3) The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group and AASB Group as reflected in the unaudited financial statements for the Group as at 30 June 2020 are true and fair.

(4) The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the Company's announcements on the SGX-NET, and the financial statements for the Group and the AASB Group for FY2019 and HY2020, there has been no material changes to the Group's and AASB Group's business, assets and liabilities, financial position, condition and performance.

Specific objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Non-Interested Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments in unlisted shares or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately."

Shareholders are advised to read and consider the IFA Letter for the Provision of Management Services to AASB as an IPT in its entirety and as reproduced in Appendix C to this Circular, and carefully consider the recommendations of the Non-Interested Directors (as defined herein) for the Provision of Management Services to AASB.

10.5. View of the Audit Committee

The members of the Audit Committee do not have any interests in the Provision of Management Services to AASB and are considered independent for the purposes of the Provision of Management Services to AASB.

Pursuant to Rule 921(5) of the Catalist Rules, having considered and reviewed, *inter alia*, the terms, rationale and the benefits of the Provision of Management Services to AASB, the details of the Provision of Management Services to AASB, and the opinion and recommendation of the IFA on the Provision of Management Services to AASB as set out in the IFA Letter attached to this Circular in Appendix C, the Audit Committee concurs with the opinion of the IFA and is of the view that the Provision of Management Services to AASB is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

11. RATIONALE FOR THE PROPOSED SETTLEMENTS

11.1. Global Economic Uncertainty

The Board is of the view that the Proposed Settlements are in the best interests of the Company. Due to the current ongoing COVID-19 crisis, the global economic outlook remains uncertain. The ongoing COVID-19 crisis has resulted in changes to the global economic climate. With numerous travel and safe-distancing restrictions in place, the Group faces heightened difficulties in managing its costs and to continue its production activities. Without a clear indication as to when or how the economy can return to normalcy, the Company has taken a decision to restructure the Group's business with a view to ensuring that the Company continues to be a going concern.

As announced by the Company on 13 May 2020, while the Group's gold mining tailing operations in Lubuk Mandi have resumed, the Group's underground mining operations in Lubuk Mandi and granite mining operations in Bukit Chetai have not yet restarted as workers and contractors from China have not yet been able to return to the work sites due to the Travel Restrictions.

Given the current global economic outlook and impact of the Travel Restrictions, in order to conserve cash for its remaining business activities, the Company is of the view that the Proposed Settlements are in the best interests of the Company and the Shareholders. In addition to the AASB Shares to be transferred as settlement of the amounts outstanding under the Luminor Bonds, the GHS Bonds and the KAL Bonds, the Company has also decided to dispose of its balance shareholding in AASB to KAL for a consideration of S$645,000.

11.2. Group Restructuring Exercise and Settlement of Existing Liabilities

The Proposed Settlements represent the part of the overall debt restructuring exercise undertaken by the Company.

As announced by the Company on 12 July 2020 and disclosed in the Company's circular to shareholders dated 10 September 2020, the Company had entered into settlement deeds with each of Koh Kai Jok and Tan Beng Kiat for the settlement of certain guaranteed non-convertible bonds issued to each of them. On 25 September 2020, the Company had issued to Koh Kai Jok and Tan Beng Kiat an aggregate of 136,363,636 new Shares for the settlement of those bonds.

The Company had also on 16 October 2020 announced its entry into a loan agreement with Lim Beng Chew, Tang Yao Zhi, Tan Soo Kia and Lee Teck for the grant of an unsecured term loan of S$3,500,000 for, *inter alia*, the redemption of outstanding bonds of the Company. On 19 October 2020, the Company fully redeemed the guaranteed non-convertible bonds with an aggregate principal amount of S$1,903,000 to Tan Ong Huat through cash payment to Tan Ong Huat.

Consequently, the settlement of the Luminor Bonds, the GHS Bonds and the KAL Bonds represent the final part of the full and final settlement of the majority of the Company's outstanding bonds and will relieve pressure on the working capital needs of the Group.

The Proposed Disposal is also part of a larger group restructuring exercise proposed to be undertaken by the Company. In respect of its gold mining business carried out by AASB, the development of the Group's gold mine faced many operational challenges requiring the use of more working capital and time than was originally envisaged. The contractor engaged by the Company, Great Aims Resources Sdn. Bhd. ("**GAR**") was responsible for the development of the mine and had worked on an underground tunnelling project whereby a 230 metres length of inclined shaft and approximately 220 metres horizontal shafts metres was built for extraction of hard rock gold. However, due to reasons outside the control of the Company, GAR was not able to conduct the commercial extraction of hard rock gold for production purposes. The situation has been exacerbated by the COVID-19 situation, which has resulted in the Travel Restrictions and safe distancing measures being imposed by the Malaysian Government. Consequently, mining activities at the Group's gold mine have been restricted.

The Luminor Bonds, GHS Bonds and KAL Bonds have differing maturity dates and since August 2019, the Company had been in discussions with each of the bondholders with a view to settling or extending the maturity date of the Luminor Bonds, the GHS Bonds and the KAL Bonds. The Company explored various methods of settlement with Luminor 2, GHS and KAL, such as raising cash to repay Luminor 2, GHS and KAL or issuing new shares to Luminor 2, GHS and KAL. The former did not materialise as the Company was unable to obtain debt or equity financing on terms equitable or favourable to the Company due in part to the Travel Restrictions, and the latter did not materialise as a full repayment via issuance of new shares would trigger a mandatory general offer obligation on the part of Luminor 2, which was not acceptable to Luminor 2. After further negotiations, a settlement was reached to settle the Luminor Bonds, the GHS Bonds and KAL Bonds using a combination of new share issuances and the disposal of AASB to Luminor, GHS and KAL. While the disposal of AASB is being made at a loss, the Company has been afforded up to 31 December 2020 to fully settle the Luminor Bonds, the GHS Bonds and the KAL Bonds.

The Luminor Share Issue will allow the Company to conserve its cash for its remaining business activities and at the same time help to further align the interests of Luminor 2 with the interests of the Company.

As disclosed in Sections 7.1 and 7.3 above, upon completion of the Proposed Disposal, save for the Provision of Management Services to AASB during the Transition Period, the Group will cease all operations under its gold mining business segment. The Company intends to focus its resources on growing the Granite Dimension Stone Business, and in this regard, the Company intends to collaborate with a synergistic partner for this purpose. The Company has been in discussion with several parties in the recent months and will make further announcements when there are any material developments.

11.3. Additional Factors

In agreeing to undertake the Proposed Settlements, the Company took into account the following factors:

(a) The Company's ability to operate as a going concern is closely linked to the Luminor Bonds, the GHS Bonds and the KAL Bonds and is dependent on Luminor 2, GHS, and KAL's continued support for the Company. If Luminor 2, GHS and/or KAL demand payment from the Company, the Company's ability to operate as a going concern may be affected. Accordingly, it is imperative that the Company comes to an agreement with Luminor 2, GHS and KAL on either an extension or settlement of the Luminor Bonds, the GHS Bonds and/or the KAL Bonds. The opinion of the Board that the Company will continue to operate as a going concern has been predicated on the Company being able to extend or settle the Luminor Bonds, the GHS Bonds and/or the KAL Bonds with the respective bondholders.

(b) Despite being made at a loss, the Board is of the view of that the Proposed Disposal is beneficial to the Group as it will lower the Group's total borrowings, relieve pressure on existing working capital needs of the Group, and enable the settlement of some of the Company's liabilities. In addition, the Board has also considered that the estimated loss arising from the Proposed Disposal arises mainly from the Loan Capitalisation, which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts (deployed for working capital purposes) owed to the Company.

(c) In negotiating the settlement of the Luminor Bonds, the GHS Bonds, and the KAL Bonds, Luminor 2, GHS and KAL had expressed willingness to accept AASB's shares as settlement for the Luminor Bonds, GHS Bonds and KAL Bonds. The Company has considered that the Proposed Disposal will relieve pressure on existing working capital needs of the Group and enable the settlement of a substantial part of the Company's liabilities.

(d) The Company has been in discussions with a potential investor in respect of the Group's Granite Dimension Stone Business. The potential investor had expressed an interest in the Granite Dimension Stone Business as it is synergistic with its own business. Discussions are past the preliminary interest stage but no definitive agreement has been entered into yet. Since the acquisition of GGTM, the Company has not managed to bring the granite mines to significant commercial production as several projects in the granite business were delayed by GGTM's customers. The Group therefore plans to form a synergistic partnership with the investor to develop the Granite Dimension Stone Business into a viable business. The Proposed Settlements would conserve cash for this purpose.

(e) The decision to dispose of the Company's interest in AASB was also made in light of the fast-changing economic conditions and uncertainties arising out of the COVID-19 situation. It was estimated that the longer lead time to extract commercial quantities of the hard rock at Lubuk Mandi will require more working capital. To source for additional working capital will in all likelihood become increasingly difficult due to the uncertainties in the equities and financial markets arising from the COVID-19 situation.

Realistically, AASB can only rely on the revenues from the tailings process to maintain the operating and other holding costs related to the Lubuk Mandi mine, without any significant progress being made on operational milestones for hard rock extraction. Taken together, this would have led to value being eroded over the second half of FY2020 at the AASB and Group levels, potentially depriving the Company of a chance to achieve an orderly disposal of AASB for value, to retire the outstanding bonds issued by the Company.

12. FINANCIAL EFFECTS OF THE PROPOSED SETTLEMENTS

12.1. Bases and assumptions

The financial effects of the Proposed Settlements on (a) the consolidated NTA per Share; (b) the consolidated loss per Share ("**LPS**") of the Group; and (c) the net gearing levels of the Group, have been prepared based on the audited consolidated financial statements of the Group for FY2019. The pro forma financial effects of the Proposed Settlements are for illustration only and do not reflect the actual financial effects or the future financial performance and condition of the Group after the Proposed Settlements.

The financial effects are based on the following assumptions:

(a) that the Company issues 249,200,000 New Shares to Luminor 2;

(b) that the Company disposes of 100% of the issued share capital of AASB pursuant to the Proposed Disposal at an estimated loss of RM10,392,136;

(c) the financial effects of the Proposed Settlements on the share capital and NTA per Share of the Group are computed based on the assumption that the Proposed Settlements had taken place on 31 December 2019;

(d) the financial effects of the Proposed Settlements on the LPS are computed based on the assumption that the Proposed Settlements were completed on 1 January 2019;

(e) the expenses incurred in connection with the Proposed Settlements amount to approximately S$210,000; and

(f) an exchange rate of S$1.00 to RM3.00.

12.2. Share Capital

	Before the Proposed Settlements	After the Proposed Settlements
Total number of issued Shares	1,456,326,449	1,705,526,449

12.3. NTA

The illustrative financial effects of the Proposed Settlements on the NTA per Share of the Group as at 31 December 2019 are as follows:

	Before the Proposed Settlements(2)(3)	After the Proposed Settlements
Net tangible Assets ("**NTA**")(1) attributable to the owners of the Company (RM'000)	7,670	386
Number of Shares	1,456,326,449	1,705,526,449
NTA per Share (Ringgit Malaysia sen)	0.53	0.02

Notes:-

(1) Means total assets less the sum of total liabilities, non-controlling interests and intangible assets.

(2) Assuming that an aggregate of 75,680,000 new Shares in the Company have been issued to Koh Kai Jok, Tan Beng Kiat and Tan Ong Huat, as detailed in the Company's announcement dated 5 April 2020 ("**Extension Share Issue**").

(3) Assuming that the Company issues an aggregate of 136,363,636 new Shares to Koh Kai Jok and Tan Beng Kiat pursuant to the settlement of certain guaranteed non-convertible bonds issued to each of Koh Kai Jok and Tan Beng Kiat, details of which was announced by the Company on SGXNET on 12 July 2020 ("**Repayment Share Issue**").

12.4. LPS

The illustrative financial effects of the Proposed Settlements on the LPS of the Group as at 1 January 2019 are as follows:

	Before the Proposed Settlements(1)(2)	After the Proposed Settlements
Net loss attributable to owners of the Company (RM'000)	16,717	24,202
Weighted average number of Shares	1,403,837,693	1,653,037,693
Loss per Share (Ringgit Malaysia sen)	1.19	1.46

Notes:-

(1) Assuming that an aggregate of 75,680,000 new Shares in the Company have been issued pursuant to the Extension Share Issue.

(2) Assuming that an aggregate of 136,363,636 new Shares in the Company have been issued pursuant to the Repayment Share Issue.

12.5. Net Gearing

The illustrative financial effects of the Proposed Settlements on the gearing ratio of the Group as at 31 December 2019 are as follows:

	Before the Proposed Settlements(4)(5)	After the Proposed Settlements
Total borrowings (RM'000)(1)	22,521	7,064
Shareholders' funds (RM'000)(2)	7,670	386
Net gearing ratio(3) (times)	2.94	18.30

Notes:-

(1) Total borrowings include lease liabilities and borrowings.

(2) Shareholders' funds refer to the aggregate amount of the Group's share capital and reserves.

(3) Net gearing ratio is defined as total borrowings divided by shareholders' funds.

(4) Assuming that an aggregate of 75,680,000 new shares in the Company have been issued pursuant to the Extension Share Issue.

(5) Assuming that an aggregate of 136,363,636 new Shares in the Company have been issued pursuant to the Repayment Share Issue.

13. DIRECTOR'S CONFIRMATIONS AND VIEWS ON EXISTING BUSINESS OF THE GROUP

13.1. Director's Confirmations

As at the Latest Practicable Date, the Directors are of the opinion that, after taking into consideration:

(a) the Proposed Settlements;

(b) the fact that the Company has entered into a loan agreement with Lim Beng Chew, Tang Yao Zhi, Tan Soo Kia and Lee Teck for an unsecured term loan of S$3,500,000;

(c) the fact that the bonds issued to Tan Ong Huat have been fully redeemed; and

(d) the undertakings provided by Mr. Lim Chiau Woei, the Managing Director and controlling shareholder of the Company to provide adequate funds to enable the Group to meet its payment obligations as they fall due,

the working capital available to the Group is sufficient to meet its present requirements. Based on the eighteen (18) months cash-flow forecast prepared by the Group's management, the Board is of the view that the Group will be able to continue operating as a going concern.

After the completion of the Proposed Disposal, the Directors are of the opinion that the Company is able to continue operating as a going concern and trading in its securities can continue, on the basis of and subject to the following:

(a) the Luminor Bonds, the GHS Bonds and the KAL Bonds would have been settled and cancelled, and each of Luminor 2, GHS and KAL would no longer have a right to call for payment;

(b) the Proposed Disposal will allow the Group to dispose of its capital-intensive gold mining business;

(c) the gold mining business of the Group will have been disposed of and the Group will only have to bear the operating expenses of the Granite Dimension Stone Business, which are lower than that of the gold mining business. The expected operating costs of the Granite Dimension Stone Business in 2020 are RM1.87 million. The operating costs of the granite business in 2019 were higher at RM4.90 million due to exceptional items, being impairment of trade/non-trade receivables of RM0.65 million and the expenses relating to the joint venture with Eco Group International Sdn Bhd for purposes of a particular hotel project of RM0.92 million. Conversely, the operating expenses of the gold mining business were RM4.7 million for 2019 and are expected to be approximately RM4.6 million for 2020;

(d) the Director's views on the existing business of the Group, as set out in Section 13.2 below; and

(e) the undertakings provided by Mr. Lim Chiau Woei, the Managing Director and controlling shareholder of the Company to provide adequate funds to enable the Group to meet its payment obligations as they fall due.

13.2. Directors' Views on the Existing Business of the Group

Upon completion of the Proposed Settlements, the Group plans to focus its efforts on developing the Granite Dimension Stone Business. As stated at paragraph 13.1(c) above, the Directors are of the view that the operating expenses for the Granite Dimension Stone Business are lower compared to the gold mining business as currently carried out by the Group. Further, the Directors are of the view that the Granite Dimension Stone Business is more scaleable compared to the gold mining business, which is more capital intensive. The Group plans to raise funds to focus on growing the Granite Dimension Stone Business. In this regard, the Company is in discussions with a potential investor for such fund-raising purposes but no definitive agreement has been entered into.

As noted in the Company's circular to Shareholders dated 30 June 2017, the rationale for the acquisition of GGTM was to diversify the Group's business into the Granite Dimension Stone Business, to provide new revenue streams to the Group.

(a) Overview of the Granite Dimension Stone Business

The Granite Dimension Stone Business involves the Bukit Chetai and the Bukit Machang granite quarry sites. The Bukit Chetai mine started operations in July 2017 and is able to produce the "Sekayu White" and "Terengganu Green" granite for supply to its overseas and local customers. The Bukit Chetai mine is currently not in operation as the workers and contractors from China are unable to return to the site due to the Travel Restrictions imposed as a result of the COVID-19 situation. The Bukit Machang mine is a greenfield mine and is not in operation yet. The Company has been in discussions, and plans to form a synergistic partnership, with the potential investor and focus on developing the Bukit Chetai mine, although parties have not reached any agreement yet. As for the Bukit Machang mine, as announced on 5 June 2020, the Company had plans to assign the mining concession rights granted to the Company for the Bukit Machang mine to prospective third parties and use the proceeds of such assignment to develop the Bukit Chetai mine further. However, as announced by the Company on 1 December 2020, the proposed assignment of the mining concession rights did not materialise and the heads of agreement entered into with the prospective third parties for such assignment was terminated due to economic uncertainty surrounding the COVID-19 pandemic.

Please refer to the Company's announcements dated 5 June 2020 and 1 December 2020 released on SGXNET at https://www.sgx.com/securities/company-announcements for further details on, *inter alia*, the proposed assignment of the mining concession rights.

In respect of the aggregates quarrying business which is part of the granite mining segment, the Company's key projects are to supply granite aggregates for the East Coast Rail Link ("**ECRL**") project ("**ECRL Project**") and to Sivli Sdn. Bhd. ("**SIVLI**"), a Bruneian customer ("**Brunei Project**").

(b) ECRL Project

The ECRL Project was launched in August 2017, but work was suspended in 2018 after the change in government in Malaysia. As previously announced by the Company on 10 April 2018, GGTM, together with the quarry owner, Mohd Sukri, had tendered for the ECRL Project and were awarded in May 2018 a contract to supply 200 tonnes of granite aggregates to China Communication Construction Company Ltd. ("**CCCC**"), the main contractor for the ECRL Project. CCCC was satisfied with the granite aggregates supplied by GGTM and had made payment for the same.

Construction resumed in July 2019, with completion scheduled for December 2026. As announced by the Company on 12 February 2020, Package A of the ECRL Project was expected to commence in second half of 2020, after approval to start construction works was granted to Malaysia Rail Link Sdn. Bhd., the project owner of ECRL, by the Malaysian Land Public Transport Agency on 14 May 2020. Mohd Sukri's quarry site is the nearest to ECRL's batching plant at 10 km to Pengkalan Berangan station (one of ECRL's stations in Package A of the ECRL Project), compared to the other quarry sites. The Company believes that CCCC's priority is to purchase granite aggregates from the nearest quarry site, since transportation cost is one of the main factors in determining the cost of sales of granite aggregates. On the basis that Package A of the ECRL Project commences as planned, the Company hopes to secure a new tender and is working with CCCC to review the terms on which the Company is to continue supplying the granite aggregates in light of the Travel Restrictions.

Please refer to the Company's previous announcements dated 10 April 2018, 29 April 2019, and 12 February 2020 as released on SGXNET at https://www.sgx.com/securities/company-announcements for further details on the ECRL Project.

(c) Brunei Project

As announced by the Company in a press release dated 15 August 2018, an agreement was signed with SIVLI, the Brunei customer on the same date to supply 3.6 million tons of aggregate for a local project in Brunei and for the second phase of the Pulau Muara Besar ("**PMB**") integrated refinery and aromatics complex project, located in PMB, an island northeast of Bandar Seri Begawan, the capital of Brunei. The PMB project has a two-phase development schedule. As announced by the Company on 12 February 2020, the second phase of the PMB project was slated to commence at the beginning of 2019 but has been delayed to 2020, pending the completion and operation of the first phase. The first phase was completed and came into operation only in November 2019. Based on publicly available information relating to the project, the second phase of development has not yet begun but the project is expected to be completed by the end of 2022.

Please refer to the Company's previous announcements dated 15 August 2018 and 12 February 2020 as released on SGXNET at https://www.sgx.com/securities/company-announcements for further details on the Brunei Project.

The Group has had several discussions with potential investors that have shown keen interest to invest in the Company. Going forward, the Group's net tangible liability position is expected to improve through potential fund-raising and synergies from the new joint ventures. The Group's plans to conduct such prospective fund-raising activities and/or enter into new joint ventures have not yet materialised and the Company will make the necessary announcements to update the Shareholders as and when such fund-raising activities have been confirmed.

14. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date are as set out in Appendix A of this Circular.

Save as disclosed herein, none of the Directors or Substantial Shareholders of the Company or their respective associates have any interest, direct or indirect in the Proposed Settlements, other than in their capacity as Director or Shareholder of the Company.

15. DIRECTORS' SERVICE AGREEMENTS

No person is proposed to be appointed as Director of the Company or any of its subsidiaries in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

16. NON-INTERESTED DIRECTORS' RECOMMENDATION

16.1. Non-Interested Directors

The Directors who are considered to be independent for the purpose of making the recommendations to the Shareholders in respect of the Luminor Settlement are Dr. Wilson Tay Chuan Hui, Mr. Lim Chiau Woei, Mr. Chan Koon Mong, Ms. Ch'ng Li-Ling and Mr. Gavin Mark McIntyre ("**Non-Interested Directors**").

Notwithstanding that Mr. Lim Chiau Woei will be appointed as the Manager under the Management Services Agreement, taking into consideration the safeguard measures set out in section 10.1(d) of this Circular to ensure his independence in the Provision of Management Services to AASB, the Non-Interested Directors (excluding Mr. Lim Chiau Woei) does not deem Mr. Lim Chiau Woei to be conflicted to make a recommendation to the shareholders in respect of the Provision of Management Services to AASB as an IPT.

As Dr. Foo Fatt Kah is the managing director of and a controlling shareholder of LCPL, he is not deemed to be independent for the purpose of making a recommendation to the Shareholders in respect of the Luminor Settlement. Although Dr. Foo Fatt Kah does not have any interests in either of the GHS Settlement, the KAL Settlement or the Provision of Management Services to AASB, as a matter of good corporate governance, he has decided to abstain from making a recommendation to the Shareholders in respect of the GHS Settlement, the KAL Settlement or the Provision of Management Services to AASB as well. Accordingly, he has therefore abstained from making any such recommendations to the Shareholders on the Luminor Settlement, the GHS Settlement, the KAL Settlement or the Provision of Management Services to AASB.

16.2. The Luminor Share Issue

Having fully considered, *inter alia*, the terms, the rationale and the benefits of the Luminor Share Issue, and the financial effects thereof, the Non-Interested Directors are of the opinion that the Luminor Share Issue is in the best interests of the Company and accordingly the Non-Interested Directors recommend that the Shareholders vote in favour of the Luminor Share Issue at the EGM to be convened.

16.3. The Luminor Settlement as an IPT

Having fully considered, *inter alia*, the terms, the rationale and the benefits of the Luminor Settlement, the financial effects thereof, as well as the advice and recommendations of the IFA on the Luminor Share Transfer, the Non-Interested Directors are of the opinion that the Luminor Settlement is in the best interests of the Company and accordingly the Non-Interested Directors recommend that the Shareholders vote in favour of the Luminor Settlement at the EGM to be convened.

16.4. The GHS Settlement

Having fully considered, *inter alia*, the terms, the rationale and the benefits of the GHS Settlement and the financial effects thereof, the Non-Interested Directors are of the opinion that the GHS Settlement is in the best interests of the Company and accordingly the Non-Interested Directors recommend that the Shareholders vote in favour of the GHS Settlement at the EGM to be convened

16.5. The KAL Settlement

Having fully considered, *inter alia*, the terms, the rationale and the benefits of the KAL Settlement and the financial effects thereof, the Non-Interested Directors are of the opinion that the KAL Settlement is in the best interests of the Company and accordingly the Non-Interested Directors recommend that the Shareholders vote in favour of the KAL Settlement at the EGM to be convened

16.6. The Proposed Disposal as a major transaction under Chapter 10 of the Catalist Rules

Having fully considered, *inter alia*, the terms, the rationale and the benefits of the Proposed Disposal, the financial effects thereof, as well as the advice and recommendations of the IFA on the Luminor Settlement, the Non-Interested Directors are of the opinion that the Proposed Disposal is in the best interests of the Company and accordingly the Non-Interested Directors recommend that the Shareholders vote in favour of the Proposed Disposal at the EGM to be convened.

16.7. The Provision of Management Services to AASB as an IPT

Having fully considered, *inter alia*, the terms, the rationale and the benefits of the Provision of Management Services to AASB, as well as the advice and recommendations of the IFA on the Provision of Management Services to AASB, the Non-Interested Directors are of the opinion that the Provision of Management Services to AASB is in the best interests of the Company and accordingly the Non-Interested Directors recommend that the Shareholders vote in favour of the Provision of Management Services to AASB at the EGM to be convened.

Shareholders are advised to read this Circular in its entirety, in particular, the terms and conditions, rationale, details and financial effects of the Proposed Settlements, the Provision of Management Services to AASB, the recommendations of the Non-Interested Directors, the opinion and recommendations of the IFA in relation to the Luminor Settlement and the Provision of Management Services to AASB as IPTs, and the matters as stated in the IFA Letter, including, *inter-alia*, the IFA's limitation in analysis, evaluation, comments and that the opinion in the IFA Letter is necessarily limited, before giving their approvals pertaining to the Proposed Settlements and the Provision of Management Services to AASB. Shareholders are advised to exercise caution in their decision in voting in favour of or against the Luminor Settlement and the Provision of Management Services to AASB as IPTs. Shareholders who may require advice in the context of his specific investment should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

17. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-6 of this Circular, will be held on 28 December 2020 by way of electronic means, for the purpose of considering, and if thought fit, passing with or without any modifications, the ordinary resolutions set out in the aforementioned notice.

18. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The New Shares are offered to Luminor 2 for subscription by way of a private placement pursuant to an exempted offer under Section 272B of the SFA. Hence, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore or the SGX-ST in connection with the issue of the New Shares.

19. ACTIONS TO BE TAKEN BY SHAREHOLDERS

19.1. No Attendance at EGM

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM in person.

19.2. Alternative Arrangements

Instead, alternative arrangements have been put in place to allow Shareholders who pre-register to participate at the EGM by (a) observing and/or listening to the EGM proceedings via “live” audio-visual webcast or “live” audio-only stream; (b) submitting questions related to the resolution tabled for approval, in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

Shareholders are to pre-register at https://www.bigmarker.com/AAP/ARL-EGM-2020-Registration for the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings by 10:00 a.m. on 25 December 2020. Shareholders who do not pre-register to observe and/or listen to the EGM proceedings by the deadline stated above will not be able to participate at the EGM.

Shareholders may also submit any questions that are related to the resolution tabled for approval via (i) the pre-registration website at https://www.bigmarker.com/AAP/ARL-EGM-2020-Registration; (ii) in hard copy by sending by post and lodging the same at the Registered Office of the Company at 80 Robinson Road #17-02, Singapore 068898 or (iii) by email to info@anchorresources.com.sg by 10:00 a.m. on 25 December 2020. Shareholders will not be able to ask any questions during the "live" audio-visual webcast or "live" audio-only stream of the EGM proceedings. The Company will endeavour to answer all of the questions which have been submitted by the Shareholders during EGM and will make further announcements detailing the Company's responses to the questions submitted by the Shareholders.

Please refer to the Company's announcement entitled "Important Notice to Shareholders Regarding the Company's Extraordinary General Meeting on 28 December 2020" which has been uploaded together with this Circular and the Notice of EGM on SGXNET on the same day for further details on the alternative arrangements for the EGM as set out above.

20. CONSENT FROM IFA

The IFA has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

21. CONSENT FROM MINERAL ASSET VALUER

The Mineral Asset Valuer has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Mineral Asset Valuation Report and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

22. CONSENT FROM BUSINESS VALUER

The Business Valuer has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular and the inclusion of its name, the BV Summary and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

23. ABSTENTION FROM VOTING

23.1. Rule 812 of the Catalist Rules

Pursuant to Rule 812 of the Catalist Rules, a director or substantial shareholder and any associate of the director or substantial shareholder shall abstain from voting on the resolution approving the placement of shares to such director or substantial shareholder.

Accordingly, Dr. Foo Fatt Kah will abstain, and has undertaken to ensure that his associates (if any) will abstain from voting on Ordinary Resolution 1 approving the allotment and issue of New Shares to Luminor 2, and will not accept appointments as proxies in relation to the resolution unless specific voting instructions have been given by Shareholders.

23.2. Rule 919 of the Catalist Rules

Pursuant to Rule 919 of the Catalist Rules, an interested person and any associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their associates. Such interested person and their associates shall not accept appointments as proxies in relation to such resolutions unless specific voting instructions have been given by the Shareholders.

Although Dr. Foo Fatt Kah does not have any interests in either of the GHS Settlement, the KAL Settlement or the Provision of Management Services to AASB, as a matter of good corporate governance, he has decided to abstain from making a recommendation to the Shareholders in respect of the GHS Settlement, the KAL Settlement or the Provision of Management Services to AASB as well. Accordingly, Dr. Foo Fatt Kah will abstain, and has undertaken to ensure that his associates (if any) will abstain from voting on Ordinary Resolution 2 approving the Luminor Settlement as an IPT, Ordinary Resolution 3 approving the GHS Settlement, Ordinary Resolution 4 approving the KAL Settlement, Ordinary Resolution 5 approving the Proposed Disposal as a major transaction, and Ordinary Resolution 6 approving the Provision of Management Services to AASB, and will not accept appointments as proxy in relation to Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5 and Ordinary Resolution 6 unless specific voting instructions have been given by Shareholders.

24. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Settlements, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

25. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe management which may be issued by the relevant authorities, a copy of the following documents will be made available for inspection by Shareholders during normal business hours from 9:00 a.m. to 5:00 p.m. at the Company's registered office at 80 Robinson Road, #17-02, Singapore 068898, for a period of three (3) months from the date of this Circular:

(a) the Luminor Settlement Deed;

(b) the GHS Settlement Deed;

(c) the KAL Settlement Deed;

(d) the annual report of the Company for FY2019;

(e) the constitution of the Company;

(f) the IFA Letter referred to in Section 9.3 and Section 10.4 of this Circular as set out in Appendix C to this Circular;

(g) the Mineral Asset Valuation Report referred to in Section 7.2(b) of this Circular as set out in Appendix D to this Circular;

(h) the BV Summary referred to in Section 7.2(b) of this Circular as set out in Appendix E to this Circular;

(i) the independent business valuation report dated 27 November 2020 prepared by the Business Valuer in relation to the market value of 100% of the equity interest of the AASB Group, which the BV Summary is based upon;

(j) the letter of consent from the IFA referred to in Section 20 of this Circular;

(k) the letter of consent from the Mineral Asset Valuer referred to in Section 21 of this Circular; and

(l) the letter of consent from the Business Valuer referred to in Section 22 of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
ANCHOR RESOURCES LIMITED

Dr. Wilson Tay Chuan Hui
Non-Executive Chairman and Lead Independent Director

Interests of Directors, Substantial Shareholders and Luminor 2 as at the Latest Practicable Date

	Number of Shares			Total Percentage Interest (%)[1]
	Direct	Deemed	Total	
Directors				
Dr. Wilson Tay Chuan Hui	-	-	-	-
Mr. Lim Chiau Woei	306,263,319	115,415,862[2]	421,679,181	28.95
Mr. Chan Koon Mong	3,496,625	1,597,222[3]	5,093,847	0.35
Ms. Ch'ng Li-Ling	-	-	-	-
Mr. Gavin Mark McIntyre	-	-	-	-
Dr. Foo Fatt Kah	-	-	-	-
Substantial Shareholders (other than Directors)				
Luminor Pacific Fund 1 Ltd	217,651,724	-	217,651,724	14.95
WA Consolidated Private Limited	115,415,862	-	115,415,862	7.93
Koh Ah Luan	82,554,886	-	82,554,886	5.67
Koh Kai Jok	76,681,818	-	76,681,818	5.27
Luminor 2	-	-	-	-

Notes:-

(1) The percentage of shareholdings is computed based on the present issued and paid up share capital of the Company comprising 1,456,326,449 Shares as at the Latest Practicable Date.

(2) WA Consolidated Private Limited is a private investment holding company incorporated in Singapore wholly owned by Mr. Lim Chiau Woei. As such, Mr. Lim Chiau Woei is deemed interested in all the shares held by WA Consolidated Private Limited.

(3) Mr. Chan Koon Mong is deemed interested in 1,597,222 Shares held by his spouse.

Interests of Directors, Substantial Shareholders and Luminor 2 upon completion of the Luminor Share Issue

	Number of Shares			Total Percentage Interest (%)[1]
	Direct	Deemed	Total	
Directors				
Dr. Wilson Tay Chuan Hui	-	-	-	-
Mr. Lim Chiau Woei	306,263,319	115,415,862[2]	421,679,181	24.72
Mr. Chan Koon Mong	3,496,625	1,597,222[3]	5,093,847	0.30
Ms. Ch'ng Li-Ling	-	-	-	-
Mr. Gavin Mark McIntyre	-	-	-	-
Dr. Foo Fatt Kah	-	249,200,000	249,200,000	14.61
Substantial Shareholders (other than Directors)				
Luminor Pacific Fund 1 Ltd	217,651,724	-	217,651,724	12.76
WA Consolidated Private Limited	115,415,862	-	115,415,862	6.77
Koh Ah Luan	82,554,886	-	82,554,886	4.84
Koh Kai Jok	76,681,818	-	76,681,818	4.50
Luminor 2	249,200,000	-	249,200,000	14.61
LCPL	-	249,200,000	249,200,000	14.61

Kwan Chee Seng[(4)]	-	249,200,000	249,200,000	14.61
Kwan Yu Wen[(4)]	-	249,200,000	249,200,000	14.61

Notes:-

(1) The percentage of shareholdings is computed based on enlarged the issued and paid up share capital of the Company comprising 1,705,526,449 Shares, assuming that that the maximum number of 249,200,000 New Shares are issued to Luminor 2 pursuant to the Luminor Share Issue.

(2) WA Consolidated Private Limited is a private investment holding company incorporated in Singapore wholly owned by Mr. Lim Chiau Woei. As such, Mr. Lim Chiau Woei is deemed interested in all the shares held by WA Consolidated Private Limited.

(3) Mr. Chan Koon Mong is deemed interested in 1,597,222 Shares held by his spouse.

(4) LCPL manages Luminor 2 and accordingly is deemed to have an interest in the shares held by Luminor 2. The shareholders of LCPL are Dr. Foo Fatt Kah, Mr. Kwan Chee Seng and Ms. Kwan Yu Wen, who hold 50%, 30% and 20% of the share capital of LCPL respectively. Dr. Foo Fatt Kah, Mr. Kwan Chee Seng and Ms. Kwan Yu Wen are deemed to have an interest in the shares held by Luminor 2 by virtue of the percentage of shares held by them in the share capital of LCPL.

According to the Company's announcement dated 6 April 2020, LCPL has ceased to be the fund manager of Luminor Pacific Fund 1 Ltd since the end of its charter life on 28 April 2019, and LCPL had subsequently continued to manage Luminor Pacific Fund 1 Ltd's interest in the Company until 3 April 2020. As such, LCPL is not deemed to have an interest in the shares held by Luminor Pacific Fund 1 Ltd.

Summary of key terms of the Luminor Share Issue

The key terms of the Luminor Share Issue are summarised below:

Settlement Amount	:	S$1,246,000
Luminor Issue Price	:	Higher of (i) S$0.005; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the Completion Date
Number of shares to be issued	:	Up to 249,200,000 New Shares, based on the Minimum Issue Price of S$0.005 per New Share

Summary of key terms of the Proposed Disposal

The key terms of the Proposed Disposal are summarised below:

	Luminor 2	Gan Huai Shi	Koh Ah Luan
Settlement Amount	S$1,727,272	S$1,025,293	S$1,537,356
Number of AASB Shares to set off the Settlement Amount	10,818,315 AASB Shares	6,421,655 AASB Shares	9,628,827 AASB Shares
Consideration payable to the Company	Not applicable	Not applicable	S$645,000
Number of Sale Shares to be purchased	Not applicable	Not applicable	4,039,788 AASB Shares
Total number of AASB Shares to be transferred pursuant to the Proposed Disposal	**10,818,315 AASB Shares**	**6,421,655 AASB Shares**	**13,668,615 AASB Shares**

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF ANCHOR RESOURCES LIMITED

ASIAN CORPORATE ADVISORS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Non-Interested Directors (as hereinafter defined)
Anchor Resources Limited
80 Robinson Road, #17-02
Singapore 068898

11 December 2020

(A) SETTLEMENT OF:

(1) GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$2,000,000 ISSUED TO LUMINOR PACIFIC FUND 2 LTD;

(2) NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,000,000 ISSUED TO MR GAN HUAI SHI; AND

(3) NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,500,000 ISSUED TO MS KOH AH LUAN;

BY WAY OF:

(1) ISSUANCE OF UP TO 249,200,000 NEW SHARES IN THE CAPITAL OF THE COMPANY TO LUMINOR PACIFIC FUND 2 LTD; AND

(2) DISPOSAL OF 100% OF THE ISSUED SHARE CAPITAL OF ANGKA ALAMJAYA SDN. BHD. AS A MAJOR TRANSACTION;

AND

(B) ENTRY INTO THE MANAGEMENT SERVICES AGREEMENT WITH ANGKA ALAMJAYA SDN. BHD. AS AN INTERESTED PERSON TRANSACTION.

*Unless otherwise defined or where the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular dated 11 December 2020 (the "**Circular**").*

1. INTRODUCTION

Asian Corporate Advisors Pte. Ltd. ("**ACA**") has been appointed as an independent financial adviser ("**IFA**") to the directors of Anchor Resources Limited ("**Anchor**" or the "**Company**", and together with its subsidiaries, the "**Group**") who are deemed independent (the "**Non-Interested Directors**") for the purposes of making recommendation(s) in relation to: (i) the Luminor Settlement (defined later); and (ii) the Provision of Management Services (defined later) as Interested Person Transactions (defined later).

We note from the Circular that the Non-Interested Directors comprise Dr Wilson Tay Chuan Hui, Mr. Lim Chiau Woei, Mr. Chan Koon Mong, Ms. Ch'ng Li-Ling and Mr. Gavin Mark McIntyre.

This letter ("**Letter**" or "**IFA Letter**") sets out, *inter alia*, our views and evaluation of the Luminor Settlement and the Provision of Management Services as interested person transactions ("**IPTs**" or "**Interested Person Transactions**") pursuant to Chapter 9 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**), which have been proposed as ordinary resolutions in the notice of the extraordinary general meeting ("**EGM**") of the Company as set out in the Circular to registered holders ("**Shareholders**") of the ordinary shares ("**Shares**") in the capital of the Company. Likewise, it contains our recommendations to the Non-Interested Directors in relation to the Luminor Settlement and Provision of Management Services for determining whether the Luminor Settlement and the Provision of Management Services as IPTs (pursuant to Chapter 9 of the Catalist Rules are on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders of the Company ("**Minority Shareholders**").

Shareholders should take note that Luminor Settlement comprises the Luminor Share Issue (defined later) and the Luminor Share Transfer. The Luminor Settlement constitutes an IPT as Dr Foo Fatt Kah ("**Dr Foo**") a non-executive Director of the Company owns 50% of Luminor Capital Pte. Ltd. ("**LCPL**"), which in turn manages Luminor Pacific Fund 2 Ltd ("**Luminor 2**"). Thus, pursuant to Rule 904(4)(b) of the Catalist Rules, Luminor 2 is deemed as an "interested person".

This Letter is prepared for inclusion in the Circular in connection with, *inter alia*, the Luminor Settlement and the Provision of Management Services as Interested Person Transactions. For the purposes of this Letter, references to independent Shareholders ("**Independent Shareholders**") shall in the context of the Luminor Settlement and the Provision of Management Services mean Shareholders other than the interested persons and/or their associates as defined by the Listing Manual. Unless otherwise defined or where the context otherwise requires, the definition used in the Circular shall apply throughout this Letter. Certain figures and computations as enumerated or set out in this Letter are based on approximations and its accuracy is subject to rounding.

1.1. Background

<u>Luminor Settlement</u>

As previously announced by the Company on 29 March 2017 and disclosed in the circular to the Shareholders dated 30 June 2017, the Company entered into a subscription agreement ("**Luminor Subscription Agreement**") with Luminor 2 on 29 March 2017, pursuant to which the Company had procured its wholly-owned subsidiary, Angka Marketing Pte. Ltd., to issue to Luminor 2 the Luminor Bonds which had a maturity date of 25 August 2019 ("**Luminor Maturity Date**"). The Luminor Bonds bore interest of five per cent. (5%) per annum, payable every six (6) months in arrears ("**Principal Interest**") and an additional interest of twelve per cent. (12%) per annum for late payment of any interest payable on the Luminor Bonds ("**Late Payment Interest**"). The Late Payment Interest is also payable on any sum due to Luminor 2 from the Luminor Maturity Date. The Luminor Bonds also bear a cumulative return equal to a fifteen per cent. (15%) per annum up to the Luminor Maturity Date ("**Premium Amount**", and together with the Luminor Principal Amount and Principal Interest, the "**Principal Outstanding Amount**"). The Company had also executed a deed of guarantee dated 25 August 2018 in favour of Luminor 2 over all amounts payable by Angka Marketing Pte. Ltd. to Luminor 2 under the Luminor Subscription Agreement ("**Luminor Guarantee**"). The Company obtained Shareholders' approval for the issuance of the Luminor Bonds on 19 July 2017, and the issuance of the Luminor Bonds was completed and announced on 25 August 2017.

As disclosed in its announcement dated 9 April 2019, the Company and Luminor 2 had executed a letter of extension pursuant to which both parties had agreed that, *inter alia*, the Luminor Maturity Date would be extended to 25 August 2020 subject to successful negotiation of the terms and conditions for the extension, including extension fees. Such negotiations were not concluded and hence the Luminor Maturity Date was not extended to 25 August 2020 and remained as 25 August 2019.

On 25 November 2019, the Company and Luminor 2 were still in discussion to finalise the terms for an extension whereby the Company will repay to Luminor 2 no later than 30 June 2020 all outstanding amounts payable on the Luminor Bonds. As Luminor 2 had on 19 August 2019 via email to the Company elected not to exercise its Exchange Right (as defined in Condition 5(1)(i) of the

Luminor Subscription Agreement) under the Luminor Bonds, all outstanding Luminor Bonds were due for redemption on the Luminor Maturity Date. Accordingly, the Company and Luminor 2 have agreed that the total aggregate outstanding amount owing under the Luminor Bonds would be the sum of:

(a) the Luminor Principal Amount of S$2,000,000;

(b) the Principal Interest for the six-month period from 26 August 2019 to 25 February 2020 of S$50,000;

(c) the Premium Amount from the date of issue of the Luminor Bonds to the Luminor Maturity Date of S$645,000; and

(d) Late Payment Interest on the Principal Outstanding Amount due and payable from the Luminor Maturity Date until 30 June 2020 amounting to a total of S$278,272,

(collectively, the "**Aggregate Outstanding Amount**" amounting to a total of S$2,973,272).

On 29 April 2020 ("**Announcement Date**"), the Company announced (the "**Announcement**") that it had entered into a deed of settlement on the same date with Luminor 2 and Angka Alamjaya Sdn. Bhd. ("**AASB**"), a wholly-owned subsidiary of the Company ("**Luminor Settlement Deed**"), pursuant to which:

(a) a portion of the Aggregate Outstanding Amount, being the amount of S$1,246,000, shall be fully settled and satisfied by the issuance of such number of new Shares by the Company to Luminor 2 ("**New Shares**") at an issue price per New Share (the "**Luminor Issue Price**") that is the higher of (i) S$0.005 ("**Minimum Issue Price**"); and (ii) an amount equivalent to the volume weighted average price ("**VWAP**") of the Shares traded on the Catalist over the period of five (5) days immediately preceding the date of Luminor Completion (as defined in the Circular) ("**Luminor Share Issue**");

(b) the balance of the Aggregate Outstanding Amount, being the amount of S$1,727,272, shall be fully settled and satisfied by the transfer of 10,818,315 ordinary shares held by the Company in AASB ("**AASB Shares**") to Luminor 2 ("**Luminor Share Transfer**");

(c) in the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790 ("**Transfer Price**"), the Company has to pay to Luminor 2 an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 10,818,315 (being the number of AASB Shares to be transferred to Luminor 2) ("**Luminor Shortfall**") on the date of completion of the Luminor Share Issue and the Luminor Share Transfer ("**Luminor Completion**") ("**Luminor Completion Date**"); and

(d) upon the Luminor Completion and the payment by the Company of the Shortfall to Luminor 2 (if applicable), the Luminor Bonds shall be cancelled and the Luminor Guarantee will terminate,

(collectively, the "**Luminor Settlement**").

In addition, the Company had also entered into settlement agreements with each of Mr. Gan Huai Shi ("**GHS**") and Ms. Koh Ah Luan ("**KAL**").

Pursuant to the deed of settlement dated 29 April 2020, entered into between the Company, AASB and GHS ("**GHS Settlement Deed**"), the amounts outstanding and owing to GHS of S$1,025,293 will be settled via the transfer of 6,421,655 AASB Shares to GHS pursuant to the terms of the GHS Settlement Deed ("**GHS Share Transfer**").

Further pursuant to the deed of settlement dated 29 April 2020, entered into between the Company, AASB and KAL ("**KAL Settlement Deed**"), the amounts outstanding and owing to KAL of S$1,537,356 will be settled via the transfer of 9,628,827 AASB Shares to KAL pursuant to the terms of the KAL Settlement Deed ("**KAL Share Transfer**").

We note that conditional upon and simultaneously with the completion of the KAL Share Transfer ("**KAL Completion**"), the Company shall sell and KAL shall purchase an additional 4,039,788 AASB Shares ("**Sale Shares**") for an aggregate consideration of S$645,000 ("**KAL Sale**", and together with the Luminor Share Transfer, the GHS Share Transfer and the KAL Share Transfer, the "**Proposed Disposal**").

Provision of Management Services

Upon the completion of the Luminor Share Transfer, the GHS Share Transfer, the KAL Share Transfer and the KAL Sale (collectively the Proposed Disposal), the Company will cease to hold any shares in AASB and both AASB and Angka Mining Sdn. Bhd. ("**AMSB**") will cease to be subsidiaries of the Company.

Under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed, the Company will continue to provide management services to AASB for the period of twelve (12) months commencing from the date of completion of the Proposed Disposal ("**Transition Period**") in respect of AASB's mining licences, local government approvals and operators ("**Provision of Management Services**"). Save for the Provision of Management Services to AASB, the Company will cease all operations in its gold mining business segment, which is currently a key business segment of the Group.

In consideration of the Company in effecting the Provision of Management Services to AASB, the latter will continue to provide management services to AASB in respect of AASB's mining licences, local government approvals and operators, and in consideration of the foregoing, AASB will pay to the Company a monthly service fee equivalent to four and a half per cent. (4.5%) of AASB's revenue for the duration of and in accordance with and subject to the terms of the management services agreement ("**Management Services Agreement**") to be entered into between the Company and AASB on Completion.

1.2. The Luminor Settlement and Provision of Management Services to AASB as an Interested Person Transactions

Luminor Settlement

The Luminor Settlement, comprising the Luminor Share Issue and the Luminor Share Transfer, constitutes an IPT under Chapter 9 of the Catalist Rules, as Dr Foo, a non-executive Director of the Company owns 50% of LCPL, which in turns manages Luminor 2. Thus, Luminor 2 is deemed as an "interested person" under Rule 904(4)(b) of the Catalist Rules ("**IP**" or "**Interested Person**").

We note from the Circular that the aggregate value of the Luminor Settlement is S$2,973,272, representing approximately 172.60% of the Group's latest audited net tangible assets ("**NTA**") as at 31 December 2019 of S$1,722,667 (based on NTA of RM5,168,000 and exchange rate of S$1.00: RM3.00).

Accordingly, under Rule 906(1) of the Catalist Rules, the Luminor Settlement is subject to the approval of the Shareholders at the EGM.

Rule 921(4)(a) of the Catalist Rules provides that if Shareholder approval is required in respect of an IPT, the circular to Shareholders must include an opinion in a separate letter from an IFA stating whether the relevant transaction is on normal commercial terms and is prejudicial to the interests of the issuer and its minority shareholders.

Management Services Agreement

Following the completion of the Luminor Settlement, the GHS Share Transfer, the KAL Share Transfer and the KAL Sale, the Company will enter into a Management Services Agreement with AASB for the Transition Period. On completion of the Luminor Settlement (and the Luminor Share Transfer), Luminor 2 will own more than 30% of AASB. Dr Foo, a non-executive Director, owns 50% of LCPL, which in turn manages Luminor 2. Hence, due to Luminor 2's shareholding in AASB, and pursuant to Rule 906(4) of the Catalist Rules, AASB becomes an IP under Rule 904(4)(b) on completion of the Luminor Settlement.

Based on the assumption that the revenue of AASB after the completion of the Proposed Disposal will be similar to the historical performance of AASB for the past twelve (12) months, the aggregate value of the Management Services Agreement would be approximately S$67,500, representing approximately 3.92% of the Group's latest audited NTA as at 31 December 2019 of S$1,722,667 (based on NTA of RM5,168,000 and exchange rate of S$1.00: RM3.00) and approximately 92.89% of the Group's latest unaudited NTA as at 30 June 2020 of S$72,667 (based on NTA of RM218,000 and exchange rate of S$1.00: RM3.00).

Shareholders should note that the actual amount payable by AASB to the Company under the Management Services Agreement may or may not cross the applicable thresholds under Rule 906(1) of the Catalist Rules. Nevertheless, in the interests of transparency and as a matter of good corporate governance, the Company is seeking the approval of the Shareholders at the EGM for the Provision of Management Services to AASB and the entry into the Management Services Agreement.

For the avoidance of doubt, no statements made in this Letter in relation to the value of the Management Services Agreement are intended as a profit forecast or a profit estimate.

2. TERMS OF REFERENCE

ACA has been appointed by the Company pursuant to Rule 921(4)(a) of the Catalist Rules to advise the Non-Interested Directors in respect of (i) the Luminor Settlement as an IPT; and (ii) the Provision of Management Services Agreement as an IPT. We were neither a party to the negotiations entered into by the Company in relation to transactions contemplated in the Circular, *inter alia,* the Luminor Settlement (comprising the Luminor Share Issue and the Luminor Share Transfer), the GHS Settlement (as defined in the Circular), and the KAL Settlement (as defined in the Circular) (collectively, the "**Proposed Settlements**"); the Proposed Disposal (as defined in the Circular); and the Provision of Management Services Agreement (collectively, the "**Proposed Transactions**"), nor were we involved in the deliberation leading up to the decision on the part of the directors of the Company ("**Directors**") to enter into the Proposed Transactions, and we do not, by this Letter or otherwise, advise or form any judgment on the merits of the Proposed Transactions for the Group or the possibilities or feasibilities of the completion of the Proposed Transactions or the timing on when the Proposed Transactions can be completed or whether there are alternative transactions available other than to form an opinion, strictly and solely on the bases set out herein on whether the Luminor Settlement and the Provision of Management Services as IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

We have confined our evaluation strictly and solely on the Luminor Settlement and the Provision of Management Services as IPTs and have not taken into account the commercial/financial/operational/compliance risks and/or merits (if any) of or the timing for the Proposed Transactions contemplated in the Circular including the structuring or inter-conditionality of the Proposed Transactions or the validity of any resolution or its feasibility. It is not within our scope to opine on the future financial performance or position of the Group subsequent to the completion of the Proposed Transactions (including, *inter alia,* the Proposed Settlements, the Proposed Disposal and the Provision of Management Services) or the possibility or probability that the Group can improve their profitability or that the anticipated benefits from the Proposed Transactions can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Transactions or the viability, profitability and risks of the Luminor Settlement and the Provision of Management Services as IPTs or the ability of the Group to service its borrowings (both principal and interest payment) when it falls due or the adequacy of the working capital or the ability to continue as a going concern of the Group following completion of the Proposed Transactions. Such evaluation or comment remains the responsibility of the Directors and the management ("**Management**") of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

In the course of our evaluation, we have held discussions with certain Directors and the Management regarding their assessment of the rationale for the Proposed Transactions (including, *inter alia,* the Luminor Settlement and the Provision of Management Services as IPTs) and have examined publicly available information collated by us including the audited financial statements as well as information including material information or developments pertaining to the Group (both written and verbal), provided to us by the Directors and Management and professional advisers of the Company, including its consultants or advisers or solicitors or auditors. We have not independently verified such information but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We have relied upon the assurance of Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular as well as their announcements for the financial results have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at 6 December 2020 (the "**Latest Practicable Date**"), and therefore does not reflect expected financial performance after the financial statements for the six (6) months period ended ("**HY**") 30 June 2020 ("**HY2020**") for AASB and AMSB (collectively, "**AASB Group**") and the Group. The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Group after the completion of Proposed Transactions. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Transactions (in part or in full) or voting for or voting against the Luminor Settlement or the Provision of Management Services or the other resolutions stipulated in the Circular (if any) or on the future financial performance of the Group and the AASB Group. Estimates or analysis or evaluation of the merits of the Group or the AASB Group or the Luminor Settlement or the Provision of Management Services as IPTs in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

In the course of our evaluation, we also note that the independent auditors (the "**Independent Auditors**") of the Company named in the annual report for the financial year ended 31 December 2019 ("**FY2019**") ("**AR2019**") have highlighted the material uncertainty related to going concern. The extract of material uncertainty related to going concern are set out in Section 6.2 of this Letter and can be found on page 57 of the AR2019.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Non-Interested Directors (as well as Independent Shareholders of the Company who would be receiving the Circular and this Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available information and other information provided by the Company and the Directors as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial year end or financial period for the Group or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Luminor Settlement or the Provision of Management Services as IPTs and our recommendation or opinion or views. Likewise, this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

The Directors have jointly and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of the information and representations as provided by the Directors contained therein. The Directors have confirmed to ACA that all relevant material information including but not limited to plans or prospects or proposals or rationale involving the Company or the

Group or the Proposed Transactions stipulated in the Circular or issue or changes to its capital structure, available to them and Management in connection with the Proposed Transactions has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material aspects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed or confirmations given by the Directors in the Circular or the IFA Letter to be untrue, inaccurate or incomplete in any material aspect or materially misleading.

Our scope does not require us and we have not made any independent evaluation or business valuation of the Group or the AASB Group (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities of the Group or the AASB Group (including without limitation, mining property) or contracts entered into by the Group or the AASB Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the AASB Group save for:-

(i) the independent VALMIN valuation report in relation to the valuation of the mineral assets (being the Lubuk Mandi Gold Mine) held by the AASB Group dated 27 November 2020 ("**Mineral Asset Valuation Report**") prepared by Derisk Geomining Consultants Pty Ltd (the "**Mineral Asset Valuer**"); and

(ii) the independent business valuation summary letter dated 27 November 2020 ("**BV Summary**") and the business valuation report dated 27 November 2020 ("**BV Report**") prepared by Mazars LLP (the "**Business Valuer**") in relation to the market value of 100% equity interest in AASB Group.

With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, mining property) including, *inter alia*, the contracts or agreements that the Group or the AASB Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company, the Group, and the AASB Group as reflected in the unaudited financial statements and the full year audited financial statements for the Company, the Group and the AASB Group as at 30 June 2020 and 31 December 2019 respectively are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for HY2020 and the audited financial statements for FY2019 for the Company, the Group and the AASB Group to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter alia,* the valuation or appraisal of business, assets and liabilities including, *inter alia,* the contracts or agreements that the Group and the AASB Group has embarked upon or are about to embark upon, the omission of which would render those statements or information including our views or analysis or opinions or reliance of such statements or information to be untrue, inaccurate, incomplete or misleading.

Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the Company's announcements on the SGXNET, and the financial statements for the Group and the AASB Group for HY2020 and FY2019, there has been no material changes to the Group's and the AASB Group's business, assets and liabilities, financial position, condition and performance.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Non-Interested Directors to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter or the Luminor Settlement and the Provision of Management Services as IPTs or the Company or the Group or the AASB Group or the Shares or the AASB Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Director or Non-Interested Director, and as such the Non-Interested Directors are advised to highlight to Independent Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Luminor Settlement and the Provision of Management Services as IPTs or its recommendation, following the date of the issue of this Letter.

This Letter is addressed to the Non-Interested Directors in connection with and for the sole purpose of their evaluation of the Luminor Settlement and the Provision of Management Services as IPTs. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Luminor Settlement and the Provision of Management Services as IPTs and/or at the forthcoming EGM. In addition, any references to our Letter or opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

3. LUMINOR SETTLEMENT, GHS SETTLEMENT, AND KAL SETTLEMENT

3.1. PRINCIPAL TERMS OF THE PROPOSED SETTLEMENTS

The principal terms of the Luminor Settlement, the GHS Settlement and the KAL Settlement, can be found in Section 2, 3, 4 and 5 of the Circular. The principal terms of the Luminor Settlement, the GHS Settlement and the KAL Settlement have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"2. SETTLEMENT OF THE GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$2,000,000 ISSUED TO LUMINOR PACIFIC FUND 2 LTD

2.1. Introduction

*As previously announced by the Company on 29 March 2017 and disclosed in the circular to the Shareholders dated 30 June 2017, the Company entered into a subscription agreement ("**Luminor Subscription Agreement**") with Luminor 2 on 29 March 2017, pursuant to which the Company had procured its wholly-owned subsidiary, Angka Marketing Pte. Ltd., to issue to Luminor 2 the Luminor Bonds which had a maturity date of 25 August 2019 ("**Luminor Maturity Date**"). The Luminor Bonds bore interest of five per cent. (5%) per annum, payable every six (6) months in arrears ("**Principal Interest**") and an additional interest of twelve per cent. (12%) per annum for late payment of any interest payable on the Luminor Bonds ("**Late Payment Interest**"). The Late Payment Interest is also payable on any sum due to Luminor 2 from the Luminor Maturity Date. The Luminor Bonds also bear a cumulative return equal to a fifteen per cent. (15%) per annum up to the Luminor Maturity Date ("**Premium Amount**", and together with the Luminor Principal Amount and Principal Interest, the "**Principal Outstanding Amount**"). The Company had also executed a deed of guarantee dated 25 August 2018 in favour of Luminor 2 over all amounts payable by Angka Marketing Pte. Ltd. to Luminor 2 under the Luminor Subscription Agreement ("**Luminor Guarantee**"). The Company obtained shareholders' approval for the issuance of the Luminor Bonds on 19 July*

2017, and the issuance of the Luminor Bonds was completed and announced on 25 August 2017.

As disclosed in its announcement dated 9 April 2019, the Company and Luminor 2 had executed a letter of extension dated 9 April 2019 pursuant to which both parties had agreed that, inter alia, the Luminor Maturity Date would be extended to 25 August 2020 subject to successful negotiation of the terms and conditions for the extension, including extension fees. On 26 August 2019, the Company announced that Luminor 2 had agreed to a standstill for up to three months up till 25 November 2019 to facilitate discussions on any additional and/or supplemental terms and conditions in relation to the redemption of the Luminor Bonds. Such negotiations were subsequently not concluded and hence the Luminor Maturity Date was not extended to 25 August 2020 and remained as 25 August 2019.

The Company announced on 25 November 2019 that the Company and Luminor 2 were still in discussion to finalise the terms for an extension whereby the Company will repay to Luminor 2 no later than 30 June 2020 all outstanding amounts payable on the Luminor Bonds. As Luminor 2 had on 19 August 2019 via email to the Company elected not to exercise its Exchange Right (as defined in Condition 5(1)(i) of the Luminor Subscription Agreement) under the Luminor Bonds, all outstanding Luminor Bonds were due for redemption on the Luminor Maturity Date. Accordingly, the Company and Luminor 2 have agreed that the total aggregate outstanding amount owing under the Luminor Bonds would be the sum of:

(a) the Luminor Principal Amount of S$2,000,000;

(b) the Principal Interest for the six-month period from 26 August 2019 to 25 February 2020 of S$50,000;

(c) the Premium Amount from the date of issue of the Luminor Bonds to the Luminor Maturity Date of S$645,000; and

(d) Late Payment Interest on the Principal Outstanding Amount due and payable from the Luminor Maturity Date until 30 June 2020 amounting to a total of S$278,272,

*(collectively, the "**Aggregate Outstanding Amount**" amounting to a total of S$2,973,272).*

Please refer to the Company's previous circular dated 30 June 2017 and its previous announcements dated 29 March 2017, 25 August 2017, 9 April 2019, 26 August 2019 and 25 November 2019 released on SGXNET at https://www.sgx.com/securities/company-announcements for more information on the above.

2.2. Luminor Settlement Deed

*On 29 April 2020, the Company announced that it had entered into a deed of settlement on the same date with Luminor 2 and AASB, a wholly-owned subsidiary of the Company ("**Luminor Settlement Deed**"), pursuant to which:*

(a) a portion of the Aggregate Outstanding Amount, being the amount of S$1,246,000, shall be fully settled and satisfied by the issuance of such number of New Shares by the Company to Luminor 2 at an issue price per New Share that is the higher of (i) the Minimum Issue Price; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the date of the Luminor Completion (as defined herein);

(b) the balance of the Aggregate Outstanding Amount, being the amount of S$1,727,272, shall be fully settled and satisfied by the transfer of 10,818,315 AASB Shares to Luminor 2;

*(c) in the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay to Luminor 2 an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 10,818,315 (being the number of AASB Shares to be transferred to Luminor 2) ("**Luminor Shortfall**") on the date of completion of the Luminor Share Issue and the Luminor Share Transfer ("**Luminor Completion**") ("**Luminor Completion Date**"); and*

(d) upon the Luminor Completion and the payment by the Company of the Luminor Shortfall to Luminor 2 (if applicable), the Luminor Bonds shall be cancelled and the Luminor Guarantee will terminate.

*Please refer to the Company's announcement dated 29 April 2020 ("**Settlement Announcement**") released on SGXNET at https://www.sgx.com/securities/company-announcements for further details on, inter alia, the Luminor Settlement Deed.*

Please refer to Section 6 of this Circular for further information on the Luminor Share Issue and Section 7 of this Circular for further information on the Luminor Share Transfer.

Please refer to Appendix A of this Circular for, inter alia, the current and expected shareholding interests of Luminor 2 in the Company before and after the completion of the Luminor Share Issue.

Please refer to Appendix B of this Circular for, inter alia, a summary of the key terms of the Luminor Share Issue and the Proposed Disposal (of which the Luminor Share Transfer is part of).

2.3. Information relating to Luminor 2

*Luminor 2 is a company incorporated in Singapore engaged in the business of investment holding. It is managed by Luminor Capital Pte. Ltd. ("**LCPL**"), a fund manager headquartered in Singapore. Dr. Foo Fatt Kah, a non-executive Director of the Company appointed to the Board of the Company on 28 February 2018, is the managing director of LCPL. Dr. Foo Fatt Kah holds fifty per cent. (50%) of the total issued and paid-up share capital of LCPL.*

As Dr. Foo Fatt Kah, a non-executive Director of the Company, is deemed to have an aggregate interest of more than ten per cent. (10%) in Luminor 2 through his shareholding interests in LCPL, Luminor 2 falls under the class of restricted persons as specified under Rule 812(1) of the Catalist Rules. Accordingly, the Company will be seeking the approval of the Shareholders at a general meeting to be convened for, inter alia, the Luminor Settlement.

3. THE SETTLEMENT OF THE NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,000,000 ISSUED TO MR GAN HUAI SHI

3.1. Introduction

*As announced by the Company on 21 June 2019, GHS entered into a subscription agreement with the Company ("**GHS Subscription Agreement**") pursuant to which the Company issued to GHS the GHS Bonds. The GHS Bonds bore an interest rate of twenty per cent. (20%) per annum on the GHS Principal Amount outstanding commencing from the date of issue of the GHS Bonds to the original maturity date of the GHS Bonds, being 25 December 2019 ("**GHS Maturity Date**").*

*On 21 August 2019, the Company had repaid to GHS S$70,000 of the GHS Principal Amount, such that the remaining principal amount due and payable to GHS as at the Extended Maturity Date (as defined herein) is S$930,000 ("**Remainder Principal Amount**").*

*On 23 December 2019, the Company announced that the Company and GHS had agreed for the GHS Maturity Date to be extended until 25 June 2020 ("**Extended Maturity Date**").*

*Please refer to the Company's announcements dated 21 June 2019 and 23 December 2019 released on SGXNET at **https://www.sgx.com/securities/company-announcements** for more information on the above.*

3.2. GHS Settlement Deed

*On 29 April 2020, the Company announced that it had entered into a deed of settlement with AASB and GHS ("**GHS Settlement Deed**") pursuant to which:*

(a) the sum of (i) the Remainder Principal Amount of S$930,000; and (ii) all interest accrued and payable under the GHS Bonds from the GHS Maturity Date up to 30 June 2020 of S$95,293, amounting to a total of S$1,025,293, shall be fully settled and satisfied by the transfer of 6,421,655 AASB Shares to GHS;

*(b) in the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay to GHS an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 6,421,655 (being the number of AASB Shares to be transferred to GHS) ("**GHS Shortfall**") on the date of completion of the GHS Share Transfer ("**GHS Completion**") ("**GHS Completion Date**"); and*

(c) upon the GHS Completion, the GHS Bonds shall be cancelled.

Please refer to the Settlement Announcement released on SGXNET at https://www.sgx.com/securities/company-announcements for more information on the above.

Please refer to Section 7 of this Circular for further information on the GHS Share Transfer.

Please refer to Appendix B of this Circular for, inter alia, a summary of the key terms of the Proposed Disposal (of which the GHS Share Transfer is part of).

3.3. Information relating to GHS

GHS is a private investor and is the son of KAL, a Substantial Shareholder of the Company. Save for the GHS Bonds and save for the foregoing, he has no connections, including business relationships with the Company, its Directors and Substantial Shareholders.

4. THE SETTLEMENT OF THE NON-CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF S$1,500,000 ISSUED TO MS KOH AH LUAN

4.1. Introduction

*On 21 September 2018, the Company announced that KAL entered into a subscription agreement on the same day with the Company ("**KAL Subscription Agreement**") pursuant to which the Company issued to KAL the KAL Bonds. The KAL Bonds bore an interest rate of nine per cent. (9%) per annum on the KAL Principal Amount outstanding commencing from the date of issue of the KAL Bonds to the maturity date of the KAL Bonds, being 25 September 2021.*

Please refer to the Company's announcement dated 21 September 2018 released on SGXNET at https://www.sgx.com/securities/company-announcements for more information on the above.

4.2. *KAL Settlement Deed*

*As announced by the Company on 29 April 2020, the Company, AASB and KAL had entered into a deed of settlement on the same day ("**KAL Settlement Deed**") pursuant to which:*

(a) *the sum of (i) the KAL Principal Amount of S$1,500,000; and (ii) all interest accrued and payable under the KAL Bonds from 21 March 2020 up to 30 June 2020 of S$37,356, amounting to a total of S$1,537,356, shall be fully settled and satisfied by the transfer of 9,628,827 AASB Shares to KAL;*

(b) *in the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay to KAL an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 9,628,827 (being the number of AASB Shares to be transferred to KAL) ("**KAL Shortfall**") on the date of completion of the KAL Share Transfer ("**KAL Completion**" and collectively with the Luminor Completion and the GHS Completion, "**Completion**") ("**KAL Completion Date**", and collectively with the Luminor Completion Date and the GHS Completion Date, the "**Completion Date**"); and*

(c) *upon the KAL Completion, the KAL Bonds shall be cancelled;*

(d) *conditional upon and simultaneously with the KAL Completion, the Company shall sell and KAL shall purchase an additional 4,039,788 Sale Shares for an aggregate consideration of S$645,000; and*

(e) *KAL shall make payment of a deposit of S$300,000 upon the signing of the KAL Settlement Deed and a further payment of S$345,000 to the Company within thirty (30) days of the date of the KAL Settlement Deed (collectively, the "**Deposits**"), such Deposits to be applied towards the consideration of the Sale Shares at the date of the KAL Completion, and in the event that the KAL Settlement Deed is terminated, the Company shall return the Deposits to KAL within ten (10) days of such termination.*

Please refer to the Settlement Announcement released on SGXNET at https://www.sgx.com/securities/company-announcements for more information on the above.

Please refer to Section 7 of this Circular for further information on the KAL Share Transfer and KAL Sale.

Please refer to Appendix B of this Circular for, inter alia, a summary of the key terms of the Proposed Disposal (of which the KAL Share Transfer and KAL Sale are part of).

4.3. *Information relating to KAL*

KAL is a private investor and is a Substantial Shareholder of the Company, with a shareholding of 5.67% in the Company. Save for the KAL Bonds and save for the foregoing, she has no other connections, including business relationships with the Company, its Directors and Substantial Shareholders.

5. *CONDITIONS PRECEDENT OF THE LUMINOR SETTLEMENT, THE GHS SETTLEMENT AND THE KAL SETTLEMENT*

5.1. *Conditions*

Each of the Luminor Settlement, the GHS Settlement and the KAL Settlement is conditional upon, and subject to, inter alia, the following:

(a) *(in respect of the Luminor Settlement only) the receipt of the listing and quotation notice ("**LQN**") from the SGX-ST (and such notice not having been withdrawn or* *revoked on or prior to the completion of the Luminor Share Issue,) for the dealing in, listing of and quoting of the New Shares on the Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;*

(b) the resolution of the board of directors of the Company and AASB (as the case may be) having been obtained for the Luminor Settlement, the GHS Settlement and/or the KAL Settlement (as the case may be);

*(c) if required, the appointment of an independent financial adviser ("**IFA**") to the independent directors of the Company, and an opinion from the IFA that the Luminor Settlement, the GHS Settlement and/or the KAL Settlement (as the case may be) is not prejudicial to the interests of the Company and its minority shareholders;*

(d) if required, approval of the Shareholders and the shareholders of AASB (as the case may be) in general meeting having been obtained for the Luminor Settlement, the GHS Settlement and/or the KAL Settlement (as the case may be);

(e) the Company having obtained an independent valuation report from an independent valuer in respect of AASB, pursuant to which the valuation amount of AASB is not less than RM14,804,764;

(f) all other approvals, confirmations, authorisations, registrations, licences, waivers and/or consents (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in respect of or in connection with the Luminor Settlement, the GHS Settlement and/or the KAL Settlement (as the case may be) being granted or obtained, and the same remaining in full force and effect and not being withdrawn or amended on or before Completion, and to the extent that such approvals, confirmations, authorisations, registrations, licences, waivers and/or consents are subject to any conditions required to be fulfilled before Completion, all such conditions having been duly so fulfilled;

(g) none of the Company, Luminor 2, GHS or KAL having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Luminor Settlement Deed, the GHS Settlement Deed and/or the KAL Settlement Deed, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened; and

*(h) the capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company ("**Loan Capitalisation**"), resulting in the number of issued shares in AASB being increased from 16,348,358 to 30,908,585,*

*(collectively, the "**Settlement Conditions**").*

As at the Latest Practicable Date, the Settlement Conditions in sections 5.1(b), (c), (e), and (h) above have been fulfilled. As for the Settlement Condition set out in section 5.1(g) above, this will be determined as at the Completion Date.

5.2. Long-stop Date

Pursuant to the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed, if any of the Settlement Conditions (save for those compliance with which has been waived) have not been fulfilled on or before 31 December 2020, each of the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed will automatically terminate and Luminor 2, GHS and KAL shall be entitled to take every action necessary to recover the amounts owing to each of them from the Company.

5.3. Completion

Completion of the Luminor Settlement, the GHS Settlement and the KAL Settlement is expected to take place within five (5) business days from the date on which all of the Settlement Conditions have been fulfilled (unless waived) and at such place and time as shall be mutually agreed in writing between the Company and Luminor 2, GHS and/or KAL (as the case may be).”

4. PRINCIPAL TERMS OF THE LUMINOR SHARE ISSUE

The principal terms of the Luminor Share Issue can be found in Section 6 of the Circular. The principal terms of the Luminor Share Issue have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

“6. OVERVIEW OF THE LUMINOR SHARE ISSUE

6.1. General Terms of the New Shares

(a) <u>New Shares</u>

Assuming that the New Shares are issued at the Minimum Issue Price, up to 249,200,000 New Shares will be issued to Luminor 2. Please refer to Appendix A of this Circular for the shareholding interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date and upon completion of the Luminor Share Issue.

Assuming that the maximum number of New Shares are issued, the New Shares represent approximately 17.11% of the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company of 1,456,326,449 Shares as at the Latest Practicable Date and approximately 14.61% of the enlarged share capital (excluding treasury shares and subsidiary holdings) of the Company of 1,705,526,449 Shares following the completion of the Luminor Share Issue and there are no other changes to the number of Shares in issue (excluding treasury shares and subsidiary holdings) of the Company before the completion of the Luminor Share Issue.

The New Shares shall be issued free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank pari passu with and shall carry all rights similar to the existing Shares except that the New Shares will not rank for any dividends, rights, allotments, or other distributions, the record date for which falls on or before the date of the allotment and issue of the New Shares.

(b) <u>Luminor Issue Price</u>

The Luminor Issue Price of the New Shares is the higher of (i) the Minimum Issue Price; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the Completion Date.

The Minimum Issue Price of S$0.005 per New Share represents a discount of approximately 12.28% to the VWAP of the Shares of S$0.0057 per Share for trades done on the SGX-ST on 28 April 2020, being the preceding market date on which the Shares were traded prior to the date of the Luminor Settlement Deed. For reference, the Minimum Issue Price of S$0.005 represents a discount of approximately 28.57% when compared to the trading price of the Shares as at the Latest Practicable Date of S$0.007.

The Luminor Issue Price was commercially agreed between the Company and Luminor 2 after arm's length negotiations and taking into account historical trading performance of the Company, prevailing market conditions and future prospects of the Group.

(c) <u>Compliance with Catalist Rules</u>

Dr. Foo Fatt Kah, a non-executive Director of the Company, is the managing director of LCPL, which manages Luminor 2. Accordingly, Luminor 2 falls under the class of restricted persons as specified under Rule 812(1) of the Catalist Rules. The Company will be seeking the approval of the Shareholders at a general meeting to be convened for, inter alia, the Luminor Share Issue.

*For illustrative purposes only, upon the completion of the allotment and issue of the New Shares and assuming that the New Shares are issued at the Minimum Issue Price, Luminor 2 will subscribe for up to 249,200,000 New Shares representing approximately 14.61% of the enlarged share capital (excluding treasury shares and subsidiary holdings) of the Company of **1,705,526,449** Shares following the completion of the Luminor Share Issue.*

For illustrative purposes, Appendix A to this Circular sets out the indicative shareholdings interests of Luminor 2, the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date and immediately after the Luminor Share Issue.

Separately, the Luminor Settlement constitutes an interested person transaction under Chapter 9 of the Catalist Rules, and accordingly the Company will be seeking the approval of the Shareholders pursuant to Rule 906(1) of the Catalist Rules. Please refer to Section 9 of this Circular for more details.

6.2. SGX-ST Listing and Quotation Notice

*The Company has made an application to the SGX-ST through its sponsor, UOB Kay Hian Private Limited ("**Sponsor**") for the dealing in, listing and quotation of the New Shares on the Catalist. The Company will make the necessary announcement upon the receipt of the LQN from the SGX-ST."*

5. THE LUMINOR SETTLEMENT AND THE PROVISION OF MANAGEMENT SERVICES TO AASB AS AN INTERESTED PERSON TRANSACTION

The information on the Luminor Settlement and the Provision of Management Services as an Interested Person Transaction on can be found in Section 9.1 and 10.2 of the Circular respectively. The relevant sections have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"9. THE LUMINOR SETTLEMENT AS AN INTERESTED PERSON TRANSACTION

9.1. Interested Person Transaction

(a) <u>Definition of interested person transactions under Chapter 9 of the Catalist Rules</u>

*The Luminor Settlement, comprising the Luminor Share Issue and the Luminor Share Transfer, constitutes an interested person transaction ("**IPT**") under Chapter 9 of the Catalist Rules, as Dr. Foo Fatt Kah, a non-executive Director of the Company, owns 50% of LCPL, which in turn manages Luminor 2. Luminor 2 is therefore an "interested person" under Rule 904(4)(b) of the Catalist Rules.*

(b) Relevant thresholds for IPT under Chapter 9 of the Catalist Rules

*The aggregate value of the Luminor Settlement is S$2,973,272, representing approximately 172.60% of the Group's latest audited net tangible assets ("**NTA**") as at 31 December 2019 of S$1,722,667 (based on NTA of RM5,168,000 and exchange rate of S$1.00: RM3.00).*

Accordingly, under Rule 906(1) of the Catalist Rules, the Luminor Settlement is subject to the approval of the Shareholders at the EGM."

"10.2. Interested Person Transaction

(a) Definition of interested person transactions under Chapter 9 of the Catalist Rules

Upon the completion of the Luminor Settlement, the Provision of Management Services to AASB will constitute an IPT under Chapter 9 of the Catalist Rules, as Luminor 2 will have a shareholding of more than 30% in AASB. Dr. Foo Fatt Kah, a non-executive Director of the Company, owns 50% of LCPL, which in turn manages Luminor 2. Due to Luminor 2's shareholding in AASB, AASB thus becomes an "interested person" under Rule 904(4)(b) of the Catalist Rules upon the completion of the Luminor Settlement.

(b) Relevant thresholds for IPT under Chapter 9 of the Catalist Rules

Based on the assumption that the revenue of AASB after the completion of the Proposed Disposal will be similar to the historical performance of AASB for the past twelve (12) months, the aggregate value of the Management Services Agreement would be approximately S$67,500, representing approximately 3.92% of the Group's latest audited NTA as at 31 December 2019 of S$1,722,667 (based on NTA of RM5,168,000 and exchange rate of S$1.00: RM3.00) and approximately 92.89% of the Group's latest unaudited NTA as at 30 June 2020 of S$72,667 (based on NTA of RM218,000 and exchange rate of S$1.00: RM3.00).

***Shareholders should note that the actual amount payable by AASB to the Company under the Management Services Agreement may or may not cross the applicable thresholds under Rule 906(1) of the Catalist Rules.** Nevertheless, in the interests of transparency and as a matter of good corporate governance, the Company is seeking the approval of the Shareholders at the EGM for the Provision of Management Services to AASB and the entry into the Management Services Agreement.*

For the avoidance of doubt, no statements made in this Circular in relation to the value of the Management Services Agreement are intended as a profit forecast or a profit estimate."

6. EVALUATION OF THE LUMINOR SETTLEMENT

In assessing the Luminor Settlement as IPT, we have taken into account the following pertinent factors as well as others as set out in this Letter, which we consider as having a significant bearing on our assessment:-

(i) rationale for the Proposed Settlements;

(ii) financial performance and position of the Group and AASB Group;

(iii) analysis of the Group's and the AASB Group's net asset value ("**NAV**") and net tangible assets ("**NTA**");

(iv) relative valuation analysis;

(v) comparison against selected comparable transactions;

(vi) market quotation and trading activities for the Shares; and

(vii) such other relevant considerations which have significant bearing on our assessment.

As at the Latest Practicable Date, AASB has only one (1) class of shares, being ordinary shares, with equal ranking rights to dividend, voting at general meetings and return of capital. We note from Section 7 of the Circular that on 20 April 2020, the capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company ("**Loan Capitalisation**") was completed, resulting in the number of issued shares in AASB being increased from 16,348,358 AASB Shares to 30,908,585 AASB Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, AASB has not granted and has no outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities which carry voting rights affecting and Shares.

We have applied certain valuation ratios in assessing the reasonableness of the Luminor Issue Price pursuant to the Luminor Share Issue and the Transfer Price pursuant to the Luminor Share Transfer. A brief description of such valuation ratios are as follows:-

(i) **EV/EBITDA**

"EV" or **"Enterprise Value"** is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long-term debts less its cash and cash equivalents. **"EBITDA"** stands for earnings before interest, tax, depreciation and amortisation but after share of associates' and joint ventures' income but excluding exceptional items.

The **"EV/EBITDA"** multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.

(ii) **Price-to-Earnings ("PER")**

The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company's shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.

(iii) **Price-to-NTA ("P/NTA")** The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value.

The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.

(iv) **Price-to-NAV ("P/NAV")** The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.

The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

(v) **Enterprise value-to-Resources ("EV/Resources")** Resources refer to the aggregate measured, indicated and inferred mineral resources the company has attributable to its projects. We have relied on the JORC compliant resources estimates as reported in their latest annual reports, financial statements and publicly available announcements as available as at the Latest Practicable Date. We wish to highlight that the estimated resources of the Selected Comparable Companies may not reflect the entire potential resources that could be explored and commercialised.

The EV/Resources ratio illustrates the ratio of the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts less its cash and cash equivalents of an entity's business in relation to the resources owned by the company. Any comparison made in relation to the EV/Resources ratio is solely for illustration purposes only.

(vi) **Enterprise value-to-Reserves ("EV/Reserves")** Reserves refer to the proved and probable mineral reserves the company has attributable to its projects. We have relied on the JORC compliant reserves estimates as reported in their latest annual reports, financial statements and publicly available announcements as available as at the Latest Practicable Date. We wish to highlight that the estimated proved and probable reserves of the Selected Comparable Companies may not reflect the entire potential reserves that could be explored and commercialised.

The EV/Reserves ratio illustrates the ratio of the sum of a company's market capitalisation, preferred equity, minority interests, short term and long-term debts less its cash and cash equivalents of an entity's business in relation to the reserves owned by the company. Any comparison made in relation to the EV/Reserves ratio is solely for illustration purposes only.

In assessing the Luminor Settlement as IPT, we have taken into account the following pertinent factors (as well as others in this Letter), which we consider will have a significant bearing on our assessment.

6.1 Rationale for the Proposed Settlements

The rationale for the Proposed Settlements can be found in Section 11 of the Circular and have been extracted and set out in italics below. Shareholders are advised to read Section 11 of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"11. RATIONALE FOR THE PROPOSED SETTLEMENTS

11.1. Global Economic Uncertainty

The Board is of the view that the Proposed Settlements are in the best interests of the Company. Due to the current ongoing COVID-19 crisis, the global economic outlook is uncertain. The ongoing COVID-19 crisis has resulted in changes to the global economic climate. With numerous travel and safe-distancing restrictions in place, the Group faces heightened difficulties in managing its costs and to continue its production activities. Without a clear indication as to when or how the economy can return to normalcy, the Company has taken a decision to restructure the Group's business with a view to ensuring that the Company continues to be a going concern.

As announced by the Company on 13 May 2020, while the Group's gold mining tailing operations in Lubuk Mandi have resumed, the Group's underground mining operations in Lubuk Mandi and granite mining operations in Bukit Chetai have not yet restarted as workers and contractors from China have not yet been able to return to the work sites due to Travel Restrictions.

Given the current global economic outlook and impact of the Travel Restrictions, in order to conserve cash for its remaining business activities, the Company is of the view that the Proposed Settlements are in the best interests of the Company and the Shareholders. In addition to the AASB Shares to be transferred as settlement of the amounts outstanding under the Luminor Bonds, the GHS Bonds and the KAL Bonds, the Company has also decided to dispose of its balance shareholding in AASB to KAL for a consideration of S$645,000.

11.2. Group Restructuring Exercise and Settlement of Existing Liabilities

The Proposed Settlements represent the part of the overall debt restructuring exercise undertaken by the Company.

As announced by the Company on 12 July 2020 and disclosed in the Company's circular to shareholders dated 10 September 2020, the Company had entered into settlement deeds with each of Koh Kai Jok and Tan Beng Kiat for the settlement of certain guaranteed non-convertible bonds issued to each of them. On 25 September 2020, the Company had issued to Koh Kai Jok and Tan Beng Kiat an aggregate of 136,363,636 new Shares for the settlement of those bonds.

The Company had also on 16 October 2020 announced its entry into a loan agreement with Lim Beng Chew, Tang Yao Zhi, Tan Soo Kia and Lee Teck for the grant of an unsecured term loan of S$3,500,000 for, inter alia, the redemption of outstanding bonds of the Company. On 19 October 2020, the Company fully redeemed the guaranteed non-convertible bonds with an aggregate principal amount of S$1,903,000 to Tan Ong Huat through cash payment to Tan Ong Huat.

Consequently, the settlement of the Luminor Bonds, the GHS Bonds and the KAL Bonds represent the final part of the full and final settlement of the majority of the Company's outstanding bonds and will relieve pressure on the working capital needs of the Group.

*The Proposed Disposal is also part of a larger group restructuring exercise proposed to be undertaken by the Company. In respect of its gold mining business carried out by AASB, the development of the Group's gold mine faced many operational challenges requiring the use of more working capital and time than was originally envisaged. The contractor engaged by the Company, Great Aims Resources Sdn. Bhd. ("**GAR**") was responsible for the development of the mine and had worked on an underground tunnelling project whereby a 230 metres length of inclined shaft and approximately 220 metres horizontal shafts metres was built for extraction of hard rock gold. However, due to reasons outside the control of the Company, GAR was not able to conduct the commercial extraction of hard rock gold for production purposes. The situation has been exacerbated by the COVID-19 situation, which has resulted in the Travel Restrictions and safe distancing measures being imposed by the Malaysian Government. Consequently, mining activities at the Group's gold mine have been restricted.*

The Luminor Bonds, GHS Bonds and KAL Bonds have differing maturity dates and since August 2019, the Company had been in discussions with each of the bondholders with a view to settling or extending the maturity date of the Luminor Bonds, the GHS Bonds and the KAL Bonds. The Company explored various methods of settlement with Luminor 2, GHS and KAL, such as raising cash to repay Luminor 2, GHS and KAL or issuing new shares to Luminor 2, GHS and KAL. The former did not materialise as the Company was unable to obtain debt or equity financing on terms equitable or favourable to the Company due in part to the Travel Restrictions, and the latter did not materialise as a full repayment via issuance of new shares would trigger a mandatory general offer obligation on the part of Luminor 2, which was not acceptable to Luminor 2. After further negotiations, a settlement was reached to settle the Luminor Bonds, the GHS Bonds and KAL Bonds using a combination of new share issuances and the disposal of AASB to Luminor, GHS and KAL. While the disposal of AASB is being made at a loss, the Company has been afforded up to 31 December 2020 to fully settle the Luminor Bonds, the GHS Bonds and the KAL Bonds.

The Luminor Share Issue will allow the Company to conserve its cash for its remaining business activities and at the same time help to further align the interests of Luminor 2 with the interests of the Company.

As disclosed in Sections 7.1 and 7.3 above, upon completion of the Proposed Disposal, save for the Provision of Management Services to AASB during the Transition Period, the Group will cease all operations under its gold mining business segment. The Company intends to focus its resources on growing the Granite Dimension Stone Business, and in this regard, the Company intends to collaborate with a synergistic partner for this purpose. The Company has been in discussion with several parties in the recent months and will make further announcements when there are any material developments.

11.3. Additional Factors

In agreeing to undertake the Proposed Settlements, the Company took into account the following factors:

(a) The Company's ability to operate as a going concern is closely linked to the Luminor Bonds, the GHS Bonds and the KAL Bonds and is dependent on Luminor 2, GHS, and KAL's continued support for the Company. If Luminor 2, GHS and/or KAL demand payment from the Company, the Company's ability to operate as a going concern may be affected. Accordingly, it is imperative that the Company comes to an agreement with Luminor 2, GHS and KAL on either an extension or settlement of the Luminor Bonds, the GHS Bonds and/or the KAL Bonds. The opinion of the Board that the Company will continue to operate as a going concern has been predicated on the Company being able to extend or settle the Luminor Bonds, the GHS Bonds and/or the KAL Bonds with the respective bondholders.

(b) Despite being made at a loss, the Board is of the view of that the Proposed Disposal is beneficial to the Group as it will lower the Group's total borrowings, relieve pressure on existing working capital needs of the Group, and enable the settlement of some of the Company's liabilities. In addition, the Board has also considered that the estimated loss

arising from the Proposed Disposal arises mainly from the Loan Capitalisation, which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts (deployed for working capital purposes) owed to the Company.

(c) In negotiating the settlement of the Luminor Bonds, the GHS Bonds, and the KAL Bonds, Luminor 2, GHS and KAL had expressed willingness to accept AASB's shares as settlement for the Luminor Bonds, GHS Bonds and KAL Bonds. The Company has considered that the Proposed Disposal will relieve pressure on existing working capital needs of the Group and enable the settlement of a substantial part of the Company's liabilities.

(d) The Company has been in discussions with a potential investor in respect of the Group's Granite Dimension Stone Business. The potential investor had expressed an interest in the Granite Dimension Stone Business as it is synergistic with its own business. Discussions are past the preliminary interest stage but no definitive agreement has been entered into yet. Since the acquisition of GGTM, the Company has not managed to bring the granite mines to significant commercial production as several projects in the granite business were delayed by GGTM's customers. The Group therefore plans to form a synergistic partnership with the investor to develop the Granite Dimension Stone Business into a viable business. The Proposed Settlements would conserve cash for this purpose.

(e) The decision to dispose of the Company's interest in AASB was also made in light of the fast-changing economic conditions and uncertainties arising out of the COVID-19 situation. It was estimated that the longer lead time to extract commercial quantities of the hard rock at Lubuk Mandi will require more working capital. To source for additional working capital will in all likelihood become increasingly difficult due to the uncertainties in the equities and financial markets arising from the COVID-19 situation.

Realistically, AASB can only rely on the revenues from the tailings process to maintain the operating and other holding costs related to the Lubuk Mandi mine, without any significant progress being made on operational milestones for hard rock extraction. Taken together, this would have led to value being eroded over the second half of FY2020 at the AASB and Group levels, potentially depriving the Company of a chance to achieve an orderly disposal of AASB for value, to retire the outstanding bonds issued by the Company."

6.2 Financial performance and position of the Group and the AASB Group

6.2.1 Financial performance and position of the Group

The following are extracts from the audited consolidated financial statements of the Group for the FY ended 31 December 2017 ("**FY2017**"), the FY ended 31 December 2018 ("**FY2018**"), and FY2019, and the unaudited consolidated financial statements for the six months period ended 30 June 2019 ("**HY2019**") and HY2020.

Summary of consolidated statement of comprehensive income

Figures in RM'000(1)	Unaudited HY2020	Unaudited HY2019	Audited FY2019	Audited FY2018	Audited FY2017
Revenue	49	1,955	4,698	1,879	24,185
Other Income	674	490	978	1,045	201
Raw materials and consumables used	(227)	(329)	(631)	(594)	(170)
Changed in inventories	1,580	485	(296)	271	59
Contractors expenses	-	(504)	(1,115)	(393)	(15,289)
Royalty fees	(423)	(497)	(777)	(969)	(680)
Depreciation and amortisation expenses	(1,356)	(1,366)	(2,792)	(2,655)	(1,978)
Employee benefit expenses	(1,791)	(2,697)	(5,103)	(5,973)	(6,624)
Operating lease expenses	(28)	(94)	(142)	(330)	(300)
Other expenses	(2,694)	(2,640)	(5,528)	(3,926)	(12,889)
Loss allowance on third party trade receivables	-	-	(1,239)	(62)	-
Finance costs	(1,816)	(2,093)	(3,871)	(3,950)	(4,199)
Fair value loss on derivative financial instrument	-	-	-	-	(1,471)
Loss before tax	(6,032)	(7,290)	(15,818)	(15,657)	(19,155)
Net loss after tax attributable to owners of the parent	(6,032)	(7,290)	(15,818)	(15,475)	(19,537)

Summary of consolidated statement of financial position

Figures in RM'000(1)	Unaudited HY2020	Audited FY2019	Audited FY2018	Audited FY2017
Non-current assets	29,589	30,945	32,694	32,652
Current assets	12,065	9,938	16,201	14,243
Non-current liabilities	5,572	5,479	5,408	7,744
Current liabilities	35,864	30,236	31,879	12,876
Total borrowings	26,266	24,822	27,300	16,184
Total equity	218	5,168	11,608	26,275
Net current assets/(liabilities)	(23,799)	(20,298)	(15,678)	1,367
Total borrowings/total equity (times) (2)	120.5	4.8	2.4	0.6

Summary of consolidated statement of cash flows

Figures in RM'000[1]	Unaudited HY2020	Unaudited HY2019	Audited FY2019	Audited FY2018	Audited FY2017
Net cash (used in)/generated from operating activities	339	(8,573)	(7,499)	(8,724)	(19,250)
Net cash (used in)/generated from investing activities	4	(114)	(375)	(1,497)	(1,749)
Net cash (used in)/generated from financing activities	(185)	3,579	2,326	9,554	17,338
Cash and cash equivalents at end of period	1,888	2,021	1,735	7,153	7,817

Notes:

(1) Figures and computation presented in this section are subjected to rounding. Only extracts of statements are provided.

(2) Total borrowings include both current and non-current interest bearing borrowings and lease liabilities.

The following should be reviewed in conjunction with the tables and notes above:

(i) Financial performance for FY2019, FY2018 and FY2017

The principal activities for the Group consists of gold mining (exploration, mining and production of gold), and granite business ("**Granite Dimension Stone Business**", being the business of exploration, mining, production and processing of granite dimension stone, marble aggregates and related products for sale as well as interior fit-out). For FY2019 and FY2018, the Group derived its revenue mainly from gold mining segment which accounted for approximately 94.8% and 97.3% of the total Group's revenue respectively. For FY2017, approximately only 3.0% of the Group's revenue was generated from the gold mining.

The Group recorded revenue of approximately RM24.2 million, RM1.9 million and RM4.7 million for FY2017, FY2018 and FY2019 respectively. The significant decrease in revenue of approximately RM22.3 million in FY2018 from approximately RM24.2 million in FY2017 was mainly due to the absence of contribution from interior fit-out projects which was completed in FY2017. The increase in revenue of approximately RM2.8 million in FY2019 was mainly due to an increase in sales of semi processed gold concentrated ore to China with approximately 1,169 tonnes in FY2019 as compared to 564 tonnes in FY2018 and also the sale of granite dimension stone to a new customer in Indonesia.

Other income comprised interest income on fixed deposit, administrative fee and minimum monthly contribution ("**Royalty Fees**") from Great Aims Resources Sdn Bhd ("**GAR**"). The Group recorded other income of approximately RM0.2 million for FY2017 and approximately RM1.0 million for FY2019 and FY2018. Other income decreased slightly by approximately RM60 thousand in FY2019 mainly due to the lesser interest income as a result of lower fixed deposit placed.

The Group recorded an increase of approximately RM0.4 million in raw materials and consumables used for FY2018 from approximately RM0.2 million in FY2017 to approximately RM0.6 million for FY2018. Raw materials and consumables used increased slightly by approximately RM40 thousand to approximately RM0.6 million in FY2019 as compared to FY2018. The increasing trend in raw materials and consumables used was due to increase in activities for gold mine.

The Group recorded a positive change in inventories of approximately RM59 thousand and approximately RM0.3 million for FY2017 and FY2018 respectively due to the increase in inventories of gold concentrated ore. In FY2019, the Group recorded a negative change in inventories expense of approximately RM0.3 million due to the inventories of gold concentrated ore for FY2018 were all delivered to customer in January 2019.

The Group recorded contractor's expense of approximately RM15.3 million, RM0.4 million and RM1.1 million for FY2017, FY2018 and FY2019 respectively. The decrease of approximately RM14.9 million in FY2018 was mainly due to the cessation of contractor expenses relating to an interior fit-out project completed in FY2017. Contractor expense increased by approximately RM0.7 million in FY2019 mainly due to the increase in the gold mining tailing process by GAR and the processing of granite dimension stone by Jianning County Huasheng Stone Co., Ltd. ("**Jianning**")

Royalty Fees increased by approximately RM0.3 million from approximately RM0.7 million in FY2017 to approximately RM1.0 million in FY2018 and subsequently decreased by approximately RM0.2 million to approximately RM0.8 million in FY2019. The lower Royalty Fees incurred in FY2019 was mainly due to reversal of overprovision of royalty expenses during the year.

The Group recorded an increasing trend in depreciation and amortisation expenses from approximately RM2.0 million in FY2017 to approximately RM2.7 million and RM2.8 million for FY2018 and FY2019 respectively. The increase in depreciation and amortization expenses in FY2018 as compared to FY2017 was due to additional fixed assets acquired as well as higher amortization expenses of mine properties resulting from increased production of gold concentrated ore. The higher depreciation and amortisation expenses in FY2019 was due to additional fixed assets acquired and adoption of SFRS (I) 16 Leases.

The Group recorded employee benefit expenses of approximately RM6.6 million, RM6.0 million and approximately RM5.1 million respectively for FY2017, FY2018 and FY2019. The decrease in employee benefit expenses for FY2019 was mainly due to lower headcount arising from the outsourcing of mining operations at Lubuk Mandi Mine to GAR and processing of granite dimension stone to Jianning.

The Group recorded other expenses of approximately RM12.9 million, RM3.9 million and RM5.5 million for FY2017, FY2018 and FY2019 respectively.

The decrease of approximately RM9.0 million in FY2018 was mainly due to the absence of one-off acquisition expenses relating to the acquisition of GGTM Sdn. Bhd. ("**GGTM**") of approximately RM4.5 million incurred in FY2017 and the decrease in interior fit-out project expenses of approximately RM4.0 million and also the absence of impairment in property, plant and equipment and exploration and evaluation assets. The increase in other expenses of approximately RM1.6 million in FY2019 as compared to FY2018 were mainly due to the increase in utilities usage of approximately RM0.6 million; increase in freight and transportation expenses of approximately RM0.1 million; increase in professional fee of approximately RM0.3 million and increase in project expenses of approximately RM1.0 million.

The Group recorded a loss allowance on third party trade receivables of approximately RM1.2 million in FY2019 as compared to approximately RM62 thousand in FY2018. The significant increase in loss allowance on third party trade receivables was due to the provision of impairment loss for the amount due by customers which were owing more than one year. There was no loss allowance on third party receivables recorded for FY2017.

Finance cost decreased from approximately RM4.2 million for FY2017 to approximately RM4.0 million and RM3.9 million for FY2018 and FY2019 respectively. The decrease of approximately RM0.2 million in FY2018 was due to the absence of interest expense for redeemable convertible preference shares ("**RCPS**") as they were converted into equity of GGTM on 26 July 2017. Thus, there was no interest accrued to RCPS holder thereafter. On 3 April 2019 and 3 May 2019, the Company announced the partial redemption of guaranteed non-convertible bonds, which contributed to the decrease in finance costs.

For the years under review, the Group reported net loss after tax of approximately RM19.5 million, RM15.5 million and RM15.8 million for FY2017, FY2018 and FY2019 respectively.

Following the completion of disposal of AASB Group, the Group remaining business would be in the exploration, mining and production of granite dimension stone. As compared to the gold mining segment of the Group, the granite business of the Group is significantly smaller. Revenue from the Group's Granite Dimension Stone Business accounted for approximately 2.7% and 5.2% for FY2018 and FY2019 respectively. For FY2017, the Granite Dimension Stone Business segment of the Group contributed approximately 97% of the Group's revenue due to the interior fit-out project.

(ii) Financial performance for HY2020 and HY2019

During the financial period for the HY2020, the Group recorded revenue of approximately RM49 thousand as compared to approximately RM2.0 million for HY2019. The significant decrease of approximately RM1.9 million or 97.5% was mainly due to no sales recorded for semi-processed gold concentrated ore by AASB. The tailing processing plant ceased its operations due to scheduled maintenance and subsequently the Movement Control Order ("**MCO**") implemented by the Government of Malaysia in view of the COVID-19 pandemic. The Group's revenue of approximately RM49 thousand was derived from GGTM's sales of granite to Indonesia, which was minimal in view of the travel restrictions arising from the COVID-19 pandemic.

The Group recorded other income (comprised interest income on fixed deposit, administrative fee, government wages subsidy, insurance claim and royalty fee income to GAR) of approximately RM0.7 million for HY2020 as compared to RM0.5 million in HY2019. The increase in other income was mainly attributed to the receipt of government wages subsidy of approximately RM0.1 million in connection with the COVID-19 pandemic and approximately RM0.1 million for an insurance claim on a motor vehicle incident.

Raw materials and consumables used decreased by approximately RM0.1 million from approximately RM0.3 million in HY2019 to approximately RM0.2 million in HY2020 due to lower usage of chemical and raw materials as tailing processing plant's operations were ceased due to the reasons stated above.

The Group recorded a positive change in inventories of approximately RM1.6 million for HY2020 as compared to approximately RM0.5 million for HY2019 as the tailing processing plant restarted from 13 May 2020 following approval by the local authorities.

No contractor expenses were recorded in HY2020 (approximately RM0.5 million in HY2019) due to no sales of semi-processed gold concentrated ore and no production by GGTM as workers of Jianning were not able to return to Malaysia in view of the travel restrictions in connection with COVID-19 pandemic.

Royalty fees decreased slightly from approximately RM0.5 million in HY2019 to approximately RM0.4 million in HY2020. The decrease was attributed to lower granite sales and no sales for its semi-processed gold concentrated ore.

Depreciation and amortisation expenses of approximately RM1.4 million was constant in HY2020 and HY2019.

Employee benefit expenses declined from approximately RM2.7 million in HY2019 to approximately RM1.8 million in HY2020 due mainly to reduction of the directors' fees and remuneration.

Other expenses incurred in HY2020 relates mainly to professional fee and extension fee for the guaranteed non-convertible bonds, diesel usage, utilities expenses, freight and transportation expenses, administrative expenses and travelling expenses. Other expenses increased marginally from approximately RM2.6 million in HY2019 to approximately RM2.7 million in HY2020 as the increase caused by the professional fee and extension fee for the guaranteed non-convertible bonds were offset by declines in other components of other expenses.

Finance cost decreased by approximately RM0.3 million to approximately RM1.8 million in HY2020 as compared to RM2.1 million in HY2019. The decrease was due mainly to the partial redemption of guaranteed non-convertible bonds with an aggregate principal amount of S$750,000 to Mr. Koh Kai Jok ("**KKJ**") and Mr. Tan Beng Kiat ("**TBK**"); and guaranteed non-convertible bonds with an aggregate principal amount of S$1,903,000 issued to Mr. Tan Ong Huat ("**TOH**").

Despite the substantial decline in its revenue, the Group recorded a lower net loss after tax of approximately RM6.0 million for HY2020 as compared to approximately RM7.3 million for HY2019. The lower loss after tax for the Group for HY2020 was due to the decline in operating expenses of approximately RM3.0 million as well as higher other income.

(iii) Group's pro-forma consolidated statement of comprehensive income assuming completion of the Proposed Disposal.

FY2019

The following table shows the Group's pro-forma consolidated statement of comprehensive income for FY2019 after assuming completion of the Proposed Disposal in the beginning of FY2019.

Figures in RM'000[(1)]	**Audited FY2019**	**Assuming completion of the Proposed Disposal of AASB Group**
Revenue	4,698	246
Other Income	978	12
Raw materials and consumables used	(631)	-
Changed in inventories	(296)	(71)
Contractors expenses	(1,115)	(225)
Royalty fees	(777)	(128)
Depreciation and amortisation expenses	(2,792)	(680)
Employee benefit expenses	(5,103)	(3,394)
Operating lease expenses	(142)	(118)
Other expenses	(5,528)	(4,095)
Loss allowance on third party trade receivables	(1,239)	-
Finance costs	(3,871)	(3,827)
Loss before tax	(15,818)	(12,280)
Net loss after tax attributable to owners of the parent	(15,818)	(12,280)

Notes:

(1) *Figures and computation presented in this section are provided by the Management and subjected to rounding. Only extracts of statements are provided.*

As shown in the table above, the AASB Group constitutes a significant part of the Group's revenue. Assuming the disposal of AASB Group was completed in the beginning of FY2019, the Group's revenue would have declined significantly from approximately RM4.7 million to RM246 thousand but the consolidated Group's net loss after tax would have reduced from approximately RM15.8 million to approximately RM12.3 million.

HY2020

The following table shows the Group's pro-forma consolidated statement of comprehensive income for HY2020 after assuming completion of the Proposed Disposal in the beginning of HY2020.

Figures in RM'000[(1)]	Unaudited HY2020	Assuming completion of the disposal of AASB Group
Revenue	49	49
Other Income	674	143
Raw materials and consumables used	(227)	(0.1)
Changes in inventories	1,580	(43)
Contractors expenses	-	-
Royalty fees	(423)	(62)
Depreciation and amortisation expenses	(1,356)	(340)
Employee benefit expenses	(1,791)	(910)
Operating lease expenses	(28)	(16)
Other expenses	(2,694)	(1,972)
Loss allowance on third party trade receivables	-	-
Finance costs	(1,816)	(1,805)
Loss before tax	(6,032)	(4,956)
Net loss after tax attributable to owners of the parent	(6,032)	(4,956)

As shown in the table above, assuming the disposal of AASB Group was completed in the beginning of HY2020, there would be no impact on the Group's revenue (as there was no revenue generated by the AASB Group during HY2020) and the Group's net loss after tax would have been reduced by approximately RM1.0 million to approximately RM5.0 million. As mentioned previously, the tailing processing plant ceased its operations due to scheduled maintenance and subsequently the MCO implemented by the Malaysian Government in view of the COVID-19 pandemic and this resulted in zero revenue contribution from the AASB Group.

(iv) Asset and liabilities

As at 30 June 2020, the Group's total assets amounted to approximately RM41.7 million, comprising current assets of approximately RM12.1 million (or approximately 29.0% of the total assets) and non-current assets of approximately RM29.6 million (or approximately 71.0% of total assets).

Non-current assets as at 30 June 2020 comprised property, plant and equipment of approximately RM14.9 million and mine properties of approximately RM14.7 million.

Current assets as at 30 June 2020 comprised mainly trade and other receivables of approximately RM8.0 million; cash and cash equivalents of approximately RM1.9 million and inventories of approximately RM2.1 million.

As at 30 June 2020, the Group's total liabilities amounted to approximately RM41.4 million, comprising current liabilities of approximately RM35.9 million (or approximately 86.6% of total liabilities) and non-current liabilities of approximately RM5.6 million (or approximately 13.4% of total liabilities).

Current liabilities as at 30 June 2020 comprised borrowings of approximately RM20.2 million and trade, other payables of approximately RM15.2 million and lease liabilities of approximately RM0.5 million. Current portion of borrowings as at 30 June 2020 consisted of guaranteed non-convertible bonds with aggregate principal amounts of S$750,000 or equivalent to approximately RM2.3 million issued to KKJ ("**KKJ Bonds**") and TBK ("**TBK Bonds**") (collectively, "**KKJ TBK Bonds**" or "**GB II**"), guaranteed non-convertible bonds with principal amount of S$1,903,000 or equivalent to approximately RM5.8 million issued to TOH

("**TOH Bonds**" or "**GB III**"), non-guaranteed bonds issued to GHS of approximately S$1.03 million or equivalent to approximately RM3.2 million ("**GHS Bonds**" or "**NGB II**"), and exchangeable bonds of approximately S$2.97 million or equivalent to approximately RM9.1 million issued to Luminor 2 ("**Luminor Bonds**").

Non-current liabilities as at 30 June 2020 comprised borrowings of approximately RM4.7 million and lease liabilities of approximately RM0.9 million. Non-current borrowing as at 30 June 2020 comprised solely non-guaranteed Bonds issued to KAL ("**KAL Bonds**" or "**NGB I**"),

As at 30 June 2020, total borrowings (including lease liabilities) constituted approximately 63.4% of the Group's total liabilities.

The Company had on 12 July 2020 entered into separate settlement agreements with KKJ and TBK ("**KKJ TBK Settlement Agreements**"), whereby the Company has exercised its discretion to make repayment of the Repayment Principal Amount of S$750,000 via the issuance of 136,363,636 new Shares ("**Repayment Shares**") at the Repayment Issue Price ("**Repayment Share Issue**") of S$0.0055 for each Repayment Share. Shareholders' approval has been obtained on 25 September 2020 and the Repayment Share Issue was completed on 25 September 2020. Please refer to Section 8 of the IFA Letter for further information on the KKJ TBK Settlement Agreements and the Repayment Share Issue.

(v) Net current liabilities position during the period under review

Net current liabilities position of the Group has deteriorated and increased from approximately RM15.7 million as at 31 December 2018 to approximately RM20.3 million as at 31 December 2019 and approximately RM23.8 million as at 30 June 2020. The Group's net current liabilities position increased as at 30 June 2020 mainly as a result of the higher amount of trade and other payables as well as higher amount of borrowings. The Group has been in a net current liabilities position since end of FY2018. In the FY2019 Annual Report, the Independent Auditors for the Group have also indicated that there is an existence of material uncertainty relating to going concern.

Assuming the Repayment Share Issue was completed as at 30 June 2020, the Group's net current liabilities position would have improved to approximately RM21.7 million.

(vi) Shareholders' equity and borrowings

Shareholders' equity as at 30 June 2020 amounted to approximately RM0.2 million, comprising share capital of approximately RM259.1 million; accumulated losses of approximately RM156.2 million; merger reserve deficit of approximately RM102.6 million and currency translation reserve of approximately RM10 thousand. Share capital of the Company increased by approximately RM1.1 million due to the issuance of new Shares for the partial repayment of the KKJ TBK Bonds and the TOH Bonds during HY2020. The decrease in shareholders' equity as compared to approximately RM5.2 million as at 31 December 2019 was mainly due to the increase in accumulated losses of approximately RM6.0 million, which was partially offset by the increase in Share capital of approximately RM1.1 million

The shareholders' equity of the Group has deteriorated during the period under review due to consecutive years of losses. In the event the losses continue, the shareholders' equity of the Group may turn into deficit in the short term.

Assuming the Repayment Share Issue was completed as at 30 June 2020, the shareholders' equities of the Group would amount to approximately RM2.4 million.

Borrowings

The Group's borrowings comprised guaranteed non-convertible bonds and finance lease liabilities. As at 30 June 2020, the Group's total borrowings amounted to approximately RM26.3 million, of which approximately RM20.7 million are current portion and approximately RM5.6 million are non-current portion. The guaranteed non-convertible bonds are guaranteed by the Managing Director, Mr. Lim Chiau Woei while finance lease liabilities are secured on certain motor vehicles and plant and machinery.

The Group's gearing ratio increased significantly from 4.8 times as at 31 December 2019 to 120.5 times as at 30 June 2020. This was due to the significant decrease in total equity of approximately RM5.0 million coupled with the increase in total borrowings of approximately RM1.4 million.

Assuming the Repayment Share Issue was completed as at 30 June 2020, the Group's total borrowings would be reduced to approximately RM24.0 million and the Group's gearing ratio would have improved to approximately 10.2 times.

As at 30 June 2020, the Group's net asset value stood at only approximately RM0.2 million.

Following the completion of the Repayment Share Issue, and assuming the completion of the Proposed Settlements and the Proposed Disposal, the Management represented that the Group will be in a net liabilities position of approximately RM3.9 million. This is mainly due to the expected loss on disposal of approximately RM9.3 million.

The following table shows the effects of the Proposed Settlements on the Group's financial position.

Figures in RM'000[(1)]	**Unaudited HY2020**	**After completion of the Repayment Share Issue and assuming completion of the Proposed Settlements** [(2)]
Total non-current assets	29,589	4,843
Total current assets	12,065	6,603
Total assets	41,654	11,446
Non-current liabilities	5,572	574
Current liabilities	35,864	14,722
Total borrowings	26,266	6,896
Total liabilities	41,436	15,296
Net tangible asset ("**NTA**") or net tangible liabilities ("**NTL**")	218	(3,850)
Net current assets/(liabilities)	(23,799)	(8,119)
Current ratio	0.3	0.4
Total borrowings/total equity (times)	120.5	n.m.[(3)]

Notes:

(1) Figures and computation presented in this section are provided by the Management and subjected to rounding. Only extracts of statements are provided.

(2) The Proposed Settlements include the Luminor Settlement, the GHS Settlement, the KAL Settlement and the KKJ TBK Settlement.

(3) The ratio would not be meaningful for comparison as total equity for the Group assuming completion of the Proposed Settlements and the Proposed Disposal would be negative.

After completion of the Repayment Share Issue and assuming the completion of the Proposed Settlements, the Group would be in a NTL position of approximately RM3.9 million as compared to NTA position of approximately RM0.2 million as at 30 June 2020. This is mainly due to the expected loss on the Proposed Disposal of approximately RM9.3 million. Total assets would decrease from approximately RM41.7 million to approximately RM11.4 million due to the exclusion of the AASB Group from the consolidation while total liabilities of the Group would also be reduced from approximately RM41.4 million as at 30 June 2020 to approximately RM15.3 million.

From the table above, the Group's net current liabilities position would be significantly improved and reduced to approximately RM8.1 million from approximately RM23.8 million as at 30 June 2020. The Group's current ratio would also improve marginally from approximately 0.3 times to approximately 0.4 times after completion of the Repayment Share Issue and assuming the completion of the Proposed Settlements.

Lastly, the Group's borrowings would reduce from approximately RM26.3 million as at 30 June 2020 to approximately RM6.9 million after completion of the Repayment Share Issue and assuming the completion of the Proposed Settlements. In the event the grant of unsecured term loan of S$3.5 million (as announced on 16 October 2020) and redemption of the TOH Bonds (as announced on 19 October 2020) are considered, the Group's borrowings would be approximately RM11.7 million.

We note from Note 4 to the Group's audited financial statements for FY2019 that the Group's strategies include, *inter alia*, obtaining more projects for the Granite Dimension Stone Business mining segment; working with business partners to expand business operations and expedite the plan to achieve the revenue base and simultaneously reducing its operating and capital commitment which include, *inter alia*, the Group plans to raise additional funds of RM10 million in August 2020, by assigning its concession at Bukit Machang, Terengganu, held by GGTM, which is the subsidiary involved in the granite mining segment of the Group. However, as announced by the Company on 1 December 2020, the proposed assignment of the mining concession rights did not materialise and the heads of agreement entered into with the prospective third parties for such assignment was terminated due to economic uncertainty surrounding the COVID-19 pandemic.

(vii) Net cash used in operating activities

For FY2017, FY2018, and FY2019, net cash flow used in operating activities was approximately RM19.3 million, RM8.7 million and RM7.5 million respectively. For HY2020, the Group generated net cash from operations of approximately RM0.3 million as compared to net cash used in operation of approximately RM8.6 million for HY2019.

(viii) Net cash generated from financing activities

The Group's net cash generated from financing activities amounted to RM9.6 million and RM2.3 million for FY2018 and FY2019, respectively. The net cash generated from financing activities for FY2019 was mainly due to the proceeds from issuance of new ordinary shares of approximately RM9.4 million and from issuance of non-guaranteed bond of approximately RM2.7 million, which was offset by the repayment of bonds and interests expenses of approximately RM9.2 million. For HY2020, the Group recorded net cash used in financing activities of approximately RM0.2 million, solely due to the repayment of lease liabilities.

(ix) Industry Outlook

We note that the AR2019 contained the Board's statements on industry outlook. The following paragraphs on industry outlook as set out in italics below are extracted from the Group's AR2019 (page 2). We recommend that Non-Interested Directors advise Shareholders to read those sections of the AR2019 carefully:-

"***Industry outlook***

Gold mining

The Group has plans to transfer AASB's shares to a group of bondholders as settlement of the amount outstanding under the respective bonds. In addition, the Company has also decided to dispose of its balance shareholding in AASB for a consideration of S$645,000, and hence exiting the gold mining business. However, the Company will continue to manage AASB gold mining business and charge a service fee of 4.5% on AASB's revenue for one (1) year commencing on the date of completion of the bonds settlement. Please refer to the announcement dated 29 April 2020 for further details.

The Board is of the view that the plan of transfer the gold mining business to bondholders to redeem the Group's bonds is in the best interests of the Company. This allows the Company to conserve cash for its remaining business activities in current uncertain global economic outlook as result of ongoing COVID-19 crisis.

Despite being disposed at a loss, the Board is of the view that it is beneficial to the Group to undertake as it will lower the Group's total borrowings and provide further resources for the working capital of the Group.

In addition, the Board has also considered that the estimated loss arising from the disposal arises mainly from the capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company, which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company.

Granite Quarrying

We are optimistic that the Southeast Asian engineering groups will continue and explore for investment opportunities, including the Bukit Chetai site. GGTM will continue to aggressively market the TG and SW products to local and overseas markets. With the ongoing tariff war between China and United States, the demand for granite dimension stones in Southeast Asia for long-lasting building materials such as granite dimension stones and granite aggregates are promising.

With the Malaysian Government announcing the revived East Coast Rail Link on 24 July 2019 and the Bandar Malaysia projects on 17 December 2019, GGTM has positioned itself to participate in these 2 mega projects. The timeline to supply the quarry aggregates to Brunei's Pulau Muara Besar Refinery project as per contractual agreement for four (4) years will be mutually agreed upon after SIVLI Sdn. Bhd. resume discussion with GGTM. In 2020, the requirement of granite aggregates and granite dimension stones are huge for these projects and we believe we are in a strong strategic position."

In the Group's results announcement for HY2020 (section 10), the Company stated the following commentary on the significant trends and competitive conditions of the industry in which the Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:

"*Lubuk Mandi Gold Mine*
The Group planned to transfer AASB's shares to a group of bondholders as settlement of the amount outstanding under the respective bonds. In addition, the Company decided to dispose of its balance shareholding in AASB for a consideration of S$645,000, and hence exit the gold mining business. The Company will continue to manage the AASB gold mining business on a transition period for a service fee of 4.5% on AASB's revenue for one (1) year commencing from the completion date of the bonds' settlement.

Bukit Chetai Granite Mine
The workers in GGTM's contractor for the mining operations are still currently unable to return to Malaysia due to the COVID-19 travel restriction by Malaysia government. As such, there will be no material development at the Bukit Chetai granite mine until the return of the workers. The Package A of East Coast Rail Link ("ECRL") is expected to commence in 2H2020, after an approval to start construction works was granted to Malaysia Rail Link Sdn. Bhd., the project owner of ECRL, by the Malaysian Land Public Transport Agency on 14 May 2020. The Company is working with the site owner and ECRL site manager to prepare for tenders for the project; and the machineries and infrastructure to supply quarry aggregates of 20mm and ballast to the Pengkalan Berangan's ECRL stations in Terengganu. The timeline to supply the quarry aggregates to Brunei's Pulau Muara Besar Refinery project was delayed due to COVID-19 pandemic as Brunei has imposed travel restrictions which has affected the workers from China working at the project site. The management have been continuously communicating with SIVLI Sdn. Bhd. in Brunei on the development of the Pulau Muara Besar Refinery project."

(x) Directors' views on the existing business of the Group

The following paragraphs on the Directors' views on the existing business of the Group as set out in italics below are extracted from Section 13.2 of the Circular. We recommend that Non-Interested Directors advise Shareholders to read Section 13.2 of the Circular carefully:-

"13.2. Directors' views on the Existing Business of the Group

Upon completion of the Proposed Settlements, the Group plans to focus its efforts on developing the Granite Dimension Stone Business. As stated at paragraph 13.1(c) above, the Directors are of the view that the operating expenses for the Granite Dimension Stone Business are lower compared to the gold mining business as currently carried out by the Group. Further, the Directors are of the view that the Granite Dimension Stone Business is more scaleable compared to the gold mining business, which is more capital intensive. The Group plans to raise funds to focus on growing the Granite Dimension Stone Business. In this regard, the Company is in discussions with a potential investor for such fund-raising purposes but no definitive agreement has been entered into.

As noted in the Company's circular to Shareholders dated 30 June 2017, the rationale for the acquisition of GGTM was to diversify the Group's business into the Granite Dimension Stone Business, to provide new revenue streams to the Group.

(a) Overview of the Granite Dimension Stone Business

The Granite Dimension Stone Business involves the Bukit Chetai and the Bukit Machang granite quarry sites. The Bukit Chetai mine started operations in July 2017 and is able to produce the "Sekayu White" and "Terengganu Green" granite for supply to its overseas and local customers. The Bukit Chetai mine is currently not in operation as the workers and contractors from China are unable to return to the site due to the Travel Restrictions imposed as a result of the COVID-19 situation. The Bukit Machang mine is a greenfield mine and is not in operation yet. The Company has been in discussions, and plans to form a synergistic partnership, with the potential investor and focus on developing the Bukit Chetai mine, although parties have not reached any agreement yet. As for the Bukit Machang mine, as announced on 5 June 2020, the Company had plans to assign the mining concession rights granted to the Company for the Bukit Machang mine to prospective third parties and use the proceeds of such assignment to develop the Bukit Chetai mine further. However, as announced by the Company on 1 December 2020, the proposed assignment of the mining concession rights did not materialise and the heads of agreement entered into with the prospective third parties for such assignment was terminated due to economic uncertainty surrounding the COVID-19 pandemic.

Please refer to the Company's announcements dated 5 June 2020 and 1 December 2020 released on SGXNET at https://www.sgx.com/securities/company-announcements for further details on, inter alia, the proposed assignment of the mining concession rights.

*In respect of the aggregates quarrying business which is part of the granite mining segment, the Company's key projects are to supply granite aggregates for the East Coast Rail Link ("**ECRL**") project ("**ECRL Project**") and to Sivli Sdn. Bhd. ("**SIVLI**"), a Bruneian customer ("**Brunei Project**").*

(b) ECRL Project

*The ECRL Project was launched in August 2017, but work was suspended in 2018 after the change in government in Malaysia. As previously announced by the Company on 10 April 2018, GGTM, together with the quarry owner, Mohd Sukri, had tendered for the ECRL Project and were awarded in May 2018 a contract to supply 200 tonnes of granite aggregates to China Communication Construction Company Ltd. ("**CCCC**"), the*

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main contractor for the ECRL Project. CCCC was satisfied with the granite aggregates supplied by GGTM and had made payment for the same.

Construction resumed in July 2019, with completion scheduled for December 2026. As announced by the Company on 12 February 2020, Package A of the ECRL Project was expected to commence in second half of 2020, after approval to start construction works was granted to Malaysia Rail Link Sdn. Bhd., the project owner of ECRL, by the Malaysian Land Public Transport Agency on 14 May 2020. Mohd Sukri's quarry site is the nearest to ECRL's batching plant at 10 km to Pengkalan Berangan station (one of ECRL's stations in Package A of the ECRL Project), compared to the other quarry sites. The Company believes that CCCC's priority is to purchase granite aggregates from the nearest quarry site, since transportation cost is one of the main factors in determining the cost of sales of granite aggregates. On the basis that Package A of the ECRL Project commences as planned, the Company hopes to secure a new tender and is working with CCCC to review the terms on which the Company is to continue supplying the granite aggregates in light of the Travel Restrictions.

Please refer to the Company's previous announcements dated 10 April 2018, 29 April 2019, and 12 February 2020 as released on SGXNET at https://www.sgx.com/securities/company-announcements for further details on the ECRL Project.

(c) Brunei Project

*As announced by the Company in a press release dated 15 August 2018, an agreement was signed with SIVLI, the Brunei customer on the same date to supply 3.6 million tons of aggregate for a local project in Brunei and for the second phase of the Pulau Muara Besar ("**PMB**") integrated refinery and aromatics complex project, located in PMB, an island northeast of Bandar Seri Begawan, the capital of Brunei. The PMB project has a two-phase development schedule. As announced by the Company on 12 February 2020, the second phase of the PMB project was slated to commence at the beginning of 2019 but has been delayed to 2020, pending the completion and operation of the first phase. The first phase was completed and came into operation only in November 2019. Based on publicly available information relating to the project, the second phase of development has not yet begun but the project is expected to be completed by the end of 2022.*

Please refer to the Company's previous announcements dated 15 August 2018 and 12 February 2020 as released on SGXNET at https://www.sgx.com/securities/company-announcements for further details on the Brunei Project.

The Group has had several discussions with potential investors that have shown keen interest to invest in the Company. Going forward, the Group's net tangible liability position is expected to improve through potential fund-raising and synergies from the new joint ventures. The Group's plans to conduct such prospective fund-raising activities and/or enter into new joint ventures have not yet materialised and the Company will make the necessary announcements to update the Shareholders as and when such fund-raising activities have been confirmed."

As announced on 5 June 2020, the Company's wholly-owned subsidiary, GGTM has on the same day, entered into a head of agreement (the "**HOA**") with Austral Mineral Berhad ("**Austral**") on the assignment of concession right at Bukit Machang Assets ("**BM**").

GGTM had on 16 September 2015 entered into an exclusive dimension stone granite concession work contract agreement ("Concession Agreement") with Perbadanan Memajukan Iktisad Negeri Terengganu, the statutory body established pursuant to the Terengganu State Economic Development Corporation Enactment 1965, to carry out any works in relation to quarrying operation, mining, production and sales of granite products and dimensional granite stone from the BM (located at H.S. (D) 1122, PT 7812 (now known as PN 9746, Lot 60416)("**BM Lot 1**") and H.S (D) 1123, PT 7813 (now known as PN 9747, Lot 60417)("**BM Lot**

2"), Bukit Machang, Mukim Hulu Berang, Daerah Hulu Terengganu for a 14 year period commencing from 16 September 2015 and expiring on 26 October 2029. The BM is a greenfield quarry without mining licence and no development plan since the concession rights is granted.

Pursuant to the HOA, GGTM and Austral have agreed in principle that GGTM will assign the concession right at BM to Austral and start negotiations in good faith on the terms and conditions of a definitive agreement with the intent that such definitive agreement be executed on or before the date falling six (6) months from the date of the HOA or such other date agreed by the parties. The two essential terms on the assignment of concession rights, shown below, have been agreed upon between both parties subject to due diligence exercises to be conducted by Austral:-

(i) Indicative purchase price of RM10 million subject to final confirmation by both parties in the definitive agreement; and

(ii) Earnest deposit of RM200,000, being 2% of Purchase Price, shall be placed into client's account of a solicitor appointed by the parties for the entire duration of the Exclusivity Period.

The exclusivity period shall continue and remain in full force and effect, until the first to occur of the following dates:-

(d) The date falling six (6) months from the date of the HOA or such other date agreed by the parties.

(e) The date the definitive agreement is duly executed by the parties.

(f) The date the Purchaser gives notice in writing to the Vendors that the Purchaser is not satisfied with the results of the due diligence exercise.

On 1 December 2020, the Company announced that the HOA had been terminated by Austral due to the current economic conditions and the continuing uncertainty surrounding the Covid-19 pandemic. The earnest deposit of RM200,000 will be refunded by the solicitor within fourteen (14) calendar days from 1 December 2020. Following the termination of the HOA, the parties will cease negotiations on the HOA and will not proceed with entry into any definitive agreement. The parties shall have no further legal claims and/or obligations towards each other.

The Company announced on 27 October 2020, *inter alia*, an update on the Lubuk Mandi Gold Mine and the Bukit Chetai Granite Mine. The relevant section of the said announcement has been extracted in italics below. We recommend that Non-Interested Directors advise Shareholders to read the Company's announcement dated 27 October 2020 carefully and in its entirety.

"*<u>Lubuk Mandi Gold Mine</u>*

*During 3Q2020, Lubuk Mandi Gold Mine continued to produce gold concentrate from processing of tailings materials. A total of 46,111 dry tonnes of tailings materials were being processed. Total gold concentrated ore produced was approximately 450 tonnes with an average of 41.0 gram of gold per tonne of gold concentrated ore. The dry tonnes of tailings materials processed increased as the condition under the Movement Control Order ("**MCO**") were relaxed by the Malaysia Government and the plant was fully operational from July 2020 to September 2020. However, the Malaysia Government implemented a Conditional MCO to Sabah, Kuala Lumpur, Selangor and Putrajaya from 14 to 27 October 2020 and further extended to 9 November 2020, of which our tailings operations in Kuala Terengganu are not affected for now.*

*Great Aims Resources Sdn. Bhd. ("**GAR**") was not able to conduct the underground tunneling works in 3Q2020 as their workers were not able to return to site due to Covid-19 travel restrictions.*

Bukit Chetai Granite Mine

*The workers of Jianning County Huasheng Stone Co., Ltd. ("**Huasheng**") were not able to return to Malaysia due to the Covid-19 travel restrictions. The Bukit Chetai Mine did not produce block, tiles and joggle pavers in 3Q2020.*"

(xi) Material Uncertainty Related to Going Concern

We note that the Independent Auditors' Report dated 11 June 2020 ("**Independent Auditors' Report**") on the Group's and Company's financial statements for FY2019 contained a statement on material uncertainty related to going concern. The following paragraphs as set out in italics below are extracted from the Independent Auditors' Report (page 57 of the AR2019) and note 4 to the audited financial statements of the Group for FY2019. We recommend that Non-Interested Directors advise Shareholders to read this section of the AR2019 carefully:-

"Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the financial statements, which indicates that the Group's and Company's current liabilities exceeded their current assets by approximately RM20,298,000 and RM2,216,000 respectively as at 31 December 2019. The Group incurred a net loss of approximately RM15,818,000 and had negative cash flows from operating activities of approximately RM7,499,000 for the financial year ended 31 December 2019. As at 31 December 2019, the Group and the Company have cash and cash equivalents of approximately RM1,735,000 and RM2,000 respectively.

As at 31 December 2019, the Group and the Company have obligations due to borrowings in the form of guaranteed, non-guaranteed and exchangeable bonds ("Bonds") amounting to approximately RM23,316,000 and RM14,934,000 respectively as referred to in Note 15 to the financial statements. Of these amounts, approximately RM18,858,000 and RM10,476,000 for the Group and the Company respectively fall due and are repayable within the next 12 months from the financial year-end.

The ability of the Group and the Company to continue as a going concern is dependent on the Group's ability to generate positive cash flows from operations, obtain additional funding and receive continued financial support from its creditors.

These events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter."

Note 4 to the Group's audited financial statements for FY2019 are reproduced in italics below.

"***4. Going concern***

The Group's and Company's current liabilities exceeded its current assets by approximately RM20,298,000 and RM2,216,000 respectively as at 31 December 2019. The Group incurred a net loss of approximately RM15,818,000 and had negative cash flows from operating activities of approximately RM7,499,000 for the financial year ended 31 December 2019. As at 31 December 2019, the Group and the Company have cash and cash equivalents of approximately RM1,735,000 and RM2,000 respectively.

The Group's Guaranteed Bond II, i.e. Guaranteed First-Tranche Non-Convertible Bond of S$1,500,000 (equivalent to RM4,243,000) was originally due for repayment in April 2019.

Repayment date has been extended from April 2019 to May 2019 for the first S$750,000 (equivalent to RM2,022,000) and April 2020 for the remaining S$750,000 (equivalent to RM2,221,000) respectively as disclosed in Note 15.4 to the financial statements. The Group's Guaranteed Bond II has been further extended to 3 October 2020 as disclosed in Note 32.3 to the financial statements.

The Group's Guaranteed Bond III, i.e. Guaranteed Second-Tranche Non-Convertible Bond of S$3,310,000 (equivalent to RM9,414,000) was originally due for repayment in April 2019. Repayment date has been extended from April 2019 to May 2019 for the first S$1,655,000 (equivalent to RM4,707,000) and the remaining S$1,655,000 (equivalent to RM4,707,000) was exchanged with an issue of S$1,903,000 (equivalent to RM5,426,000) in aggregate principal amount of 10% guaranteed non-convertible bonds which will mature in April 2020 as disclosed in Note 15.5 to the financial statements. The Group's Guaranteed Bond III has been further extended to 3 October 2020 as disclosed in Note 32.4 to the financial statements.

The Group's Non-Guaranteed Bond I of S$1,500,000 (equivalent to RM4,458,000) is originally due for repayment in September 2021. On 29 April 2020, the Group had entered into a deed of settlement as disclosed in Note 32.5 to the financial statements.

The Group's Non-Guaranteed Bond II of S$1,023,000 (equivalent to RM2,829,000) was originally due for repayment in December 2019. However, the repayment date was extended from December 2019 to June 2020. On 29 April 2020, the Group had entered into a deed of settlement as disclosed in Note 32.6 to the financial statements.

The Group also has exchangeable bond of S$2,645,000 (equivalent to RM8,382,000) due for repayment in August 2019. However, the repayment date was extended from 25 August 2019 to June 2020. On 29 April 2020, the Group had entered into a deed of settlement as disclosed in Note 32.7 to the financial statements.

The proposed settlements are subject to certain key conditions, including approval from authorities and shareholders in extraordinary general meeting. Further conditions are included in Note 32.7 to the financial statements.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as going concerns, which is highly dependent on the Group's and Company's ability to obtain funding and generate sufficient cash flows from operations.

To meet the short-term financing needs, the Group has obtained or plans to obtain the following sources of funding:

(a) The Company received net cash proceeds of S$645,000 (equivalent to RM1,935,000), on 5 June 2020, from the proposed disposal of Angka Alamjaya Sdn. Bhd., which is the subsidiary involved in the gold mining segment of the Group. As at the date of the financial statements, the Company is still in the process of preparing the necessary documents. Thereafter, an extraordinary general meeting will be convened to seek the approval of all the shareholders of the Company for the proposed disposal (Note 32.5 to the financial statements); and

(b) Continued support from one of the controlling shareholders Mr. Lim Chiau Woei, who has undertaken to provide adequate funds to enable the Group to meet its payment obligations as they fall due.

Management continues to evaluate various strategies to improve profitability and generate positive cash flows from the Group's current business activities. These strategies include, inter alia, obtaining more projects for our granite mining segment; working with business partners to expand business operations and expedite the plan to achieve the revenue base and simultaneously reducing our operating and capital commitment which include the following:

(a) The Group plans to raise additional funds of RM10 million in August 2020, by assigning its concession at Bukit Machang, Terengganu, held by GGTM Sdn. Bhd., which is the subsidiary involved in the granite mining segment of the Group. This transaction is subject to completion, upon signing of a Definitive Agreement, amongst other principal terms and conditions that are set out in the heads of agreement. An earnest deposit of RM200,000, being 2% of purchase price, has been placed for the entire duration of the exclusivity period (within six months from the date of heads of agreement) and the balance of the purchase price to be settled with cash or any other mode of settlement, agreeable by both parties under the Definitive Agreement.

Management has prepared a cash flow forecast which shows that the Company and the Group will have adequate funds for its operational requirements and to meet their debt obligations as and when they fall due for at least 12 months from the end of the financial year, having taken account of the funds available and cash flows to be generated from the operations based on the plans set out above and the potential effects of COVID-19 pandemic. Accordingly, the Directors of the Company are of the opinion that it is appropriate for the financial statements to be prepared using a going concern basis of accounting.

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 its liabilities in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated statement of financial position of the Group and the statement of financial position of the Company. In addition, the Group and the Company may need to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. No such adjustments have been made to these financial statements."

As stated in Section 13.1 of the Circular, as at the Latest Practicable Date, the Directors are of the opinion that, after taking into consideration:

(a) the Proposed Settlements;

(b) the fact that the Company has entered into a loan agreement with Lim Beng Chew, Tang Yao Zhi, Tan Soo Kia and Lee Teck for an unsecured term loan of S$3,500,000;

(c) the fact that the bonds issued to Tang Ong Huat have been fully redeemed; and

(d) the undertakings provided by Mr. Lim Chiau Woei, the Managing Director and controlling Shareholder of the Company to provide adequate funds to enable the Group to meet its payment obligations as they fall due,

the working capital available to the Group is sufficient to meet its present requirements. Based on the eighteen (18) months cash-flow forecast prepared by the Group's management, the Board is of the view that the Group will be able to continue operating as a going concern.

After the completion of the Proposed Disposal, the Directors are of the opinion that the Company is able to continue operating as a going concern and trading in its securities can continue, on the basis of and subject to the following:

(a) the Luminor Bonds, the GHS Bonds, and the KAL Bonds would have been settled and cancelled, and each of Luminor 2, GHS, and KAL would no longer have a right to call for payment;

(b) the Proposed Disposal will allow the Group to dispose of its capital-intensive gold mining business;

(c) the gold mining business of the Group will have been disposed of and the Group will only have to bear the operating expenses of the Granite Dimension Stone Business, which are lower than that of the gold mining business. The expected operating costs of the Granite Dimension Stone Business in 2020 are RM1.87 million. The operating costs of the granite business in 2019 were higher at RM4.90 million due to exceptional items, being impairment of trade/non-trade receivables of RM0.65 million and the expenses relating to the joint venture with Eco Group International Sdn Bhd for purposes of a particular hotel project of RM0.92 million. Conversely, the operating expenses of the gold mining business were RM4.7 million for 2019 and are expected to be approximately RM4.6 million for 2020;

(d) the Director's views on the existing business of the Group, as set out in Section 13.2 of the Circular; and

(e) the undertakings provided by Mr. Lim Chiau Woei, the Managing Director and controlling Shareholder of the Company to provide adequate funds to enable the Group to meet its payment obligations as they fall due.

The Company had also on 16 October 2020 announced its entry into a loan agreement with Lim Beng Chew, Tang Yao Zhi, Tan Soo Kia and Lee Teck for the grant of an unsecured term loan of S$3,500,000 for, *inter alia*, the redemption of outstanding bonds of the Company. On 19 October 2020, the Company fully redeemed certain guaranteed non-convertible bonds with an aggregate principal amount of S$1,903,000 to Tan Ong Huat through cash payment to Tan Ong Huat.

The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements released on the SGXNET and the Group's financial statements for HY2020 and FY2019, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

6.2.2 Financial performance and position of the AASB Group

The following are extracts from the audited consolidated financial statements of the AASB Group for FY2017, FY2018, FY2019 and the unaudited financial statements for HY2019 and HY2020.

Summary of consolidated statement of comprehensive income

Figures in RM'000[1]	**Unaudited HY2020**	**Unaudited HY2019**	**Audited FY2019**	**Audited FY2018**	**Audited FY2017**
Revenue	-	1,707	4,453	1,828	721
Other operating income	554	57	1,170	216	135
Raw materials and consumables used	(227)	(329)	(855)	(317)	(214)
Changes in inventories	1,623	548	-	-	-
Contractor expenses	-	(341)	(891)	(377)	(628)
Royalty fee (expenses)/income	(360)	52	(649)	144	(459)
Depreciation and amortisation expenses	(1,016)	(1,025)	(2,112)	(2,065)	(1,525)
Employee benefit expenses	(880)	(716)	(1,736)	(1,628)	(2,614)
Rental expense	(12)	(35)	(68)	(170)	(214)
Other operating expense	(745)	(1,183)	(2,805)	(1,446)	(1,673)
Finance costs	(12)	(23)	(44)	(19)	(22)
Loss before tax	(1,076)	(1,287)	(3,537)	(3,834)	(6,491)
Net loss after tax	(1,076)	(1,287)	(3,537)	(3,834)	(6,491)

Summary of consolidated statement of financial position

Figures in RM'000[(1)]	Unaudited HY2020	Audited FY2019	Audited FY2018	Audited FY2017
Non-current assets	24,746	25,762	26,962	27,453
Current assets	5,462	3,627	2,546	2,455
Non-current liabilities	282	365	166	169
Current liabilities	5,805	18,386	15,166	11,729
Total equity	24,121	10,637	14,176	18,010
Net current liabilities	(343)	(14,760)	(12,620)	(9,274)
Total liabilities/Total equity (times)	0.3	1.8	1.1	0.7
Total borrowings	512	593	282	239
Total borrowings/total equity (times)	0.02	0.06	0.02	0.01

Summary of consolidated statement of cash flows

Figures in RM'000[(1)]	Unaudited HY2020	Unaudited HY2019	Audited FY2019	Audited FY2018	Audited FY2017
Net cash (used in)/from operating activities	60	73	424	158	(1,118)
Net cash (used in)/from investing activities	-	(117)	(378)	(1,394)	(763)
Net cash (used in)/from financing activities	(94)	(128)	(269)	(156)	14
Cash and cash equivalents at end of period	11	97	45	268	1,660

Note:

(1) Figures and computation presented in this section are subjected to rounding. Only extracts of statements are provided.

(i) Financial performance for FY2019, FY2018 and FY2017

The principal activities of AASB Group are in gold and related mineral mining and consultant and contractor of natural resources. AMSB is a wholly-owned subsidiary of AASB and its principal activity is in gold and related mineral mining.

The AASB Group derives its revenue solely from the sale of semi-processed gold concentrate ore. During the period under review, the AASB Group's revenue amounted to approximately RM0.7 million, RM1.8 million, and RM4.5 million in FY2017, FY2018 and FY2019 respectively.

In FY2017, AASB Group had also entered into an agreement with GAR to carry out gold mineral underground mining works at the Lubuk Mandi Mine. AASB Group had further entered into supplemental agreement with GAR on 16 April 2018. Under the arrangement, underground mining capital and operating expenditures shall be borne by GAR in exchange of revenue to be distributed between GAR and AASB on a 50:50 basis. Additionally, AASB and GAR have agreed that GAR shall pay to AASB a minimum of RM80.0 thousand per month or the percentage from monthly revenue, whichever is higher, relating to GAR's share of the aggregate tributes and royalties. The amount of RM80.0 thousand or the percentage from monthly revenue, whichever is higher, is payable regardless of whether any revenue is earned in the relevant month. We understand from the Directors that the increase in the AASB Group's revenue is due to increases in sales of semi-processed gold concentrate to China with approximately 564 tonnes, and 1,169 tonnes in FY2018 and FY2019 respectively. In FY2017, the AASB Group's revenue was derived from the sales of 141.69 oz of free gold.

Other operating income comprises rental income, interest income and others. The AASB Group recorded other operating income of approximately RM0.1 million, RM0.2 million and RM1.2 million for FY2017, FY2018 and FY2019 respectively. The increase of approximately

RM1.0 million in FY2019 was mainly due to an increase in other income from GAR of approximately RM1.0 million which was partially offset by a marginal decrease in rental income. There was no interest income recorded for FY2018 and FY2019.

Raw materials and consumables used increased by approximately RM0.1 million from approximately RM0.2 million for FY2017 to approximately RM0.3 million for FY2018 followed by an increase of approximately RM0.6 million to approximately RM0.9 million for FY2019. The increasing trend since FY2017 was due to the increase in activities for its gold mine and relatively in line with the increase in its revenue.

Contractor expenses decreased from approximately RM0.6 million for FY2017 to approximately RM0.4 million recorded for FY2018. This was due to the mining agreement with GAR in which GAR is responsible for all operating and capital costs. For FY2019, contractor expenses increased by approximately RM0.5 million to approximately RM0.9 million due to the higher costs incurred in FY2019 was mainly due to increase in the tailing process by GAR.

Royalty fees comprise mainly tribute to Perbadanan Memajukan Iktisad Negeri Terengganu ("**PMINT**") and back charges from GAR. AASB entered into a concession agreement with PMINT in year 2013 which provides for a scaled tribute payment to be paid to PMINT from the sale of all gold by AASB commencing from 1 May 2016. The tribute rate varies from 5% to 15% depending on prevailing gold price. Royalty fees decreased by approximately RM0.6 million from approximately RM0.5 million in FY2017 to an income position of approximately RM0.1 million for FY2018. It declined by approximately RM0.8 million to become an expense of approximately RM0.6 million for FY2019. The higher royalty fee in FY2019 was due to the absences of GAR back charges which was reclassified to other income in FY2019.

Depreciation and amortisation expenses had increased from approximately RM1.5 million for FY2017 to approximately RM2.1 million for both FY2018 and FY2019. The increase in depreciation and amortisation expenses was mainly due to the increase in amortisation of approximately RM0.5 million for its mine properties.

Employee benefit expense (which comprise mainly wages, salaries and directors' remuneration) decreased by approximately RM1.0 million from approximately RM2.6 million for FY2017 to approximately RM1.6 million for FY2018. The decrease was mainly due to the decline in wages, salaries and other emoluments of approximately RM0.9 million. It recorded a marginal increase of approximately RM0.1 million to approximately RM1.7 million for FY2019. The increase in FY2019 was mainly due to an increase in wages, salaries and other emoluments which was partially offset by a decrease in other benefits and director's fees.

Other operating expense decreased by approximately RM0.2 million from approximately RM1.7 million to approximately RM1.4 million for FY2018 and subsequently increased to approximately RM2.8 million in FY2019. Other operating expenses comprise mainly repair and maintenance costs, utilities costs, professional fees, administrative fees and impairment costs. Repair and maintenance costs decreased substantially from approximately RM0.3 million for FY2017 to approximately RM16.0 thousand for FY2018 and subsequently approximately RM24.0 thousand for FY2019. This was offset by an increase in utilities costs. AASB Group recorded utilities costs of approximately RM0.3 million, RM0.5 million and RM1.1 million for FY2017, FY2018 and FY2019 respectively which result from increase in production activities.

For the years under review, the AASB Group recorded losses after tax of approximately RM6.5 million, RM3.8 million and RM3.5 million for FY2017, FY2018, and FY2019 respectively.

(ii) Financial performance for HY2020 and HY2019

No revenue was recorded by the AASB Group in HY2020 due to the cessation of its tailing processing plant in connection with the MCO notice issued by the Government of Malaysia during HY2020 and also the scheduled maintenance of the tailing processing plant. For illustrative purpose only, the AASB recorded revenue of approximately RM1.7 million in HY2019.

Other operating income increased by approximately RM0.5 million in HY2020 from approximately RM0.1 million for HY2019 to approximately RM0.6 million for HY2020. The increase in other operating income is due to royalty income from GAR.

Raw materials and consumables used decreased by approximately RM0.1 million from approximately RM0.3 million in HY2019 to RM0.2 million in HY2020 mainly attributable to lower usage of chemical and raw material (as tailing processing operation stopped for schedule maintenance and the MCO).

The AASB Group recorded a positive gain from changes in inventories of approximately RM1.6 million for HY2020 as compared to RM0.5 million for HY2019.

There were also no contractors' expenses recorded in HY2020 as compared to approximately RM0.3 million recorded in HY2019. The decrease was due to no semi-processed gold concentrated ore were sold in HY2020.

The AASB Group recorded Royalty Fees expenses of approximately RM0.4 million for HY2020 as compared to an income position of approximately RM52 thousand for HY2019

Depreciation and amortisation expenses remained constant at approximately RM1.0 million for HY2020 and HY2019.

Employee benefits expense increased from approximately RM0.7 million for HY2019 to RM0.9 million for HY2020 due to an increase in employee benefits of approximately RM0.2 million recorded which was marginally offset by a decrease in director's fees.

Other operating expenses decreased from approximately RM1.2 million in HY2019 to approximately RM0.7 million mainly due to lower utilities expenses, professional fees and administrative expenses.

Notwithstanding no revenue recorded for HY2020, the AASB Group recorded smaller loss after tax of approximately RM1.1 million for HY2020 as compared to approximately RM1.3 million for HY2019. This was mainly due to a higher positive change in inventories, higher other income and lower other operating expenses in HY2020.

(iii) Asset and liabilities

As at 30 June 2020, the AASB Group's total assets amounted to approximately RM30.2 million, comprising non-current assets of approximately RM24.7 million and current assets of approximately RM5.5 million.

Non-current assets as at 30 June 2020 comprised mine properties of approximately RM13.4 million and property, plant and equipment of approximately RM11.3 million.

Current assets as at 30 June 2020 comprised mainly trade and other receivables of approximately RM3.7 million (of which, approximately RM3.6 million relates to trade receivables from third parties and approximately RM0.1 million from other receivables; inventories of approximately RM1.7 million; and cash and bank balances of approximately RM11 thousand.

As at 30 June 2020, the AASB Group's total liabilities amounted to approximately RM6.1 million, comprising non-current liabilities of approximately RM0.3 million and current liabilities of approximately RM5.8 million.

Non-current liabilities as at 30 June 2020 comprised only of lease liabilities of approximately RM0.3 million.

Current liabilities as at 30 June 2020 comprised mainly trade and other payables of approximately RM5.6 million and lease liabilities of approximately RM0.2 million. Trade and other payables consisted of trade payables due to third parties of approximately RM35 thousand; amount owing to holding company (unsecured, interest-free and payable on demand) of approximately RM0.6 million; other payables of approximately RM2.4 million and accruals of approximately RM2.1 million and amount owing to director of approximately RM0.5 million. It is noted from the Circular that on 20 April 2020, the Loan Capitalisation has been completed, resulting in the substantial decline in the amount owing to the Company and in the number of issued shares in AASB being increased from 16,348,358 to 30,908,585.

We note that the AASB Group had shown significant reliance on funding and loans from the Company in the past whilst the AASB Group's borrowings from financial institution have been minimal during the period under review. The amounts owing by the AASB Group to the Company had increased from approximately RM9.9 million as at 31 December 2017 to approximately RM12.3 million and RM14.6 million as at 31 December 2018 and 31 December 2019 respectively. This was subsequently declined to approximately RM0.6 million as at 30 June 2020 mainly due to the completion of the Loan Capitalisation, which is one of the conditions for the Luminor Settlement, the GHS Settlement and the KAL Settlement.

We note from Section 5.1 of the Circular that each of the Luminor Settlement, the GHS Settlement and the KAL Settlement is conditional upon, and subject to, *inter alia*, the Loan Capitalisation, which has taken place on 20 April 2020.

(iv) Net current liabilities

As at 30 June 2020, the AASB Group was in a net current liabilities position of approximately RM0.3 million. AASB has been in a net current liabilities position for the years under review. As at 31 December 2017, 31 December 2018 and 31 December 2019, AASB recorded net current liabilities of approximately RM9.3 million, RM12.6 million and RM14.8 million respectively. The significant improvement in net current liabilities position of the AASB Group as at 30 June 2020 as compared to 31 December 2019 was mainly due to the Loan Capitalisation.

(v) Total equity

Total equity of the AASB Group has been on a decreasing trend from FY2017 to FY2019. AASB Group recorded total equity of approximately RM18.0, RM14.2 million, and RM10.6 million as at the end of FY2017, FY2018 and FY2019 respectively. Subsequently, it has improved and increased to approximately RM24.1 million as at 30 June 2020 due to the Loan Capitalisation.

In FY2018, following the introduction of the Malaysia's Companies Act 2016 which rendered the share premium account to be no longer relevant, the balance within the share premium account of approximately RM62.4 million, held under reserves, was transferred to the share capital account. There is no impact on the number of ordinary shares in issue.

The AASB Group's total liabilities to total equity ratio has improved from approximately 1.8 times as at 31 December 2019 to approximately 0.3 times as at 30 June 2020.

(vi) Net cash (used in)/from operating activities

For FY2017, the AASB Group recorded net cash used in operating activities of approximately RM1.1 million. For FY2018, FY2019 and HY2020, the AASB Group generated net cash from operating activities of approximately RM0.2 million, approximately RM0.4 million and RM60 thousands respectively. For FY2018, FY2019 and HY2020 the AASB Group recorded positive net cash flow from operations which was mainly due to increases in trade and other payables.

Despite the net cash generated from operating activities for FY2018, FY2019 and HY2020 the AASB Group's cash and cash equivalents decreased significantly from approximately RM1.6 million as at 31 December 2017 to approximately RM0.3 million, approximately RM45 thousand and approximately RM11 thousand as at 31 December 2018, 31 December 2019 and 30 June 2020 respectively. The decline in the AASB's cash and cash equivalents is due to the (a) net cash used in both the investment and financing activities for FY2018 and FY2019 (b) net cash used in financing activities for HY2020.

The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements released on the SGXNET and the AASB Group's financial statements for FY2019 and HY2020, there has been no material changes to the AASB Group's assets and liabilities, financial position, condition and performance.

6.3 NAV and NTA analysis

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company or group in their existing condition, after deducting the sum of all liabilities and minorities' interests of the company or group. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company or group may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names) over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into consideration nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values for which assets may actually be realised or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company or group in their existing condition, after deducting the sum of all liabilities, non-controlling interests and intangible assets of the company or the group. The NTA based approach is meaningful as it shows the extent for which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company or group may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (excluding any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names) over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NTA approach does not take into account or consideration the presence of any intangible or non-tangible assets, *inter alia*, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values for which assets may actually be realised or disposed of.

6.3.1 <u>NAV and NTA analysis for the AASB Group</u>

In assessing the Transfer Price for the AASB Shares pursuant to the Luminor Share Transfer in relation to the NAV and NTA per Share of the AASB Group as at 30 June 2020, we have reviewed the unaudited statements of financial position of the AASB Group as at 30 June 2020 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited statements of financial position of the AASB Group as at 30 June 2020 and in the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited statements of financial position of the AASB Group as at 30 June 2020 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the AASB Group as at Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the AASB Group as at 30 June 2020, save as disclosed in the unaudited statements of financial position of the AASB Group as at 30 June 2020 as well as the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular and this IFA Letter, the values of the assets (other than those for which valuation has been conducted), and liabilities as well as financial performance or condition of the AASB Group as disclosed and reflected in the statements of financial position of the AASB Group as at 30 June 2020 are true and fair. Lastly, the Directors confirmed that to the best of their knowledge or belief that such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

NAV and NTA of the AASB Group	
Consolidated unaudited balance sheet of the AASB Group as at 30 June 2020(1)	**RM'000**
Non-current assets	
Property, plant and equipment ("**PPE**")	11,355
Mining properties ("**Mining Properties**")	13,391
	24,746
Current assets	
Inventories	1,746
Trade and other receivables	3,705
Cash and bank balances	11
	5,462
Non-current liabilities	
Lease liabilities	282
	282
Current liabilities	
Trade and other payables	5,575
Lease liabilities	230
	5,805
NAV including non-controlling interest of the AASB Group as at 30 June 2020	**24,121**
Less: Non-controlling interest	**-**
NAV attributable to owners of the AASB Group as at 30 June 2020	**24,121**
Less: Intangible assets	**-**
NTA of AASB Group as at 30 June 2020	**24,121**
NAV and/or NTA of AASB Group per AASB Share (RM)(2)	**0.780**
Transfer Price per AASB Share (RM)	**0.479**
Discount of the Transfer Price from the NAV and/or NTA of the AASB Group per AASB Share (%)	**(38.6)%**

Notes:

(1) Based on the AASB Group's unaudited financial statements for HY2020. The figures and computations in the above table are subject to rounding.

(2) Based on AASB's issued share capital of 30,908,585 AASB Shares following the completion of the Loan Capitalisation on 20 April 2020.

From the above table, we note that the AASB Group had NAV and/or NTA of approximately RM24.1 million as at 30 June 2020 or approximately RM0.78 per AASB Share. As stated in Section 5 and 7 of the Circular, the Loan Capitalisation was completed on 20 April 2020, thereby increasing the number of issued shares in AASB Group from 16,348,358 AASB Shares to 30,908,585 AASB Shares.

The Transfer Price for AASB Share was based upon an agreed valuation between the Company and each of Luminor 2, GHS and KAL for the AASB Group of RM14,804,764.

For illustrative purposes only, the Transfer Price of approximately RM0.479 per AASB Share represents a discount of approximately 38.6% from the AASB Group's NAV and/or NTA per AASB Share as at 30 June 2020.

Market value of the Mining Properties

In our evaluation of the Transfer Price, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which was recorded in the unaudited statements of financial position of the Group as at 30 June 2020. We understand from the Directors that the Company has commissioned the Mineral Asset Valuer to determine the market value of the Mining Properties for the Lubuk Mandi Gold Mine in accordance with the guidelines set by the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports promulgated by the VALMIN Committee, with regards to valuations ("**VALMIN Code**"). We recommend that the Directors advise Shareholders to note and review carefully the contents of the Mineral Asset Valuation Report (which is set out as Appendix D of the Circular) in its entirety including the assumptions made and the basis for assumptions.

According to the Mineral Asset Valuation Report, the Mineral Asset Valuer has arrived at market value for the Mining Properties ranging from US$5.7 – 10.2 million with a preferred mid-point value of US$8.0 million. We note from the Circular that as at the Latest Practicable Date, no material changes have occurred since the effective date of the Mineral Asset Valuation Report which would result in a change in the valuation amount of the mineral assets held by AASB.

We note from the Mineral Asset Valuation Report that existing travel restrictions preclude a site visit, but the Mineral Asset Valuer is satisfied that they have sufficient current information to allow them to complete the valuation without a site visit. The Company has provided the Mineral Asset Valuer with relevant technical and financial information together with photographs and movies of the operation to facilitate an informed evaluation.

The Mineral Asset Valuer considers that the income-based valuation scenarios supplemented by market-based valuations for unmined Mineral Resources should be used to determine a valuation for the project. The market-based comparable transaction approach is considered a check on the income-based scenarios.

The income-based approach is based on the proposition that the value of a mineral project can be determined by calculating the present value of future cash benefits arising from that project. The value so defined is referred to as the net present value (NPV) and is determined using the discounted cashflow (DCF) methodology, or some derivative of this methodology. This approach generates a Technical Value that is converted to a Market Value by application of a discount or premium to account for market conditions.

The market-based approach is adapted from the real estate approach to valuation. The transactions deemed to be analogous to the mineral asset being valued are used to determine a unit price (e.g. dollar per km^2 or dollar per tonne metal) for the asset being valued. This approach is widely used throughout the minerals industry, but the valuer must consider that this approach is retrospective and therefore does not consider current and future commodity or other market price movements. This approach usually generates a Market Value because it relates value to actual market-based transactions, although a discount or premium to account for current market conditions may be applied.

We also note from the Mineral Asset Valuation Report that the market value of the Mining Properties is based on the following assumptions with respect to, *inter alia*, the tenure, mining and processing, revenue, capital and operating costs and financial assumptions, other considerations and reasonableness of assumptions. In addition, in determining the market value of the Mining Properties, the Mineral Asset Valuer applied weighting factors of 60% to the base case and 40% to the upside case. The conservative case was not included as AASB has advised the Mineral Asset Valuer that they are committed to the planned increase in processing capacity and the associated loan. It is important to note that for base case and upside case, the Mineral Asset Valuer has assumed that AASB will decide to utilise a RM10 million bank term loan to increase its processing plant capacity from 1,000 tonnes per day to 1,400 tonnes per day. We understand from the Directors and the Management that despite term sheet has been obtained for the loan of RM10 million, there is no certainty that the loan of RM10 million will be materialised or if materialised, that the terms of the loan will be substantially the same as the term sheet. As at 30 June 2020, the AASB Group's cash and cash equivalents amounted to only approximately RM11 thousand, which is insufficient to finance the additional capacity of its processing plant. The range of market value and the preferred value of the Lubuk Mandi Gold Mine may differ in the event of changes in assumptions made by the Mineral Asset Valuer.

The Directors have confirmed that they have reviewed the Mineral Asset Valuation Report to understand the assumptions, methodology used in arriving at the market value of the Lubuk Mandi Gold Mine. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions and methodology of the Mineral Asset Valuation Report are reasonable and appropriate.

We note that the market value of the Lubuk Mandi Gold Mine as ascribed by the Mineral Asset Valuer as at 30 June 2020 (the "**Valuation Date**") with a preferred value of US$8.0 million (or approximately RM33.6 million based on an exchange rate of US$1.00:RM4.20 as stated in the Mineral Asset Valuation Report) (the "**Preferred Value**") is:-

(i) substantially higher than the net book value of the Mining Properties of approximately RM13.4 million as at 30 June 2020 and the agreed upon valuation for the AASB Group pursuant to the Luminor Share Transfer, the GHS Settlement and the KAL Settlement of approximately RM14.8 million. As stated in Section 7.2 of the Circular, the valuation amount in AASB divided by the total number of AASB Shares is more than the agreed valuation amount per AASB Share of RM0.4790 under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed. Further, based on the BV Summary, the market value of the 100% equity interest in the capital of the AASB Group divided by the total number of AASB Shares is also more than the agreed valuation amount per AASB Share of RM0.4790 under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed. Consequently, the Company does not have to pay to each of Luminor 2, GHS or KAL any shortfall in respect of the agreed valuation of the AASB Group. We note that there is no adjustment to the Luminor Share Transfer, GHS Settlement and KAL Settlement in the event the valuation obtained is higher than the agreed valuation of approximately RM14.8 million.

(ii) lower than the valuation prepared by AMC Consultants Pty Ltd ("**AMC**") for Anchor's SGX listing (effective valuation date of 30 September 2015) whereby AMC concluded a valuation range from US$16.1 to 22.2 million, with a preferred value of US$19.2 million. As stated in the Mineral Asset Valuation Report, whilst the gold price is significantly higher in June 2020 compared to September 2015, the main reasons for the lower valuation in 2020 are as follows:

- In 2015, the tailings processing plant was being commissioned, but had not operated as a continuous production operation. AMC accepted the expected throughput and recovery forecasts with minimal adjustment. Over the subsequent four years, these forecasts were never achieved and the project has operated at a loss each year. The Mineral Asset Valuer has accepted AASB's current forecast throughput rates and recoveries, which are more realistic given the production history since 2015.

- A change in the tailings processing strategy from cyanide leach to flotation means that AASB receives payment for only 70% of the gold recovered from the tailings.

- The tailings Mineral Resource has been depleted and now has a lower tonnage and lower grade than reported in 2015, containing approximately 25% fewer ounces of gold.

- AMC assumed an open pit mining operation for the hardrock Mineral Resource. This did not prove to be profitable and a more expensive underground operation is now being developed. The cut-off grade for the underground operation will be much higher than for the open pit operation, so the mined ounces of gold will be significantly less.

- AASB has established a revenue sharing arrangement with GAR for mining and processing. This agreement reduces AASB's financial risk, but it also significantly reduces its share of the revenue.

(iii) We also note from the Mineral Asset Valuation Report that the market value of the Mining Properties is based on the following assumptions with respect to, *inter alia*, the tenure, mining and processing, revenue, capital and operating costs and financial assumptions, other considerations and reasonableness of assumptions. In addition, in determining the market value of the Mining Properties, the Mineral Asset Valuer applied weighting factors of 60% to the base case and 40% to the upside case. The conservative case was not included as AASB has advised the Mineral Asset Valuer that they are committed to the planned increase in processing capacity and the associated loan. It is important to note that for base case and upside case, the Mineral Asset Valuer has assumed that AASB will decide to utilise a RM10 million bank term loan to increase its processing plant capacity from 1,000 tonnes per day to 1,400 tonnes per day. We understand from the Directors and the Management that despite having obtained a term sheet from one of the financial institutions for the loan of RM10 million, there is no certainty that the loan of RM10 million will be materialised or if materialised, that the terms of the loan will be substantially the same as the letter of offer. As at 30 June 2020, the AASB Group's cash and cash equivalents amounted to only approximately RM11 thousand, which is insufficient to finance the additional capacity of its processing plant. The range of market value and the preferred value of the Lubuk Mandi Gold Mine may differ in the event of changes in assumptions made by the Mineral Asset Valuer.

As part of the Settlement Conditions precedent for the Luminor Settlement, the GHS Settlement and the KAL Settlement set out in Section 5.1 of the Circular, the valuation for AASB shall not be less than RM14,804,764. We note that the the Mineral Asset Valuer has arrived at market value for the Mining Properties ranging from US$5.7 – 10.2 million (or approximately RM23.9 – 42.8 million) with a preferred mid-point value of US$8.0 million (or approximately RM33.6 million) and these range of market values are higher than RM14,804,764. In addition, we note that as highlighted in Section 7.2 of the Circular, there is no adjustment mechanism in the event the valuation for AASB is more than RM14,804,764.

We have not made any independent evaluation or appraisal of the Mining Properties but have relied on the Mineral Asset Valuation Report issued by the Mineral Asset Valuer, as well as confirmation and representation by the Directors and Management in respect of Preferred Value of the Lubuk Mandi Gold Mine. Shareholders should note that the gold prices have been generally on the upward trend since late March 2020.

Revalued NAV ("RNAV") and NTA ("RNTA") of the AASB Group

For illustrative purpose only, the revaluation surplus and the RNAV and/or RNTA of the AASB Group has been calculated and presented in the table below assume a hypothetical sale of the Lubuk Mandi Gold Mine at the Preferred Value ascribed by the Mineral Asset Valuer. The Directors and the Management represented that there will be no potential tax liability if the Lubuk Mandi Gold Mine which is subject to valuation were to be sold at the Preferred Value ascribed by the Mineral Asset Valuer.

RNAV and RNTA	RM'000
Preferred Value of the Mining Properties ascribed by the Mineral Asset Valuer [1]	33,600
Less: net book value of the Mining Properties as at 30 June 2020	(13,391)
Less: potential tax liabilities [2]	-
Revaluation surplus	**20,209**
NAV and/or NTA of the AASB Group	24,121
Add: Revaluation surplus	20,209
RNAV and/or RNTA of the AASB Group	44,330
RNAV and/or RNTA of the AASB Group per AASB Share (RM) [3]	1.434
Discount of the Transfer Price from RNAV and/or RNTA of the AASB Group per AASB Share	(66.6)%

Notes:

(1) *Based on the Preferred Value of USD8.0 million or approximately RM33.6 million (based on an exchange rate of US$1.00:RM4.20 as stated in the Mineral Asset Valuation Report).*

(2) *Based on the Directors representations, there will be no potential tax liabilities.*

(3) *Based on the AASB Group's issued share capital of 30,908,585 AASB Shares as at the Latest Practicable Date.*

For illustrative purpose only, the Transfer Price represents a discount of approximately 66.6% from the RNAV and/or RNTA of the AASB Group per AASB Share.

The Directors have confirmed that to their best knowledge and belief, as at the Latest Practicable Date, (a) there will be no potential tax liability; (b) save for the Mining Properties being the Lubuk Mandi Gold Mine, there are no material differences between the realisable value of the AASB Group's assets and liabilities and their respective book values as at 30 June 2020 which would have a material impact on the AASB Group's RNAV and/or RNTA.

The discount of the Transfer Price from the NAV and/or NTA of the AASB Group per AASB Share and RNAV and/or RNTA per AASB Share should be assessed in conjunction with: (i) the weak financial performance and position of the AASB Group (in particular, the losses incurred during the period under review being FY2017, FY2018, FY2019 and HY2020 and the net current liabilities position of approximately RM343 thousand as at 30 June 2020) wherein no revenues had been registered for HY2020; (ii) the Board's view that despite being disposed at loss, the transfer of AASB Group to bondholders to redeem the Group's bonds is in the best interest of the Company as, *inter alia,* it will lower the Group's borrowings and provide further resources for the working capital; (iii) the Board's consideration that the estimated loss arising from the disposal arises from the difference between the agreed consideration of RM14,804,764 and the Adjusted NAV of the AASB Group as at 30 June 2020 of RM24,120,976 which includes the capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company (which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company) and the fact that the Company had executed a deed of guarantee dated 25 August 2018 in favour of Luminor 2 over all amounts payable by Angka Marketing Pte. Ltd. to Luminor 2 under the Luminor Subscription Agreement ("**Luminor Guarantee**"); (iv) the Board's confirmation that whilst significant efforts have been made by Directors and Management to obtain alternative offers for the AASB Group, they are not aware of any alternative offers for the AASB Group available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the Luminor Settlement, the GHS Settlement and the KAL Settlement; and (v) the material uncertainty related to going concern highlighted by the Independent Auditor in the AR2019 and as stated in the results announcement for HY2020 for the Group, the Board's view that the Group's ability to operate as a going concern for the next twelve months hinges on, *inter alia*, the completion of the Proposed Disposal and the Proposed Settlements.

Market value of 100% equity interest in the AASB Group

The Company had also appointed the Business Valuer to conduct a separate business valuation of the 100% equity interest in the AASB Group. We recommend that the Directors advise Shareholders to note and review carefully the contents of the BV Summary (which is set out as Appendix E of the Circular) in its entirety including the assumptions made and the basis for assumptions.

Based on the BV Summary, the market value of the 100% equity interest in the capital of AASB Group as at 30 June 2020 ("**BV Valuation Date**") is estimated to be approximately RM17,882,000 to RM18,599,000. This valuation is based primarily on the income approach.

As stated in the BV Summary, the income approach (which is an acceptable method to value a mine which is in production phase) has been used to derive the market value of the AASB Group's tailings operations. The Business Valuer also relied on the Guideline Public Company Method as a cross check for the market value derived from the income approach. Specifically, the Business Valuer relied on the Forward EV/EBTIDA and P/NAV multiples of comparable companies to cross-check to the implied multiples derived from the income approach.

The Business Valuer did not rely on (a) the Guideline Transaction Method as the transaction multiples typically included deal specific synergy and conditions; and (b) the cost approach as this approach fails to capture the income generating potential of the tailings operations.

In addition, the Business Valuer has not valued the AASB Group's hardrock processing operations (underground mining) based on the following reasons:-

(i) AASB has failed to extract any hardrock mineral resources despite trying to do so since 2015.

(ii) The Business Valuer understand from Management that current methods are proving uneconomical and a new mining method for a more efficient extraction is required to proceed with the hardrock processing.

(iii) Certain mining specialists in China may possess such capability. However, due to the current Covid-19 travel restriction, no mine visits or detailed assessment can be performed. As such, there is no business plan or feasibility study performed to assess the economic viability of the hardrock processing operations as at the BV Valuation Date.

(iv) As at the BV Valuation Date, the additional drilling costs, geologist costs and capital expenditures to be incurred by GAR for further hardrock processing is unknown (until further assessment can be performed). Furthermore, the probability of success is also unknown as there are no proven or probable reserves for the hardrock mineral resources as per the 2019 qualified person's report prepared by Wrightech Engineering, ("**QPR Report**") and Mineral Asset Valuation Report.

(v) Should GAR and/or AASB be able to (i) engage the right underground specialist with the appropriate technology and mining method, (ii) obtain the necessary funding for capex and working capital needs; (iii) locate the gold reserves; and (iv) operate the mine profitably, the value of AASB Group maybe substantially higher.

(vi) However, as at the BV Valuation Date, Management is of the opinion that there is high uncertainty in all the above conditions being met. As such, the Business Valuer has not included any cash flow pertaining to the hardrock processing in their valuation of AASB.

The Business Valuer's conclusion is dependent on the following key assumptions:-

(i) The mining license which is due to expire in April 2022 will be extended for a further 5 years.

(ii) The agreement with GAR which is expected to end in 2022 will be extended until the end of the life of the mine.

(iii) The mineable resources of the tailings is estimated at 960,000 tonne as of the BV Valuation Date.

(iv) The current tailings processing plant (which has capacity of 1,000 tonne/day) will be able to process at a rate of 21,000 tonne/month in FY2020, 24,000 tonne/month in FY2021 and 26,000 tonne/month in FY2022 and FY2023.

(v) AASB Group will be able to achieve a net recovery of 40.8% in its tailings processing over the forecast period.

(vi) No major unexpected movement of gold price and exchange rate during the forecast period. Variations within our lower confidence bound and upper confidence bound of time series analyses is considered expected.

(vii) Beijing Fuhaihua Import & Export Corp. Ltd.("**BFIE**") will purchase all the semi-processed gold concentrated ore produced by AASB Group over the forecast period as per the long-term off-take agreement. BFIE will have the financial ability to pay for the semi-processed gold concentrated ore sold.

(viii) Raw materials, utilities and diesel costs will not differ materially from the forecast.

(ix) The PPE will be sold/salvaged at the end of the life of mine at its NBV of ~ RM5.4million.

(x) The decommissioning cost at the end of the life of mine ("**LOM**") will not be significant and amount to ~ RM5–6million.

(xi) The impact of Covid-19 will not affect tailings operations from June 2020 onwards.

(xii) GAR will not be able to perform underground mining (i.e., hardrock processing) economically.

(xiii) As they are still in the very early stages, the probability of the new opportunities with (i) Kelantan State Land Authority, the Land and Mineral Director Office and (ii) Motivac Enterprises Sdn Bhd materialising are assessed to be very low.

(xiv) AASB Group will be able to retain its key management and operating personnel.

(xv) The operations of AASB Group will not be affected by disruptive technology, unforeseen competition or adverse government policies during the forecast period.

(xvi) There are no material undisclosed or contingent assets and liabilities that have not been brought to the Business Valuer's attention during the course of the engagement.

The Directors have confirmed that they have reviewed the BV Summary to understand the assumptions, methodology used in arriving at the market value of 100% equity interest in the AASB Group. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions and methodology of the BV Summary are reasonable and appropriate.

As part of the Settlement Conditions precedent for the Luminor Settlement, the GHS Settlement and the KAL Settlement set out in Section 5.1 of the Circular, the valuation for AASB shall not be less than RM14,804,764. We note that the the Business Valuer has arrived at market value of 100% equity interest in the AASB Group ranging from RM17,882,000 to RM18,599,000 and these range of market values are higher than RM14,804,764. In addition, we note that as highlighted in Section 7.2 of the Circular, there is no adjustment mechanism in the event the valuation for AASB is more than RM14,804,764.

In addition, the market value of 100% equity interest in the AASB Group represents discount ranging from approximately 58.0% to 59.7% from the AASB Group's RNAV and/or RNTA.

We have not made any independent evaluation or appraisal of the 100% equity interest in the AASB Group but have relied on the BV Summary issued by the Business Valuer, as well as confirmation and representation by the Directors and Management in respect of market value of the 100% equity interest in the AASB Group.

Key differences between the Mineral Asset Valuation Report and BV Report

The Business Valuer has outlined the following key differences:-

Key differences	Mineral Asset Valuation Report	BV Report
1.Value of the Hardrock Processing Operations	Mineral Asset Valuer has applied 40% weighting to their Upside Case, which assumes that the hardrock processing operations will be successful.	Business Valuer has not included any cash flow pertaining to the hardrock processing in their valuation of AASB due to the previously–mentioned uncertainties and technical difficulties in mining the Hardrock. Business Valuer's concluded value range is close to the higher end of the Mineral Asset Valuer's Base Case for only the Tailings. This means that excluding the value of the Hardrock, the Mineral Asset Valuer's valuation and the Business Valuer's valuation are very similar.
2.Subject Asset and Valuation Standards	The subject asset of Mineral Asset Valuer's valuation is the mineral assets. The applicable valuation standard for Mineral Asset Valuer's valuation is the VALMIN Code and the JORC Code. Furthermore, the Business Valuer understands from the Mineral Asset Valuer that the Mineral Asset Valuation Report does not imply that the hardrock processing operations is economically viable. The Business Valuer understands from the Mineral Asset Valuer that under VALMIN and/or JORC Codes, the mineral assets should be valued as long as there are reasonable prospects for eventual economic extraction.	The subject asset of Business Valuer's valuation is the 100% equity interest in AASB Group. Given that (i) AASB has tried but failed to extract any Hardrock minerals for 5 years; and (ii) there exists a high degree of uncertainty as at the BV Valuation Date whether the Hardrock Mining Operations can be profitably operated, in the Business Valuer's opinion, any theoretical and knowledgeable buyer will not be pricing in the value of the Hardrock Mining Operations when considering the purchase of AASB. From a business valuation perspective, the value of the Hardrock Mining Operations, if successfully mined and commercialised, would represent the fair return to such an investor or taking on the risk of exploration and operation, given the high degree of uncertainty of success. If this value is already priced into the initial purchase price for AASB, the potential investor would end up with very little or no return for the amount of risk taken.

We note that the Transfer Price and the value of AASB as implied by the Transfer Price are at a discount from both the RNAV and/or RNTA per AASB Share (as ascribed by the Mineral Asset

Valuer) of approximately 66.6% and the lower end of the market value of 100% equity interest in AASB (as ascribed by the Business Valuer) of approximately 17.2% respectively.

6.3.2 NAV and NTA Analysis for the Group

In assessing the Luminor Issue Price for the New Shares pursuant to the Luminor Share Issue in relation to the NAV and NTA per Share of the Group as at 30 June 2020, we have reviewed the unaudited statements of financial position of the Group as at 30 June 2020 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited statements of financial position of the Group as at 30 June 2020 and in the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited statements of financial position of the Group as at 30 June 2020 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the Group as at 30 June 2020, save as disclosed in the unaudited statements of financial position of the Group as at 30 June 2020 as well as the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular and this IFA Letter, the values of the assets (other than those for which valuation has been conducted), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the statements of financial position of the Group as at 30 June 2020 are true and fair. Lastly, the Directors confirmed that to the best of their knowledge or belief that such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

Consolidated unaudited balance sheet of the Group as at 30 June 2020[1]	RM'000
Non-current assets	
Property, plant and equipment	14,856
Mining properties	14,733
	29,589
Current assets	
Inventories	2,120
Trade and other receivables	7,951
Prepayments	106
Cash and cash equivalents	1,888
	12,065
Non-current liabilities	
Lease liabilities	856
Borrowings	4,716
	5,572
Current liabilities	
Trade and other payables	15,170
Lease liabilities	492
Borrowings	20,202
	35,864
NAV including non-controlling interest as at **30 June 2020**	**218**
Less: Non-controlling interest	**-**
NAV attributable to owners of the parent as at **30 June 2020**	**218**
Less: Intangible assets	**-**
NTA of the Group as at **30 June 2020**	**218**
Add: Issuance of 136,363,636 Repayment Shares in pursuant to the Repayment Share Issue [2]	**2,139**
Adjusted NAV and/or NTA for the Group ("**Adjusted NAV and/or NTA**")	**2,357**
NAV and/or NTA per Share as at 30 June 2020 (RM)[3]	**0.00017**
NAV and/or NTA per Share as at 30 June 2020 (S$)[3][5]	**0.00005**
Adjusted NAV and/or NTA per Share (RM)[4]	**0.00162**
Adjusted NAV and/or NTA per Share(S$)[4][5]	**0.00053**
Minimum Issue Price (S$) [6]	**0.005**
Premium of the Minimum Issue Price over the Group's NAV and/or NTA per Share as at 30 June 2020	**9,127.2%**
Premium of the Minimum Issue Price over the Group's Adjusted NAV and/or NTA per Share	**841.6%**

Notes:

(1) Based on the Group's unaudited financial statements for HY2020. The figures and computations in the above table are subject to rounding.

*(2) The issuance of 68,181,818 Repayment Shares at issue price of S$0.0055 per Repayment Share ("**Repayment Issue Price**") each to KKJ and TBK for repayment of S$750,000 ("**Repayment Principal Amount**") less expenses of approximately S$37,000 in relation to the Repayment Share Issue. The Repayment Share Issue was completed on 25 September 2020.*

(3) Based on the Company's issued Share capital of 1,319,962,813 Shares as at 30 June 2020.

(4) Based on the Company's issued Share capital of 1,456,326,449 Shares as at the Latest Practicable Date.

(5) *Based on exchange rate of RM1:S$0.3281 as at the Latest Practicable Date.*

(6) *The Luminor Issue Price is the higher of (i) the Minimum Issue Price of S$0.005 and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the Completion Date.*

Please note the table presented above is for the Luminor Share Issue which involves the issuance of up to 249,200,000 New Shares to Luminor 2 for the settlement of S$1,246,000 owed by the Company to Luminor 2. Please refer to Section 2 of the Circular for additional information on the Luminor Share Issue.

From the above table, we note that the Group had NAV and NTA of approximately RM218 thousand as at 30 June 2020 or approximately RM0.00017 per Share (or approximately S$0.00005 per Share based on the applicable exchange rate as at the Latest Practicable Date). The Minimum Issue Price of S$0.005 for each New Share represents a premium of approximately 9,127.2% over the Group's NAV and/or NTA per Share as at 30 June 2020. We note that the significant premium is attributable to the net losses of approximately RM6.0 million incurred by the Group during HY2020 which led to higher accumulated losses for the period ended 30 June 2020 which was partially offset by the increase in Share capital of approximately RM1.1 million due to the issuance of new Shares for the partial repayment of the KKJ TBK Bonds and the TOH Bonds during HY2020.

As mentioned in the previous section, the Company had on 12 July 2020 entered into KKJ TBK Settlement Agreements, whereby the Company has exercised its discretion to make repayment of the Repayment Principal Amount of S$750,000 via the issuance of 136,363,636 Repayment Shares at the Repayment Issue Price of S$0.0055 for each Repayment Share. Shareholders' approval has been obtained on 25 September 2020 and the Repayment Share Issue was completed on 25 September 2020. Please refer to Section 8 of the IFA Letter for further information on the KKJ TBK Settlement Agreements and the Repayment Share Issue.

For the purposes of our analysis, we have considered the completion of the Repayment Share Issue. Following the completion of the Repayment Share Issue, the Group's Adjusted NAV and/or NTA would be approximately RM2.4 million, or approximately RM0.00162 per Share (or approximately S$0.00053 per Share based on the applicable exchange rate as at the Latest Practicable Date). Therefore, the Minimum Issue Price represents a premium of approximately 841.6% over the Group's Adjusted NAV and/or NTA.

Whilst the Minimum Issue Price is lower than the Repayment Issue Price, we note that the Minimum Issue Price for the new Shares pursuant to the Luminor Share Issue is at significant premiums, to the NAV and/or NTA per Share for the Group or the Adjusted NAV and/or NTA per Share for the Group.

In addition, we note that after accounting for the revaluation surplus of approximately RM20.2 million, the RNAV and /or RNTA for the Group (after taking into account the Repayment Share Issue) would be approximately RM22.6 million For illustrative purposes only, the Minimum Issue Price represents a small discount of approximately 1.6% from the RNAV and/or RNTA of the Group (after taking into account the Repayment Share Issue) of approximately RM0.0155 per Share (or approximately S$0.0051 per Share based on the applicable exchange rate as at the Latest Practicable Date).

Lastly, as stated in the Circular, the Luminor Issue Price is the higher of (i) the Minimum Issue Price; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the Completion Date. Assuming the Completion occurred on the Latest Practicable Date, the Luminor Issue Price would be S$0.0068 ("**Assumed Issue Price**"). The Assumed Issue Price represents a premium of approximately 12,449.0%, 1,180.6% and 33.8% over the Group's NAV and/or NTA per Share as at 30 June 2020, Adjusted NAV and/or NTA per Share, and RNAV and/or RNTA per Share respectively.

The Directors and the Management represented and confirmed that following completion of the Repayment Share Issue and assuming completion of Proposed Disposal (being the Luminor Share Transfer, the GHS Share Transfer, the KAL Share Transfer and the KAL Sale), the pro-forma Group's NAV and/or NTA would be approximately negative RM7.6 million (or the "**Pro-forma Group's NL and/or NTL Post Disposal**"). Accordingly, the comparison between the Luminor Issue Price (being either the Minimum Issue Price or the Assumed Issue Price) and the Pro-forma Group's NL and/or NTL Post Disposal is negative and not meaningful. Notwithstanding, we note that the Luminor Issue Price (being either the Minimum Issue Price or the Assumed Issue Price) is favourable taking into account the Pro-forma Group's NL and/or NTL Post Disposal.

In our evaluation of the Transfer Price and the Luminor Issue Price, we have considered whether:

(i) there are any material events that may have an impact on the unaudited balance sheet of the AASB Group and the Group from 30 June 2020 to the Latest Practicable Date to determine whether adjustments need to be made to the NAV and/or NTA per Share as at 30 June 2020. In this respect, the Directors have confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, save as disclosed in the unaudited financial statements of the AASB Group and the Group as at 30 June 2020, the announcements released by the Company on SGXNET and the Circular and in this IFA Letter, there have been no known material events since 30 June 2020 to the Latest Practicable Date that have or will have a material impact to the unaudited statement of financial position of the AASB Group and the Group as at 30 June 2020;

(ii) there are any tangible assets which should be valued at an amount that is materially different from that which is recorded in the unaudited statement of financial position of the AASB Group and the Group as at 30 June 2020. The Directors have confirmed that as at the Latest Practicable Date, there are no material differences between the estimated market value of the remaining assets and liabilities of the Group and the AASB Group for which no valuation was obtained and their respective book values as at 30 June 2020.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group or the AASB Group is as stated above. It also does not imply that the assets or properties of the Group or AASB Group can be disposed of at the estimated values indicated above (to parties other than Luminor 2, GHS, KAL, for the Luminor Settlement, the GHS Settlement and the KAL Settlement) and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA is realisable or distributable to the Shareholders of the Group or the Company or the AASB Group.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Group decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Group as a going concern nor can it capture or illustrate any value for the Group's intangible assets, *inter alia*, goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed.

6.4 Relative valuation analysis

Relative valuation analysis for the AASB Group

In assessing the Transfer Price, we have considered the financial performance, financial position of selected listed companies ("**Selected Comparable Companies**") that may, in our view, be broadly comparable to the core businesses of the AASB Group as at the Latest Practicable Date, which is in the exploration, mining and production of gold business.

The Selected Comparable Companies have been identified after a search was carried out on various exchanges, and evaluation of the companies operating in the same industry as the AASB Group. We have had discussions with the Directors and Management on the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the AASB Group. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. Shareholders should note that the Selected Comparable Companies may not be directly comparable to the AASB Group in terms of composition of business activities, scale of operations, asset base, clientele base, risk profile, geographical spread of activities and assets, track record, future prospects, quality or grading of resources or reserves or methods for mining or processing, and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in their accounting policies.

We advise Non-Interested Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the AASB Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected Comparable Companies as the businesses of the Selected Comparable Companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the AASB Group may differ. In addition, despite the fact that AASB is a subsidiary of a listed Company, AASB Shares are not listed. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the AASB Group as at the Latest Practicable Date.

Non-Interested Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares.

Selected Comparable Companies	**Market Capitalisation (S$' million)**	**Principal Activities**
CNMC Goldmine Holdings Limited ("**CNMC**") *Listed on the SGX –ST*	112.1	The group is engaged in the business of exploration, mining of gold and the processing of mined ore into gold dores. CNMC has gold mining operations in Kelantan, Malaysia.
Wilton Resources Corporation Limited ("**Wilton**") *Listed on the SGX –ST*	66.6	The group is engaged in the exploration and mining of gold, and production of gold dores in Indonesia.
Wiluna Mining Corporation Limited ("**WMX**") (1) *Listed on the Australian Securities Exchange ("**ASX**")*	147.6	The group is engaged in the exploration and production of gold.
Focus Minerals Ltd ("**FML**") *Listed on the ASX*	60.9	The group is engaged in the exploration and production of gold in Mali and Queensland, Australia.

Notes:

(1) Formerly known as Blackham Resources Limited, the change in trade name occurred on 22 June 2020

The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies:-

Selected Comparable Companies	LTM ROE (1) (%)	LTM net profit margin (2) (%)	LTM asset turnover(3) (times)	Total liabilities(4)/ shareholder equity (times)	Total borrowings(6)/ shareholder equity(5) (times)
CNMC	3.1	4.5	0.5	0.2	0.02
Wilton	n.m.(7)	n.m.(7)	0.01	30.3	24.3
WMX	10.3	11.3	0.6	0.6	0.1
FML	n.m.(8)	n.m.(8)	0.004	0.4	0.001
MAXIMUM	**10.3**	11.3	**0.6**	**30.3**	**24.3**
MINIMUM	**3.1**	4.5	**0.004**	**0.2**	**0.001**
MEDIAN	**6.7**	7.9	**0.3**	**0.5**	**0.05**
SIMPLE AVERAGE	**6.7**	7.9	**0.3**	**7.9**	**6.1**
MEDIAN (excl. Wilton)(9)	**6.7**	7.9	**0.5**	**0.4**	**0.02**
SIMPLE AVERAGE (excl. Wilton) (9)	**6.7**	7.9	**0.4**	**0.4**	**0.03**
AASB	**n.m.(10)**	**n.m.(10)**	**0.1**	**0.3**	**0.02**

Source*: The latest annual reports and the announced unaudited financial statements of the respective companies.*

Notes:

(1) *The last twelve months ("**LTM**") return on equity ("**ROE**") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated equity holders excluding minority interest of the respective companies.*

(2) *LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to shareholders to the most recent twelve months total consolidated revenue of the respective companies.*

(3) *LTM asset turnover is the ratio of the most recent twelve months total consolidated revenue to the total consolidated assets of the respective companies.*

(4) *Total liabilities include all the liabilities of the respective companies but exclude any contingent liabilities, if any.*

(5) *Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.*

(6) *Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, lease liabilities, where applicable.*

(7) *Wilton incurred a loss after tax attributable to equity holders of approximately IDR230.4 billion for the LTM ended 30 June 2020. Hence, Wilton's LTM ROE and LTM net profit margin ratios are negative and not meaningful.*

(8) *FML incurred a loss after tax attributable to equity holders of approximately AUD3.6 million for the LTM ended 30 June 2020. Hence, FML's LTM ROE and LTM net profit margin ratios are negative and not meaningful.*

(9) *Wilton has been excluded from the computation of median and simple average as its ratios for total liabilities to shareholders' equity and total borrowings to shareholders' equity are deemed as outliers in view of the small shareholders' equity base as at 30 June 2020.*

(10) *The AASB Group incurred a loss after tax attributable to equity holders of approximately RM3.3 million for the LTM ended 30 June 2020. Hence, the AASB Group's LTM ROE and LTM net profit margin ratios are negative and not meaningful.*

For illustrative purposes only, we note the following:-

(i) The AASB Group incurred net loss after tax of approximately RM3.3 million for the LTM ended 30 June 2020. Accordingly, the AASB Group's LTM ROE and LTM net profit margin are negative and not meaningful. Among the Selected Comparable Companies, CNMC and WMX were profitable for the period under review with LTM ROE of approximately 3.1% and 10.3%

respectively; and LTM net profit margins of approximately 4.5% and 11.3% respectively. Save for CMNC and WMX, the other Selected Comparable Companies, namely Wilton and FML, were loss-making during the period under review.

(ii) The AASB Group's LTM asset turnover is within the range, but lower than both the median and simple average for the Selected Comparable Companies.

(iii) AASB Group's total liabilities to shareholders' equity ratio and total borrowings to shareholder's equity ratio (after accounting for the completion of the Loan Capitalisation) are within the range, in line with or slightly lower than the median and the simple average for the Selected Comparable Companies (excluding Wilton which is deemed as an outlier).

In summary, the AASB Group's historical financial performance in terms of LTM ROE and LTM net profit margin are negative and not meaningful and this is in line with most of the Selected Comparable Companies (save for CNMC and WMX which were both profitable). The AASB Group's asset turnover appears to be less favourable as compared to the median and simple average for the Selected Comparable Companies but still within the range of the Selected Comparable Companies. The AASB's financial position (after accounting for the completion of the Loan Capitalisation) in terms of the total borrowings to shareholder's equity ratio and total liabilities to shareholders' equity ratio appear to be generally in line with or slightly more favourable than the Selected Comparable Companies. We note the better financial position of the AASB Group is mainly due to the Loan Capitalisation which was completed on 20 April 2020 and the fact that the financing for the AASB Group's operations had in the past been undertaken by companies within the Group (other than the AASB Group). In the event the effect of the Loan Capitalisation is excluded, the AASB Group's total liabilities to shareholders' equity ratio would stood at approximately 2.2 times and this is less favourable than any of the Selected Comparable Companies (save for Wilton which is deemed as outlier). We understand from the Directors and as mentioned in Section 5 of the Circular, the Luminor Settlement, the GHS Settlement and the KAL Settlement shall be conditional upon and subject to, *inter alia*, the Loan Capitalisation which was completed on 20 April 2020. In addition, the Company has also provided warranties on, *inter alia,* debt position of AASB pursuant to the Luminor Settlement, the GHS Settlement and the KAL Settlement.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the AASB Group are based on the Transfer Price. All the valuation statistics of the Selected Comparable Companies are computed on a historical basis using financial data and information obtained from their latest publicly available unaudited financial statements or audited financial statements from their annual reports or result announcements. We note that the AASB Shares are not listed.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the AASB Group and should be evaluated in the context of their relative financial performance.

Selected Comparable Companies	Resources grade (g/t)	Reserves grade (g/t)	Market capitalisation (S$' m)	LTM EV/ EBITDA[(1)] (times)	LTM PER[(2)] (times)	P/NAV[(3)] (times)	P/NTA[(4)] (times)	Premium/ (discount) over/from NTA (%)	EV/ Resources[(5)] (S$/oz)	EV/ Reserves[(6)] (S$/oz)
CNMC	1.6	1.4	112.1	14.5	63.5	2.0	2.0	99.4	188.7	654.1
Wilton	6.5-8.6	7.7	66.6	n.m. [(7)]	n.m. [(7)]	37.4	38.3	3,732.8	65.7	120.0
WMX	2.0	1.7	147.6	3.2	10.5	1.1	1.1	7.6	21.4	108.5
FML	2.0	3.2	60.9	n.m.[(8)]	n.m.[(8)]	0.7	0.7	(25.7)	9.0	316.7
MAXIMUM			**147.6**	**14.5**	**63.5**	**37.4**	**38.3**	**3,732.8**	**188.7**	**654.1**
MINIMUM			**60.9**	**3.2**	**10.5**	**0.7**	**0.7**	**(25.7)**	**9.0**	**108.5**
MEDIAN			**89.4**	**8.9**	**37.0**	**1.1[(9)]**	**1.1[(9)]**	**7.6[(9)]**	**43.5**	**218.3**
SIMPLE AVERAGE			**96.8**	**8.9**	**37.0**	**1.3[(9)]**	**1.3[(9)]**	**27.1[(9)]**	**71.2**	**299.8**
AASB Group	**0.3**	**n.a [(10)]**	**4.9**	**n.m.[(11)]**	**n.m.[(11)]**	**0.3[(12)]**	**0.3[(12)]**	**(66.6)**	**48.7**	**n.a.[(10)]**

Notes:

(1) The LTM EV/EBITDA for the Selected Comparable Companies are based on the most recent twelve months EBITDA as reported by the respective companies. The LTM EBITDA for CNMC, Wilton and FML are based on the most recent twelve months period ended 30 June 2020. The LTM EBITDA for WMX are based on the financial year ended 30 June 2020.

(2) The LTM PER for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for CNMC, Wilton and FML are based on the most recent twelve months period ended 30 June 2020. The earnings after tax for WMX are based on the financial year ended 30 June 2020.

(3) The P/NAV for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements

(4) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements.

(5) The EV/Reserves ratio of the Selected Comparable Companies are based on the sum of their respective market capitalisation as at the Latest Practicable Date, debt, minority interest and less cash based on their latest audited financial statements. The reserves are based on the JORC compliant reserves estimates of gold as reported in their latest annual reports, financial statements and publicly available announcements as available as at the Latest Practicable Date.

(6) The EV/Resources ratio for the Selected Comparable Companies are based on the sum of their respective market capitalisation as at the Latest Practicable Date, debt, minority interest and less cash based on their latest audited or unaudited financial statements. The resources are based on the JORC compliant resources estimates of gold as reported in their latest annual reports, financial statements and publicly available announcements as at the Latest Practicable Date. The EV/Resources ratio of the AASB Group are based on the latest annual report.

(7) Wilton incurred a loss after tax attributable to equity holders of approximately IDR230.4 billion and negative EBITDA of approximately IDR50.0 billion for the LTM ended 30 June 2020. Hence, Wilton's LTM EV/EBITDA and LTM PER are negative and not meaningful.

(8) FML incurred a loss after tax attributable to equity holders of approximately AUD3.6 million and negative EBITDA of approximately AUD2.8 million for the LTM ended 30 June 2020. Hence, FML's EV/EBITDA and PER are negative and not meaningful.

(9) Wilton has been excluded from the computation of median and simple average as its P/NAV and P/NTA ratios are deemed as outliers in view of the small shareholders' equity base as at 30 June 2020.

(10) The AASB Group's reserves are not available as there are no ore reserves estimated as at 31 December 2019 as highlighted in the Group's IQPR. Accordingly, the AASB Group's grade for reserves and EV/Reserves multiple are not available.

(11) The AASB Group incurred a loss after tax attributable to equity holders of approximately RM3.3 million and negative EBITDA of RM1.2 million for the LTM ended 30 June 2020. Hence, the AASB Group's LTM EV/EBITDA and LTM PER are negative and not meaningful.

(12) Based on the Transfer Price of RM0.479 per AASB Share and RNAV and /or RNTA of the AASB Group of RM1.434 per AASB Share.

For illustrative purposes only, we note the following:-

(i) The market capitalisation of the AASB Group (as implied by the Transfer Price) is lower than any of the Selected Comparable Companies. We note that the trading statistics for companies with higher capitalisation may be different than those with lower market capitalisation and this may be attributable to relative liquidity in terms of number or value of shares traded as well as relative interest in shares of companies with larger market capitalisations.

(ii) The valuation of the AASB Group in terms of LTM EV/EBITDA and LTM PER are negative and not meaningful as it incurred net loss after tax of approximately RM3.3 million and negative EBITDA of approximately RM1.2 million for the LTM ended 30 June 2020. Save for CNMC and WMX which recorded profits and positive EBITDA, the rest of the Selected Comparable Companies recorded losses and negative EBITDA for the period under review. For illustrative purposes only, CNMC's and WMX's valuation multiples in terms of LTM EV/EBITDA and LTM PER are 14.5 times and 3.2 times respectively, and 63.5 times and 10.5 times respectively.

(iii) The valuation of the AASB Group in terms of P/ NAV and P/NTA (as implied by the Transfer Price and based on the AASB Group's RNAV and/or RNTA) is approximately 0.3 times, which is lower than any of the Selected Comparable Companies. Likewise, the Transfer Price represents a discount of approximately 66.6% from the RNAV and/or RNTA of AASB Group per AASB Share and is less favourable than any of the Selected Comparable Companies. We note that the steep discount is mainly attributable to the agreed valuation of AASB Group of RM14,804,764 which is substantially lower than the Preferred Value of US$8.0 million (or approximately RM33.6 million based on an exchange rate of US$1.00:RM4.20 as stated in the Mineral Asset Valuation Report).

Non-Interested Directors should also note that the the Transfer Price of approximately RM0.479 per AASB Share represents a discount of approximately 38.6% from the NAV and/or NTA for the AASB Group per AASB Share as at 30 June 2020. Furthermore, the implied value of AASB as ascribed by the Transfer Price is at a discount of approximately 17.2% from the implied market value of 100% equity interest in the AASB Group as ascribed by the Business Valuer at the lower end of the valuation.

We note that as the implied market value of 100% equity interest in the AASB Group as ascribed by the Business Valuer ranges from RM17,882,000 to RM18,599,000, the discount to the AASB Group's RNAV and/or RNTA ranges from 58.0% to 59.7%. The reasons for the steeper discount based on the Business Valuation has been described in the earlier sections.

(iv) The AASB Group's reserves are not available as there are no ore reserves estimated as at 31 December 2019 as highlighted in the Group's IQPR. Accordingly, the AASB Group's EV/Reserves multiple is not available.

(v) The valuation of the AASB Group in terms of EV/Resources (as implied by the Transfer Price and based on the gold resources of approximately 104,606 oz as disclosed in the Group's AR2019) of approximately S$48.7/oz is within the range, higher than the median but lower than the simple average for the Selected Comparable Companies.

(vi) AASB is not a listed company and that it is commonly accepted that shares for privately held and companies which are not listed are usually valued or traded at a discount to their peers who are listed.

In summary, the valuation of the AASB Group in terms of LTM PER and LTM EV/EBITDA are negative and not meaningful. This is in line with Wilton and FML. In terms of P/NAV and P/NTA ratio, the valuation of the AASB Group (as implied by the Transfer Price and the RNAV and/or RNTA per AASB Share) is less favourable than any of the Selected Comparable Companies. In addition, the valuation of the AASB Group in terms of EV/Resources (as implied by the Transfer Price and based on the gold resources of approximately 104,606 oz as disclosed in the Group's AR2019) of approximately S$48.7/oz is: (i) lower than the simple average, but still within the range and higher than the median for the Selected Comparable Companies' valuation in terms of EV/Resources; and (ii) less favourable as compared to any of the Selected Comparable Companies' valuation in terms of EV/Reserves as there are no reserves in the case of the AASB Group.

The above assessment of the valuation multiples for the AASB Group (in particular the low valuation in terms of P/NAV and P/NTA and the steep discount based on the AASB Group's RNAV and RNTA) as well as the fact that the implied value of AASB as ascribed by the Transfer Price is at a discount of approximately 17.2% from the implied market value of 100% equity interest in the AASB Group as ascribed by the Business Valuer at the lower end of the valuation, should be viewed in the context of: (i) the AASB Group's valuation in terms of EV/Resources is (a) lower than the simple average, but still within the range and higher than the median for the Selected Comparable Companies' valuation in terms of EV/Resources; and (b) less favourable as compared to any of the Selected Comparable Companies' valuation in terms of EV/Reserves as there are no reserves in the case of the AASB Group; (ii) the weak financial performance and position of the AASB Group (in particular, the losses incurred during the period under review being FY2017, FY2018, FY2019 and HY2020 and the net current liabilities position of approximately RM343 thousand as at 30 June 2020); (iii) the Board's view that despite being disposed at loss, the transfer of AASB Group to bondholders to redeem the Group's bonds is in the best interest of the Company as, *inter alia,* it will lower the Group's borrowings and provide further resources for the working capital; (iv) the Board's consideration that the estimated loss arising from the disposal arises from the difference between the agreed consideration of RM14,804,764 and the Adjusted NAV of the AASB Group as at 30 June 2020 of RM24,120,976 which includes the capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company (which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company) and the fact that Company had executed the Luminor Guarantee in favour of Luminor 2 over all amounts payable by Angka Marketing Pte. Ltd. to Luminor 2 under the Luminor Subscription Agreement; (v) the Board's confirmation that whilst significant efforts have been made by Directors and Management to obtain alternative offers for the AASB Group, they are not aware of any alternative offers for the AASB Group available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the Luminor Settlement, the GHS Settlement and the KAL Settlement; and (vi) the material uncertainty related to going concern highlighted by the Independent Auditor in the AR2019 and as stated in the results announcement for HY2020 for the Group, the Board's view that the Group's ability to operate as a going concern for the next twelve months hinges on, *inter alia*, the completion of the Proposed Disposal and the Proposed Settlements.

Furthermore, Non-Interested Directors should note that the valuation of the AASB Group should be viewed in the context that (a) AASB is not a listed company; (b) that it is commonly accepted that shares for privately held and companies which are not listed are usually valued or traded at a discount to their peers who are listed; and (c) the valuation ratios of the Selected Comparable Companies above are based on the respective financial statements which have not considered the valuation of each of the respective mines.

We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each Selected Comparable Company including, *inter alia*, factors such as depreciation policies. As such, the comparison of the NAV and NTA of the AASB Group with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, financial performance may differ.

Non-Interested Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

Relative valuation analysis for the Group post completion of the Proposed Disposal

Shareholders should note upon completion of the Proposed Disposal, the Company will, save for the provision of services under the Management Services Agreement, cease all operations in the gold mining business and will only be engaged in the Granite Dimension Stone Business, being exploration, mining, production and processing of granite dimension stone marble aggregates and related products for sale as well as interior fit-out.

In assessing the Luminor Issue Price, we have considered the financial performance and financial position of two listed companies, namely GCCP Resources Limited ("**GCCP**") and Dfcity Group Berhad ("**Dfcity**"). The Management represented that both GCCP and Dfcity may be broadly comparable to the core business of the Group assuming completion of the Proposed Disposal, which is in the Granite Dimension Stone Business, but they may not be directly comparable as (a) GCCP is engaged mainly in quarrying, processing and sale of limestone; and (b) Dfcity is not involved in the exploration, mining and production of granite dimension stone but is engaged in sourcing, processing and distribution of wide range of dimension stone including granite, marble, sandstone and slate. In addition, we note that following completion of the Repayment Share Issue and assuming completion of the Proposed Disposal, and the fact that the Group would have recorded net loss after tax and negative EBITDA for FY2019 and HY2020 and it would be in NL and/or NTL position of RM7.6 million as at 30 June 2020. Accordingly, all valuation ratios for the Group assuming completion of the Proposed Disposal (in terms of PER, EV/EBITDA, P/NAV and P/NTA) would all be negative and not meaningful.

In view of the above, we did not conduct the detail relative valuation analysis to assess the Luminor Issue Price. For illustrative purpose only, we wish to highlight that both GCCP and Dfcity were in the loss-making position and recorded negative EBITDA for the LTM ended 30 June 2020. In terms of P/NTA and P/NAV, they were traded around 0.8 times each as at the Latest Practicable Date whilst the Group assuming completion of the Proposed Disposal would have recorded net loss after tax and negative EBITDA for FY2019 and HY2020 and it would be in NL and/or NTL position as at 30 June 2020.

6.5 Analysis of selected comparable transactions

In our assessment of the reasonableness of the Transfer Price and the Luminor Issue Price, we have considered the salient terms of other selected interested person transactions which involves conversion of debt into equity undertaken by companies listed on the SGX-ST (the "**Selected IPT Debt Conversions**") to provide, *inter alia*, a general comparison of the dilution, the premium or discount represented by their respective issue price over or from the NTA per share and last transacted prices prior to the respective announcement, without having regard to specific industry characteristics or consideration or structure or other relevant considerations.

We wish to highlight that the list of the Selected IPT Debt Conversions is by no means exhaustive, and that the premium or discount of the issue price depends on various factors, including, *inter alia*, debt conversion structure, prevailing market conditions and sentiments, attractiveness and profitability of the business and assets of the issuer and/or the sector or company specific factors as well as relative "bargaining position" of issuer/subscriber. Accordingly, any comparisons made, with respect to the Selected IPT Debt Conversion is intended to serve as an illustrative guide only.

We have tabulated the Selected IPT Debt Conversions to illustrate the typical premium/discount represented by the issue price to NTA per share and the last traded price for the respective shares on the market day immediately preceding the date of the respective announcement, wherein the share was last traded.

Company	Date of announcement	Amount (S$ million)	Issue price (S$)	Premium over / (discount to) of issue price over / (to) last closing price prior to announcement (%)	Premium / (discount) of issue price over / (to) NTA/(NTL)(1) (%)	% of existing shares(2) (%)	Financial position
Oceanus Group Limited ("**Oceanus**")	25-Jan-17	38.8	0.00395	(43.6)	n.m.(3)	212.8	Loss-making, Disclaimer of Opinion on going concern & negative NWC
Oceanus	25-Jan-17	7.2	0.0040	(42.9)	n.m.(3)	38.9	Loss-making, Disclaimer of Opinion on going concern & negative NWC
Singapore eDevelopment Limited ("**Singapore eDevelopment**")	26-Jan-17	14.9	0.0400	0.0	(12.5)	64.5	Loss-making, material uncertainty on going concern but positive NWC
Infinio Group Limited ("**Infinio**")	12-May-17	0.2	0.0012	20.0	n.m.(3)	16.1	Loss-making, Disclaimer of Opinion on going concern & negative NWC
Vashion Group Ltd ("**Vashion**")	25-May-17	0.2	0.0030	50.0	0.01	7.5	Loss-making but positive NWC
Ausgroup Limited ("**Ausgroup**")	12-Jun-17	8.2	0.0580	21.8	n.m.(3)	19.0	Profitable & positive NWC
Singapore Myanmar Investco Limited ("**Singapore Myanmar**")	30-Aug-17	10.7	0.4800	(6.8)	311.1	7.9	Loss-making but positive NWC
Kitchen Culture Holdings Ltd ("**Kitchen Culture**")	14-Feb-18	2.5	0.1353	(20.4)	2,976.8	18.5	Loss-making & negative NWC
Asian Micro Holdings Limited ("**Asian Micro**")	14-Mar-18	0.4	0.0100	0.0	316.7	7.2	Loss-making but positive NWC
KS Energy Limited ("**KS Energy**")	9-Nov-18	31.0	0.0390	11.4	(61.4)	154.2	Loss-making & negative NWC
GS Holdings Limited ("**GS Holdings**")	7-Mar-19	3.0	0.2550	15.9	1,721.4	8.4	Loss-making & negative NWC

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Company	Date of announcement	Amount (S$ million)	Issue price (S$)	Premium over / (discount to) of issue price over / (to) last closing price prior to announcement (%)	Premium / (discount) of issue price over / (to) NTA/(NTL)(1) (%)	% of existing shares(2) (%)	Financial position
Asian Micro	8-Mar-19	1.1	0.0030	0.0	57.9	54.8	Loss-making but positive NWC
Manhattan Resources Limited ("**Manhattan Resources**")	21-Jun-19	37.0	0.0200	0.0	(57.4)	163.0	Loss-making but positive NWC
Kitchen Culture	2-Apr-20	4.6	0.0700	1.5	n.m.(3)	37.4	Loss-making & negative NWC
Asian Micro	24-Aug-20	1.0	0.0020	0.0	25.0	46.3	Profitable & positive NWC
MAXIMUM		**38.8**	**0.4800**	**50.0**	**2,976.8**	**212.8**	
MINIMUM		**0.2**	**0.0012**	**(43.6)**	**(61.4)**	**7.2**	
MEDIAN		**4.6**	**0.0200**	**0.0**	**41.4**	**37.4**	
SIMPLE AVERAGE		**10.7**	**0.0750**	**0.5**	**527.8**	**57.1**	
Luminor Share Transfer	29-Apr-20	**1.7**	**RM0.4790**	**n.a.(4)**	**(66.6)(5)**	**n.m.(6)**	Loss-making & negative NWC
Luminor Share Issue	29-Apr-20	**1.3**	**0.0050/ 0.0068(7)**	**0.0/36.0**	**841.6/ 1,180.6**	**17.1/12.6(8)**	Loss-making, material uncertainty on going concern & negative NWC

***Source**: Circulars for the respective companies*

Notes:

(1) The NTA/ (NTL) of the respective companies are based on their respective NTA/ (NTL) values as set out in their respective circular for their above-mentioned transactions.

(2) The existing share capital is based on the respective companies issued share capital and the number of settlement shares as at the respective announcement dates for the abovementioned transactions.

(3) Not meaningful as Oceanus, Infinio, Ausgroup, and Kitchen Culture (for transaction announced on 2 April 2020) were in net tangible liabilities position.

(4) Not applicable as AASB is unlisted company.

(5) Based on the AASB Group's RNTA per AASB Share. Please refer to Section 6.3.1 of this IFA Letter for further details.

(6) Not meaningful as the Luminor Share Transfer does not involve issuance of new AASB Shares.

(7) Based on the Minimum Issue Price of S$0.005 and the Assumed Issue Price of S$0.0068.

(8) 183,235,294 New Shares (based on the Assumed Issue Price) or 249,200,000 New Shares (based on the Minimum Issue Price) over the existing Share capital of 1,456,326,449 Shares as at the Latest Practicable Date.

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Purely for illustrative purpose only, and based on the table above, we observe the following for the Luminor Share Transfer:-

(i) In terms of the amount or size for the transaction, the Luminor Share Transfer is within the range, but lower than both the median and simple average for the Selected IPT Debt Conversions.

(ii) The Transfer Price of RM0.479 represents a discount of approximately 66.6% from the RNTA of the AASB Group, and this discount is less favourable than any of the Selected IPT Debt Conversions. As highlighted in the earlier paragraph, the Transfer Price of RM0.479 represents a discount of approximately 38.6% from the NTA of the AASB Group as at 30 June 2020, and this discount is less favourable than the median and simple average, but still within the range of premium and discount over/from the NTA for the Selected IPT Debt Conversions.

(iii) The implied value of AASB as ascribed by the Transfer Price is at a discount of approximately 17.2% from the implied market value of 100% equity interest in the AASB Group as ascribed by the Business Valuer at the lower end of the valuation.

As highlighted earlier, the discount of the Transfer Price from the AASB Group's NTA per AASB Share as at 30 June 2020, and RNTA per AASB Share as well as the fact that the implied value of AASB as ascribed by the Transfer Price is at a discount of approximately 17.2% from the implied market value of 100% equity interest in the AASB Group as ascribed by the Business Valuer at the lower end of the valuation, should be assessed in conjunction with: (i) the weak financial performance and position of the AASB Group (in particular, the losses incurred during the period under review being FY2017, FY2018, FY2019 and HY2020 and the net current liabilities position of approximately RM343 thousand as at 30 June 2020) wherein no revenues had been registered for HY2020; (ii) the Board's view that despite being disposed at loss, the transfer of AASB Group to bondholders to redeem the Group's bonds is in the best interest of the Company as, *inter alia,* it will lower the Group's borrowings and provide further resources for the working capital; (iii) the Board's consideration that the estimated loss arising from the disposal arises from the difference between the agreed consideration of RM14,804,764 and the Adjusted NAV of the AASB Group as at 30 June 2020 of RM24,120,976 which includes the capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company (which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company) and the fact that Company had executed the Luminor Guarantee in favour of Luminor 2 over all amounts payable by Angka Marketing Pte. Ltd. to Luminor 2 under the Luminor Subscription Agreement; (iv) the Board's confirmation that whilst significant efforts have been made by Directors and Management to obtain alternative offers for the AASB Group, they are not aware of any alternative offers for the AASB Group available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the Luminor Settlement, the GHS Settlement and the KAL Settlement; and (v) the material uncertainty related to going concern highlighted by the Independent Auditor in the AR2019 and as stated in the results announcement for HY2020 for the Group, the Board's view that the Group's ability to operate as a going concern for the next twelve months hinges on, *inter alia*, the completion of the Proposed Disposal and the Proposed Settlements.

Purely for illustrative purposes only, and based on the table above, we observe the following for the Luminor Share Issue:-

(i) In terms of the amount or size for the transactions, the Proposed Luminor Share Issue is within the range, but lower than both the median and simple average for the Selected IPT Debt Conversions.

(ii) In terms of dilution, the New Shares to be issued pursuant to the Luminor Share Issue represents between approximately 12.6% (based on the Assumed Issue Price) to 17.1% (based on the Minimum Issue Price) of the Group's existing Share capital. Based on both the Minimum Issue Price and Assumed Issue Price, the dilution ratio is within the range and lower than both the median and simple average for the Selected IPT Debt Conversions.

(iii) The Luminor Issue Price represents a premium of approximately 841.6% (based on the Minimum Issue Price) and 1,180.6% (based on the Assumed Issue Price) over the Adjusted NTA of the

Group, and this ratio is within the range, higher than both the median and simple average for the Selected IPT Debt Conversions. In addition, as highlighted in Section 6.3.2 of the IFA Letter, we note that the RNTA of the Group would be approximately RM22.6 million or approximately RM0.0155 per Share (or approximately S$0.0051 per Share based on the applicable exchange rate as at the Latest Practicable Date) after accounting for the revaluation surplus of approximately RM20.2 million and taking into account the Repayment Share Issue. For illustrative purposes only, the Minimum Issue Price represents a small discount of approximately 1.6% from the RNTA of the Group (after taking into account the Repayment Share Issue) and this is lower than both the median and simple average, but still within the range of the Selected IPT Debt Conversions. Meanwhile, the Assumed Issue Price represents a premium of 33.8% over the RNTA of the Group (after taking into account the Repayment Share Issue) and this is lower than both the median and simple average, but still within the range of the Selected IPT Debt Conversions.

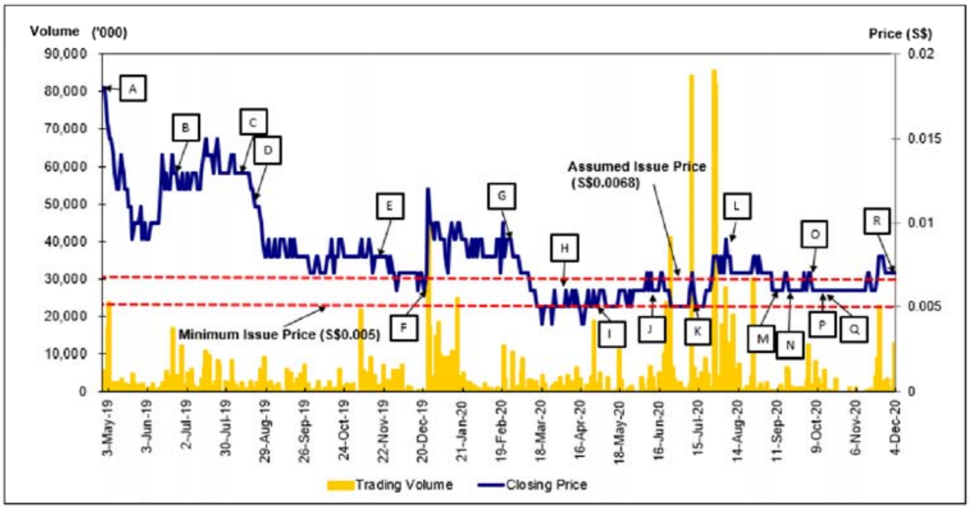
(iv) The Minimum Issue Price is equivalent to the last transacted price for the Shares prior to the Announcement, and this is lower than the simple average but in line with the median and still within the range of the Selected IPT Debt Conversions. Meanwhile, the Assumed Issue Price represents a premium of approximately 36.0% over the last transacted price for the Shares prior to the Announcement, and this is within the range and higher than both the median and simple average for the Selected IPT Debt Conversions.

Further, we note that most of the companies under the Selected IPT Debt Conversions were loss-making (save for Ausgroup and Asian Micro for the transaction announced on 24 August 2020). Save for Ausgroup and Asian Micro for the transaction announced on 24 August 2020, most of the companies under the Selected IPT Debt Conversions were either in weak financial positions or loss-making prior to the announcement of their respective debt conversion with either negative net working capital and/or emphasis of matters and/or disclaimer of opinion on going concern. This is in general comparable to the Group and AASB Group which has been loss-making for the period under review. In addition, as at 30 June 2020, both the Group and the AASB Group were in a net current liabilities position of approximately RM23.8 million and RM0.3 million respectively. The Independent Auditors for the Group has also highlighted a material uncertainty relating to going concern for the Group FY2019 financial statements.

Independent Shareholders should note that as the circumstances for each of the companies listed and the transactions outlined above are unique and as the companies may not be identical to the Group or the AASB Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria, the analysis is limited. Further, the list of Selected IPT Debt Conversions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Luminor Settlement and the Selected IPT Debt Conversions serves as an illustrative guide only.

6.6 Market quotation and trading activities for the Shares

The historical price and volume charts for the Shares (based on the closing prices together with the number of Shares traded on a daily basis) for the period commencing from 30 April 2019, being the Market Day 12 months prior to 29 April 2020 (being the Announcement Date) and ending on the Latest Practicable Date is set out below:–



Source: SGX-ST

Notes:

A. 2 May 2019: Announcement of completion of placement of 153,856,197 new Shares

B. 25 June 2019: Completion of issuance of GHS Bonds.

C. 14 August 2019: Announcement of the Group's unaudited financial statements for HY2019.

D. 26 August 2019: Announcement on update on Luminor Bonds – Luminor 2 informed the Company it does not intend to exercise its exchange rights upon the maturity date on 25 August 2019.

E. 25 November 2019: Announcement on update of Luminor Bonds- Parties agreed to extend maturity date till no later than 30 June 2020.

F. 23 December 2019: Announcement of extension of maturity date of GHS Bonds for 6 months to 25 June 2020.

G. 28 February 2020: Announcement of the Group's unaudited financial statements for FY2019.

H. 5 April 2020: Announcement on extension of time for repayment of KKJ TBK Bonds and TOH Bonds.

I. 29 April 2020: Announcement of the Luminor Settlement, the GHS Settlement and the KAL Settlement.

J. 16 June 2020: Announcement of the completion of the issuance of 75,680,000 new Shares to KKJ, TBK and TOH pursuant to the Variation Agreements.

K. 12 July 2020: Announcement of the KKJ TBK Settlement.

L. 6 August 2020: Announcement of the Group's unaudited financial statements for HY2020.

M. 10 September 2020: Announcement on the Repayment Share Issue.

N. 25 September 2020: Completion of the Repayment Share Issue.

O. 5 October 2020: Announcement on the Company's entering into letter of intent with certain investors for proposed fund raising,

P. 16 October 2020: Announcement on the definitive agreement for an unsecured loan of S$3.5 million.

Q. 19 October 2020: Announcement on repayment of TOH Bonds.

R. 1 December 2020: Announcement on termination of HOA with Austral Mineral Berhad.

For the period commencing 30 April 2019 and ending on 29 April 2020, being the Announcement Date (both dates inclusive), we note that the Shares were traded on 216 Trading Days out of a total

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252 Market Days. For the said period, the closing prices for the Shares were below the Minimum Issue Price on 4 Market Days out of the total 252 Market Days, higher than the Minimum Issue Price on 226 Market Days and equal to the Minimum Issue Price on 22 Market Days out of the total 252 Market Days.

For the period commencing 30 April 2019 and ending on the Announcement Date, the closing prices for the Shares were below the Assumed Issue Price on 38 Market Days out of the total 252 Market Days and higher than the Assumed Issue Price on 214 Market Days out of the total 252 Market Days.

In addition, for the period commencing 30 April 2019 and ending on the Announcement Date (both dates inclusive), the highest transacted price for the Shares was S$0.019, which is substantially higher than the Minimum Issue Price and the Assumed Issue Price. The largest volume traded during the period reviewed was on 26 December 2019, the first Trading Day immediately after the announcement of the extension of maturity date for the GHS Bonds.

However, we also note that the closing prices for the Shares during the said period has decreased substantially by approximately 72.2%. We note that the trading volume on 30 April 2020 (being the first Trading Day immediately after the Announcement Date) was substantial, being approximately 4.8 million Shares while the price for the Shares increased by approximately 20% to S$0.006 from S$0.005.

For the period commencing on the Market Day immediately after the Announcement Date to the Latest Practicable Date, the Shares have been traded a total of 114 Trading Days out of a total of 151 Market Days and the closing prices of the Shares were above the Minimum Issue Price on 127 Market Days out of the total 151 Market Days, and equal to the Minimum Issue Price on 24 Market Days out of the total 151 Market Days.

For the period commencing on the Market Day immediately after the Announcement Date to the Latest Practicable Date, the closing prices of the Shares were above the Assumed Issue Price on 53 Market Days out of the total 151 Market Days, and lower than the Assumed Issue Price on 98 Market Days out of the total 151 Market Days.

As a general market comparison and observation, the FTSE Straits Times Catalist Index ("**Catalist Index**") decreased by approximately 24.7% for the period commencing from 30 April 2019 and ending on 29 April 2020, being the Announcement Date. Subsequently, the Catalist Index increased by approximately 42.3% from the Announcement Date to the Latest Practicable Date.

We observed that the Shares appeared to have underperformed the Catalist Index for the period commencing from 30 April 2019 and ending on 29 April 2020, being the Announcement Date. For the said period, the closing prices for the Shares declined by approximately 72.2%.

For the period from the Announcement Date till the Latest Practicable Date, we note that the closing prices for the Shares increased by approximately 40.0% slightly underperforming the Catalist Index which recorded an increase of 42.3% for the same period.

The above chart and the analysis below is presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices of the Shares

	VWAP per Share (S$) (1)	Premium/ Discount of the Minimum Issue Price/Assumed Issue Price over/ from the VWAP per Share (%)	Lowest transacted price (S$)	Highest transacted price (S$)	Average daily trading volume ('000 Shares) (2)	Average daily trading volume as % of free-float (%) (3)
For the period prior to the Announcement Date (29 April 2020)						
Last 12 months	0.010	(49.4)/(31.2)	0.004	0.019	3,017	0.46
Last 6 months	0.008	(39.2)/(17.3)	0.004	0.012	3,490	0.53
Last 3 months	0.006	(22.1)/6.0	0.004	0.010	2,015	0.31
Last 1 month	0.005	(6.1)/27.7	0.004	0.007	2,574	0.39
Last transacted price on 29 April 2020(4)	0.005	0.0/36.0	0.005	0.005	280	0.04
For the period commencing on the Market Day immediately after the Announcement Date and up to the Latest Practicable Date being 6 December 2020						
Till the latest Practicable Date	0.007	(28.4)/(2.6)	0.004	0.010	4,688	0.72
Last transacted price on 4 December 2020 (being the last Market Day prior to the Latest Practicable Date) (5)	0.007	(28.6)/(2.9)	0.006	0.007	12,500	1.92

Source: SGX-ST

Notes:

(1) The VWAP had been weighted based on the average prices of the Shares and traded volumes for the relevant trading days for each of the periods.

(2) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the period divided by the number of Market Days during that period.

(3) Free float refers to approximately 652,664,993 Shares or approximately 44.8% of the issued Shares held by Shareholders, other than the Substantial Shareholders and Directors.

(4) This represents the last transacted price instead of VWAP for the Shares on 29 April 2020, being the last Trading Day prior to the Announcement Date.

(5) This represents the last transacted price instead of VWAP and trading volume for the Shares on 4 December 2020, being the last Market Day prior to the Latest Practicable Date.

Based on a general observation of the chart above and after taking into account the summary of the transacted prices for the Shares, we note the following:-

<u>The Minimum Issue Price</u>

(i) is equal to the last transacted price of S$0.005 per Share on the SGX-ST on 29 April 2020, being the Announcement Date;

(ii) represents a discount of approximately 49.4%, 39.2%, 22.1% and 6.1% from the VWAP for the Shares for the 12 months, 6 months, 3 months and 1 month periods prior to the Announcement Date respectively;

(iii) represents a discount of approximately 28.4% from the VWAP for the Shares for the period commencing after the Announcement Date and ending on the Latest Practicable Date; and

(iv) represents a discount of approximately 28.6% from the last transacted price of S$0.007 per Share on 4 December 2020, being the last Market Day prior to the Latest Practicable Date.

<u>The Assumed Issue Price</u>

(v) represents a premium of 36.0% over the last transacted price of S$0.005 per Share on the SGX-ST on 29 April 2020, being the Announcement Date;

(vi) represents a discount of approximately 31.2% and 17.3% from the VWAP for the Shares for the 12 months and 6 months periods prior to the Announcement Date respectively;

(vii) represents a premium of approximately 6.0% and 27.7% over the VWAP for the Shares for the 3 months and 1 month periods prior to the Announcement Date respectively;

(viii) represents a discount of approximately 2.6% from the VWAP for the Shares for the period commencing after the Announcement Date and ending on the Latest Practicable Date; and

(ix) represents a discount of approximately 2.9% from the last transacted price of S$0.007 per Share on 4 December 2020, being the last Market Day prior to the Latest Practicable Date.

For illustrative purposes only, based on the number of Shares traded on a daily basis during the period commencing from 30 April 2019 and ending on the Latest Practicable Date, we note that:

(i) from 30 April 2019 to 29 April 2020, being the Announcement Date (both dates inclusive), that the Shares were traded on 216 Trading Days out of a total 252 Market Days with the total number of Shares traded being approximately 760.4 million and an average daily trading volume of approximately 3.0 million Shares which represent approximately 0.21% of the total issued share capital as at the Latest Practicable Date, with the average daily trading volume as a percentage of the free float which is held by Public Shareholders over the same period being approximately 0.46%.

(ii) for the period commencing 30 April 2020, being the Market Day immediately after the Announcement Date, till the Latest Practicable Date (both dates inclusive), Shares were traded on 114 Trading Days out of the total 151 Market Days during the period, with the total number of Shares traded being approximately 707.8 million Shares and an average daily trading volume of approximately 4.7 million Shares which represent approximately 0.32% of the total issued Share capital as at the Latest Practicable Date, with the average daily trading volume as a percentage of free float which is held by Public Shareholders over the same period being approximately 0.72%.

We note that although the Shares were traded on 216 Trading Days out of 252 Market days for the 12 months prior to Announcement Date, with the total number of Shares traded during the said period to be approximately 760.4 million and an average trading volume per day of approximately 3.0 million Shares, which represents approximately 0.46% of the average free float over the same period, the trading of Shares is relatively illiquid. In addition, we observed that the closing prices for the Shares has decreased substantially by approximately 61.1% from the 12-months period prior to Announcement Date till the Latest Practicable Date.

We note that the Shares are widely held, with Substantial Shareholders and Directors holding approximately 55.2% of issued Share capital as at the Latest Practicable Date and the Public Shareholders holding approximately 44.8%. As at the Latest Practicable Date, there are about 996 Shareholders. Shareholders should note that it is generally accepted that the more widely held the shares are, the higher the relative liquidity.

It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller. Whilst historically transacted prices for the Shares may not be a meaningful indicator of its fundamental value in view of the lack of liquidity for the Shares (in terms of number of Shares traded on daily basis), they nonetheless represent the prices for transactions between willing buyer and willing seller. We note that in theory, the more illiquid the stock, the more premium is demanded by investors.

We also observed that the increases in the prices for the Shares for the period commencing 30 April 2020, being the Market Day immediately after the Announcement Date to the Latest Practicable Date (but still slightly underperforming the Catalist Index) and the increase in the liquidity of the Shares (in terms of average daily trading volume) as compared to the 12 months period prior to the Announcement Date may, *inter alia*, be a reflection of the market's sentiments for the prospects or demand for the Shares and the Proposed Settlements.

Non-Interested Directors should note that there is no assurance that the prices and daily average trading volume of Shares traded on a daily basis for the period after the Announcement Date to the Latest Practicable Date will be maintained or that the transacted prices for the Shares or the average volume of Shares traded on a daily basis after completion of the Proposed Settlements (or if the Proposed Settlements lapses) will be at the same levels prevailing during the period commencing after the Announcement Date and ending on the Latest Practicable Date.

7. EVALUATION OF THE MANAGEMENT SERVICES AGREEMENT

As disclosed in the Circular, upon the completion of the Proposed Disposal, the Company will cease to hold any shares in AASB and both AASB and AMSB will cease to be subsidiaries of the Company. Under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed, the Company will continue to provide management services to AASB for the Transition Period, being twelve (12) months commencing from the date of completion of the Proposed Disposal in respect of AASB's mining licences, local government approvals and operators. Save for the Provision of Management Services to AASB, the Company will cease all operations in its gold mining business segment, which is currently a key business segment of the Group.

Upon the completion of the Luminor Settlement, the Provision of Management Services to AASB will constitute an IPT under Chapter 9 of the Catalist Rules, as Luminor 2 will have a shareholding of more than 30% in AASB. Dr Foo Fatt Kah, a non-executive Director of the Company, owns 50% of LCPL, which in turn manages Luminor 2. Due to Luminor 2's shareholding in AASB, AASB thus becomes an "interested person" under Rule 904(4)(b) of the Catalist Rules upon completion of the Luminor Settlement.

We were provided with the execution copy of the Management Services Agreement for the purpose of our evaluation of the Management Services Agreement. In accordance with and subject to the terms of the Management Services Agreement, the Company is to provide Services (as defined in the Circular) to AASB in return of a monthly fee ("**Service Fee**") of four and a half per cent. (4.5%) of AASB's revenue for the duration of the Management Services Agreement as well as any service tax payable on the management services provided by the Company, and AASB shall reimburse the Company for any expenses agreed upon and paid in advance by the Company. The salient terms of the Management Service Agreement are set out in Section 10 of the Circular.

In the course of our evaluation, we have held discussions with certain Directors, Management and the Mineral Asset Valuer regarding their assessment of the rationale of the Management Services Agreement as an IPT.

We have also considered the importance of the Management Services Agreement to the Company. Based on the audited financial statements of the Group for FY2018 and FY2019, the Group's gold mining segment accounted for approximately 97.3% and 94.8% of the total Group's revenue. For HY2020, no revenue was recorded by the Group's gold mining business segment due to the cessation of its tailing processing plant in connection with the MCO notice issued by the Government of Malaysia during HY2020 and also the scheduled maintenance of the tailing processing plant.

Following the completion of the Proposed Disposal, the Group's remaining business would only be in the exploration, mining and production of granite dimension stone, the Management Services Agreement would therefore provide an opportunity for the Group to still derive some of its revenue from gold mining operations.

The Management Services Agreement is due to commence on the Completion Date for the duration of the Transition Period. Either party may give a one (1) month's notice before the expiry of the Transition Period for the extension of the Management Services Agreement, on such terms to be agreed upon between the parties. Subject to the parties agreeing to extend the term of the Management Services Agreement past the Transition Period, the Service Fee will be increased upon such renewal or extension of the Management Services Agreement. The quantum of the increase will be subject to negotiations between the parties at the time of the extension.

We understand from the Directors, that in the past such Services (as defined in the Circular) were undertaken by the management of the AASB Group and the Group's Managing Director, Mr. Lim Chiau Woei and hence no fees paid for such services. It is noted from the Circular that the Company will appoint a manager for the Services ("**Manager**"), who will act as the Company's representative in connection with the provision of the Services under the Management Services Agreement and will have the authority to bind the Company on all matters relating to the Services. The Company proposes to appoint Mr. Lim Chiau Woei as the first Manager under the Management Services Agreement. Mr. Lim Chiau Woei will be appointed to the board of directors of AASB in connection with the Services during the Transition Period, and the Company will use all reasonable endeavours to ensure that Mr. Lim Chiau Woei acts as the Manager throughout the Transition Period but may replace him from time to time where reasonably necessary in the interests of the Company.

In respect of the Manager's appointment to the board of directors of AASB in connection with the Services during the term of the Management Services Agreement, the parties have agreed that:

(i) AASB will procure that there are at least three (3) directors, including the Manager, on the board of AASB throughout the term of the Management Services Agreement;

(ii) the Manager will comply with the reasonable requests and instruction of the other directors of AASB and the management of AASB and shall work and cooperate with any servant or agent or other consultant of AASB so far as possible as may be necessary for the provision of the Services;

(iii) the Manager will not, without the prior written consent of the other directors of AASB, have authority to commit AASB to any legally binding agreement, nor incur expenditure in the name or for the account of AASB, nor sign any document, bring any proceedings nor make any promise on behalf of AASB not hold himself out as having authority to bind AASB;

(iv) the Manager will not be remunerated by AASB for his role as a director of AASB and his appointment as a director of AASB is solely due to the Company's provision of the Services under the Management Services Agreement;

(v) the Manager is nominated by the Company to represent the Company in providing the Services under the Management Services Agreement, and the Manager will abstain from voting on any resolution of the board of directors of AASB in respect of which the Company has any interest; and

(vi) upon the termination of the Management Services Agreement, the Manager will cease to be a director of AASB with immediate effect and will take all such steps and sign all such documents to effect the aforementioned cessation.

The Manager undertakes not to engage in any employment or activity (whether as an employee, consultant, advisor or otherwise) in any business which is competitive with AASB unless the Manager has fully disclosed such employment or activity to AASB and obtained the prior written consent of AASB (such consent not to be unreasonably withheld).

We also note from the Circular that in the event that the debt owing by AASB to the Company in respect of invoices issued to the Company under the Management Services Agreement exceeds an amount equivalent to two (2) months of the then prevailing Service Fee, the Company will be entitled to suspend all of the Services or any part thereof until full payment is received.

In the event that the aggregate debts which are overdue and owing by AASB to the Company in respect of the Services provided by the Company under the Management Services Agreement exceeds an amount equivalent to three (3) months of the then prevailing Service Fee, the Company will be entitled to issue a notice of termination to AASB, pursuant to which the Company will cease the provision of the Services to AASB and return all documents and records relating to the Services which are in its possession, and each party must pay to the other all amounts then owing to the other party.

Either party has the right to terminate the Management Services Agreement before the expiry of the Transition Period by giving at least two (2) months' prior written notice of termination to the other party.

We also note from the Mineral Asset Valuation Report, the Mineral Asset Valuer have opined that the monthly Service Fee of four and a half per cent. (4.5%) of AASB's revenue is not unreasonable for the Services provided. The Directors and the Management have represented and confirmed to us that the Service Fee of 4.5% was arrived at on an arm's length, willing-buyer willing seller basis between the AASB Group and the Company and that the Service Fee would be reasonable based on an estimated cost recovery basis.

Guidelines and Review Procedures

The Group has in place internal control systems to ensure that transactions with "interested persons" are made on normal commercial terms and are consistent with the Group's usual business practices and policies. The Audit Committee of the Company (which currently comprises Mr. Gavin Mark McIntyre (chairman), Ms. Ch'ng Li-Ling, and Dr Wilson Tay Chuan Hui) will also review and approve the Interested Person Transactions where applicable on a half-yearly basis, and to ensure that all Interested Person Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Group or the minority Shareholders.

The Audit Committee shall also review from time to time the guidelines and review procedures of Interested Person Transactions to determine if they are adequate and/or commercially practicable in ensuring that Interested Person Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company, the Group and the minority Shareholders. It will take into account all relevant quantitative and non-quantitative factors. Transaction documents and its supporting documents or such other data as may be deemed necessary by the Audit Committee shall be made available to the Audit Committee when so requested. The Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources or advisers to provide additional information pertaining to the transaction under review. In the event that a member of the Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

Pursuant to Rule 920(1)(b)(vii) of the Catalist Rules, if during its periodic reviews, the Audit Committee is of the opinion that the guidelines and procedures as stated above are inappropriate or not sufficient to ensure that Interested Person Transactions will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from Shareholders, where applicable, based on new guidelines and procedures. During the period prior to obtaining a fresh mandate from Shareholders, all transactions with Interested Persons will be subject to prior review and approval by the Audit Committee. The Board will also ensure that all disclosure, approval and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with.

As set out in Section 10.3 of the Circular, as a matter of good corporate governance, the Group will implement review procedures to ensure that the Provision of Management Services to AASB and the entry into the Management Services Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Details of the review procedures are as follows:

(a) Register of IPTs

The Group will maintain a register of all transactions (including transactions below S$100,000) carried out pursuant to the Management Services Agreement and shall include all information pertinent to these transactions such as, but not limited to the list of Associates, the value of the transactions, the basis for determining the Service Fee, the basis and rationale for entering into such transactions including where applicable, evidence obtained to support such basis with written approvals. The register shall be prepared, maintained and monitored by senior personnel of the Group such as the Chief Financial Officer ("**CFO**") (who shall not be interested in the Management Services Agreement) and who are duly delegated to do so by the Audit Committee and reviewed by internal auditors on a half yearly basis.

The Audit Committee shall on a half-yearly basis, and as and when it deems fit, engage such internal auditors or professionals as are required to audit the basis and documents of all approved Interested Person Transactions pursuant to the Management Services Agreement and the IPT Register, to ensure good corporate governance and that the procedures for review, approvals as well as monitoring and administration are adequate, sufficient and adhered to, in ensuring that Interested Person Transactions pursuant to the Management Services Agreement are undertaken on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers or internal auditors to audit or provide additional information or advice pertaining to the transactions approved or under review or to be advised on whether the then existing or amended review procedures are appropriate and sufficient to ensure that Interested Person Transactions pursuant to the Management Services Agreement will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders and the outcome of such review shall be documented and minuted.

(b) Review by Audit Committee

The Audit Committee shall review quarterly or for such other periods as determined by the Audit Committee, the payments received by the Company under the Management Services Agreement to ascertain that the terms of the Management Services Agreement have been complied with and to ensure that Interested Person Transactions are undertaken on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

If any member of the Audit Committee has an interest in a transaction, he shall abstain from participating in the review and approval process in relation to that transaction.

(c) Service Fee Review

We understand from the Directors and Audit Committee that the Service Fee of four and a half per cent. (4.5%) of AASB's revenue, was agreed upon based on, *inter alia*, the margins which has been assessed to be reasonable and estimates of direct and indirect cost required to provide such services based on historical costs in the past, which has been reviewed by the Non-Interested Directors and Audit Committee. Further the agreement that AASB shall reimburse the Company for any expenses agreed upon and paid in advance by the Company (comprising, *inter alia*, out of pocket or third-party expenses required for the services to be provided) will allow the Company to recoup any such expenses agreed upon. Any such expenses to be agreed upon and paid in advance by the Company, will be reviewed and approved by, as part of the Group's internal control procedures, the Audit Committee prior to any payment of the Company of such expenses.

The Service Fee has agreed upon and is based on all pertinent factors, including but not limited to the requirements, specifications, volume, delivery time of services, industry norms, complexity, capacity availability and resources required for the provision of the service to Interested Person; and relying on corroborative inputs from reasonably experienced market practitioners like the Mineral Asset Valuer, in order to determine that the terms provided to the Interested Person are fair and reasonable; and (2) evaluate and weigh the benefits of, and rationale for transacting with the Interested Person (including the consideration for, *inter alia*, the Luminor Settlement, taking into account factors such as, but not limited to, the nature of the services, requirements and specifications of the customer, duration of contract, complexity, industry norms, capacity availability, and track record and resources required for the provision of the service as well as the reasonableness of the margins for the provision of the service. In addition, the Management Services Agreement will assist to provide the needed continuity of management for the "change in ownership" of AASB and "assurances" parties (other than the Company) pursuant to, *inter alia,* the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed.

In the event that the term of the Management Services Agreement is extended, the Service Fee shall be reviewed by the parties. As part of the Group's internal control procedures, the Audit Committee shall review and give its prior approval to any adjustments to the Service Fee under the Management Services Agreement. The Company will also at the point of extension and depending on the terms of extension assess whether Shareholders' approval is required in accordance with the requirements of the Catalist Rules for the extension of the term of the Management Services Agreement and take the necessary action accordingly.

In reviewing the Service Fee, the Audit Committee will, subject to, *inter alia*, the Company's existing procedures for IPT, determine the reasonableness of the Service Fee, after taking into account factors such as, but not limited to the costs (including direct and indirect) to be incurred in connection with the Provision of Management Services to AASB, payment terms, and comparisons based on relevant costing (if applicable) etc. In addition, the Audit Committee will take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms of the Management Services Agreement are fair and reasonable (as the case may be); and/or (2) evaluate and weigh benefits of and/or rationale for the Provision of Management Services to AASB to ensure that the terms of the transaction are in accordance with applicable industry norms and/or are not prejudicial to the Company and the Minority Shareholders. Furthermore, the Management Services Agreement will be evaluated based on its profitability (as compared to existing profit margins for other products or services provided by the Group) to ensure that transactions are on an arm's length basis and not prejudicial to the interest of the Company and its Minority Shareholders.

(d) Disclosure

The Company will disclose the aggregate value of the transactions conducted pursuant to the Provision of Management Services to AASB in the Company's half yearly financial and full year financial statements issued under Rule 705 of the Catalist Rules and within the time required for the announcement of such report in accordance with Rule 920(1)(a)(ii) of the Catalist Rules. Disclosure shall also be made in the annual report of the Company of the aggregate value of the transactions conducted pursuant to the Provision of Management Services to AASB during the current financial year, and in the annual reports for the subsequent financial years during which the Management Services Agreement is in force in accordance with Rule 920(1)(a)(i) of the Catalist Rules.

The name of the "interested person", "nature of relationship" and the corresponding aggregate value of the "interested person transactions" shall be presented in the following format in accordance with Rule 907 of the Catalist Rules:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)

We have not made any independent valuation on the terms of the Management Services Agreement but have relied on the Mineral Asset Valuation Report issued by the Mineral Asset Valuer, as well as discussions with the certain Directors, Management and Valuer and also information made available to us as at the Latest Practicable Date.

We are of the opinion that the Provision of Management Services Agreement as an IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

8. OTHER RELEVANT CONSIDERATIONS

8.1 No Alternative offers to the Proposed Settlements

The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for alternative offers for funding or refinancing from other parties with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offer for funding or refinancing, which is comparable in nature, size and scope to the Proposed Settlements.

We also understand from Directors that they had considered other fund-raising alternatives, including but not limited to search for other strategic investors/partners, and obtaining external borrowings from financial institutions, before eventually deciding to proceed with the Proposed Settlements. The Directors note that the Group's current weak financial performance (in terms of the loss-making position since FY2017 to HY2020 with no revenue for gold mining segment was recorded for HY2020 and minimal revenue contribution from the Granite Dimension Stone Business segment for HY2020) and financial position (in terms of the net current liabilities position as at 30 June 2020) with material uncertainty related to going concern issued by the Independent Auditor for FY2019 makes it difficult to seek any meaningful amount of external borrowing from financial institutions or funds from investor without a significant discount to the Share price.

As highlighted in Section 11 of the Circular, given the current global economic outlook and impact of the movement control order and overseas travel restrictions put in place by the Malaysian Government in March 2020 ("**Travel Restrictions**"), in order to conserve cash for its remaining business activities, the Company is of the view that the Proposed Settlements are in the best interests of the Shareholders. Despite being made at a loss, the Board is of the view that it is beneficial to the Group to undertake the Proposed Disposal as it will lower the Group's total borrowings and provide further resources for the working capital of the Group. In addition, the Board has also considered that the estimated loss arising from the Proposed Disposal arises mainly from the Loan Capitalisation, which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company.

On 5 October 2020, the Company announced that it is in negotiations with Lim Beng Chew, Tang Yao Zhi, Du Jun and Lee Teck (collectively the "**Lenders**") following the entry by the Company into a non-binding letter of intent ("**LOI**") dated 5 October 2020 with the Lenders, concerning a proposed fund raising. The LOI is non-binding in terms of fund-raising execution. The amount of funds to be raised and other key terms are subject to negotiation between parties and will be set out in the legally binding definitive agreement(s) to be executed in relation to the proposed fund raising. Pursuant to the LOI, the Lenders have deposited an amount of S$150,000 with the Company to demonstrate their commitment and facilitate discussions on the definitive agreement(s). This amount is refundable if definitive agreement(s) are not entered into by 30 November 2020.

Subsequently, the Company announced on 16 October 2020, that it has entered into a definitive agreement with Lenders for an unsecured loan of S$3.5 million with, *inter alia*, interest payable of 10% per annum. The said loan is repayable in full on the date falling 4 months from the date of the loan agreement (or such other dates as may be agreed between the Company and the Lenders).

Shareholders should note that said loan mentioned above was entered subsequent to, *inter alia*, the execution of the documents for the Proposed Settlements and their extensions. Further, after repayment of amounts due to Mr. Tan Ong Huat of approximately S$1.9 million, the remaining balance of the proceeds from the loan is approximately S$1.6 million, which is lower than the aggregate amounts to be settled pursuant to the Luminor Settlement, the GHS Settlement and the KAL Settlement.

We note that (i) the Group's cash and cash equivalent amounted to approximately RM1.9 million as at 30 June 2020; and (ii) the shareholder's equity of the Group has deteriorated significantly during the period under review to approximately RM218 thousand as at 30 June 2020.

The Directors confirmed that without the Proposed Settlements, the Company is unlikely to be able to repay Luminor 2, GHS, and KAL.

8.2 No potential offer from third parties

In view of the weak financial performance and position of the AASB Group, downturn in the gold mining industry (where all its peers, save for CNMC and WMX, are loss-making), increased competition, current global economic outlook and impact of the Travel Restrictions, the Directors and Management are of the view that it is extremely difficult to find potential buyer(s), let alone, selling to third parties for a decent price. The Directors and Management have confirmed that whilst significant efforts have been made by them to obtain alternative offers for the AASB Group, they are not aware of any alternative offers for the AASB Group available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the Luminor Settlement, the GHS Settlement and the KAL Settlement. The Directors also represented that they have considered the winding up and/or liquidation route for the AASB Group, but are of the view that the valuation of the AASB Group under the winding up and/or liquidation scenario will likely be less favourable than the valuation pursuant to the Luminor Share Transfer, the GHS Settlement and the KAL Settlement and there is possibility that the Government will take back the mining concession in the event of winding up and/or liquidation. Accordingly, the Directors are of the view that the Luminor Settlement, the GHS Settlement and the KAL Settlement which will settle outstanding obligations due to each of Luminor 2, GHS and KAL via the Luminor Share Issue and the transfer of AASB Shares to each of them, is the most logical choice and a realistic option available to the Company as at the Latest Practicable Date as it is extremely difficult to find potential buyer(s), let alone, selling to third parties for a decent price.

8.3 Dilution Impact

It is important to note that upon completion of the proposed issuance of New Shares to Luminor 2, the shareholdings of existing Independent Shareholders will be affected. In evaluating the dilution impact of the Luminor Share Issue on the existing Independent Shareholders, we have considered the following:-

	As at Latest Practicable Date				After Luminor Share Issue			
	Number of Shares			Total Percentage Interest	Number of Shares			Total Percentage Interest
	Direct	Deemed	Total	(%) (1)	Direct	Deemed	Total	(%) (2)
Directors								
Mr. Lim Chiau Woei (3)	306,263,319	115,415,862	421,679,181	28.95	306,263,319	115,415,862	421,679,181	24.72
Mr. Chan Koon Mong(4)	3,496,625	1,597,222	5,093,847	0.35	3,496,625	1,597,222	5,093,847	0.30
Dr. Foo Fatt Kah(5)	-	-	-	-	-	249,200,000	249,200,000	14.61
Substantial Shareholders (other than Directors)								
Luminor Pacific Fund 1 Ltd	217,651,724	-	217,651,724	14.95	217,651,724	-	217,651,724	12.76
WA Consolidated Private Limited	115,415,862	-	115,415,862	7.93	115,415,862	-	115,415,862	6.77
Koh Ah Luan	82,554,886	-	82,554,886	5.67	82,554,886	-	82,554,886	4.84
Koh Kai Jok	76,681,818		76,681,818	5.27	76,681,818		76,681,818	4.50
Luminor 2	-	-	-	-	249,200,000	-	249,200,000	14.61
LCPL	-	-	-	-	-	249,200,000	249,200,000	14.61
Kwan Chee Seng (5)	-	-	-	-	-	249,200,000	249,200,000	14.61
Kwan Yu Wen (5)	-	-	-	-	-	249,200,000	249,200,000	14.61
Existing Public Shareholders (6)			652,664,993	44.82			652,664,993	38.27
Total			1,456,326,449				1,705,526,449	

Notes:

(1) Based on the existing Share capital of 1,456,326,449 Shares.

(2) Based on the enlarged Share capital of 1,705,526,449 Shares, assuming that the maximum number of 249,200,000 New Shares are issued to Luminor 2 pursuant to the Luminor Share Issue.

(3) WA Consolidated Private Limited is a private investment holding company incorporated in Singapore wholly owned by Mr. Lim Chiau Woei. As such, Mr. Lim Chiau Woei is deemed interested in all the shares held by WA Consolidated Private Limited.

(4) Mr. Chan Koon Mong is deemed interested in 1,597,222 Shares held by his spouse.

(5) LCPL manages Luminor 2 and accordingly is deemed to have an interest in the Shares held by Luminor 2. The shareholders of LCPL are Dr. Foo Fatt Kah, Mr. Kwan Chee Seng and Ms. Kwan Yu Wen, who hold 50%, 30% and 20% of the share capital of LCPL respectively. Dr. Foo Fatt Kah, Mr. Kwan Chee Seng and Ms. Kwan Yu Wen are deemed to have an interest in the Shares held by Luminor 2 by virtue of the percentage of shares held by them in the share capital of LCPL.

According to the Company's announcement dated 6 April 2020, LCPL has ceased to be the fund manager of Luminor Pacific Fund 1 Ltd since the end of its charter life on 28 April 2019, and LCPL had subsequently continued to manage Luminor Pacific Fund 1 Ltd's interest in the Company until 3 April 2020. As such, LCPL is not deemed to have an interest in the shares held by Luminor Pacific Fund 1 Ltd.

*(6) For the purpose of this section, "**Existing Public Shareholders**" refers to Shareholders other than (a) Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries; and (b) associates of the persons in sub-paragraph (a) above.*

Based on the above illustration, we note that the following the issuance of maximum number of 249,200,000 New Shares (based on an assumed Minimum Issue Price) pursuant to the Luminor Share Issue, the number of Shares in issue will increase from 1,456,326,449 Shares to 1,705,526,449 Shares (excluding treasury Shares and subsidiary holdings, where applicable).

We note from the Circular that as at the Latest Practicable Date, Luminor 2 does not hold any Shares in the Company and its shareholding interest in the Company will increase to approximately 14.61% of the enlarged Share capital upon completion of the issuance of maximum number of 249,200,000 New Shares. Accordingly, Luminor 2 will emerge as a substantial Shareholder.

Luminor Pacific Fund 1 Ltd's shareholding will decline from approximately 14.95% to 12.76%. We note from the Company's announcement that as at 3 April 2020, Luminor Pacific Fund 1 Ltd is no longer manged by LCPL. Hence, LCPL and Dr Foo are not deemed interested in the Shares held by Luminor Pacific Fund 1 Ltd.

The total direct and deemed shareholding of Mr. Lim Chiau Woei, the Company's Managing Director and the sole shareholder of WA Consolidated Private Limited, will decrease from approximately 28.95% to 24.72%. We note that he has given a letter of support and has undertaken to provide adequate funds for the Company to meet its payment obligations. KAL and KKJ will cease as substantial Shareholder of the Company following the issuance of 249,200,000 New Shares.

As the percentage of the shareholding held by the Existing Public Shareholders will be diluted from approximately 44.82% to approximately 38.27% after the issuance and allotment of maximum number of 249,200,000 New Shares, the collective interest of the Existing Public Shareholders to vote on certain matters will not be significantly affected.

Lastly, assuming the Completion occurred on the Latest Practicable Date and based on the Assumed Issue Price of S$0.0068, 183,235,294 New Shares will be issued to Luminor 2 and the number of Shares in issue will increase from 1,456,326,449 Shares to 1,639,561,743 Shares (excluding treasury Shares and subsidiary holdings, where applicable). Luminor 2's shareholding in the Company will increase to approximately 11.18% of the enlarged Share capital upon completion of the issuance of 183,235,294 New Shares (based on the Assumed Issue Price). The total direct and deemed shareholding of Mr. Lim Chiau Woei will decrease from approximately 28.95% to approximately 25.72%. Following the issuance of

183,235,294 New Shares (based on the Assumed Issue Price), KAL will remain as substantial Shareholder and KKJ will cease as substantial Shareholder. The percentage of shareholding held by the Existing Public Shareholders will be diluted from approximately 44.82% to approximately 39.81% after the issuance and allotment of 183,235,294 New Shares.

Shareholding of AASB

Name	Number of AASB Shares held prior to completion of the Proposed Disposal	Number of AASB Shares held upon completion of the Proposed Disposal	Resultant percentage shareholding upon completion of Proposed Disposal
Company	30,908,585(1)	0	0.00%
Luminor 2	0	10,818,315	35.00%
GHS	0	6,421,655	20.78%
KAL	0	13,668,615	44.22%
Total	**30,908,585**	**30,908,585**	**100.00%**

Note:

(1) *Following completion of the Loan Capitalisation, the number of issued shares in AASB increased from 16,348,358 to 30,908,585.*

Upon completion of the Proposed Luminor Share Transfer, the GHS Share Transfer and the KAL Share Transfer and KAL Sale, AASB will cease to be a wholly-owned subsidiary of the Company. As shown in the table above (and in Section 7 of the Circular), AASB will be held by KAL, Luminor 2 and GHS and in the following proportion of approximately 44.22%, 35.00% and 20.78% respectively.

Accordingly, Luminor 2 will emerge as a substantial Shareholder of the Company and controlling shareholder of AASB.

8.4 Pro-forma financial effects of the Proposed Settlements

The pro-forma financial effects of the Proposed Settlements (including the KAL Sale) and its underlying assumptions can be found in Section 12 of the Circular. We recommend that the Non-Interested Directors advise the Shareholders to read those pages of the Circular carefully.

For illustrative purposes only, we note from Section 12 of the Circular that after the Proposed Settlements, the Group's NTA per Share would decline from approximately RM0.53 sen as at 31 December 2019 to approximately RM0.02 sen. In addition, the Group's loss per Share ("**LPS**") would increase from approximately RM1.19 sen to approximately RM1.46 sen (assuming the Proposed Settlements were completed on 1 January 2019). We understand from the Directors and the Management that the above computation on, *inter alia,* the Group's LPS has not taken into account the Service Fee from the Provision of Management Services during the Transition Period to AASB upon completion of the Proposed Disposal. Lastly, the Proposed Settlements would reduce the Group's borrowings from approximately RM22.5 million as at 31 December 2019 to approximately RM7.1 million. However, the Group's gearing ratio (being the ratio of total borrowings to shareholders' equity) will increase from approximately 2.9 times as at 31 December 2019 to approximately 18.3 times due mainly to the reduction in the shareholders' equity (declining from approximately RM7.7 million as at 31 December 2019 to approximately RM386 thousand).

In general, we note that the pro-forma financial effects for the Group is unfavourable in terms of the lower NTA per Share, increased LPS, and higher gearing ratio (in view of the relatively greater reduction in shareholders' equity as compared to the reduction in borrowings).

We understand from the Directors that the deterioration in the Group's financial position after the Proposed Settlements is due to the loss on disposal of approximately RM9.3 million. We note from Section 11 of the Circular that despite being made at a loss, the Board is of the view of that it is beneficial to the Group to undertake the Proposed Disposal as it will lower the Group's total borrowings and provide further resources for the working capital of the Group. In addition, the Board has also considered that the estimated loss arising from the Proposed Disposal arises mainly from the Loan Capitalisation, which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company. The Company has considered that the Proposed Disposal will relieve pressure on existing working capital needs of the Group and enable the settlement of some of the Company's liabilities.

8.5 No assurance of profitability or prices for Shares

We would like to highlight that there is no assurance that upon the completion of the Proposed Settlements and/or the steps taken or to be taken by the Company subsequent to, *inter alia,* the Proposed Settlements to improve its financial position and performance, including, *inter alia,* seeking potential investor(s) or strategic partner(s) for the Granite Dimension Stone Business, will be successful or would result in an enhancement of Shareholders' value.

Shareholders should note upon completion of the Proposed Disposal, the Company will, save for the provision of services under the Management Services Agreement, cease all operations in the gold mining business and will only be engaged in the Granite Dimension Stone Business, being exploration, mining, production and processing of granite dimension stone marble aggregates and related products for sale as well as interior fit-out.

We note that based on the historical performance, the Granite Dimension Stone Business accounted only for a very small percentage of the Group's revenue being approximately 2.7% for FY2018 and 5.2% for FY2019. For HY2020, the Group only recorded revenue from its Granite Dimension Stone Business as its gold tailing processing plant ceased operation in view of the scheduled maintenance and the MCO implemented by the Malaysian Government.

As highlighted in Section 13 of the Circular, the Group has had several discussions with potential investors that have shown keen interest to invest in the Company. Going forward, the Group's net tangible liability position is expected to improve through potential fund-raising and synergies from the new joint ventures. The Group's plans to conduct such prospective fund-raising activities and/or enter into new joint ventures have not yet materialised and the Company will make the necessary announcements to update the Shareholders as and when such fund-raising activities have been confirmed.

8.6 Inter-conditionality of resolutions

The details on the inter-conditionality of the resolutions to be tabled at the EGM have been extracted from Section 1.3 of the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"***1.3. Inter-conditionality of resolutions***

The Company intends to table the following resolutions at the EGM for the settlement of the Luminor Bonds, the GHS Bonds, and the KAL Bonds:

(a) Ordinary Resolution 1 relates to the approval of the allotment and issue of up to 249,200,000 New Shares to Luminor 2 at the Luminor Issue Price, subject to and otherwise in accordance with the terms of and conditions of the Luminor Settlement Deed;

(b) Ordinary Resolution 2 relates to approval of the Luminor Settlement as an interested person transaction under the Catalist Rules;

(c) Ordinary Resolution 3 relates to the approval of the GHS Settlement, subject to and otherwise in accordance with the terms and conditions of the GHS Settlement Deed;

(d) *Ordinary Resolution 4 relates to the approval of the KAL Settlement, subject to and otherwise in accordance with the terms and conditions of the KAL Settlement Deed;*

(e) *Ordinary Resolution 5 relates to the disposal of 100% of the issued share capital of AASB as a major transaction under Chapter 10 of the Catalist Rules, subject to and otherwise in accordance with the terms and conditions of the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed; and*

(f) *Ordinary Resolution 6 relates to the approval of the Provision of Management Services to AASB as an interested person transaction under the Catalist Rules.*

Shareholders should note the following:

(i) Ordinary Resolution 1, and Ordinary Resolution 2 (collectively, the "Luminor Resolutions") are inter-conditional. If any of the Luminor Resolutions are not passed, none of the Luminor Resolutions will be passed.

(ii) Each of Ordinary Resolution 3 and Ordinary Resolution 4 is subject to and conditional upon the passing of Ordinary Resolution 5. If Ordinary Resolution 5 is not passed, neither Ordinary Resolution 3 nor Ordinary Resolution 4 will be passed. For the avoidance of doubt, Ordinary Resolution 3 and Ordinary Resolution 4 are independent of each other and may be passed separately.

(iii) Ordinary Resolution 5 is independent of each of the Luminor Resolutions, Ordinary Resolution 3 and Ordinary Resolution 4, and may be passed separately. However, in the event that Ordinary Resolution 2, Ordinary Resolution 3 and/or Ordinary Resolution 4 is not passed, even if Ordinary Resolution 5 is passed, the Proposed Disposal may not be completed or may be partially completed only.

(iv) Ordinary Resolution 6 is subject to and conditional upon the passing of the Luminor Resolutions, Ordinary Resolution 3, Ordinary Resolution 4, and Ordinary Resolution 5. If any of the Luminor Resolutions, Ordinary Resolution 3, Ordinary Resolution 4 and/or Ordinary Resolution 5 is not passed, Ordinary Resolution 6 will not be passed."

8.7 Luminor Share Transfer, GHS Share Transfer, and KAL Share Transfer

The salient information on the Luminor Share Transfer, GHS Share Transfer and KAL Share Transfer can be found in Sections 2, 3 and 4 of the Circular. We recommend that the Non-Interested Directors advise Independent Shareholders to read the relevant paragraphs of the Circular carefully and in its entirety. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated:

	Luminor Share Transfer	**GHS Share Transfer**	**KAL Share Transfer**
Amount to be settled for the Share transfer (S$)	1,727,272	1,025,293	1,537,356
Transfer Price (RM)	0.479		
P/NTA (based on RNTA) (times)	0.3		
Discount from RNTA	(66.6) %		
Number of AASB Shares	10,818,315	6,421,655	9,628,827 (excluding 4,039,788 AASB Shares pursuant to the KAL Sale)

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Note:

1. *Figures presented for Luminor 2 refers to the Luminor Share Transfer.*

For illustrative purposes only, we note the Transfer Price of approximately RM0.4790 per AASB Share for each of the Luminor Share Transfer, the GHS Share Transfer and the KAL Share Transfer is the same. The Transfer Price is (a) approximately 0.3 times of the AASB Group's RNTA per AASB Share as at 30 June 2020; and (b) at a discount of approximately 66.6% from the AASB Group's RNTA per AASB Share as at 30 June 2020.

Shareholders should note that:

(i) the remaining amount of S$1.246 million owed to Luminor 2 by the Company will be settled via the Luminor Share Issue;

(ii) all amounts owed to each of GHS and KAL will be settled wholly via the transfer of such number of AASB Shares as outlined in the above table; and

(iii) As part of the KAL Settlement, KAL will purchase an additional Sale Shares being 4,039,788 AASB Shares for a consideration of S$645,000. The purchase price for each AASB Share to be paid by KAL for the Sale Shares is equivalent to the Transfer Price.

In summary, the financial terms and terms of the Luminor Share Transfer (in terms of the Transfer Price) as an IPT is similar to that for the GHS Share Transfer, the KAL Share Transfer, and the KAL Sale. It should be noted that both GHS and KAL are not deemed as interested persons.

8.8 Previous Settlements

8.8.1 KKJ TBK Settlement

On 29 March 2018, the Company announced it had entered into a guaranteed subscription agreement ("**First Guaranteed Subscription Agreement**") with TBK and KKJ for the S$1,500,00 guaranteed non-convertible bonds issue due 3 April 2019 ("**First Tranche Bonds**") with 47 million free warrants ("**First Tranche Warrants**") to be issued in their pro- rata proportion to the respective subscription of the First Tranche Bonds with each First Tranche Warrant carrying the right to subscribe for one new ordinary shares in the capital of the company at an exercise price of S$0.032. As at 31 December 2019, there are 38.5 million First Tranche Warrants outstanding.

The Company also entered into a guaranteed subscription agreement ("**Second Guaranteed Subscription Agreement**") with TOH for the S$3,310,000 guaranteed non-convertible bond issue due 3 April 2019 ("**Second Tranche Bonds**"). On 3 April 2019, the Company and TOH entered into an agreement whereby the Company will issue S$1,903,000 of guaranteed non-convertible bonds to exchange for 50% or S$1,655,000 of the principal amount of the Second Tranche Bonds. On 3 May 2019, the Company paid S$1,689,479 for the remaining principal amount that was not exchanged together with all accrued and unpaid interest. On 19 October 2020, the Company fully redeemed the guaranteed non-convertible bonds with an aggregate principal amount of S$1,903,000 to TOH through cash payment.

On 11 December 2018, the Company announced it had entered into a repayment and subscription agreement with KKJ and TBK to, *inter alia,* vary the terms of repayment under the First Tranche Bonds and deferred payment of the principal amount from 3 April 2019 till 3 April 2020, couple with an option to subscribe for 16,304,347 new ordinary shares in the capital of the Company ("**First Tranche Repayment and Subscription**"). Upon entry into the repayment and subscription agreement, the First Guaranteed Subscription Agreement had been terminated and ceased to have any effect, save for the warrants issued with the First Guaranteed Subscription Agreement.

	TBK	KKJ	Luminor Share Issue
Amount (S$)	375,000	375,000	1,246,000
Issue price (S$)	0.023 (1)	0.023(1)	0.005 (Minimum Issue Price) / 0.0068 (Assumed Issue Price)
NAV and/or NTA (S$)	0.0064(2)	0.0064(2)	0.00053(3)
Premium of issue price to VWAP	0% (4)	0% (4)	0.0% /36.0%
Premium of issue price to NAV and/or NTA	259.4%	259.4%	841.6% / 1,180.6%

Notes:

*(1) Based on issue price for the shares to be issued under the First Tranche Repayment and Subscription agreement ("**Subscription Price**").*

(2) Based on the NTA and/or NAV per share of RM1.90 sen as at 30 June 2018 (being the latest available interim financial statements), based on an exchange rate of S$1:RM 2.9625.

(3) Based on Adjusted NTA and/or NAV per Share and issued Share capital of 1,456,326,449 Shares.

(4) The Subscription Price is at the prevailing VWAP of S$0.023/Share for trades done on SGX-ST on 11 December 2018.

For illustrative purposes only, we note the following :-

(i) In nominal terms, the Subscription Price of S$0.023 is higher than the Minimum Issue Price of S$0.005 and the Assumed Issue Price of S$0.0068.

(ii) The premium of the Luminor Issue Price of approximately 841.6% (based on the Minimum Issue Price) and 1,180.6% (based on the Assumed Issue Price) over the Group's Adjusted NTA is significantly higher and more favourable than the premium of the Subscription Price of 259.4% over the Group's NTA per Share as at 30 June 2018 (being the latest interim financials prior to the announcement of the First Tranche Repayment and Subscription). This is attributable to the net losses of approximately RM6.0 million incurred by the Group during HY2020 which led to a larger accumulated losses for the period ended 30 June 2020 which in turn lead to a lower NTA of the Group as at 30 June 2020 which was partially offset by the net Repayment Principal Amount of S$715 thousand after accounting for expenses of S$37 thousand.

(iii) The Luminor Issue Price represents a nil premium (based on the Minimum Issue Price) and premium of approximately 36.0% (based on the Assumed Issue Price) over the VWAP for the Shares on 29 April 2020 (being the Announcement Date) and this is fairly comparable or more favourable than the nil premium represented by the Subscription Price over the VWAP for the Shares on 11 December 2018 (being the last full market day prior to the announcement of the First Tranche Repayment and Subscription).

In summary, despite the Subscription Price being substantially higher (in nominal terms) than the Minimum Issue Price and the Assumed Issue Price, the Luminor Share Issue appears to be more favourable than the First Tranche Repayment and Subscription in terms of the premium over the NTA and historical VWAP.

We note the above comparison is limited and has to be viewed in the context of the prevailing economic, *inter alia,* general market conditions and Share price during the First Tranche Repayment and Subscription, which may have been different from the Luminor Share Issue. Hence, the comparison with the Luminor Share Issue above is necessarily limited and meant for illustrative purposes only.

On 5 April 2020, the Company announced it had entered into two separate variation agreements with KKJ and TBK (“**KKJ TBK Variation Agreements**”) and a variation agreement (“**TOH Bond Variation Agreement**”) (Collectively, with KKJ TBK Variation Agreements, the “**Variation Agreements**”) to extend the due date for an additional 6 months from 3 April 2020 till 3 October 2020.

The Company intends to pay all interest accrued and payable and maturity extension fee under Variation Agreements by issuance of new Shares (“**Extension Shares Issue**”).

	KKJ	**TBK**	**TOH**	**Luminor Share Issue**
Amount (S$)	65,625	65,625	247,150	1,246,000
Issue price (S$)	0.005[(1)]	0.005[(1)]	0.005 [(1)]	0.005 (Minimum Issue Price) / 0.0068 (Assumed Issue Price)
NAV/NTA (S$)	0.00138[(2)]	0.00138[(2)]	0.00138[(2)]	0.00053 [(3)]
Premium/(discount) of issue price to VWAP	0% [(4)]	0% [(4)]	0% [(4)]	0.0% /36.0%
Premium/(discount) of issue price to NTA [(1)]	262.0% [(2)]	262.0% [(2)]	262.0%[(2)]	841.6% / 1,180.6%

Notes:

*(1) Based on issue price of S$0.005 for the Extension Share Issue (“**Extension Share Issue Price**”).*

(2) For the Extension Shares Issue, the NTA and/or NAV per Share is RM0.42 sen as at unaudited 31 December 2019 (being the latest interim results), and based on the then prevailing exchange rate

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(3) Based on Adjusted NTA and/or NAV per Share and issued Share capital of 1,456,326,449 Shares.

(4) Extension Shares were issued at the prevailing VWAP of S$0.005/Share for trades done on 3 April 2020.

For illustrative purposes only, we note the following:-

(i) In nominal terms, the Extension Share Issue Price is the same as the Minimum Issue Price and lower than the Assumed Issue Price.

(ii) The premium of the Minimum Issue price over the Adjusted NTA of approximately 841.6% is significantly higher than the premium of Extension Share Issue Price over the NTA of approximately 262.0%. We note that the premium of the Extension Share Issue over the NTA would be the same if NAV and/or NTA per Share used is as at unaudited 31 December 2019.

Despite the Extension Share Issue price and the Minimum Issue Price being the same, the premium of Minimum Issue price over the Adjusted NAV is substantially greater as during HY2020 the Group’s NTA and/or NAV was only S$218 thousand due to additional accumulated losses which lead to a lower NTA of the Group as at 30 June 2020.

Subsequently, on 16 June 2020, the Company issued and allotted the 75,680,000 Extension Share Issue to KKJ, TBK and TOH, in accordance to the Variation Agreements.

On 12 July 2020, the Company entered into the KKJ TBK Settlement Agreements, whereby the Company has exercised its discretion to make repayment of the principal amount of S$750 thousand (“**Repayment Principal Amount**”) via the issuance of 136,363,636 new Shares(“**Repayment Share Issue**”)

The settlement Shares were allotted and issued to each of KKJ and TBK on 25 September 2020.

	KKJ	TBK	Luminor Share Issue
Amount(S$)	375,000	375,000	1,246,000
Issue price(S$)	0.0055	0.0055	0.005 (Minimum Issue Price) / 0.0068 (Assumed Issue Price)
NAV/NTA	0.00005[(1)]	0.00005[(1)]	0.00053[(2)]
Premium/(discount) of issue price to VWAP	(20.3)% [(3)]	(20.3)% [(3)]	0.0% / 36.0%
Premium/(discount) of issue price to NTA[(1)]	10,050% [(1)]	10,050% [(1)]	841.6% / 1,180.6%

Notes:

(1) Based on issued Share capital of 1,319,962,813 Shares and NAV and/or NTA per Share.

(2) Based on the Adjusted NTA and/or NAV per Share and issued Share capital of 1,456,326,449 Shares.

(3) Repayment Issue Price is at a 20.29% discount to the VWAP of S$0.0069/Share for trades done on 9 July 2020.

For illustrative purposes only, we note the following :-

(i) In nominal terms, the Repayment Issue Price of S$0.0055 represents a premium of approximately 10.0% or S$0.0005 to the Minimum Issue Price of S$0.005 and a discount of approximately 19.1% of the Assumed Issue Price of S$0.0068.

(ii) The premium of the Repayment Issue Price to the NAV of approximately10,050% is significantly higher than the (a) premium of the Luminor Share Issue Minimum Issue price to Adjusted NTA of approximately 841.6%; and (b) premium of the Luminor Share Issue Assumed Issue price to Adjusted NTA of approximately 1,180.6%.

(iii) The Luminor Issue Price represents a nil premium (based on the Minimum Issue Price) and premium of approximately 36.0% (based on the Assumed Issue Price) over the VWAP for the Shares on 29 April 2020 (being the Announcement Date) and this is more favourable than the discount of approximately 20.3% represented by the Repayment Issue Price over the VWAP for the Shares on 9 July 2020 (being the last full market day prior to the announcement of the TBK KKJ Settlement Agreements).

We note the significantly higher premium of the Repayment Issue Price to the NAV is due to (a) the NAV and/or NTA of approximately S$0.00005 as at 30 June 2020 as a result of additional accumulated losses incurred during HY2020 and; (b) the Adjusted NTA post completion of the Repayment Share Issue.

8.8.2 2017 Settlement

The Company had on 13 November 2017 announced that it had, *inter alia,* reached agreement with the following parties:-

(a) Sinomine Resource Exploration Co., Ltd (“**Sinomine**”) – AASB shall pay the outstanding amount owing to Sinomine of S$458,690.77 in relation with the termination agreement (announced on 18 May 2017) by way of allotment and issue of 7,644,846 new Shares ("**Settlement Shares**") at the issue price of S$0.06 per Settlement Share (“**2017 Settlement Issue Price**”);

(b) Chong Yong Rock Blasting Sdn Bhd (“**Chong Yong**”) - AASB shall pay the outstanding amount owing to Chong Yong of S$166,593.85 in relation with the settlement agreement (announced on 28

August 2017) by way of allotment and issue of 2,776,564 Settlement Shares at the 2017 Settlement Issue Price of S$0.06 per Settlement Share; and

(c) Pertama Construction ("**Pertama**") - AASB shall pay the outstanding amount owing to Pertama of S$ 65,622.34 in relation with the settlement agreement (announced on 17 October 2017) by way of allotment and issue of 1,093,706 Settlement Shares at the 2017 Settlement Issue Price of S$0.06 per Settlement Share

(collectively refer as "**2017 Settlements**").

The Settlement Shares were allotted and issued to each of Sinomine, Chong Yong and Pertama on 6 December 2017.

	2017 Settlements	**Luminor Share Issue**
Amount(S$)	690,907[(1)]	1,246,000
Issue price(S$)	0.06	0.005 (Minimum Issue Price) / 0.0068 (Assumed Issue Price)
NAV/NTA (S$)	0.0114[(2)]	0.00053 [(3)]
Premium/(discount) of issue price to VWAP	3.4% [(4)]	0.0% / 36.0%
Premium/(discount) of issue price to NTA	426.3%	841.6% / 1,180.6%

Notes:

(1) Aggregate of the settlement amount for Sinomine, Chong Yong, and Pertama.

(2) Based on the NTA per Share after the completion of the acquisition of GGTM and exchangeable bonds issue dated 21 August 2017 and 25 August 2017 respectively.

(3) Based on the Group's NTA and Adjusted NTA per Share at the relevant times.

(4) Based on VWAP of S$0.058 for the trades done on the SGX-ST for 10 November 2017, being the last full market day prior to the 2017 Settlements announcement.

For illustrative purposes only, we note the following:-

(iv) In nominal terms, the 2017 Settlement Issue Price of S$0.06 is substantially higher than the Minimum Issue Price of S$0.005 and the Assumed Issue Price of S$0.0068. This should be assessed in conjunction with the fact that the prices for the Shares have declined substantially since the 2017 Settlement.

(v) The premium of the Luminor Issue Price of approximately 841.6% (based on the Minimum Issue Price) and 1,180.6% (based on the Assumed Issue Price) over the Group's Adjusted NTA is significantly higher and more favourable than the premium of the 2017 Settlement Issue Price of 426.3% over the Group's NTA per Share as at 30 June 2017 (being the latest interim financials prior to the announcement of the 2017 Settlements).

(vi) The Luminor Issue Price represents a nil premium (based on the Minimum Issue Price) and premium of approximately 36.0% (based on the Assumed Issue Price) over the VWAP for the Shares on 29 April 2020 (being the Announcement Date) and this is fairly comparable or more favourable than the premium of approximately 3.4% represented by the 2017 Settlement Issue Price over the VWAP for the Shares on 10 November 2017 (being the last full market day prior to the announcement of the 2017 Settlements).

In summary, despite the 2017 Settlement Issue Price being substantially higher (in nominal terms) than the Minimum Issue Price of S$0.005 and the Assumed Issue Price of S$0.0068, the Luminor Share Issue appears to be more favourable than the 2017 Settlements in terms of the premium over the NTA and historical VWAP.

The above comparison is limited and has to be assessed in the context of the economic or general market conditions for the Shares or the prices for which the Shares were traded at the time then prevailing as well as the purpose for the 2017 Settlements may have been different from the Luminor Share Issue. Hence, the comparison between the Luminor Share Issue and the 2017 Settlements above is necessarily limited and meant for illustrative purposes only.

8.9 Past Fund Raising

In the past two years, the Company has undertaken two placement exercises as follow:-

8.9.1 2019 Placement

On 9 April 2019, the Company announced that it had entered into subscription agreement with 18 subscribers and TOH (as introducer) pursuant to which the subscribers agreed to subscribe for an aggregate of up to 143,790,838 new Shares ("**2019 Placement Shares**") at an issue price of S$0.0153 per 2019 Placement Share (the "**2019 Placement Issue Price**") for an aggregate cash consideration of S$2,200,000 (the **"2019 Placement**").

The introducer, TOH, has been paid a fee in the amount of seven per cent (7%) of the aggregate subscription consideration, which shall be satisfied by the issue of 10,065,359 new Shares ("**Introducer Fee Shares**") at the 2019 Placement Issue Price.

The Placement Shares and the Introducer Fee Shares were issued and allotted on 2 May 2019.

	2019 Placement	**Luminor Share Issue**
Amount (S$)	2,200,000	1,246,000
Issue price (S$)	0.0153	0.005 (Minimum Issue Price) / 0.0068 (Assumed Issue Price)
NAV/NTA per Share (S$)	0.00365	0.00053(1)
Premium/(discount) of issue price to VWAP	(10)% (2)	0.0% / 36.0%
Premium/(discount) of issue price to NAV	318.9% (3)	841.6% / 1,180.6%(1)

Notes:

(1) Based on the Group's Adjusted NAV per Share.

(2) Based on the VWAP of S$0.017/ Share for trades done on SGX-ST on 3 April 2019, being the last Trading Day prior to the announcement of the 2019 Placement.

(3) Based on the NAV per Share as at 31 December 2018 (being the latest available financial statements of the Group prior to the announcement of the 2019 Placement)

For illustrative purposes only, we note the following:-

(i) In nominal terms, the 2019 Placement Issue Price of S$0.0153 is higher than the Minimum Issue Price of S$0.005 and the Assumed Issue Price of S$0.0068.

(ii) The premium of the Luminor Issue Price of approximately 841.6% (based on the Minimum Issue Price) and 1,180.6 % (based on the Assumed Issue Price) over the Group's Adjusted NTA is more favourable than the premium of the 2019 Placement Issue Price of 318.9% over the Group's NTA per Share as at 31 December 2018 (being the latest available interim financials prior to the announcement of the 2019 Placement).

(vii) The Luminor Issue Price represents a nil premium (based on the Minimum Issue Price) and premium of approximately 36.0% (based on the Assumed Issue Price) over the VWAP for the Shares on 29 April 2020 (being the Announcement Date) and this is more favourable than the discount of 10% represented by the 2019 Placement Issue Price over the VWAP for the Shares on 3 April 2019 (being the last Trading Day prior to the announcement of the 2019 Placement).

In summary, despite the 2019 Placement Issue Price is substantially higher (in nominal terms) than the Minimum Issue Price and the Assumed Issue Price, the Luminor Share Issue appears to be more favourable than the 2019 Placement in terms of the premium over the NTA and historical VWAP.

8.9.2 Gao Placement

On 12 December 2018, the Company announced that it had entered into a placement agreement with Ms. Gao Jingxian ("**Gao**") for S$1.0 million, at an issue price of S$0.023 per placement Share ("**Gao Placement Price**") for 43,478,261 new Shares ("**Gao Placement Shares**") ("**Gao Placement**").

The Gao Placement Shares were issued and allotted on 17 January 2019.

	Gao Placement	**Luminor Share Issue**
Amount (S$)	1,000,000	1,246,000
Issue price (S$)	0.023	0.005 (Minimum Issue Price) / 0.0068 (Assumed Issue Price)
NAV/NTA per Share (S$)	0.0064	0.00053[(1)]
Premium of issue price to VWAP	0 % [(2)]	0.0% / 36.0%
Premium of issue price to NAV	259.4% [(3)]	841.6% / 1,180.6%[(1)]

Notes:

(1) Based on the Group's Adjusted NAV per Share.

(2) Gao Placement Price was at the prevailing VWAP of S$0.023/ Share for trades done on SGX-ST on 12 December 2018.

(3) Based on the NAV per Share as at 30 June 2018 (being the latest available interim financial statements for the Group prior to the announcement of Gao Placement)

For illustrative purposes only, we note the following:-

(i) In nominal terms, the Gao Placement Price of S$0.023 is higher than the Minimum Issue Price of S$0.005 and the Assumed Issue Price of S$0.0068.

(ii) The premium of the Luminor Issue Price of approximately 841.6% (based on the Minimum Issue Price) and 1,180.6% (based on the Assumed Issue Price) over the Group's Adjusted NTA is more favourable than the premium of 259.4% represented by the Gao Placement Issue Price over the Group's NTA per Share as at 30 June 2018 (being the latest available interim financials prior to the announcement of the Gao Placement).

(iii) The Luminor Issue Price represents a nil premium (based on the Minimum Issue Price) and premium of approximately 36.0% (based on Assumed Issue Price) over the VWAP for the Shares on 29 April 2020 (being the Announcement Date) and this is in line with or more favourable than the nil premium represented by the Gao Placement Issue Price over the VWAP for the Shares on 12 December 2018 (being the last Trading Day prior to the announcement of the Gao Placement).

In summary, despite the Gao Placement Issue Price is substantially higher (in nominal terms) than the Minimum Issue Price and the Assumed Issue Price, the Luminor Share Issue appears to be more favourable than the Gao Placement in terms of the premium over the NTA and historical VWAP.

The above comparison is limited and has to be assessed in the context of the economic or general market conditions for the Shares or the prices for which the Shares were traded at the time then prevailing as well as the purpose for the 2019 Placement and the Gao Placement may have been different from the Luminor Share Issue. Hence, the comparison between the Luminor Share Issue and the 2019 Placement and the Gao Placement above is necessarily limited and meant for illustration purpose.

8.10 Abstention from voting

We note from Section 23 of the Circular, that Dr. Foo Fatt Kah will abstain, and has undertaken to ensure that his associates (if any) will abstain from voting on the following:

(i) Ordinary Resolution 2 approving the Luminor Settlement as an IPT, Ordinary Resolution 3 approving the GHS Settlement, Ordinary Resolution 4 approving the KAL Settlement, Ordinary Resolution 5 approving the Proposed Disposal as a major transaction, and Ordinary Resolution 6 approving the Provision of Management Services to AASB, and will not accept appointments as proxies in relation to the Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5 and Ordinary Resolution 6 unless specific voting instructions have been given by Shareholders. This is pursuant to Rule 919 of the Catalist Rules; and

(ii) Ordinary Resolution 1 approving the allotment and issue of New Shares to Luminor 2, and will not accept appointments as proxies in relation to the resolution unless specific voting instructions have been given by Shareholders. This is pursuant to Rule 812 of the Catalist Rules.

8.11 Use of Proceeds

We note from Section 7.5 of the Circular, under the Proposed Disposal, it is estimated that the Company will receive net proceeds of approximately S$435,000 from the sale of 4,039,788 AASB Shares to KAL, taking into account tax expenses, legal fees and other transaction costs of approximately S$210,000 incurred in connection with the Proposed Disposal (the "**Net Proceeds**").

The Company intends to use the Net Proceeds for general working capital requirements of the Group.

Pending the deployment for the uses identified above, the Net Proceeds may be deposited with banks and/or financial institutions or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

9. OPINION

9.1 Luminor Settlement as an IPT

In arriving at our recommendation, we have reviewed and examined the following factors summarised below as well as others elaborated elsewhere in our Letter which we have considered to be pertinent in our assessment of the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT, including the views of and representations by the Directors.

Our recommendation or opinion is by no means an indication of the merits, prospects, financial performance and position of the Company or the ability of the Group to service its borrowings (both principal and interest payment) when it falls due or the adequacy of the working capital or the ability to continue as a going concern of the Group following completion of the Proposed Transactions.

Save for the Mineral Asset Valuation Report in relation to the valuation of the mineral assets (being the Lubuk Mandi Gold Mine) held by the AASB Group and the BV Summary as well as the BV Report in relation to the market value of 100% equity interest in AASB Group, we have not been furnished with any other valuation reports. We have relied on the Directors' confirmation that as at the Latest Practicable Date, there are no material differences between the estimated market value of the remaining assets and liabilities of the Group and the AASB Group for which no valuation was obtained and their respective book values as at 30 June 2020. Our views, recommendation and opinion are thus necessarily limited and subject to these matters.

This is purely a summary of the factors that have been highlighted in this Letter and Shareholders are advised to read the following in conjunction with, and in the context of, the full text of this Letter.

(a) The rationale for the Proposed Settlements and the Directors' confirmation and views on the existing business of the Group as set out in Section 11 and 13 of the Circular, respectively.

(b) The Group's weak historical financial performance (in terms of the Group's loss-making position since FY2017 to HY2020 where no revenue for gold mining segment was recorded for HY2020 and with minimal revenue contribution from the Granite Dimension Stone Business segment for HY2020) and financial position (in terms of, *inter alia*, the reduced shareholders' equity of approximately RM0.2 million as at 30 June 2020, the loss registered for HY2020 of approximately RM6.0 million and the net current liabilities position of approximately RM23.8 million as at 30 June 2020) with material uncertainty related to going concern issued by the Independent Auditor for FY2019. Shareholders should review the Group's weak financial performance and position, and cash resources available to Group as at 30 June 2020 of approximately RM1.9 million, in the context of the Luminor Guarantee provided or executed by the Company, and the Company's ability to "honour" and/or fulfil its guarantee obligations as well as other obligations and liabilities when they fall due.

    The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements released on the SGXNET and the Group's financial statements for HY2020 and FY2019, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(c) The material uncertainty related to going concern highlighted by the Independent Auditor in the AR2019 as set out Section 6.2 of this Letter and the Directors' confirmation that the Group's ability to operate as a going concern for the next twelve months hinges on, *inter alia*, the completion of the Proposed Disposal and the Proposed Settlements. The Proposed Settlements, if approved by the Shareholders, may address certain of the Group's material uncertainty related to the going concern to certain extent and will lower the Group's total borrowings.

The historical financial performance and position of the AASB Group are set out in Section 6.2.2 of this Letter. The AASB Group has not been profitable during the period reviewed with net losses of approximately RM6.5 million, RM3.8 million, RM3.5 million and RM1.1 million for FY2017, FY2018, FY2019 and HY2020 respectively. In addition, we note that the AASB Group had shown significant reliance on funding and loans from the Company whilst the AASB Group's borrowings from financial institution have been minimal during the period under review. The amounts owing by the AASB Group to the Company had increased from approximately RM9.9 million as at 31 December 2017 to approximately RM12.3 million and RM14.6 million as at 31 December 2018 and 31 December 2019 respectively. This was subsequently reduced to approximately RM0.6 million as at 30 June 2020 mainly due to the completion of the Loan Capitalisation of approximately RM14.6 million, which is one of the conditions for the Luminor Settlement, the GHS Settlement and the KAL Settlement.

The AASB Group's net current liabilities increased from approximately RM9.3 million as at 31 December 2017 to approximately RM12.6 million as at 31 December 2018 to approximately RM14.8 million as at 31 December 2019. As at 30 June 2020, the AASB Group's net current liabilities position has improved to approximately RM0.3 million, mainly due to the Loan Capitalisation of approximately RM14.6 million. Due to consecutive years of losses during the period under review, shareholders' equity for the AASB Group declined from approximately RM18.0 million as at 31 December 2017 to approximately RM14.2 million as at 31 December 2018 and approximately RM10.6 million as at 31 December 2019. Subsequently, it has improved and increased to approximately RM24.1 million as at 30 June 2020 due to the Loan Capitalisation of approximately RM14.6 million.

The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the AASB Group's financial statements for FY2019 and HY2020 and the Company's announcements on the SGXNET, there has been no material changes to the AASB Group's assets and liabilities, financial position, condition and performance.

(d) The evaluation of the Transfer Price (as set out in Section 6 of this Letter) after taking into account, *inter alia*, the following factors:

(i) The Transfer Price represents a discount of approximately 38.6% from the AASB Group's NAV and/or NTA per AASB Share as at 30 June 2020.

(ii) The Transfer Price represents a discount of approximately 66.6% from the AASB Group's RNAV and/or RNTA per AASB Share.

(iii) The market value of the Lubuk Mandi Gold Mine as ascribed by the Mineral Asset Valuer as at 30 June 2020, being the Valuation Date for the Mineral Asset Valuation Report with a Preferred Value of US$8.0 million (or approximately RM33.6 million based on exchange rate of US$1.00:RM4.20 as stated in the Mineral Asset Valuation Report) is substantially higher than the net book value of the Mining Properties of approximately RM13.4 million as at 30 June 2020 and the agreed upon valuation for the AASB Group pursuant to the Luminor Share Transfer, the GHS Settlement, and the KAL Settlement of approximately RM14.8 million. As stated in Section 7.2 of the Circular, based on the Mineral Asset Valuation Report, the valuation amount per AASB Share is more than the agreed valuation amount per AASB Share, being the Transfer Price. Further, based on the BV Summary, the market value of the 100% equity interest in the capital of the AASB Group divided by the total number of AASB Shares is also more than the agreed valuation amount per AASB Share of RM0.4790 under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed. Consequently, the Company does not have to pay to each of Luminor 2, GHS, KAL any shortfall in respect of the agreed valuation of the AASB Group. We note that there is no adjustment to the Luminor Share Transfer, the GHS Settlement and the KAL Settlement in the event the valuation obtained is higher than the agreed valuation of approximately RM14.8 million. We note that the terms for the adjustments does not, *inter alia*, provide any adjustments in the event that valuation amount per AASB Share is greater (or in this case significantly greater) than the agreed valuation amount per AASB Share of RM0.4790, being the Transfer Price. We note from the Circular that as at the Latest Practicable Date, no material changes have occurred since the effective date of the Mineral Asset Valuation Report which would result in a change in the valuation amount of the mineral assets held by AASB.

(iv) The market value of 100% equity interest in the AASB Group as ascribed by the Business Valuer as at 30 June 2020, ranging from RM17,882,000 to RM18,599,000 and these range of market values are higher than the agreed valuation amount of RM14,804,764. In addition, we note that as highlighted in Section 7.2 of the Circular, there is no adjustment mechanism in the event the valuation for AASB is more than the agreed valuation amount of RM14,804,764.

The Transfer Price is at a discount from both the RNAV and/or RNTA per AASB Share (as ascribed by the Independent Valuer) of approximately 66.6%, and at a discount from the lower end of the market value of 100% equity interest in AASB (as ascribed by the Business Valuer) of approximately 17.2%.

(v) Comparison of the valuation of the AASB Group as implied by the Transfer Price with the Selected Comparable Companies. The valuation of the AASB Group in terms of LTM PER and LTM EV/EBITDA are negative and not meaningful. This is in line Wilton and FML. In terms of P/NAV and P/NTA ratio, the valuation of the AASB Group (as implied by the Transfer Price and the RNAV and/or RNTA per AASB Share) is less favourable than any of the Selected Comparable Companies.

In addition, the valuation of the AASB Group (as implied by the Transfer Price and based on the gold resources of approximately 104,606 oz as disclosed in the Group's AR2019) of approximately S$48.7/oz is: (i) lower than the simple average, but still within the range and higher than the median for the Selected Comparable Companies' valuation in terms of EV/Resources; and (ii) less favourable as compared to any of the Selected Comparable Companies' valuation in terms of EV/Reserves as there are no reserves in the case of AASB.

(vi) Comparison with the Selected IPT Debt Conversion which shows that the discount of (a) approximately 66.6% implied by the Transfer Price from the RNTA per AASB Share for the AASB Group is less favourable than any of the Selected IPT Debt Conversion; and (b) approximately 38.6%, as implied by the Transfer Price from the AASB Group's NTA as at 30 June 2020 is less favourable than the median and simple average, but still within the range of premium and discount over/from the NTA for the Selected IPT Debt Conversions.

(vii) The low valuation in terms of P/NAV and P/NTA and the steep discount based on the AASB Group's RNAV and RNTA) as well as the fact that the implied value of AASB as ascribed by the Transfer Price is at a discount of approximately 17.2% from the implied market value of 100% equity interest in the AASB Group as ascribed by the Business Valuer at the lower end of the valuation, should be viewed in the context of: (i) the AASB Group's valuation in terms of EV/Resources is (a) lower than the simple average, but still within the range and higher than the median for the Selected Comparable Companies' valuation in terms of EV/Resources; and (b) less favourable as compared to any of the Selected Comparable Companies' valuation in terms of EV/Reserves as there are no reserves in the case of the AASB Group; (ii) the weak financial performance and position of the AASB Group (in particular, the losses incurred during the period under review being FY2017, FY2018, FY2019 and HY2020 and the net current liabilities position of approximately RM343 thousand as at 30 June 2020); (iii) the Board's view that despite being disposed at loss, the transfer of AASB Group to bondholders to redeem the Group's bonds is in the best interest of the Company as, *inter alia,* it will lower the Group's borrowings and provide further resources for the working capital; (iv) the Board's consideration that the estimated loss arising from the disposal arises from the difference between the agreed consideration of RM14,804,764 and the Adjusted NAV of the AASB Group as at 30 June 2020 of RM24,120,976 which includes the capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company (which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company) and the fact that Company had executed the Luminor Guarantee in favour of Luminor 2 over all amounts payable by Angka Marketing Pte. Ltd. to Luminor 2 under the Luminor Subscription Agreement; (v) the Board's confirmation that whilst significant efforts have been made by Directors and Management to obtain alternative offers for the AASB Group, they are not aware of any alternative offers for the AASB Group available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the Luminor Settlement, the GHS Settlement and the KAL Settlement; and (vi) the material uncertainty related to going concern highlighted by the Independent Auditor in the AR2019 and as stated in the results announcement for HY2020 for the Group, and the Board's view that the Group's ability to operate as a going concern for the next twelve months hinges on, *inter alia*, the completion of the Proposed Disposal and the Proposed Settlements.

(viii) The Transfer Price of approximately RM0.4790 per AASB Share for each of the Luminor Share Transfer, GHS Share Transfer and KAL Share Transfer is the same. It should be noted that both GHS and KAL are not deemed as interested persons.

(e) The evaluation of the Luminor Share Issue and the Luminor Issue Price after taking into account, *inter alia*, the following factors:

(i) The Minimum Issue Price represents a premium of approximately 9,127.2%, 841.6% and a discount of 1.6% over/from the Group's NAV and/or NTA per Share as at 30 June 2020, the Group's Adjusted NAV and/or NTA per Share (after taking into account the Repayment Share Issue), and the Group's RNAV and/or RNTA per Share (after taking into account the revaluation surplus of approximately RM20.2 million and the Repayment Share Issue).

(ii) The Assumed Issue Price represents a premium of approximately 12,449.0%, 1,180.6% and 33.8% over the Group's NAV and/or NTA per Share as at 30 June 2020, Adjusted NAV and/or NTA per Share, and RNAV and/or RNTA per Share respectively.

(iii) Comparison of the Minimum Issue Price and the historical prices for the Shares:-

- The Minimum Issue Price is equal to the last transacted price of S$0.005 per Share on the SGX-ST on 29 April 2020, being the last Trading Day prior to the Announcement Date;

- The Minimum Issue Price represents a discount of approximately 49.4%, 39.2%, 22.1% and 6.1% from the VWAP for the Shares for the 12 months, 6 months, 3 months and 1 month periods prior to the Announcement Date respectively;

- The Minimum Issue Price represents a discount of approximately 28.4% from the VWAP for the Shares for the period commencing after the Announcement Date and ending on the Latest Practicable Date; and

- The Minimum Issue Price represents a discount of approximately 28.6% from the last transacted price of S$0.007 per Share on 4 December 2020, being the last Market Day prior to the Latest Practicable Date.

(iv) Comparison of the Assumed Issue Price and the historical prices for the Shares:-

- The Assumed Issue Price represents a premium of 36.0% over the last transacted price of S$0.005 per Share on the SGX-ST on 29 April 2020, being the last Trading Day prior to the Announcement;
- The Assumed Issue Price represents a discount of approximately 31.2% and 17.3% from the VWAP for the Shares for the 12 months and 6 months periods prior to the Announcement Date respectively;
- The Assumed Issue Price represents a premium of approximately 6.0% and 27.7% over the VWAP for the Shares for the 3 months and 1 month periods prior to the Announcement Date respectively;
- The Assumed Issue Price represents a discount of approximately 2.6% from the VWAP for the Shares for the period commencing after the Announcement Date and ending on the Latest Practicable Date; and
- The Assumed Issue Price represents a discount of approximately 2.9% from the last transacted price of S$0.007 per Share on 4 December 2020, being the last Market Day prior to the Latest Practicable Date.

(v) Following completion of the Repayment Share Issue and assuming completion of the Proposed Disposal, the Group would have recorded net loss after tax and negative EBITDA for FY2019 and HY2020 and it would be in NL and/or NTL position of RM7.6 million as at 30 June 2020. Accordingly, all valuation ratios for the Group assuming completion of the Proposed Disposal (in terms of PER, EV/EBITDA, P/NAV and P/NTA) would all be negative and not meaningful.

In view of the above, we did not conduct the detail relative valuation analysis to assess the Luminor Share Issue Price. For illustrative purposes only, we wish to highlight that both GCCP and Dfcity were in the loss-making position and recorded negative EBITDA for the LTM ended 30 June 2020. In terms of P/NTA and P/NAV, they were traded around 0.8 times each as at the Latest Practicable Date whilst the Group assuming completion of the Proposed Disposal would have recorded net loss after tax and negative EBITDA for FY2019 and HY2020 and it would be in NL and/or NTL position as at 30 June 2020.

(vi) Comparison with the Selected IPT Debt Conversion which shows that (a) premium implied by the Luminor Issue Price of approximately 841.6% (based on the Minimum Issue Price) and 1,180.6% (based on the Assumed Issue Price) over the Adjusted NTA of the Group is within the range, higher than both the median and simple average for the Selected IPT Debt Conversions; (b) the small discount of approximately 1.6% implied by the Minimum Issue Price and premium of approximately 33.8% implied by the Assumed Issue Price from/over the RNTA of the Group (after taking into account the Repayment Share Issue) is lower than both the median and simple average, but still within the range of the Selected IPT Debt Conversions; (c) in terms of dilution, the Luminor Share Issue represents between approximately 12.6% (based on the Assumed Issue Price) to 17.1% (based on the Minimum Issue Price) of the Group's existing Share capital and this is within the range and lower than both the median and simple average for the Selected IPT Debt Conversion; and (d) the Minimum Issue Price is equivalent to the last transacted price for the Shares prior to the Announcement, which is lower than the simple average but similar to the median and still within the range of the Selected IPT Debt Conversions in terms of premiums or discounts of the issue price from the last transacted price for the shares prior to the relevant announcement, whilst the Assumed Issue Price is at premium of approximately 36.0% over the last transacted price for the Shares prior to the Announcement, and this is within the range and higher than both the median and simple average for the Selected IPT Debt Conversions in terms of premiums or discounts of the issue price from the last transacted price for the shares prior to the relevant announcement.

(vii) Comparison with the 2017 Settlements, 2019 Placement, and Gao Placement - despite the 2017 Settlement Issue Price, 2019 Placement Issue Price, and Gao Placement Price being substantially higher (in nominal terms) than the Minimum Issue Price of S$0.005 and the Assumed Issue Price, the Luminor Share Issue appears in general to be more favourable than the 2017 Settlements, 2019 Placement, and Gao Placement, in terms of the premium over the NTA and historical VWAP.

(viii) Fair comparison with the KKJ TBK Settlement as elaborated in Section 8.8 of this Letter.

(f) The terms of the Luminor Share Transfer (in terms of the Transfer Price) as an IPT is similar to the GHS Share Transfer, the KAL Share Transfer, and the KAL Sale. It should be noted that both the GHS and KAL are not deemed as interested persons.

(g) The Luminor Settlement which comprised the Luminor Share Transfer and Luminor Share Issue are, *inter alia*, based on agreed amounts to be settled for each of these transactions and that there is no mechanism for adjustments for the Luminor Share Issue in the event that, *inter alia*, the valuation of AASB Shares are higher than the agreed valuation amount of RM14,804,764.

Likewise, we note that that there is no adjustment to the Luminor Share Transfer, the GHS Settlement and the KAL Settlement in the event the valuation obtained is higher than the agreed valuation amount of RM14,804,764.

(h) The potential financial effects of the Proposed Settlements as outlined in Section 12 of the Circular and 8.4 of the IFA Letter. We wish to highlight that based on the pro-forma financial effects of the Proposed Settlements will lead to a decline in the Group's NTA per Share and an increase in the Group's LPS. In addition, the Proposed Settlements will reduce the Group's borrowings but in terms of gearing ratio, the Group's position will worsen due mainly to the relatively greater reduction in the shareholders' equity as compared to the reduction in borrowings. Moreover, after completion of the Repayment Share Issue and assuming completion of the Proposed Disposal, the Group would be in NL and/or NTL position as at 30 June 2020.

We understand from the Directors that the deterioration in the Group's financial position after the Proposed Settlements is due to the loss on disposal of approximately RM9.3 million. We note from Section 11 of the Circular that despite being made at a loss, the Board is of the view of that it is beneficial to the Group to undertake the Proposed Disposal as it will lower the Group's total borrowings and provide further resources for the working capital of the Group. In addition, the Board has also considered that the estimated loss arising from the Proposed Disposal arises mainly from the Loan Capitalisation, which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company. The Company has considered that the Proposed Disposal will relieve pressure on existing working capital needs of the Group and enable the settlement of some of the Company's liabilities.

(i) The dilutive impact of the Luminor Share Issue, as set out in Section 8.3 of this Letter, on the percentage of shareholding interest of existing Independent Shareholders and the reduction in the voting interest in the Company pursuant to the Luminor Share Issue which we have viewed in conjunction with the fact that the dilution impact of the Luminor Share Issue Shares is within the range of the Selected IPT Debt Conversions.

(j) Confirmation and representation by the Directors that (i) whilst significant efforts have been made by the Directors and Management to source for alternative offers for funding or refinancing from other parties with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offer for funding or refinancing, which is comparable in nature, size and scope to the Proposed Settlements; (ii) whilst significant efforts have been made by them to obtain alternative offers for the AASB Group, they are not aware of any alternative offers for AASB available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the

Luminor Settlement, the GHS Settlement and the KAL Settlement; (iii) that the definitive agreement for the unsecured loan of S$3.5 million was entered subsequent to, *inter alia*, the execution of the documents for the Proposed Settlements and their extensions and that after repayment of amounts due to Mr. Tan Ong Huat of approximately S$1.9 million, the remaining balance of the proceeds from the loan is approximately S$1.6 million, which is lower than the aggregate amounts to be settled pursuant to the Luminor Settlement, the GHS Settlement and the KAL Settlement; and (iv) they have considered the winding up and/or liquidation route for the AASB Group, but are of the view that the valuation of the AASB Group under the winding up and/or liquidation scenario will likely be less favourable than the valuation pursuant to the Luminor Share Transfer, the GHS Settlement and the KAL Settlement and there is possibility that the Government will take back the mining concession in the event of winding up and/or liquidation.

(k) Other relevant considerations as set out in, *inter alia,* Section 8 of this Letter.

In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to, *inter alia*, our terms of reference and earlier analysis, and confirmations from the Directors that, *inter alia*, there is no alternative offer, and that the Luminor Settlement represent an opportunity for the Group to settle its outstanding amounts, failing which the Group may be in default of its obligations and liabilities, and its ability to continue as a going concern will be further challenged, we are of the opinion that, on balance, the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT is **NOT ON NORMAL COMMERCIAL TERMS, BUT NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders.

For the purposes of evaluation of the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT, we have adopted the approach that the term “normal commercial terms” and “not prejudicial” comprises two distinct concepts:

(i) Whether the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT is “normal commercial terms” relates to an opinion on the value of the Luminor Issue Price and the Transfer Price. “Normal commercial terms” are terms which a party could obtain if the transaction were on an arm’s length basis or on terms no less favourable to the listed issuer than terms available to or from independent third parties. This has not considered the particular circumstances facing the Company and/or the Group and/or the AASB Group. This is based strictly on a fundamental analysis and evaluation of the Luminor Issue Price and the Transfer Price as set out in this Letter and based on information known to us and/or which is publicly available).

(ii) Whether the Luminor Settlement which comprises Luminor Share Issue and Luminor Share Transfer as an IPT is “not prejudicial”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Luminor Settlement, which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the Luminor Share Transfer as an IPT to be, on balance, **NOT ON NORMAL COMMERCIAL TERMS**, after factoring, *inter alia*, the following:

(i) The Transfer Price represents a discount of approximately 38.6% and 66.6% from the AASB Group’s NAV and/or NTA per AASB Share and the AASB Group’s RNAV and/or RNTA per AASB Share as at 30 June 2020 respectively. These discounts, in general, appear to be less favourable as compared to the Selected Comparable Companies and the Selected IPT Debt Conversions.

(ii) The agreed upon valuation for the AASB Group pursuant to the Luminor Share Transfer, the GHS Settlement and the KAL Settlement is substantially lower than: (a) the market value of the Lubuk Mandi Gold Mine as ascribed by the Mineral Asset Valuer as at the Valuation Date or the RNAV and RNTA of the AASB Group; and (b) the market value of 100% equity interest in the AASB

Group as ascribed by the Business Valuer as at the BV Valuation Date ranging from RM17,882,000 to RM18,599,000.

We understand from the Directors that both the Mineral Asset Valuation Report and the BV Report are based on willing buyer and willing seller and may not have considered particular circumstances facing the Company and/or the Group and/or the AASB Group.

As stated in Section 7.2 of the Circular, based on the Mineral Asset Valuation Report, the valuation amount in AASB divided by the total number of AASB Shares is more than the agreed valuation amount per AASB Share of RM0.4790 under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed. Further, based on the BV Summary, the market value of the 100% equity interest in the capital of the AASB Group divided by the total number of AASB Shares is also more than the agreed valuation amount per AASB Share of RM0.4790 under the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed. Consequently, the Company does not have to pay to each of Luminor 2, GHS, KAL any shortfall in respect of the agreed valuation of AASB.

We note that the terms for the adjustments does not, *inter alia*, provide any adjustments in the event that the valuation amount per AASB Share is greater (or in this case significantly greater) than the agreed valuation amount per AASB Share of RM0.4790, being the Transfer Price, whilst there are adjustments (for payment in cash) in the event the valuation amount is lower than the agreed valuation amount.

The Luminor Settlement which comprised the Luminor Share Transfer and the Luminor Share Issue are, *inter alia*, based on agreed amounts to be settled for each of these transactions and there is no mechanism for adjustments for the Luminor Share Issue in the event that, *inter alia*, the valuation of AASB Shares are higher than the agreed valuation amount of RM14,804,764.

(iii) Less favourable comparison of the valuation of the AASB Group as implied by the Transfer Price with the Selected Comparable Companies in terms of P/NAV and P/NTA after taking into account the financial performance of the AASB Group vis-à-vis the Selected Comparable Companies and noting the fact that the valuation of the AASB Group (as implied by the Transfer Price and based on the gold resources of approximately 104,606 oz as disclosed in the Group's AR2019) is within the range and higher than the median but below simple average for the Selected Comparable Companies' valuation in terms of EV/Resources. Furthermore, there are no reserves in the case of AASB whereas the Selected Comparable Companies have reserves.

(iv) Less favourable comparison of the valuation of the AASB Group (as implied by the Transfer Price and the RNAV or RNTA per AASB Share) in terms of P/NTA with any of the Selected IPT Debt Conversion transactions.

(v) Notwithstanding the differing assumptions, the Transfer Price is at a discount from both the RNAV and/or RNTA per AASB Share (as ascribed by the Mineral Asset Valuer) of approximately 66.6% and a discount from the lower end of the market value of 100% equity interest in AASB (as ascribed by the Business Valuer) of approximately 17.2%.

We consider the Luminor Share Issue as an IPT to be, on balance, **ON NORMAL COMMERCIAL TERMS**, after factoring, *inter alia*, the following:

(i) Pursuant to the Luminor Settlement Deed, the Luminor Issue Price is the higher of (i) the Minimum Issue Price of S$0.005; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the date of Luminor Completion.

(ii) The Minimum Issue Price represents substantial premiums above the Group's NAV and/or NTA per Share as at 30 June 2020, the Group's Adjusted NAV and/or NTA per Share (after taking into account the Repayment Share Issue); and a slight discount from the Group's RNAV and/or RNTA per Share (after taking into account the revaluation surplus of approximately RM20.2 million and the Repayment Share Issue).

(iii) The Minimum Issue Price is equal to the last transacted price per Share on the SGX-ST on the last Trading Day prior to the Announcement Date and at discounts to the historical premiums. This should be viewed in the weak financial performance and position of the Group, the generally declining trend in terms of transacted prices for the Shares and low liquidity for the Shares. In addition, we note that the Luminor Share Issue when compared with past transactions (2017 Settlements, 2019 Placement, and Gao Placement) appears in general to be relatively more favourable in terms of the premium over the historical VWAP.

(iv) The Luminor Issue Price is favourable taking into account that following completion of the Repayment Share Issue and assuming completion of the Proposed Disposal, the Group would have recorded net loss after tax and negative EBITDA for FY2019 and HY2020 and it would be in NL and/or NTL position as at 30 June 2020.

(v) The valuation of the Company (after completion of the Proposed Disposal) as implied by the Luminor Issue Price in terms of P/NTA and P/NAV, is favourable as compared to the Company's comparable companies post the Proposed Disposal (being GCCP and Dfcity).

(vi) Favourable comparison with the Selected IPT Debt Conversion – in particular, the Luminor Issue Price is fair or more favourable than the Selected IPT Debt Conversion in terms of implied premium or slight discount over/from the Group's Adjusted NTA and/or RNTA, and implied premium over the last transacted price for the Shares prior to the Announcement.

(vii) The Luminor Share Issue appears in general to be relatively more favourable than the 2017 Settlements, 2019 Placement, and Gao Placement, in terms of the premium over the NTA and historical VWAP

On the bases that there is no alternative offer and that the Luminor Settlement represents an opportunity for the Group to settle its outstandings, failing which the Group may be in default of its obligations and liabilities, and its ability to continue as a going concern will be further challenged, we consider the Luminor Settlement as an IPT to be **NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders, from a financial point of view. This is subject to*, inter alia*, our analysis, and confirmations from the Directors and after factoring the following:

(i) The Group's weak historical financial performance (in terms of the loss-making position since FY2017 to HY2020 with no revenue for gold mining segment was recorded for HY2020 and minimal revenue contribution from the Granite Dimension Stone Business segment for HY2020) and financial position (in terms of, *inter alia*, the minimum shareholders' equity of approximately RM0.2 million and the net current liabilities position of approximately RM23.8 million as at 30 June 2020) with material uncertainty related to going concern issued by the Independent Auditor for FY2019, which we have assessed together with the Directors' confirmation that the Group's ability to operate as a going concern for the next twelve months hinges on, *inter alia*, the completion of the Proposed Disposal and the Proposed Settlements. The Proposed Transactions, if approved by the Shareholders, may address certain of the Group's material uncertainty related to the going concern to certain extent and will lower the Group's total borrowings.

Likewise, we note the weak financial performance and position of the AASB Group (in particular, the losses incurred during the period under review being FY2017, FY2018, FY2019 and HY2020 and the net current liabilities position of approximately RM343 thousand as at 30 June 2020) wherein no revenues had been registered for HY2020.

The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements released on the SGXNET and the AASB Group's and the Group's financial statements for HY2020 and FY2019, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(ii) Confirmation and representation by the Directors that (i) whilst significant efforts have been made by the Directors and Management to source for alternative offers for funding or refinancing from other parties with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offer for funding or refinancing, which is comparable in nature, size and scope to the Proposed Settlements; (ii) whilst significant efforts have been made by them to obtain alternative offers for the AASB Group, they are not aware of any alternative offers for AASB available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the Luminor Settlement, the GHS Settlement and the KAL Settlement; (iii) that the definitive agreement for the unsecured loan of S$3.5 million was entered subsequent to, *inter alia*, the execution of the documents for the Proposed Settlements and their extensions and that after repayment of amounts due to Mr. Tan Ong Huat of approximately S$1.9 million, the remaining balance of the proceeds from the loan is approximately S$1.6 million, which is lower than the aggregate amounts to be settled pursuant to the Luminor Settlement, the GHS Settlement and the KAL Settlement; and (iv) they have considered the winding up and/or liquidation route for the AASB Group, but are of the view that the valuation of the AASB Group under the winding up and/or liquidation scenario will likely be less favourable than the valuation pursuant to the Luminor Share Transfer, the GHS Settlement and the KAL Settlement and there is possibility that the Government will take back the mining concession in the event of winding up and/or liquidation.

Notwithstanding that after completion of the Repayment Share Issue and assuming completion of the Proposed Disposal, the Group would be in NL and/or NTL position as at 30 June 2020, the Luminor Settlement, the GHS Settlement and the KAL Settlement may represent an opportunity for the Group to settle its outstandings, failing which the Group may be in default of its obligations and liabilities, and its ability to continue as a going concern will be further challenged.

(iii) Despite of the less favourable potential financial effect of the Proposed Transactions on the Group's NTA per Share, LPS and gearing ratio, the Directors are of the view that the Proposed Settlements are in the best interests of the Company and its Shareholders. The Directors represented that the deterioration in the Group's financial position after the Proposed Settlements is due to the loss on disposal of approximately RM9.3 million and despite being made at a loss, the Board is of the view of that it is beneficial to the Group to undertake the Proposed Disposal as it will lower the Group's total borrowings and provide further resources for the working capital of the Group. In addition, the Board has also considered that the estimated loss arising from the Proposed Disposal arises mainly from the Loan Capitalisation, which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company. The Company has considered that the Proposed Disposal will relieve pressure on existing working capital needs of the Group and enable the settlement of some of the Company's liabilities.

(iv) The rationale for the Proposed Settlements and the Directors' confirmation and views on the existing business of the Group as set out in Section 11 and 13 of the Circular, respectively.

(v) The Aggregate Outstanding Amount owing to Luminor 2 shall be settled via the Luminor Share Transfer and the Luminor Share Issue. The financial terms of the Luminor Share Issue appear to be favourable in terms of (a) premiums or slight discount implied by the Luminor Issue Price over/from the Group's NAV and/or NTA per Share as at 30 June 2020, the Group's Adjusted NAV and/or NTA per Share (after taking into account the Repayment Share Issue), and the Group's RNAV and/or RNTA per Share (after taking into account the revaluation surplus of approximately RM20.2 million and the Repayment Share Issue); and (b) fair or favourable comparison with the Selected IPT Debt Conversions, 2017 Settlements, 2019 Placement, Gao Placement, and KKJ TBK Settlement.

(vi) The material uncertainty related to going concern highlighted by the Independent Auditor in the AR2019 and the Board's view that the Group's ability to operate as a going concern for the next twelve months hinges on, *inter alia*, the completion of the Proposed Disposal and the Proposed Settlements.

Shareholders should note that failure to settle the Group's outstandings pursuant to the Luminor Settlement (or for that matter the GHS Settlement and KAL Settlement), may result in the Group defaulting on its obligations and liabilities, and its ability to continue as a going concern or meet obligations when they are due. In the event that this occurs, the analysis presented in this Letter may not applicable as they are premised on the preparation of financial statements or analysis on a going concern basis. This will be prejudicial to the interests of the Company and its Minority Shareholders.

9.2 Provision of Management Services as an IPT

In arriving at our opinion in respect of the Provision of Management Services to AASB as an IPT, we have considered, *inter alia,* the following:-

(a) The salient terms of the Management Services Agreement as set out in Section 10 of the Circular including, *inter alia*, term, Service Fee, scope of Services, and suspension and termination of Services.

(b) The review procedures for the Provision of Management Services to AASB as set out in Section 10.3 of the Circular.

(c) Based on the audited financial statements of the Group for FY2018 and FY2019, the Group's gold mining segment accounted for approximately 97.3% and 94.8% of the total Group's revenue. For HY2020, no revenue was recorded by the Group's gold mining business segment due to the cessation of its tailing processing plant in connection with the MCO notice issued by the Government of Malaysia during HY2020 and also the scheduled maintenance of the tailing processing plant.

Following the completion of disposal of AASB Group, the Group's remaining business would only be in the Granite Dimension Stone Business, the Management Services Agreement would therefore provide an opportunity for the Group to still derive some of its revenue from gold mining operations.

(d) We also note from the Valuation Report, the Valuer have opined that the monthly Service Fee of four and a half per cent. (4.5%) of AASB's revenue is not unreasonable for the Services provided.

(e) The Directors and the Management have represented and confirmed to us that the Service Fee of 4.5% was arrived at on an arm's length, willing-buyer willing seller basis between the AASB Group and the Company and that the Service Fee would be reasonable based on an estimated cost recovery basis.

Based on the above, we are of the opinion that the Provision of Management Services Agreement as an IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

9.3 Recommendation

Based on our assessment of the Luminor Settlement as an IPT and the Provision of Management Services to AASB as an IPT as set out above and subject to the analysis in this Letter, *inter alia*, there being no alternative offers and that the Luminor Settlement represents an opportunity for the Group to settle its outstandings, failing which the Group may be in default of its obligations and its ability to continue as a going concern will be further challenged, from a financial point of view, we advise the Non-Interested Directors to recommend that Independent Shareholders vote in favour of the Luminor

Settlement and the Provision of Management Services to AASB to be proposed at the EGM. We advise the Non-Interested Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Non-Interested Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Luminor Settlement and the Provision of Management Services to AASB.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or the AASB Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and Management and therefore does not reflect any projections or future financial performance of the Company or the Group after the completion of the Luminor Settlement and the Provision of Management Services to AASB and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Luminor Settlement as an IPT and the Provision of Management Services to AASB as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

(1) The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Group after the completion of the Proposed Settlements. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Settlements or the other transactions or resolutions stipulated in the Circular (if any) or voting for or voting against the Proposed Settlements or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Group or the Luminor Settlement and the Provision of Management Services to AASB as IPTs, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

(2) Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, and investment properties) and AASB Group's assets and liabilities (including without limitation, property, plant and equipment) or contracts entered into by the Group or AASB Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or AASB Group save for the Mineral Asset Valuation Report, the BV Report and the BV Summary. With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment, and investment properties) including, *inter alia*, the contracts or agreements that the Group or the AASB Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the audited financial statements, where applicable for the assessment.

(3) The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group and AASB Group as reflected in the unaudited financial statements for the Group as at 30 June 2020 are true and fair.

(4) The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the Company's announcements on the SGXNET, and the financial statements for the Group and the AASB Group for FY2019 and HY2020, there has been

no material changes to the Group's and AASB Group's business, assets and liabilities, financial position, condition and performance.

Specific objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Non-Interested Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments in unlisted shares or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM in person.

Instead, alternative arrangements have been put in place to allow Shareholders who pre-register to participate at the EGM by (a) observing and/or listening to the EGM proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions related to the resolution tabled for approval, in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

Shareholders are to pre-register at https://www.bigmarker.com/AAP/ARL-EGM-2020-Registration for the "live" audio-visual webcast or "live" audio-only stream of the EGM proceedings by 10:00 a.m. on 25 December 2020. Shareholders who do not pre-register to observe and/or listen to the EGM proceedings by the deadline stated above will not be able to participate at the EGM.

Shareholders may also submit any questions that are related to the resolution tabled for approval via (i) the pre-registration website at https://www.bigmarker.com/AAP/ARL-EGM-2020-Registration; (ii) in hard copy by sending by post and lodging the same at the Registered Office of the Company at 80 Robinson Road #17-02, Singapore 068898 or (iii) by email to info@anchorresources.com.sg by 10:00 a.m. on 25 December 2020. Shareholders will not be able to ask any questions during the "live" audio-visual webcast or "live" audio-only stream of the EGM proceedings. The Company will endeavour to answer all of the questions which have been submitted by the Shareholders during EGM and will make further announcements detailing the Company's responses to the questions submitted by the Shareholders.

Please refer to the Company's announcement entitled "Important Notice to Shareholders Regarding the Company's Extraordinary General Meeting on 28 December 2020" which has been uploaded together with this Circular and the Notice of EGM on SGXNET on the same day for further details on the alternative arrangements for the EGM as set out above.

In addition, Independent Shareholders are advised to read Section 19 of the Circular, Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter is prepared pursuant to Rule 921(4) of the Catalist Rules as well as addressed to the Independent Directors in connection with and for the sole purpose of their evaluation of the Luminor Settlement and the Provision of Management Services to AASB as IPTs and is not meant or intended to be an evaluation of the other resolutions to be proposed (where applicable) or alternatives. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Luminor Settlement and the Provision of Management Services to AASB as IPTs and/or at the forthcoming EGM. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed herein, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply. Nothing herein shall prevent or exclude Shareholders from relying on this Letter in connection with the Luminor Settlement and the Provision of Management Services to AASB as IPTs, whether pursuant to the Contracts (Rights of Third Parties) Act Chapter 53B of Singapore or otherwise.

The recommendations made by the Non-Interested Directors to the Independent Shareholders in relation to the Luminor Settlement and the Provision of Management Services to AASB as IPTs, as well as other resolutions referred to in the Circular (where applicable) and the issue of the Circular shall remain the sole responsibility of the Non-Interested Directors and the Directors respectively.

Yours faithfully,

For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU	FOO QUEE YIN
MANAGING DIRECTOR	MANAGING DIRECTOR

INDEPENDENT VALUATION OF THE MALAYSIAN MINERAL ASSETS HELD BY ANGKA ALAMJAYA SDN BHD

Client:	Anchor Resources Limited
Project number:	P1920-20V1
Document status:	Final Report
Document Date:	27 November 2020

DOCUMENT CONTROL AND INFORMATION

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Client contact:	Mr Gavin McIntyre, Director Mr Ng Kok Hok, Chief Financial Officer
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Derisk project manager:	Mark Berry, Director – Principal Geologist
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Derisk peer reviewer:	Shaun Barry, Associate Principal Consultant
Authorised and signed on behalf of Derisk (for Final Documents):	THE SIGNATORY HAS GIVEN PERMISSION FOR THEIR SIGNATURE TO BE USED IN THIS DOCUMENT
Derisk representative:	Mark Berry MAIG[1], MGSA[2], AAICD[3]

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This document may not be relied upon by anyone other than the Client, and Derisk accepts no liability for any loss arising from anyone other than the Client relying on information presented in this document.

Derisk accepts no liability for the accuracy or completeness of information provided to it by the Client, however, Derisk has used reasonable endeavours to verify information provided by the Client that has contributed to the preparation of this document, including any conclusions and recommendations. The commentary, statements and opinions included in this document are provided in good faith and in the belief that they are not misleading or false. The terms of the agreement between the Client and Derisk are such that Derisk has no obligation to update this document for events after the date of this document.

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[1] Member, Australian Institute of Geoscientists
[2] Member, Geological Society of Australia
[3] Affiliate, Australian Institute of Company Directors

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1 EXECUTIVE SUMMARY

1.1 Introduction and Scope

In November 2020, **Derisk** Geomining Consultants Pty Ltd (Derisk) was engaged by Anchor Resources Limited (Anchor) to prepare an independent valuation report (IVR or Report) of the Malaysian mineral assets held by its subsidiary Angka Alamjaya Sdn Bhd (AASB).

Anchor is listed on Singapore Exchange (SGX) Catalist. Its 100% owned subsidiary, AASB holds gold mineral assets in the state of Terengganu, specifically the Lubuk Mandi gold mine (or Project). Derisk understands that Anchor requires an IVR to be prepared for AASB's mineral assets in support of a settlement of outstanding convertible bonds with AASB shares.

This valuation is prepared in accordance with the VALMIN Code[4] and the exploration and mining information is reported in accordance with the JORC Code[5]. For the purposes of this Report, value is defined as Market Value being the estimated amount (or the cash equivalent of some other consideration) for which the mineral asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion.

The effective date of the valuation presented in this Report is 30 June 2020. All values in this Report are in nominal United States dollars (USD or $) or Malaysian Ringgit (MYR) unless otherwise stated.

1.2 Report Details

This Report has been prepared by Mal Dorricott and Mark Berry and peer reviewed by Shaun Barry. The VALMIN Code requires that a public report on a technical assessment or a valuation report for mineral assets or securities must be prepared by a Practitioner, who is an Expert as defined in the Australian Corporations Act. Practitioners may be Specialists and Securities Experts.

Mal Dorricott is the Practitioner and Specialist for the IVR and was assisted by Mark Berry, who is also a Specialist. Shaun Barry peer reviewed the IVR. Both Mal Dorricott and Mark Berry have visited site, but it was in 2015 and 2014 respectively. Limited activity has occurred at site in the last five years, comprising a small amount of open pit and underground mining, and some processing. Existing travel restrictions preclude a site visit, but Derisk is satisfied that we have sufficient current information to allow us to complete the valuation without a site visit. Anchor has provided Derisk with relevant technical and financial information together with photographs and movies of the operation to facilitate an informed evaluation.

The JORC Code requires that a public report describing a company's Exploration Results, Mineral Resources and Ore Reserves must be based on, and fairly reflect, the information and supporting documentation prepared by a Competent Person, as defined by the JORC Code. SGX Catalist rules use the term qualified person and provide a definition that is effectively equivalent to a Competent Person.

A draft of this Report was provided to Anchor for review and to identify any factual errors or omissions. Feedback on the draft report from Anchor has been incorporated into this Final Report.

Derisk confirms that its Directors, staff, contributors and reviewers to this Report are independent of Anchor and have no interest in the outcome of the work to be completed in this engagement. Fees paid to Derisk are on a fee-for-service basis plus reimbursement of project-related expenses. Our agreement with Anchor excludes any provision for a success fee or related incentive.

1.3 Mineral Assets

The Lubuk Mandi gold mine is located within the state of Terengganu on Peninsula Malaysia in the district of Marang. In 2012, the State Economic Development Corporation of Terengganu (Perbadanan Memajukan Iktisad Negeri Terengganu or PMINT) was granted mining licences over the old mining area. In 2013, AASB participated in a tender and was awarded the Lubuk Mandi Concession Agreement, under which AASB was granted the right to carry out mining operations and processing of gold at the Lubuk Mandi Mine.

[4] Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code), 2015
[5] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code), 2012

The site is covered by two mining leases (MLs) that will expire in April 2022 and June 2025. An independent legal review of the status of the tenements has been undertaken by the firm, Peter Ling & Van Geyzel (PLVG) prior to the recent renewal of ML 2/2007 to June 2025.

Prior to 2013, open pit mining and processing of gold occurred, mostly from 1992 to 1999. During that period the mining operation included two open pits (north pit and main/south pit) and the operation of a mill and gold recovery plant. At the end of its operation in 1999, the Lubuk Mandi gold mine had produced nearly 110,000 oz of gold.

Since 2013, AASB has constructed a gold processing plant to retreat tailings from the previous mining and processing operation and has investigated options for open pit and underground mining of the in situ mineralisation that extends below the open pit excavations. To 30 June 2020, AASB has processed some 248,000 t of tailings, completed a small open pit mining and processing campaign of 20,000 t, and has commenced the development of an underground mining operation, but has not yet mined or processed any ore.

The current configuration of the tailings retreatment plant produces a dried gold-bearing concentrate. AASB has two agreements in place for concentrate sale and purchase. AASB proposes that ore from the underground mine will initially be processed separately to the tailings stream and run through a gravity process to collect free gold, then will be mixed with the tailings and processed through the tailings retreatment plant to produce a gold-bearing concentrate.

AASB reported Mineral Resources in accordance with the JORC Code for both tailings material and hardrock mineralisation as at 31 December 2019 (Table 1-1 and Table 1-2). A small amount of tailings (48 kt @ 0.86 g/t Au containing 1,327 oz of gold) was mined and processed from 1 March to 30 June 2020, but no hardrock mining or processing activity has occurred in 2020.

Table 1-1. Tailings Mineral Resource as at 31 December 2019 reported using a cut-off criterion of 0.4 g/t Au.

Category	Tonnes (Mt)	Gold Grade (g/t)	Contained Gold (oz)
Gross attributable to licence and net attributable to issuer			
Measured	-	-	-
Indicated	1.01	0.71	23,000
Inferred	0.10	0.83	2,500
Total	**1.11**	**0.72**	**25,500**

Source: Wrightech Engineering, 2020.

Table 1-2. Hardrock Mineral Resource as at 31 December 2019 reported using a cut-off criterion of 0.3 g/t Au.

Category	Tonnes (Mt)	Gold Grade (g/t)	Contained Gold (oz)
Gross attributable to licence and net attributable to issuer			
Measured	-	-	-
Indicated	1.50	1.46	69,000
Inferred	0.30	1.01	10,000
Total	**1.80**	**1.39**	**79,000**

Source: Wrightech Engineering, 2020.

There are no Ore Reserves as at 30 June 2020 for either the tailings material or hardrock material. AASB and its partners undertook technical studies to support the development of the tailings reclamation and retreatment operation, but these were not at the level of a prefeasibility study (as defined by the JORC Code) and therefore are not adequate to support the estimation and reporting of Ore Reserves for the tailings. AASB and its mining partners completed some internal technical studies to support its underground development plans. However, work completed to date is not at the level of a prefeasibility study and therefore is not adequate to support the estimation and reporting of Ore Reserves for the hardrock material.

For this valuation, Derisk has depleted the tailings mineral resource up to 30 June 2020 and factored this depleted resource for recovery and dilution to obtain an unmined tailings inventory for its valuation scenarios of 931 kt at 0.68 g/t Au. The total hardrock resource has been adjusted using a cut-off grade of 2 g/t Au to obtain an in situ underground inventory of 350 kt at 3.9 g/t Au and this has been factored for dilution and recovery appropriate to the proposed underground mining method to obtain a total of 300 kt at 3.0 g/t Au.

1.4 Valuation

Derisk has prepared four valuation scenarios for the Project as follows:

- An income-based conservative case derived from mining and processing of more than half of the unmined tailings Mineral Resource up to the expiry of ML 1/2007, with a market-based valuation of the remaining unmined tailings Mineral Resource (9,900 oz Au) and all the hardrock Mineral Resource (79,000 oz Au).
- An income-based base case derived from mining and processing all the unmined tailings Mineral Resource, with a market-based valuation of all the hardrock Mineral Resource (79,000 oz).
- An income-based upside case derived from mining and processing all the unmined tailings Mineral Resource and all the economic hardrock Mineral Resource by underground mining.
- A market-based valuation of the unmined tailings Mineral Resource (24,200 oz Au) and the hardrock Mineral Resource (79,000 oz) at the effective valuation date of 30 June 2020.

Table 1-3 summarises the valuations prepared and Derisk considers that the income-based valuation scenarios supplemented by market-based valuations for unmined Mineral Resources should be used to determine a valuation for the project. The market-based comparable transaction approach is considered a check on the income-based scenarios.

Table 1-3. Valuation of Lubuk Mandi project.

Valuation Scenario	Income-based Valuation Range (USD million)	Market-based Valuation Range (USD million)	Overall Valuation Range (USD million)
Conservative case (income-based) plus value of remaining unmined tailings Mineral Resource and all the hardrock Mineral Resource (market-based)	1.3 – 2.9	3.0 – 5.7	4.3 – 8.6
Base case (income-based) – all tailings Mineral Resource is mined, but includes value of all the hardrock Mineral Resource (market-based)	0.9 – 3.9	2.4 – 4.7	3.3 – 8.6
Upside case (income-based) – all economic Mineral Resources are mined	9.4 – 12.6	-	9.4 – 12.6
Market-based valuation of tailings and hardrock Mineral Resources as at 30 June 2020	-	3.8 – 7.2	3.8 – 7.2

In determining a Market Valuation, Derisk has applied weighting factors of 60% to the base case and 40% to the upside case. This delivers a range of USD 5.7 – 10.2 million with a preferred mid-point value of USD 8.0 million.

1.5 Risks and Opportunities

The most significant risk and opportunity to the Project relates to the gold price. Derisk considers the gold price sensitivity to be a Medium risk and a High opportunity for all valuation cases.

For the tailings operation the key risks identified are reduced throughput and recovery of gold in the retreatment plant compared to budget, and difficulties in reclaiming tailings during prolonged high rainfall events. The main opportunity is in achieving higher throughput and recovery rates compared to budget.

For the proposed underground hardrock operation the key risks identified are:

- It is possible that the higher-grade portion that is proposed to be stoped may comprise very narrow and/or discontinuous lodes that are uneconomic or operationally impractical to mine resulting in the proposed production rate and/or the scheduled grade not being achieved. This is considered a High risk.
- All the stoping operations will be conducted under the open pit which is partially flooded. Although a 20 m thick crown pillar is to be left below the floor of the pit, no hydrogeological assessment has been provided to Derisk to confirm that this will be adequate to protect the workings from uncontrolled ingress of water. This is considered a High risk.
- Derisk has not been provided with any geotechnical investigation or assessment to confirm that the proposed shrinkage stoping operation will not be adversely impacted by poorer than expected ground conditions. Due to the relatively small opening dimensions, this is considered a Medium risk.
- The overall economics would be severely impacted if ML 1/2007 and/or the agreement with GAR were not renewed in April 2022. This is considered a Medium risk.

Given the lack of detailed planning, it is possible that the underground operation could achieve significantly higher than expected tonnage and/or grade, resulting in increased revenue and profitability. Derisk considers that there is a Low-Medium chance of this happening.

1.6 Conclusions

The Lubuk Mandi gold mine has Mineral Resources for both tailings and in situ mineralisation, but no Ore Reserves. AASB has built a tailings retreatment plant that produces gold in concentrate for sale, and a hardrock processing plant that recovers free gold through a gravity circuit before being processed through the tailings retreatment plant.

AASB has experienced technical and operational difficulties that have resulted in a poorer performance of the tailings retreatment plant compared to plans and a change from open pit mining to underground mining for the hardrock Mineral Resources. Derisk considers that the tailings Mineral Resource is technically sound and fit-for-purpose. The hardrock Mineral Resource is also technically sound as a global estimate but is unlikely to provide accurate local estimates of tonnes and grade in an underground mining operation without additional drilling.

Derisk has determined a Market Value for the operation that ranges from USD 5.7 – 10.2 million with a preferred mid-point value of USD 8.0 million.

Derisk's valuation as at 30 June 2020 is considerably lower than the valuation prepared by AMC Consultants Pty Ltd (AMC) for Anchor's SGX listing (effective valuation date of 30 September 2015). AMC concluded the Project had a valuation range from USD 16.1 to 22.2 million, with a preferred value of USD 19.2 million. Whilst the gold price is significantly higher in June 2020 compared to September 2015, the main reasons for the lower valuation in 2020 are as follows:

- In 2015, the tailings processing plant was being commissioned, but had not operated as a continuous production operation. AMC accepted the expected throughput and recovery forecasts with minimal adjustment. Over the subsequent four years, these forecasts were never achieved, and the project has operated at a loss each year. Derisk has accepted AASB's current forecast throughput rates and recoveries, which are more realistic given the production history since 2015.
- The change in the tailings processing strategy from cyanide leach to flotation means that AASB is now charged an impurities penalty by BFIE equal to 30% of the value of the gold content to cover the cost of smelting and refining of the gold concentrate.
- The tailings Mineral Resource has been partially depleted and now has a lower tonnage and lower grade than reported in 2015, containing fewer ounces of gold.
- AMC assumed an open pit mining operation for the hardrock Mineral Resource. This did not prove to be profitable and a more expensive underground operation is now being developed. The cut-off grade for the underground operation will be much higher than for the open pit operation, so the mined ounces of gold will be significantly less.
- AASB has established a revenue sharing arrangement with Great Aims Resources Sdn Bhd (GAR) for mining and processing. This agreement reduces AASB's financial risk, but it also significantly reduces its share of the revenue.

2 INTRODUCTION

2.1 Scope and Use of Report

In November 2020, Derisk was engaged by Anchor to prepare an IVR of the Malaysian mineral assets held by its subsidiary AASB.

Anchor is listed on SGX Catalist. Its 100% owned subsidiary, AASB holds gold mineral assets in the state of Terengganu, specifically the Lubuk Mandi gold mine. Derisk understands that Anchor requires an IVR to be prepared for AASB's mineral assets in support of a settlement of outstanding convertible bonds with AASB shares.

The effective date of the valuation presented in this Report is 30 June 2020.

2.2 Valuation and Reporting Standard

This valuation is prepared in accordance with the VALMIN Code and the exploration and mining information is reported in accordance with the JORC Code.

For the purposes of this Report, value is defined as Market Value being the estimated amount (or the cash equivalent of some other consideration) for which the mineral asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion.

All values in this Report are in nominal United States dollars (USD or $) or Malaysian Ringgit (MYR) unless otherwise stated.

2.3 Report Authors and Contributors

This Report has been prepared by Mal Dorricott and Mark Berry and peer reviewed by Shaun Barry. Table 2-1 presents details of the role and qualifications of each of the contributors.

Table 2-1. Report contributors.

Name	Title	Years of Experience	Professional Membership	Role and Responsibility
Mal Dorricott	Principal Mining Consultant	50	FAusIMM	Practitioner and Specialist
Mark Berry	Director and Principal Geologist	40	MAIG, AAICD	Project Manager and Specialist
Shaun Barry	Associate Principal Mining Consultant	30	MAusIMM CP, MRICS, MIQA	Internal peer review

Refer to Section 18 Definitions and Glossary for explanation of professional memberships.

The VALMIN Code requires that a public report on a technical assessment or a valuation report for mineral assets or securities must be prepared by a Practitioner, who is an Expert as defined in the Australian Corporations Act. Practitioners may be Specialists and Securities Experts.

The JORC Code requires that a public report describing a company's Exploration Results, Mineral Resources and Ore Reserves must be based on, and fairly reflect, the information and supporting documentation prepared by a Competent Person, as defined by the JORC Code. SGX Catalist rules use the term qualified person and provide a definition that is effectively equivalent to a Competent Person. In this IVR, whenever reference is made to a Competent Person as per the JORC Code, it is equivalent to a qualified person as per the SGX Catalist rules.

Practitioner/Specialist/Competent Person statements for Mal Dorricott and Mark Berry are provided in Section 16 of this Report.

A draft of this Report was provided to Anchor for review and to identify any factual errors or omissions. Feedback from Anchor has been incorporated into this Final Report.

2.4 Site Visits

Mal Dorricott visited the site in August 2015 and Mark Berry in July 2014.

Limited activity has occurred at site in the last five years, comprising limited open pit and underground mining, and some processing. Existing travel restrictions preclude a site visit, but Derisk is satisfied that we have sufficient current information to allow us to complete the valuation without a site visit. Anchor has provided Derisk with relevant technical and financial information together with photographs and movies of the operation to facilitate an informed evaluation.

2.5 Statement of Independence

Derisk confirms that its directors, staff and all contributors to this Report are independent of Anchor and have no interest in the outcome of the work to be completed in this engagement. Fees paid to Derisk are on a fee-for-service basis plus reimbursement of project-related expenses. Our agreement with Anchor excludes the provision for a success fee or related incentive. The fee for preparation of this Report is AUD 29,000 and payment of this fee is in no way contingent on the results of this Report.

2.6 Methodology and Limitations

Derisk has reviewed the information provided by Anchor. We have exercised due care in reviewing the supplied information and believe that the inputs into and estimates of the valuations are reasonable.

Whilst Derisk has independently analysed the data provided by Anchor, the accuracy of the conclusions of this Report relies on the accuracy of the supplied data. Derisk Specialists have made enquiries and exercised our judgement on the reasonable use of such data and information, and have no reason to doubt the accuracy or reliability of the information provided, but we do not accept responsibility for any errors or omissions in the information supplied, and do not accept any consequential liability arising from investment or other financial decisions or actions by others.

Derisk has not independently verified the legal status of the tenements described in this Report but has relied on information provided by Anchor regarding the legal status of the tenements. The due diligence review of the status of the tenements has been undertaken by the independent firm PLVG, and as such, PLVG assumes no responsibility for any part of this Report.

2.7 Reliance

All advice, reports and deliverables prepared by Derisk are for the exclusive benefit of Anchor and may not be relied on by any party other than Anchor. Derisk understands that this Report will be made publicly available. Derisk requires that all public reports containing references to Derisk and/or Derisk advice, and all information provided by Derisk for the public report will be reviewed and approved by Derisk prior to publication – in the form and context that it will appear in the public report.

2.8 Records and Indemnities

Anchor has been provided with all digital data files produced by Derisk during this engagement. Derisk is entitled to retain a copy of all material information upon which our report is based.

Anchor has agreed to indemnify, defend, and hold Derisk harmless against any and all losses, claims, damages, costs, expenses, actions, demands, liabilities, or proceedings (including but not limited to third-party claims) howsoever arising, whether directly or indirectly out of this Agreement or the provision or non-provision of the services, other than losses, claims, damages, costs, expenses, actions, demands, liabilities, or proceedings that are determined by a final judgement of a court of competent jurisdiction to have resulted from actions taken or omitted to be taken by Derisk illegally or in bad faith or as a result of Derisk's gross negligence.

3 PROJECT DESCRIPTION AND STATUS

3.1 Location

The Lubuk Mandi gold mine is located within the state of Terengganu on Peninsula Malaysia in the district of Marang (Figure 3-1).

Figure 3-1. Location of Lubuk Mandi gold mine.

Source: Optiro, 2018.

3.2 Ownership

AASB was established as an incorporated company in Malaysia in November 2011. In April 2012, PMINT was granted mining licences over the old mining area. In February 2013, AASB participated in a tender and was awarded the Lubuk Mandi Concession Agreement, under which AASB was granted the right to carry out mining operations and processing of hard rock gold at the Lubuk Mandi Mine.

3.3 Access

The site is 17 km south of Kuala Terengganu and approximately 2 km from the east coast of Malaysia. The nearest township is Marang, located 5 km southeast of the mine. Residential and light commercial development exists along the coast from Kuala Terengganu to Marang along the Kuala Terengganu – Kuantan highway. The mine is linked to the main Kuala Terengganu – Kuantan highway and is accessible via a sealed road from the village of Kampung Rhu (Figure 3-2). Residential and commercial properties fringe the northern and eastern sides of the operation.

Figure 3-2. Local area around the Lubuk Mandi gold mine.

3.4 Climate

The area experiences relatively hot and humid conditions throughout the year with maximum daytime temperatures averaging 28°C to 32°C, typical of a tropical wet climate. Between November and January, the area experiences heavy rainfall brought by the annual northeast monsoon season. Average annual rainfall is approximately 3,000 mm.

3.5 Geomorphology

The site comprises a single valley floor surrounded by steep hilly landforms rising to a maximum height of approximately 100 m above sea level. The immediate mine area is undulating to moderately hilly, with relief of approximately 50 m. The area has weakly incised drainage lines, with minimal areas of naturally flat land. Areas of the project site have been levelled as part of previous operations.

3.6 Project History

Gold was first discovered at the site in 1989, which led to a significant gold rush by local miners, but the area was closed to mining by the state authorities in 1990 after several accidents and fatalities.

In 1992, PMINT, through its subsidiary Permint Minerals Sdn Bhd (PERMINT), commissioned the Lubuk Mandi gold mine. The mining operation included excavation of two open pits (north pit and main pit) and the construction and operation of a mill and gold recovery plant. At the end of its operation in 1999, the Lubuk Mandi gold mine had produced nearly 110,000 oz of gold.

In 2001, state authorities reopened the area to small-scale miners with some substantial mining and processing operations undertaken in 2008 and 2009. Production records subsequent to the closure of the main operation in 1999 are not documented.

After closure of the main open-pit operations in 1999 and prior to AASB's involvement, some drilling and other work was carried out by various parties, including diamond drilling and drilling of the southern-most tailings storage area.

Since 2013, AASB in conjunction with other parties has completed several drilling programs (tailings and hardrock), metallurgical testwork, construction and operations of a tailings retreatment plant, a limited open pit mining and processing operation, and preliminary development of an underground mining operation. Notably:

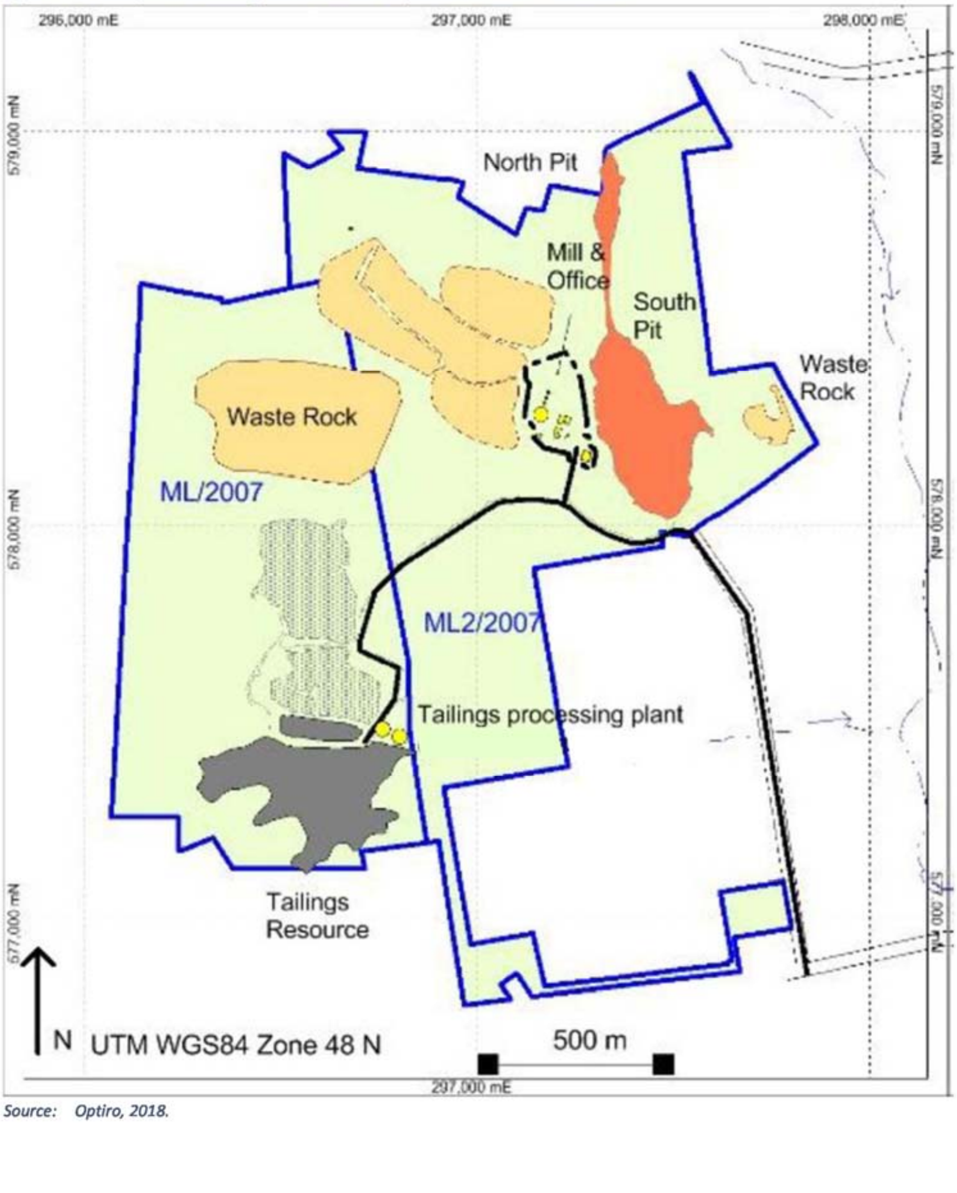
- In July 2013, AASB and GBM Limited (GBM) entered into an acquisition and joint venture agreement to explore and operate the leases. During this time GBM prepared Mineral Resource estimates for the tailings and in situ mineralisation and commenced construction and commissioning of the tailings retreatment plant. The agreement was terminated in July 2015.
- In August 2015, AASB and Sinomine Resource Exploration Co. Ltd (Sinomine) entered into a Co-operation Agreement whereby Sinomine, on a non-exclusive basis, undertook exploration, mining, processing, and smelting of in situ gold mineralisation and to potentially take over operation of the tailings retreatment operation. In May 2017, AASB and Sinomine announced they had mutually terminated their agreement.
- In May 2017 AASB entered into a mining agreement with GAR. Through this agreement, AASB engaged GAR on an exclusive basis to carry out gold mining works and processing at Lubuk Mandi. This agreement is current as at 30 June 2020.
- In March 2020, tailings mining and processing operations resumed and are continuing in accordance with the Malaysian Government movement control order (MCO), which was implemented to limit and manage the spread of the COVID 19 pandemic.

4 TENEMENTS AND AGREEMENTS

4.1 Tenure

The site is covered by two mining leases ML 1/2007 and ML 2/2007 (Figure 4-1). Anchor commissioned an independent tenement review by PLVG in May 2020 to fulfil VALMIN Code requirements for a recent independent assessment of tenement status. Tenement details are summarised in Table 4-1 and confirms that the registered tenement holder is PMINT.

Figure 4-1. EL 45/4701 showing the 12 blocks subject to the FMA with Anchor.



Source: Optiro, 2018.

Table 4-1. Tenement status as at May 2020.

Tenement	Tenement Holder	Expiry	Area (ha)	Mining Activity
ML 1/2007	PMINT	8 April 2022	95.03	Gold only
ML 2/2007	PMINT	5 March 2022	126.50	Gold only

Source: PLVG, 2020.

PLVG reviewed the Concession Contract Work Agreement dated 15 February 2013 plus the Supplementary Agreement to the Concession Contract Work Agreement dated 12 April 2018 in place between PMINT and AASB.

PLVG determined that:

- Nothing came to the attention of PLVG that would lead them to believe that the Mining Lease made in favour of PMINT may not have been validly approved by the State Authority of Terengganu.
- The execution of the Agreements between PMINT and AASB does not require the approval of the State Authority of Terengganu or any other regulatory bodies.
- AASB has valid and enforceable mining rights over the Mining Leases.
- PMINT and AASB have the power and authority to carry out and perform their respective obligations under the terms and conditions of the Mining Documents and Agreements.
- There are no legal impediments preventing PMINT and AASB from renewing the Mining Leases issued by the State Authority of Terengganu, subject to compliance with the terms and conditions specified in the original Mining Leases, Minerals Enactment, Minerals Regulations (and any other relevant rules and regulations as imposed from time to time by the relevant authorities) by AASB and PMINT.
- There is a strong likelihood that the Mining Leases will be renewed.

AASB subsequently advised Derisk that ML 2/2007 has been renewed to 21 June 2025 and provided Derisk with a copy of the lease renewal document. Based on the information provided by PLVG and AASB, Derisk considers that the tenements are currently in good standing but notes that ML 1/2007 expires in less than two years from the effective date of this valuation.

4.2 Government Regulations

The mining industry in Malaysia is regulated by the Ministry of Natural Resources and Environment with Mineral Resources vested in the state. The approval for mining related applications is empowered to the respective administrative divisions (states) in Malaysia in consultation with federal agencies.

Anchor is required to submit annual qualified person's reports (QPRs) to SGX. Derisk has sighted the 2019 QPR (Wrightech Engineering, 2020), the 2018 QPR (Rockhound Limited, 2019) and the 2017 QPR (Optiro, 2018). These reports document the legislative framework and regulatory environment for mining in Malaysia together with the obligations of both PMINT and AASB. PLVG has also completed an assessment of AASB's legal obligations.

Based on the information provided to Derisk, we understand that AASB is operating the Mining Leases in accordance with all government regulations.

4.3 Key Agreements

4.3.1 Operations and Revenue Sharing: GAR

AASB has an operations and revenue sharing agreement with GAR to operate the tailings reclamation and processing operation and conduct underground mining for a period of five years from 17 May 2017. The terms of the original agreement were amended on 16 April 2018 by a Supplemental Agreement. In 2020, the agreement was revised such that GAR will receive 20% of the gold revenue from the tailings processing and 50% of the gold revenue from the gravity processing of in situ material. Derisk has been provided with a statement from GAR confirming these revised arrangements. All other terms of the previous agreements are unchanged.

4.3.2 Gold Sales and Purchasing

AASB has two agreements in place for the sale of gold in concentrate. A memorandum of understanding (MOU) was signed with Tianjin Universal-Link Enterprise (Overseas) Limited (TULE) in November 2017, and a definitive sales and purchasing agreement was signed with Beijing Fuhaihua Import & Export Corp. Ltd. (BFIE) in January 2018. The key terms of the agreements are summarised in Section 10.2 of this report.

4.3.3 Export Approval

In December 2017 AASB obtained export approvals for semi-processed gold concentrated ore from the Ministry of Natural Resources and Environment of Malaysia.

4.3.4 Proposed Management Fee

Derisk has been advised that Anchor and AASB are in discussion about the possible introduction of a management fee (nominally 4.5% of gold revenue) to be levied by Anchor for oversight of the project and the supervision of the contractor (GAR). This is scheduled to commence in January 2021 for an initial period of one year but can be extended. Derisk considers that such a fee is not unreasonable for the proposed services to be provided.

5 GEOLOGY AND MINERALISATION

5.1 Regional Geology

The geological setting of Peninsular Malaysia results from events occurring at the margin of the Australian-Indian plate. The Peninsula is subdivided into three belts: Western Belt (Sibumasu Terrane), Central Belt, and Eastern Belt (East Malaya Terrane), primarily based on stratigraphy. The Bentong-Raub Suture Zone separates the Western and Central Belts.

The Western Belt contains early to late-Palaeozoic sedimentary and metamorphic basement rock (phyllite, schist, slate, limestone and marble) intruded by widespread late-Triassic granites. Tin mineralisation is associated with the granites that occur from central Thailand through Malaysia into Indonesia.

The Central Belt contains mainly Upper Carboniferous to Permian to Triassic shallow marine volcano-sedimentary successions that are characterised by thick basal limestone formations overlain by intercalated shale, mudstone, sandstones and pyroclastic volcanic rocks (mainly tuffs). There are late-Triassic granitoid to intermediate intrusives, but fewer when compared to the adjacent Western and Eastern Belts. Unconformably overlying this sequence are Jurassic to Cretaceous continental margin sediments (thick, cross-bedded sandstone with lesser conglomerate, shale-mudstone and volcanic rocks).

The Eastern Belt is comprised of poly-deformed Carboniferous to Triassic marine sedimentary and metamorphic basement rocks (phyllite, slate, shale, and limestone with lesser acid to intermediate volcanic rocks) intruded by Permian to Triassic gabbros, granites and granodiorites.

Peninsular Malaysia hosts a variety of mineral occurrences including tin, iron ore, ferromanganese, gold and base metals. Broadly, it is subdivided into three dominant mineral regions – the Western Tin Province, the Central Gold Province and the Eastern Tin Province, largely coinciding with the three geological belts.

The Eastern Tin Province is characterised by tin occurring in chlorite-bordered quartz vein swarms in metasediments, and magnetite-pyrrhotite-cassiterite skarns associated with late Carboniferous to Triassic granitoid intrusions. Historical tin production is less than that for the Western Tin Province.

Whilst most of the larger Malaysian gold deposits discovered to date are located in the Central Gold Province (e.g. Penjom), four specific gold belts, each of them oriented in a north-northwest to south-southeast alignment are recognised (Figure 5-1). Lubuk Mandi is located within Gold Belt 4, which parallels the east coast of Peninsular Malaysia in the Eastern Belt and the Eastern Tin Province.

5.2 Local Geology

The geological setting at Lubuk Mandi consists of mostly low-grade, chlorite-altered metasediments of Carbonaceous age, dominated by grey laminated phyllite and shale units with occasional siltstone and sandstone beds. Intense tectonic deformation means that it is difficult to trace continuous successions of beds beyond outcrop scale. Primary carbonaceous layers have been identified during mapping (as opposed to shear-related graphite) and mapping identified a relatively common sulphide-rich pelite bed with a yellow-green weathered surface. This layer maps out the trace of a number of distinct folds and is considered crucial in understanding the scale, wavelength, and amplitude of mineralised folding at site.

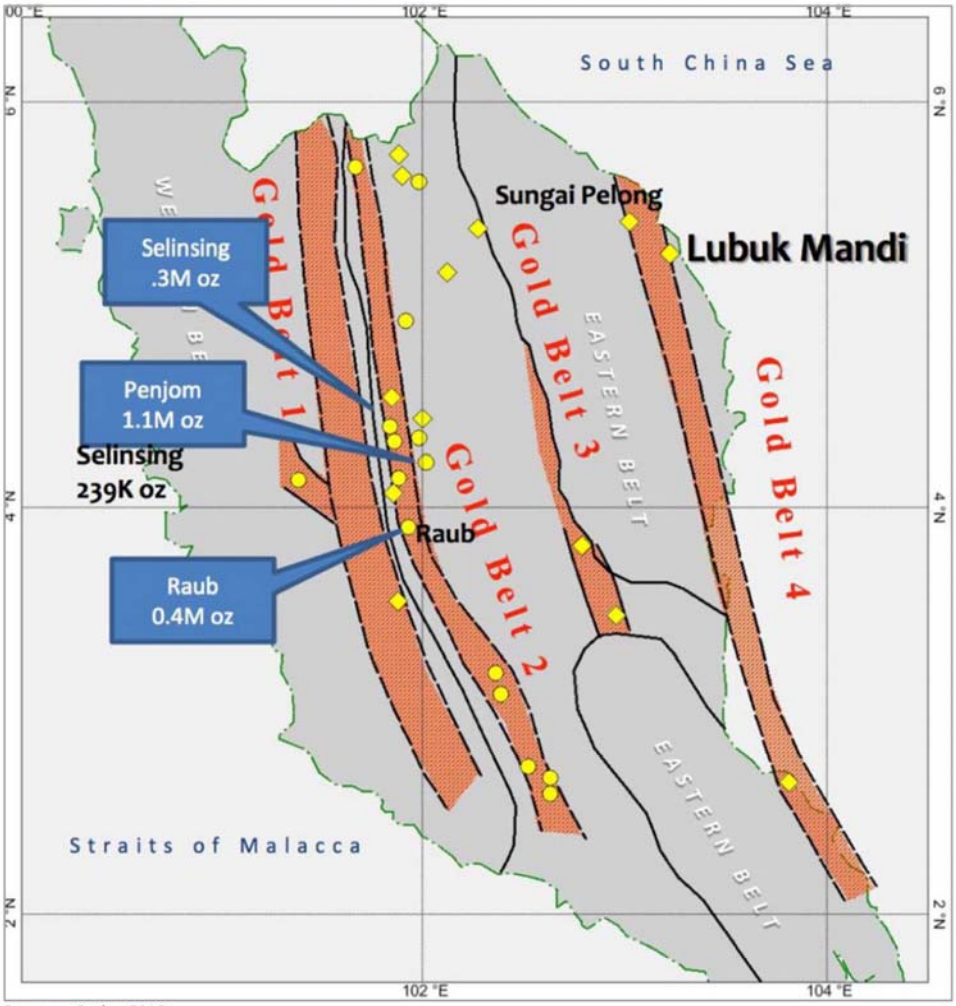
More than 800 detailed structural observations have been made throughout the mine area to understand the trend and extent of mineralised features. At least four distinct deformation events have been characterised and mapped. Deformation events are phases of tectonic activity that result in significant changes in the structure, orientation, or form of local and regional rocks through processes of collision or extension. These regional events result in localised representations of folding, mineralisation, or shearing.

5.3 Mineralisation

Gold mineralisation is primarily associated with sheared/brecciated massive quartz veins surrounded by sulphide-rich metasediments that contain up to 5% pyrite, traces of arsenopyrite, galena, and occasional sphalerite. Silicification is well-developed surrounding highly deformed and brecciated wall rock. Significant hangingwall-related deformation and stockwork veining is associated with thrusting, whereas the footwall to mineralisation is mostly undeformed.

Historical reports suggest mineralised quartz zones are up to 8 m wide, however, veins are known to significantly pinch and swell on all observed scales. Coarse gold grains up to 2 mm in size are most often observed in association with the margins of wall rock clasts and quartz veins. Previous studies have identified irregular dendritic gold growths as fracture infill within quartz veins. Gold is also observed in small quartz carbonate stringers.

Figure 5-1. Malaysian gold mineralisation distribution.



Source: *Optiro, 2018.*

6 EXPLORATION

The main exploration activities that have been documented at site include geological mapping, trenching and drilling.

6.1 Geological Mapping

Whilst several metasediment units are recognised at Lubuk Mandi, the intensely deformed nature of the host rocks and the general association of the mineralisation with quartz veining, has resulted in an emphasis on structural mapping rather than lithological mapping in the pit area.

Geological mapping was completed prior to 1997 by PERMINT but was not located by AASB. Structural mapping of the exposed portions of the pit walls was completed by GBM in 2013 and 2014 and is currently the only pit mapping available. Observations were recorded in field notebooks and their locations determined using a handheld global positioning system (GPS). Stereonets were compiled from the structural observations and used to support the structural model that underpins the 3D geological interpretation.

6.2 Trenching

PERMINT completed 26 trenches prior to 1994. The assays from these trenches were used in Mineral Resource estimates prepared by PERMINT. The exact location of these trenches has not been established as they have since been mined. No mapping, survey, or assay data is available for these trenches.

In 2013, GBM completed a series of surface trenches to improve understanding of the surface expression of the mineralisation in the pit area, however this data was not directly used in the resource estimate.

6.3 Drilling

6.3.1 Tailings Areas

The first phase of exploration drilling to assess the tailings material comprised banka drilling completed in 2004. This drilling tested tailings material within the southern main dam area and to establish the order of magnitude of the grade and tonnage.

In 2013, GBM completed a diamond drilling programme to confirm the tailings Mineral Resource by retesting the southern main dam as additional material had been added since the previous drilling phase. In addition, GBM tested the adjacent small tailings dam to the north of the main southern dam almost concurrently with a separate phase of hand auger drilling on the lower tailings and mullock areas further north. In total, 26 banka drillholes (441 m), 29 HQ-size diamond drillholes (434 m), and 24 hand auger drillholes (39 m) were completed between 2004 and 2013 and are shown in Figure 6-1.

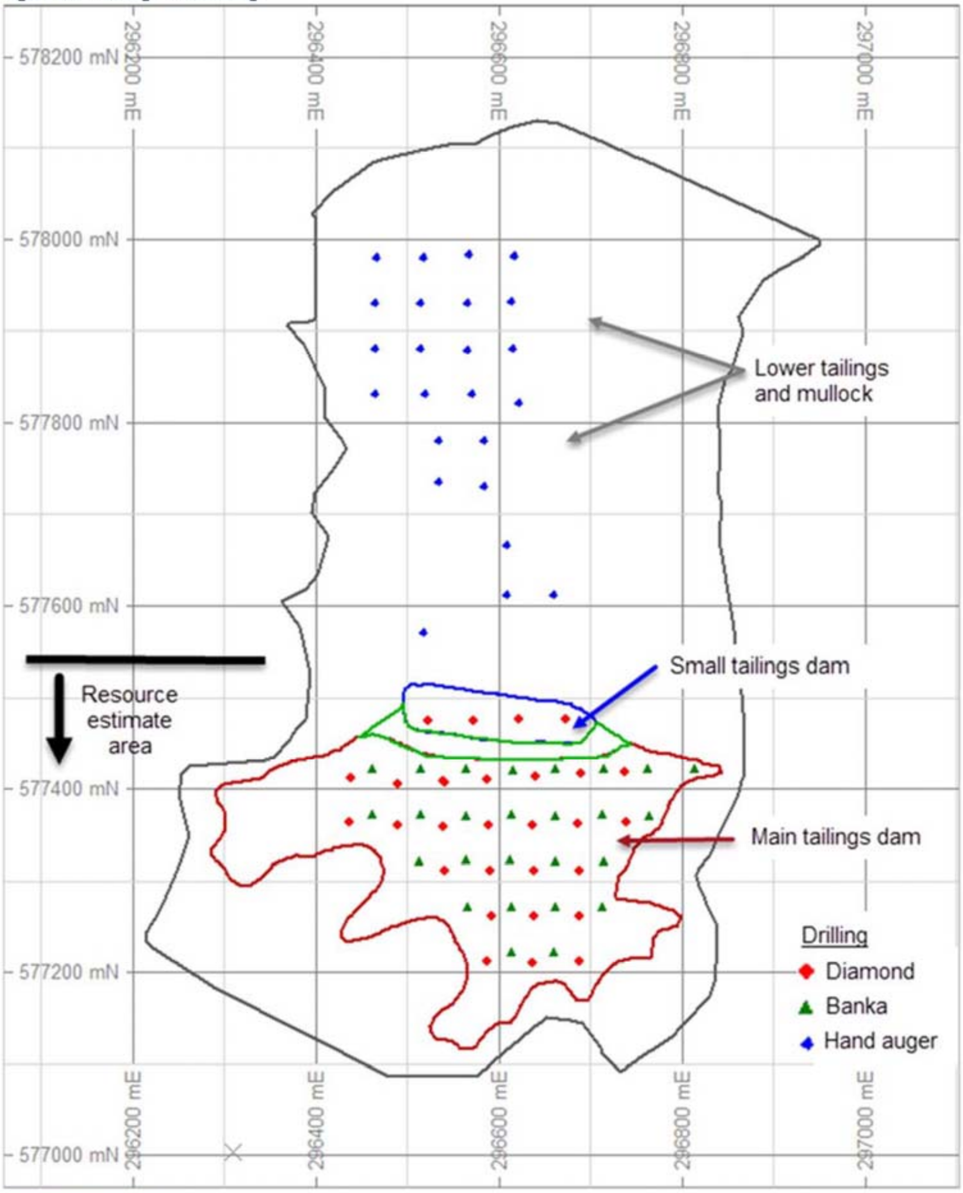
Drilling samples were geologically logged, sampled, and analysed at commercial laboratories. Bulk density measurements were also conducted and a range of quality assurance and quality control (QA/QC) measures were implemented. This work has been extensively reviewed by various parties and has been found to be fit-for-purpose. Derisk considers the data is satisfactory to support the Mineral Resource estimates prepared for the tailings material.

6.3.2 Hardrock Areas

Drilling programs completed to test the hardrock mineralisation at Lubuk Mandi are summarised in Table 6-1 and shown in Figure 6-2. The 2017, 2018 and 2019 QPRs for Lubuk Mandi document no further drilling has been completed to test the hardrock mineralisation at site.

Drilling activities, geological logging, sampling, and analysis of the various hardrock drilling programs have been documented in detail by various parties. Most of the data collected has been used to guide the geological interpretations prepared for the hardrock mineralisation, although some of the sampling and assay data has not been used in the estimation process. Some bulk density measurements were conducted, and a range of QA/QC measures were implemented. This work has been extensively reviewed by various parties and has been found to be fit-for-purpose. Derisk considers the data is satisfactory to support the Mineral Resource estimates prepared for the hardrock material.

Figure 6-1. Tailings area drilling.



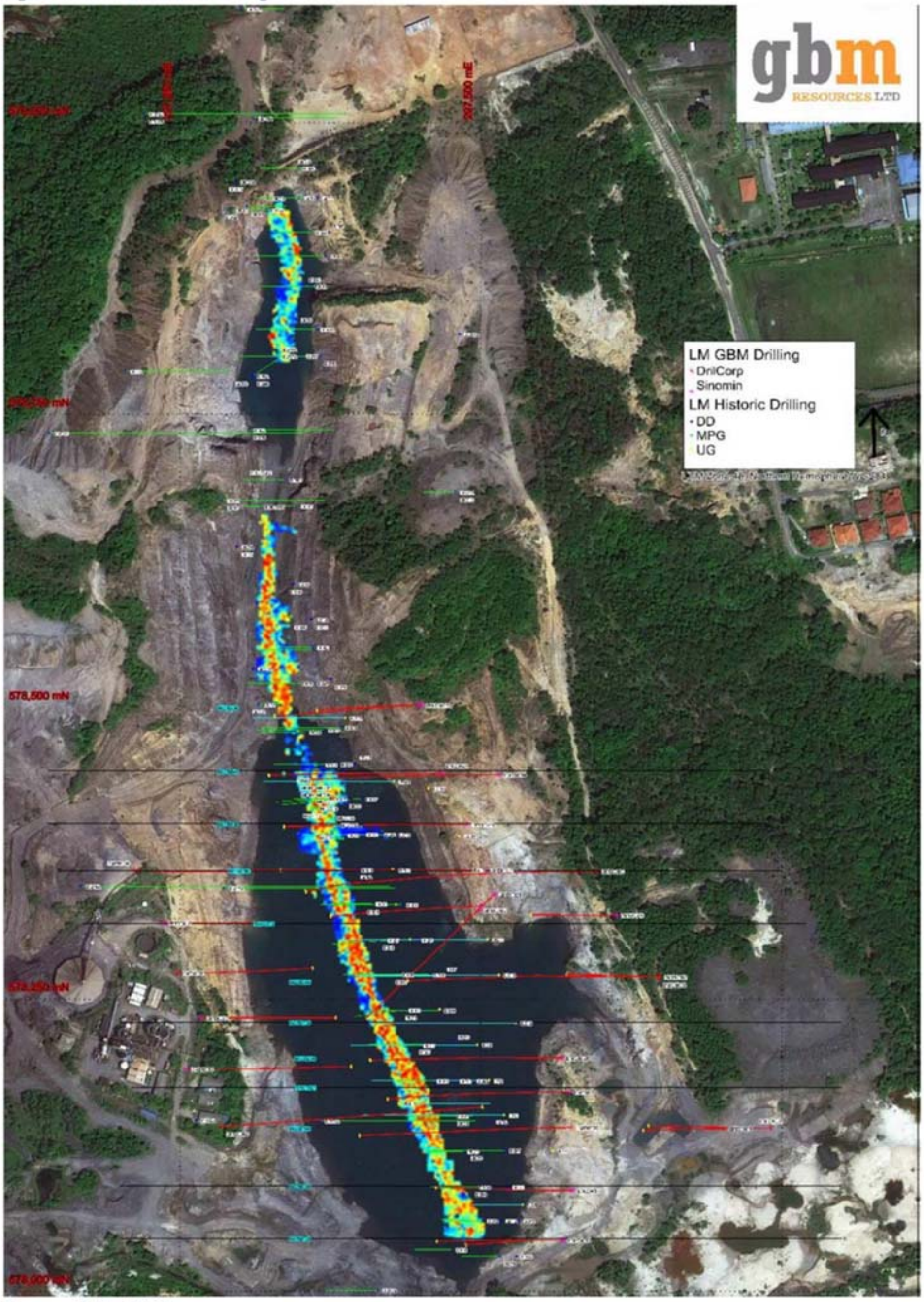
Source: AMC, 2015.

Table 6-1. Hardrock drilling history.

Year	Company	Holes	Metres	Comment
1990-94	SEDC	108	11,526	'DD' series diamond drillholes in the upper part of the deposit, most of which has been mined. There is no drill core available, collars are not marked and there are no paper logs or paper laboratory results available. Drill spacing is approximately 30 m north-south and 15 m east- west (DD holes in the database). These holes are used in the current Mineral Resource estimate.
1992-98	PERMINT	2,119	10,595	Blasthole sampling on a 2.5 m by 2.5 m grid pattern. There is an almost full set of bench plans available with the collar location, weighted average gold grade and a 0.2 g/t gold polygon, assumed to be the mining cut-off. These holes were not used in the Mineral Resource estimate but were used to guide the wireframe interpretation and for reconciliation.
1995	PERMINT	4	317	'DDP" series in-pit drilling targeting the area approximately 60 m below the pit floor. There is no drill core available, collars are not marked and there are no paper logs or paper laboratory results available. There is a report with electronic log printouts for drillholes and assays and gold repeats from a Microlynx database, as well as a printout from a 1997 Mineral Resource estimate report (Ibrahim et al 1997). These holes are used in the current Mineral Resource estimate.
1996	PERMINT	11	1,898	'UG' series (Phase 1) reverse circulation (RC) with diamond tail drilling to target deeper mineral resources beneath the pit. There is no drill core available, collars are not marked, and there are no paper logs or paper laboratory results available. However, there is a report with electronic log printouts for drillholes and assays and gold repeats from a Microlynx database, as well as a printout from a 1997 Mineral Resource estimate report. These holes were used in the current Mineral Resource estimate.
1997	PERMINT	9	1,694	'UG' series (Phase 2) as above.
2004	Bidalan Mayang Sdn Bhd	8	911	'BM' series exploration diamond holes drilled along strike and below known mineralisation in the area of the mined pit. Two drillholes targeted the ESZ. No collar locations, assays or drill logs are available for these drillholes. These drillholes were not used in the current Mineral Resource estimate.
2008	Bidalan Mayang Sdn Bhd	26	239	'MP' and 'MPG' series grade control holes, which are assumed to have been RC holes drilled in the pit. Only partial records and drill sections are available. These holes were not used in the current Mineral Resource estimate, but were used to guide the wireframe interpretation and for reconciliation.
2013-14	GBM	9	2,209	'LMD' series phase I of infill and validation of historical drilling. Holes were diamond drilled and surveyed by Drill Corp Malaysia. These holes were used in the current Mineral Resource estimate.
2014	GBM	21	4,021	'LMD' series phase II of infill and validation of historical drilling. Holes were diamond drilled and surveyed by Drill Corp Malaysia. These holes were used in the current Mineral Resource estimate.
2015	Sinomine	3	1,023	'ZK15' series holes completed by Sinomine. These holes were completed after the current Mineral Resource estimate.

Source: Optiro, 2018.

Figure 6-2. Hardrock area drilling.



Source: Optiro, 2018.

7 MINERAL RESOURCES AND ORE RESERVES

7.1 Mineral Resources

7.1.1 Tailings

The most recent estimate of Mineral Resources for the tailings was reported by AMC in 2015. There has been some mining and processing of this material to June 2020, but the resource estimate has not been revised because there is no new information. AMC reported that the process used to estimate the resource in 2015 was:

- Digital text files of drillhole data were extracted from a master database then imported into Gemcom and Microsoft Excel spreadsheets for checking and validation.
- The pre-development and post-mining topography of the tailings facility were derived from drilling data and surveyed outline of the tailings imported into Gemcom.
- Digital surface files were firstly created from drilling to outline tailings materials then refined using a 0.2 g/t Au lower cut-off.
- Data validation checks were completed on drillhole collar coordinates and sampling/analysis data.
- A 3D interpretation of the tailings materials was created using the drillhole geological logs, chemical assay results, and tailings extent survey. Gemcom was used to develop enclosed shapes defining the tailings materials.
- Statistical analysis of drillhole data was completed, including sample recovery, chemical analyses, and density determinations.
- Drillhole composite length was selected, followed by composite statistics and a variographic analysis of the drillhole data.
- A 3D digital block model was created. A proportion was assigned to each parent block to allow reasonable boundary definition of the topography, and the contained portion of tailings material.
- Estimation search parameters were developed for each area, and grade estimates were generated using the inverse distance (squared) interpolation method. Length weighting of composites was also used in realising grade estimates.
- Grade estimates were checked visually against the input data. The block model and composite statistics were computed and checked, together with swath plot checks.
- Assignment of the mineral resource classification was completed, considering the confidence in the interpretation of the tailings material, drillhole spacing, sample density, assessments of the integrity and robustness of the sample database, and estimation quality.
- Grade-tonnage curves were produced.
- Mineral resources were reported using a 0.4 g/t Au cut-off criterion.

As at 30 September 2015, AMC reported a total tailings Mineral Resource of 1.4 Mt @ 0.74 g/t Au, comprising 1.3 Mt @ 0.73 g/t Au in the Indicated category and 0.1 Mt @ 0.83 g/t Au in the Inferred category.

Mining of limited tailings material was reported in 2015, 2016, 2018 and 2019, and in each of the 2017, 2018 and 2019 Lubuk Mandi QPRs, the 2015 tailings Mineral Resource estimate was used and depleted for mining. Derisk has not been provided with mining and processing statistics for 2015 and 2016 but has been advised that the amount of material processed was not material. In 2018 and 2019, AASB reports that approximately 191,000 dry t of tailings @ 0.72 g/t Au were processed.

Most recently, Wrightech Engineering reported the tailings Mineral Resource as at 31 December 2019 (Table 7-1).

Table 7-1. Tailings Mineral Resource as at 31 December 2019 reported using a cut-off criterion of 0.4 g/t Au.

Category	Tonnes (Mt)	Gold Grade (g/t)	Contained Gold (oz)
Gross attributable to licence and net attributable to issuer			
Measured	-	-	-
Indicated	1.01	0.71	23,000
Inferred	0.10	0.83	2,500
Total	**1.11**	**0.72**	**25,500**

Source: Wrightech Engineering, 2020.

Derisk has reviewed the Mineral Resource estimate reported by AMC in 2015, together with annual reports documenting the tailings reclamation and processing activities to 31 December 2019. Whilst not all of the mining and processing activity has been accurately reported, Derisk considers that the average gold grade attributed to the main tailings retreatment activities in 2018 and 2019 is comparable with the global estimated tailings grade. Derisk considers that the estimate of the remaining tailings Mineral Resource is reasonable and fit-for-purpose.

Derisk has depleted this Mineral Resource by the material mined from March to June 2020 (48 kt at 0.86 g/t Au) to derive an unmined tailings inventory of 1.06 Mt at 0.71 g/t Au containing 24,200 oz Au for its valuation scenarios.

7.1.2 Hardrock

The most recent estimate of Mineral Resources for the hardrock mineralisation was also reported by AMC in 2015. There has been a small drilling program completed since this estimate (three drillholes in 2015), together with limited open pit mining and underground development to June 2020, but the resource estimate has not been revised because of the limited new information. AMC reported that the process used to estimate the resource in 2015 was:

- Digital text files of drillhole data were extracted from a master DataShed database then imported into Gemcom and Microsoft Excel spreadsheets for checking and validation.
- The pre-development and post-mining topography of the open-pit area were derived from drilling data and surveyed outlines of the open pit imported into Gemcom.
- The main lode structure was modelled on a section by section basis using a nominal 0.2 g/t Au lower cut-off grade, then converted to a 3D shape.
- Data validation checks were completed on drillhole collar coordinates and sampling/analysis data.
- The main lode structural wireframe was used to code blocks for a rock model in Gemcom. A percentage model was coded to show how much of each wireframe intersected each block.
- Intercepts inside the main lode wireframe were composited to 2 m intervals. A point was generated at each composite midpoint.
- Univariate statistics were generated for the composite data. The results were used to assist in determination of top-cuts and homogeneity.
- Variography was run on all data to determine a suitable search ellipse for block estimation.
- Estimation search parameters were developed, and grade estimates were generated using the ordinary kriging interpolation method.
- Blocks were estimated for gold. The number of samples used to estimate a block, the estimation variance, and the distance to closest sample was recorded for each block for quality determination of the estimate of each block.
- An average bulk density value of 2.68 t/m^3 was used to calculate tonnes from block volumes multiplied by the percentage model to give an undiluted resource per block.
- Grade estimates were checked visually against the input data. The block model and composite statistics were computed and checked, together with swath plot checks.
- An inverse distance squared model and a cross-sectional model were used to check the grade and volumes reported.
- An Inferred wireframe was produced based on drill spacing to code the classification into the block model.
- Grade-tonnage curves were produced.
- Mineral resources were reported using appropriate lower cut-off criterion.

As at 30 September 2015, AMC reported a total hardrock Mineral Resource of 1.8 Mt @ 1.39 g/t Au at a cut-off grade of 0.3 g/t Au, comprising 1.5 Mt @ 1.46 g/t Au in the Indicated category and 0.3 Mt @ 1.01 g/t Au in the Inferred category.

Limited open pit mining of the hardrock mineralisation took place from late-2016 to mid-2017. Rockhound Limited (2019) reported total mining of approximately 27,500 t during this period, and Optiro (2018) reported that AASB processed approximately 20,000 dry t of hardrock material @ 0.47 g/t Au prior to the suspension of mining. No further open pit mining has been reported.

In the 2018 and 2019 QPRs, some underground development activities are reported. However, there are no reports of any mining of the hardrock Mineral Resource.

Most recently, Wrightech Engineering reported the hardrock Mineral Resource as at 31 December 2019 (Table 7-2), but because there has been no mining from January to June 2020, these figures are also the same when reported as at 30 June 2020. This estimate is effectively the same as that reported by AMC in 2015 because of the non-material quantity of mineralisation mined to date.

Table 7-2. Hardrock Mineral Resource as at 31 December 2019 reported using a cut-off criterion of 0.3 g/t Au.

Category	Tonnes (Mt)	Gold Grade (g/t)	Contained Gold (oz)
Gross attributable to licence and net attributable to issuer			
Measured	-	-	-
Indicated	1.50	1.46	69,000
Inferred	0.30	1.01	10,000
Total	**1.80**	**1.39**	**79,000**

Source: Wrightech Engineering, 2020.

Derisk has reviewed the Mineral Resource estimated and reported by AMC in 2015, together with annual reports documenting the open pit and underground activities focused on the hardrock material to 31 December 2019. Derisk concludes that the material mined in 2016/2017 does not provide a basis for reconciliation against the resource model because of the limited tonnes mined and the lack of survey control to accurately deplete the resource model.

Derisk considers that the estimate of the remaining hardrock Mineral Resource is reasonable as a global estimate of tonnes and grade, however it is unlikely to provide accurate local estimates of tonnes and grade to support the planning for underground mining. It is satisfactory to support the current valuation.

7.2 Ore Reserves

There are no Ore Reserves as at 30 June 2020 for either the tailings material or hardrock material at Lubuk Mandi. AASB and its partners undertook technical studies to support the development of the tailings reclamation and retreatment operation, but these were not at the level of a prefeasibility study (as defined by the JORC Code) and therefore are not adequate to support the estimation and reporting of Ore Reserves for the tailings. GAR completed some internal technical studies to support its underground development plans and Derisk understands that these plans are currently being revised. However, work completed to date is not at the level of a prefeasibility study and therefore is not adequate to support the estimation and reporting of Ore Reserves for the hardrock material.

8 TAILINGS OPERATION

8.1 Tailings Reclamation

The current tailings reclaim method is to remove the top few metres of material to temporary stockpiles to drain excess water using a Ruston Bucyrus RB 22 dragline, fitted with a 0.6 m^3 bucket having a 12 m reach (Figure 8-1).

Figure 8-1. Reclaiming tailings.

Source: Wrightech Engineering, 2020.

8.2 Tailings Concentration

After draining, the material is loaded and hauled to Stockpiles A, B and C adjacent to the primary conveyor feed hopper. Removal of some oversize rocks and tramp material is hand-picked before feeding the primary conveyor bin with a 1.7 m^3 bucket wheel loader through a 6" grizzly-bar setup (Figure 8-2), onto the conveyor and then to the trommel where coarse material is rejected and the undersize goes on to the processing plant.

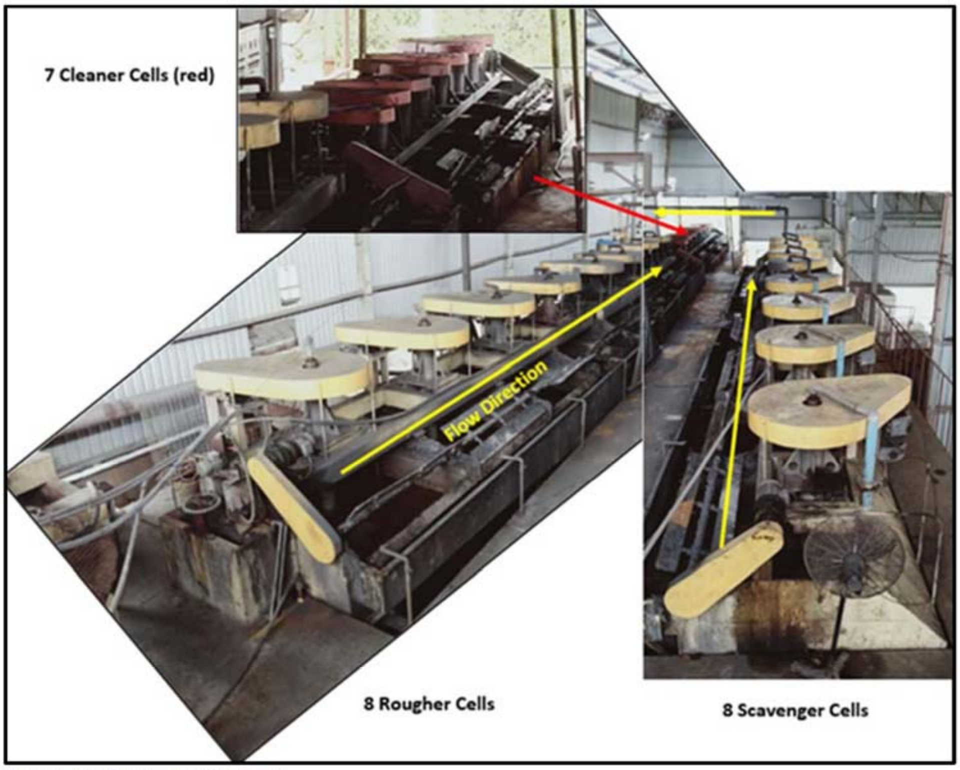
The tailings reprocessing circuit is set up to trommel wash and reject the hard tramp material and break up the clays fed from the primary conveyor before dropping into the 2.5 m x 4.0 m, 340 kW ball mill. Discharge from the mill falls into a spiral classifier feed box that sends coarse material back to the ball mill for regrinding. The fines pass through to conditioning tanks where the reagents are added to the slurry to facilitate sulphide flotation.

Figure 8-3 illustrates the flotation circuit with a configuration of eight roughers cells that produce a concentrate going to seven cleaner cells with tails going to the eight scavenger cells. The concentrate passes to the thickener before vacuum drum filtering. Scavenger concentrate is returned to the roughers, and the scavenger tails go to final tails. The concentrate is spread out on the shed concrete floor to air dry (Figure 8-4). Heavy-duty jumbo bags are filled with about 1.4 t of concentrate (Figure 8-5) and approximately 17 bags are loaded per container for export. In 2019, 961 t of concentrate was transported from site.

Figure 8-2. Screening tailings.

Source: Wrightech Engineering, 2020.

Figure 8-3. Reprocessing tailings via flotation.



Source: Wrightech Engineering, 2020.

Figure 8-4. Drying the concentrate.

Source: Wrightech Engineering, 2020.

Figure 8-5. Transporting the concentrate.

Source: Wrightech Engineering, 2020.

8.3 Operations Summary

Mining of the tailings commenced in a limited fashion in late January 2015 and continued sporadically into 2016 with various modifications made to the plant to try to achieve viable throughput and performance. There was no reclamation or processing of tailings in 2017.

Production recommenced in 2018 and the tailings concentrator started to achieve normalised throughput from June to November but ceased in December when monsoon rains rendered tailings reclaim unsafe. Table 8-1 provides a summary of production from plant feed to gold contained in the concentrate shipments during 2018 with the upgraded plant. Approximately 81,000 dry t of tailings @ 0.61 g/t Au were processed to yield approximately 552 wet t of concentrate containing an average of 36.5 g/t Au.

Table 8-1. 2018 tailings reprocessing operation.

2018 Lubuk Mandi Tailings Flotation Production Summary													
Month	Plant Feed (t) wet	Plant Feed (t) dry	Plant Feed (Au g/t) dry	Plant Feed (Au g)	Tails (Au g/t)	Tails (Au g)	Au Recovery (%)	Au Recovered (g)	Au Conc. (t)wet	Conc. Moisture (%)	Container Batches	Au Conc. (Au g/t) wet	Au (kg)
June	5,763	3,746		2,060									
July	15,624	10,156	0.57	5,789	0.28	2,893	50.02	2,895	58.0	21.1	3	32.76	1.90
August	24,567	15,969	0.56	8,943	0.30	4,869	45.55	4,074	128.3	24.5	7	34.08	4.37
September	29,001	18,851	0.64	12,065	0.34	6,485	46.25	5,580	116.1	20.4	6	36.52	4.24
October	25,832	16,970	0.59	10,012	0.39	6,686	33.22	3,326	114.7	21.5	6	39.35	4.51
November	23,278	15,131	0.71	10,743	0.34	5,205	51.55	5,538	134.6	20.9	7	38.14	5.13
December	*Adverse weather causes halt to production*										*No shipment*		
Total	124,065	80,823	0.61	49,612	0.32	26,138	43.16	21,413	551.71	21.78	29	36.54	20.16

Source: Wrightech Engineering, 2020.

A summary of the 2019 tailings re-treatment production by flotation concentration is presented in Table 8-2. Derisk assumes that the gold concentrate grade applies to the dry concentrate tonnage estimated from the moisture content results reported. Tailings retreatment rose to approximately 110,000 dry t in 2019. The feed and tailings grades were reported to be 0.80 g/t Au and 0.42 g/t Au respectively and were used to estimate a gold recovery of 48.3% for a concentrate grade of 37.3 g/t Au. The gold contained in the 1,060.6 t of concentrate shipped was 33.0 kg.

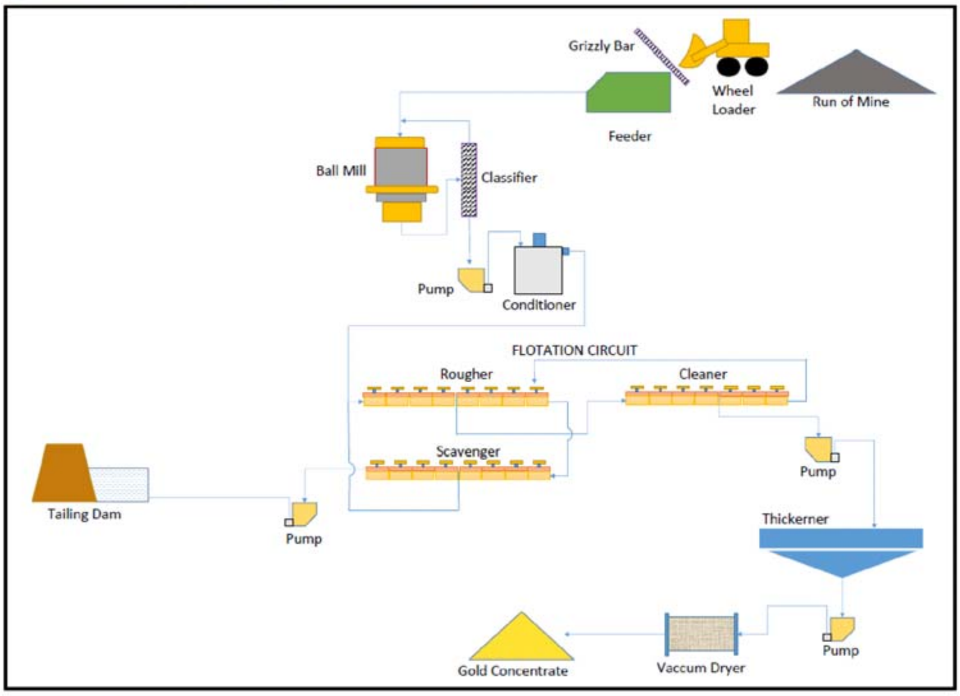
Table 8-2. 2019 tailings reprocessing operation.

2019 Lubuk Mandi Tailings Flotation Production Summary													
Month	Plant Feed (t) wet	Plant Feed (t) dry	Plant Feed (Au g/t) dry	Plant Feed (Au g)	Tails (Au g/t)	Tails (Au g)	Au Recovery (%)	Au Recovered (g)	Au Conc. (t)wet	Conc. Moisture (%)	Container Batches	Au Conc. (Au g/t)	Au (kg)
January	12,952	8,419	0.48	4,030	0.26	2,201	45.38	1,829	63.8	14.6	3	21.55	1.17
February	14,272	9,277	0.56	5,181	0.20	1,829	64.69	3,352	123.9	16.7	5	29.56	3.05
March	25,422	16,524	0.66	10,843	0.31	5,054	53.39	5,788	251.4	18.2	10	36.83	7.58
April	25,917	16,846	0.73	12,351	0.41	6,915	44.01	5,436	150.8	16.1	6	45.36	5.74
May	12,870	8,366	0.93	7,819	0.60	5,007	35.96	2,812	76.8	16.9	3	45.40	2.90
June	16,205	10,533	1.29	13,633	0.55	5,758	57.77	7,875	49.1	19.2	2	32.00	1.27
July	20,442	13,287	1.02	13,615	0.56	7,464	45.18	6,151	97.6	15.8	4	40.29	3.31
August	21,468	13,954	0.82	11,454	0.44	6,159	46.23	5,295	145.9	17.3	6	37.39	4.51
September	7,113	4,623	0.71	3,301	0.42	1,954	40.79	1,347	24.0	12.7	1	35.42	0.74
October	12,815	8,330	0.75	6,227	0.41	3,382	45.70	2,846	77.3	12.8	3	40.50	2.73
November December	*No production due to heavy rains and scheduled maintenance*												
Total	169,476	110,159	0.80	88,453	0.42	45,723	48.31	42,730	1,060.6	16.58	43	37.30	33.00
2018/19	293,541	190,982	0.72	138,064	0.38	71,862	46.46	64,143	1,612.3	18.36	72	37.04	53.16

Source: Wrightech Engineering, 2020.

Tailings retreatment operations ceased in October 2019 due to a plant breakdown and were suspended because of heavy rains in November and December and the subsequent lockdown imposed throughout Malaysia to contain the COVID19 pandemic resulting from the government's MCO. The plant configuration as at December 2019 is shown in Figure 8-6.

Figure 8-6. Processing plant configuration, December 2019.



Source: AASB, 2020.

With an easing of the government restrictions, tailings mining and processing resumed in March 2020 and are continuing. Up to 30 June 2020 a small amount of tailings (48 kt @ 0.86 g/t Au containing 1,327 oz of gold) was mined and processed.

8.4 Future Operations

In December 2020, AASB plans to install a suction cutter dredge with a capacity of 100 t/hr of solids to feed the plant. The existing method using a dragline and wheel loader will supplement the dredge to achieve the target feed rate of 1,000 tpd.

AASB plans to install an additional production line in early 2021. This is expected to increase plant capacity by approximately 40% to a nominal 1,400 tpd when it is scheduled to commence operation in April 2021. Both methods of delivering tailings to the plant will be utilised to achieve the higher feed rate.

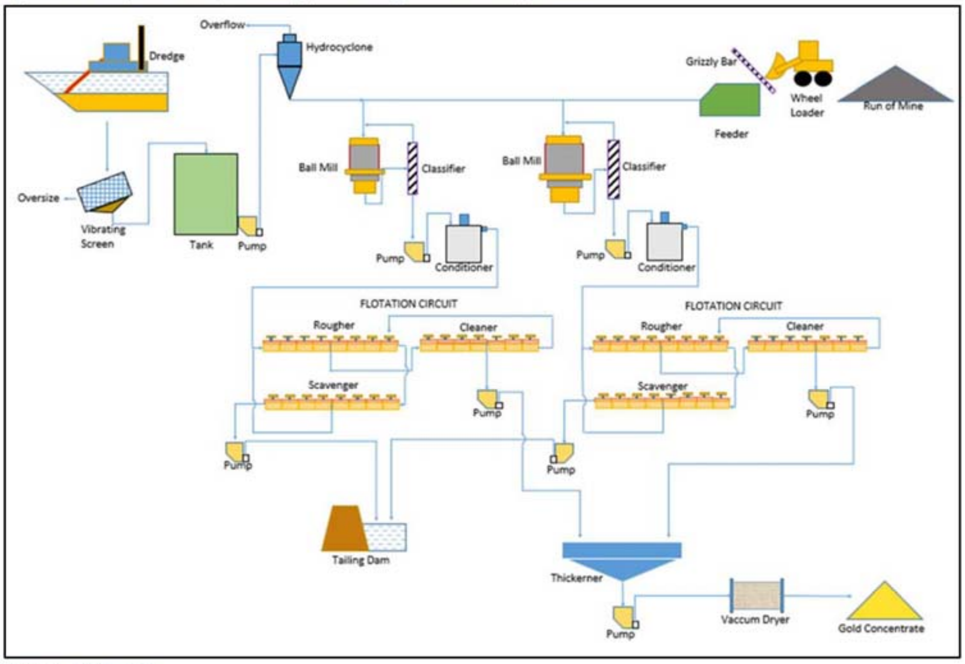
AASB has advised Derisk that the required capital expenditure for the dredge and the second tailings line is MYR 10 million in the form of a bank term loan to be repaid at 7% interest over three years from July 2021. The proposed new plant configuration is shown in Figure 8-7.

Reclamation and processing operations recommenced in March 2020. Initial capacity was 1,000 tpd increasing to 1,400 tpd in April 2021. Although the plant is scheduled to operate continuously, output is budgeted by AASB at 26 days per month to allow for plant maintenance and weather interruptions. The existing production line only achieved throughput of >20,000 t/month in four months out of ten in 2019, but Derisk considers that the recent and planned improvements and modifications should make the target rates achievable.

The total in situ tailings resource at December 2019 is 1.01 Mt @ 0.71 g/t Au of Indicated Resource and 0.10 Mt @ 0.83 g/t of Inferred Resource and Derisk has depleted this by the tailings mined up to 30 June 2020. There are no Ore Reserves so Derisk has factored the depleted Mineral Resource tonnages and grades to estimate the expected life of the tailings operation. Using factors of 90% for the Indicated Resource tonnage and 70% for the Inferred Resource tonnage and a factor of 95% for the grades to allow for mining losses and dilution results in 0.93 Mt @ 0.68 g/t Au. At the budgeted processing rates, this will sustain the operation until December 2022. However, ML 1/2007 covering the tailings operation expires in early April 2022, so the last eight months of operation are subject to renewal of ML 1/2007 to PMINT.

Based on the recoveries achieved in recent processing campaigns, Derisk considers that future recoveries will likely be in the range 55% - 60%.

Figure 8-7. Proposed new processing plant configuration from April 2021.



Source: AASB, 2020.

9 HARDROCK MINING OPERATION

9.1 Previous Mining Operations

Mining at Lubuk Mandi has a relatively short history compared with other gold and tin mining areas in Malaysia. Gold was first discovered at the site in 1989 leading to a gold rush by local miners. Following a number of collapses of small mining excavations that claimed several lives, the area was closed to mining by the state authorities in 1990.

Technical and economic assessment of the project, plus an environmental impact assessment was conducted between March and May 1991 in respect of a proposed open-pit mining and gold processing operation. In 1992, PMINT, through its subsidiary PERMINT, commissioned the Lubuk Mandi gold mine. The mining operation included excavation of two open pits (north pit and main pit), and the construction and operation of a mill and gold recovery plant. At the end of its operation in 1999, the Lubuk Mandi gold mine had produced a total of 3,351 kg (107,754 oz Au) of gold.

In 2001, state authorities reopened the area to small-scale miners and on the first day, some 62 permits were issued of a maximum planned of 200 for the 4 hectare site. A more substantial mining and processing operation was undertaken in 2008 and 2009. Derisk has not been provided with production records for activity subsequent to the closure of the main operation in 1999.

9.2 AASB Open Pit Mining Operations

In August 2015, AASB and Sinomine entered into a Co-operation Agreement whereby Sinomine would, on a non-exclusive basis, undertake exploration, mining, processing, and smelting of in situ gold mineralisation, and potentially also take over operation of the tailings re-treatment operation.

Open pit mining operations commenced in September 2016 with first ore crushed in October 2016. The mining operation was carried out by Sinomine using conventional open-pit mining techniques and equipment typical for the region. All material required drilling and blasting for rock fragmentation. Three Hantu tip trucks and one hydraulic excavator were used for loading and haulage to the waste rock dumps and a run-of-mine (ROM) pad at the treatment plant.

Mining was suspended in May 2017 due to high strip ratios and narrow mineralisation. Monthly mining and grade control sampling is summarised in Table 9-1. AASB then elected to alter the mining method from open pit to underground mining.

Table 9-1. 2017 open pit mining operation.

	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017
Waste mining (t)	22,929	47,603	30,826	12,639	0
Ore mining (t)	0	4,056	16,004	1,661	2,999
Gold grade (g/t)	0	1.80	0.25	1.53	0.72

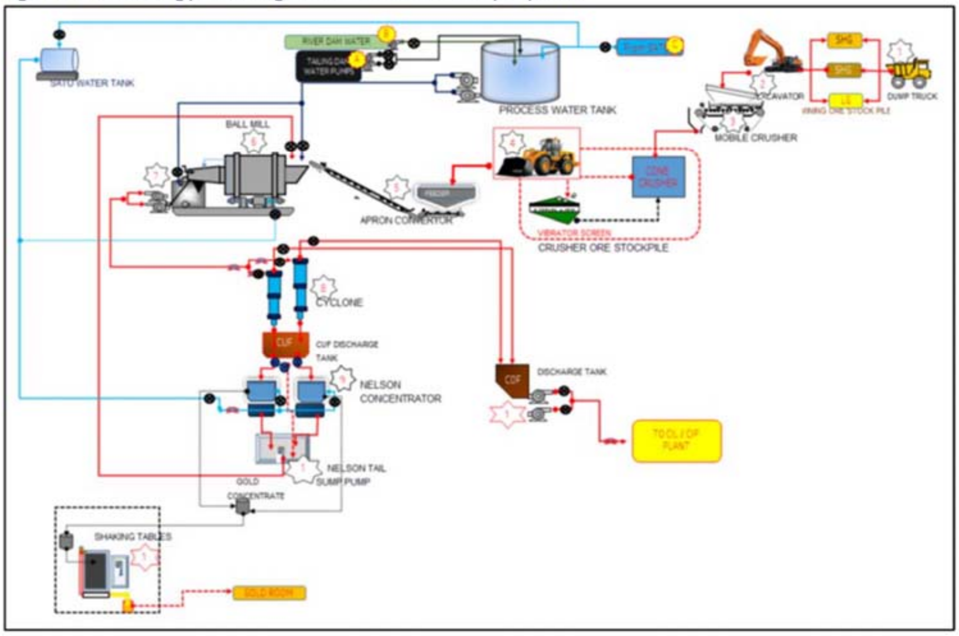
Source: Optiro, 2018.

At the start of 2017, the main pit was dewatered by Sinomine with two pumps rated at 200 m^3 per hour. The water in the pits is acidic due to dissolved sulphides, with an approximate pH of 3.3, so it must either be neutralised by the addition of lime during discharge or discharged in a controlled way during high rainfall events to ensure adequate dilution. AASB is required to monitor the river conditions to ensure compliance with environmental requirements. Dewatering of the main pit continued through 2017 and at least 75% of the water had been pumped out to the Sungai Anak Reng by year end. A pontoon mounted 400 kW diesel powered water pump (250 mm) is currently used for this purpose.

9.3 AASB Open Pit Processing Operations

The material mined from the open pit was treated in the processing plant constructed to reprocess the tailings. A crushing and grinding circuit was added to the front of the plant and the cyanide leaching and gold processing facilities were modified (Figure 9-1). The flotation cells were not used for the treatment of the in situ open pit material.

Figure 9-1. Processing plant configuration for treatment of open pit ore.



Source: Optiro, 2018.

After grinding, material was classified through Yantai hydrocyclones with the cyclone underflow presented to two Knelson-style (Gangzhou STLB80) centrifugal concentrators operating in parallel. The concentrate was further gravity separated using a 4.4 m by 1.8 m shaking table to produce a gold concentrate. The cyclone overflow was to be pumped to the cyanide leach plant for cyanidation but this was not utilised during processing in 2017. Gold recovery from open pit material was only by gravity recovery means followed by mercury amalgam.

Open pit ore was treated from October 2016, and from January 2017 to May 2017. A total of 19,881 t @ 0.47 g/t Au was processed (Table 9-2). Feed tonnes are based on loader bucket counts fed to the crusher at a nominal three tonnes per bucket. Gold recovery figures are based on gold recovered using mercury amalgam recovery methods on the shaking table concentrate, followed by smelting and determination of gold purity.

Table 9-2. 2017 open pit processing operation.

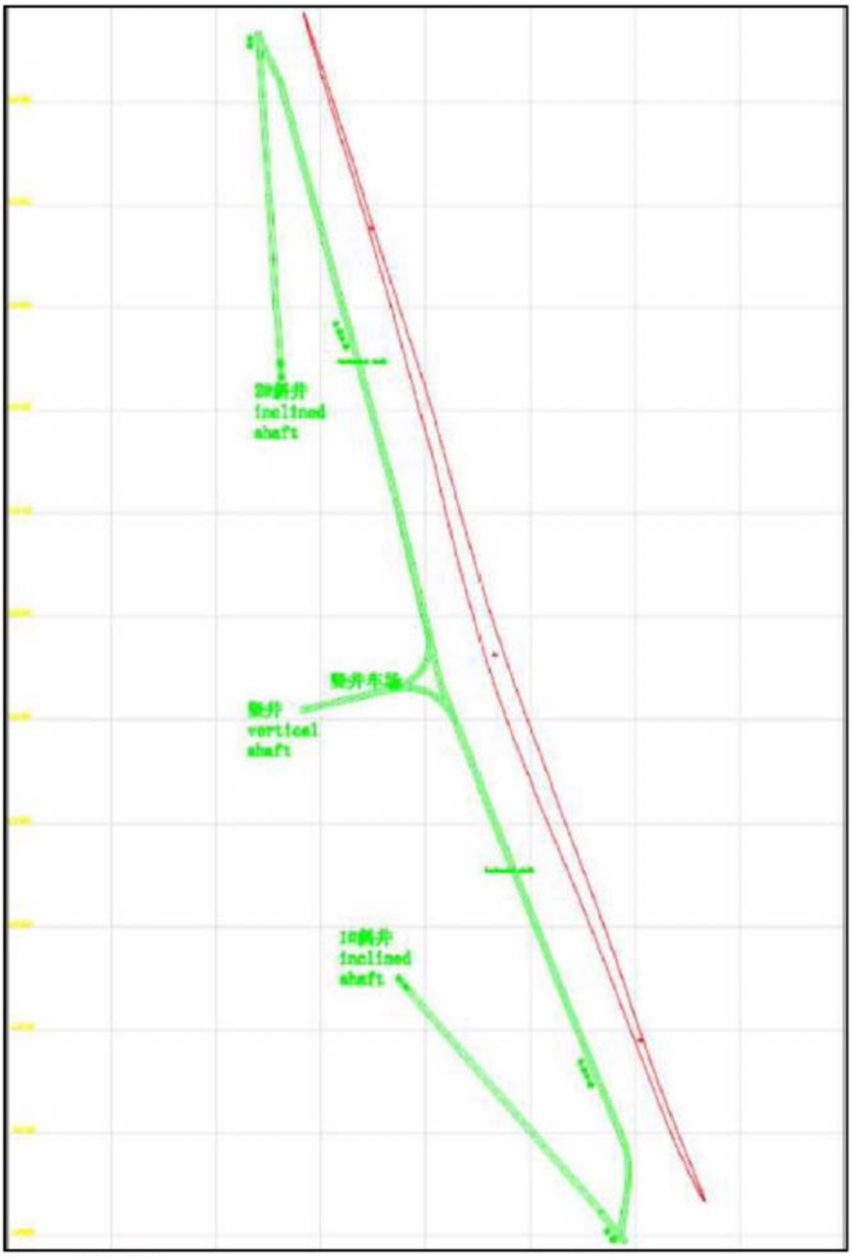
	Jan	Feb	Mar	Apr	May
Feed tonnes (grinding)	4,743	2,364	3,987	7,395	1,392
Gold grade (g/t)	0.61	0.32	0.57	0.46	0.08
Contained ounces	93.2	23.9	72.6	109.4	3.4
Recovery (percentage)	33.7	50.2	53.3	42.0	113.5
Amalgam (grams)	1,974	748	2,409	2,854	241
Fine gold (grams)	1,099	391	1,405	1,648	119
Purity (percentage)	89.89	89.55	89.85	91.67	92.81

Source: Optiro, 2018.

9.4 AASB Underground Mining Operations

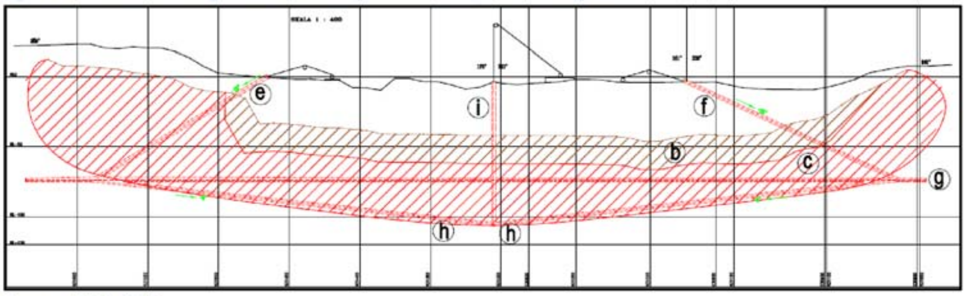
In May 2017, AASB entered into a Mining Agreement with GAR to carry out underground mining at the Lubuk Mandi mine. AASB made the decision to transition to underground mining due to the open pit mine strip ratio being prohibitively high and underground mining allowing minimal excavation of barren host rock. GAR has commenced development of decline and shaft facilities and associated infrastructure required for underground mining (Figure 9-2 and Figure 9-3).

Figure 9-2. Schematic plan of underground access development.



Source: AASB, 2020.

Figure 9-3. Schematic long section of underground development looking west.



Source: AASB, 2020.

Notes: b (brown hatching) – portion of mineralisation sterilised as a crown pillar, c (red hatching) – Portion of mineralisation to be mined by underground stoping, e – No. 1 decline, f – No. 2 decline, g – horizontal drive, h – inclined drive, i – No. 3 shaft.

The main access development comprises three headings:

- No. 1 decline near the southern end of the open pit. This consists of a 2.6 m x 2.6 m development bearing at 140°. Total length is 166 m at an incline of 25°. This is the first development to commence and will be used for ore haulage and emergency egress.
- No. 2 decline near the northern end of the open pit. This consists of a 2.5 m x 2.5 m development bearing at 356°. Total length is 150 m at an incline of 25° and is to be the second development to commence. This decline will be used for the transport of personnel, equipment and materials.
- No. 3 shaft. This is a 3 m cross section vertical shaft to be sunk to a depth of 100 m after the completion of the two decline developments. This shaft will be used for mine dewatering, ore hoisting, escape of persons and ventilation airflow.

When operations were suspended in early 2020 due to the government MCO, the No. 1 decline had been completed and the tunnel extension parallel to the mineralised lode had advanced by a further 268 m.

GAR intends to use the shrinkage stoping method to minimise dilution in the extraction of the narrow veins. The underground mine is beneath the open pit, which has partially filled with water since open pit mining ceased in 2017. To protect the underground workings from potential inflow from the open pit, a crown pillar approximately 20 m thick will be left between the top of the underground working and the base of the open pit. Whilst Derisk considers this to be a prudent plan, no hydrogeological assessment has been provided to confirm that this is adequate. It is possible that fracture zones could exist that would provide a conduit for water ingress to the underground mine and this risk needs to be assessed.

The current in situ Mineral Resource as at December 2019 comprises an Indicated Resource of 1.5 Mt @ 1.46 g/t Au and an Inferred Resource of 0.3 Mt @ 1.01 g/t Au at a cut-off grade of 0.3 g/t Au. There are no Ore Reserves. The resource was originally estimated in 2015 based on plans to resume open pit mining and has been depleted by the resource material mined in 2017.

Whilst the cut-off grade used was appropriate for open pit mining, it does not result in a realistic resource grade suitable for underground mining. AASB has suggested a cut-off grade for underground production of 3.0 g/t Au and Derisk considers this reasonable, although details of the estimate have not been provided. Based on typical mining recovery and dilution rates for shrinkage stoping, Derisk considers that an in situ resource grade of approximately 4.0 g/t Au will be required to deliver a head grade of >3.0 g/t Au to the processing plant. A resource update based on underground mining has not been done, but using the grade-tonnage curve from the 2015 resource estimate, a cut-off grade of 2.0 g/t Au would produce a total in-situ resource of approximately 350,000 t @ 3.9 g/t. Derisk considers that this is a reasonable estimate of resource material potentially mineable by underground shrinkage stoping. However, Derisk has not been provided with any mine plan that shows the proposed layout of stopes to be mined or their contained tonnes and grades.

9.5 AASB Hardrock Processing Operations

Ore production from underground is planned to commence in April 2021. The ore will be processed through the comminution and gravity circuit (refer to Figure 9-1) previously used for the open pit ore to produce gold bullion. The tailings from the gravity circuit will be added to the reclaimed tailings stream and processed through the flotation circuit. There are currently no plans to use the cyanide leach circuit.

10 GOLD SALES

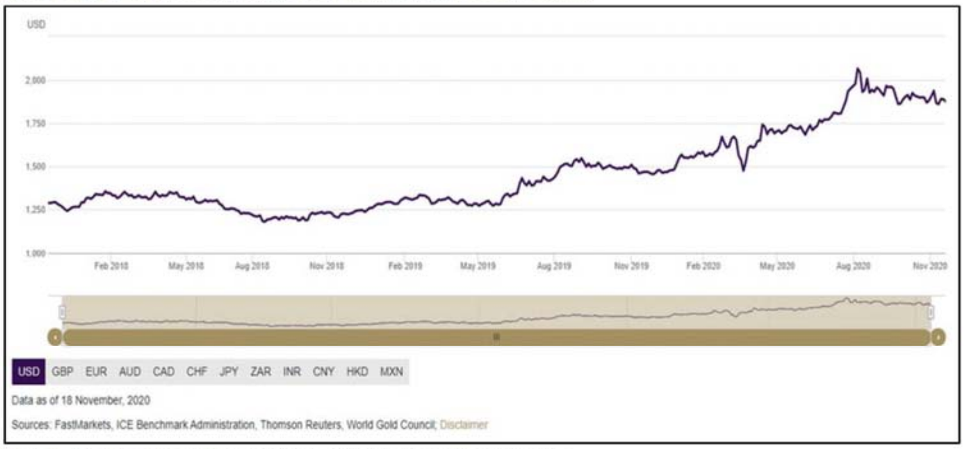
10.1 Market Overview

Gold is used in jewellery, technology and by central banks and investors. Gold jewellery represents the largest source of annual demand for gold, and whilst this has declined over recent decades, it still accounts for around 50% of total demand. Gold is also held by central banks and is an investment asset, accounting for 30-40% of production. In technology, gold has been used in electronics, but its use is expanding via nanotechnology in medicine, engineering and environmental management.

Like many commodities, the price of gold is driven by supply and demand. However, saving and disposal plays a larger role in affecting its price than its consumption. Almost all of the gold ever mined still exists in accessible form, such as bullion and mass-produced jewellery. Given the huge quantity of gold stored above ground compared to the annual production, the price of gold is mainly affected by changes in sentiment, rather than changes in annual production.

For much of the last five years gold has traded in a relatively narrow range between USD 1,050 to USD 1,350 per ounce. But from mid-2019, the gold price has steadily risen to be currently trading above USD 1,850 per ounce (Figure 10-1).

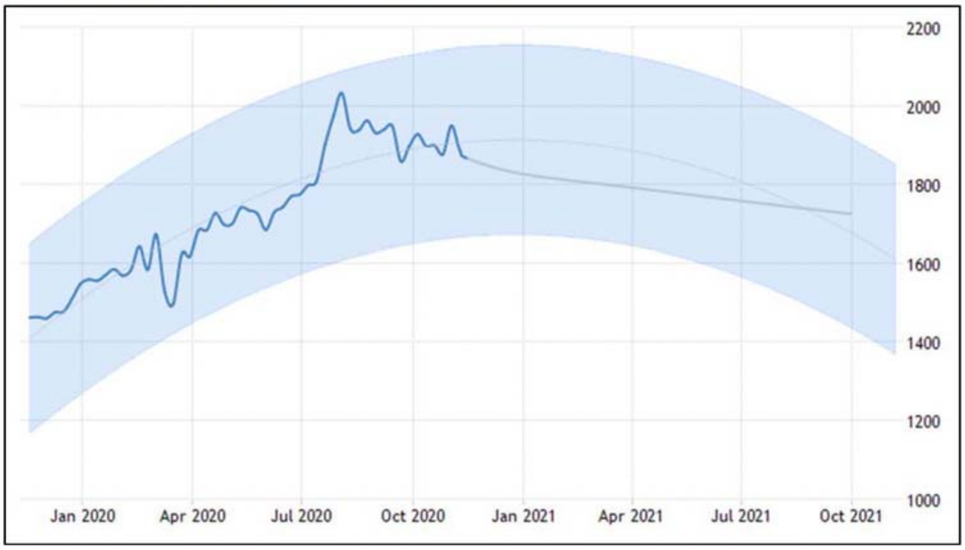
Figure 10-1. Gold price from January 2018 to November 2020 in USD/oz.



Source: World Gold Council. https://www.gold.org/goldhub/data/gold-prices

The key drivers expected to influence the gold price in the next three years are the USD exchange rate, investment demand, central bank buying/selling, new mine supply, and global economic and monetary factors. Public domain forecasts show a wide range in the gold price, from maintaining the current levels to forecasts of over USD 2,000 per ounce. One such forecast is presented in Figure 10-2 that shows gold trending slightly lower over the coming year.

Figure 10-2. 2020 gold price trend and forecast for 2021 in USD/oz.



Source: Trading Economics, 2020. https://tradingeconomics.com/commodity/gold

10.2 Sales Agreements

AASB has two agreements in place for Gold Concentrate Powder Sale and Purchase, one with TULE and the other with BFIE.

The Purchasers common (unless identified) key terms and conditions are summarised below:

- Quantity of 300-500 t of gold concentrate per month pure and without impurities.
- The gold content shall be more than 20 Au g/t (including 20 g).
- Moisture content shall be less than 15%. At the time of shipment, the Seller's mutually agreed to moisture content shall be final.
- Particle size shall be 50% greater than -200 mesh (0.074 mm).
- Total quantity provided by Seller shall not exceed 5,000 t annually (BFIE).
- Final settled tonnage shall be net weight provided by Seller.
- Purchaser shall be responsible for sampling under Seller's supervision.
- A sample shall be sent to a mutually agreed qualified laboratory for analysis and the result is final.
- In the event of an objection, an arbitrator's sample will be sent to a People's Republic of China (PRC) gold quality test facility where the final settled gold grade cannot be further disputed.
- Governing Law: Pursuant to international trade and relevant laws and regulations (TULE).
- Governing Law and Disputes governed by and construed in accordance with the Laws of Malaysia (BFIE).

The terms include a 30% penalty for impurities, which also covers the smelting and refining charges, such that AASB effectively gets paid for 70% of the gold contained in the concentrate at the prevailing international gold price.

Derisk notes that the concentrate delivered to date has regularly exceeded the 15% moisture content limit, but no penalties have been imposed.

11 INFRASTRUCTURE AND LOGISTICS

The site is accessed via sealed and unsealed public roads and has basic communications facilities. A view of the general mine site layout is presented in Figure 11-1. Site infrastructure consists of the open pit operation, processing plant, water reticulation pontoon, offices, laboratory, stores with security located at the main entrance and numerous dirt road connectors. The old treatment facility adjacent to the open pit has mostly been removed except for the crushed ore storage building, a flotation pilot plant, stores and accommodation quarters.

Figure 11-1. Lubuk Mandi site layout, looking north.

Source: AASB, 2020.

High-tension power lines traverse the project site that feeds a sub-station for project reticulation. Plant process water is pumped from the river and re-cycled from the tailings retention area. No water is consumed from the open pit because of poor quality or from natural drainage basins because these are unreliable.

12 ENVIRONMENTAL MANAGEMENT AND COMMUNITY ENGAGEMENT

The site operates under an Environmental Management Plan (EMP) integrated within the Environmental Impact Assessment (EIA), which was submitted to the Jabatan Alam Sekitar, (JAS-Department of Environment) in February 2016 and approved in July 2017. Under the terms of the EIA, AASB must undertake ambient air quality monitoring monthly and quarterly ground water, river and noise pollution monitoring.

Baseline data from which the site is measured for air and noise sampling was compiled in October 2015, while the water quality baseline data was compiled in December 2016.

Wrightech Engineering reviewed compliance with environmental management in preparing the 2019 QPR and reports that:

- Routine monitoring showed that no significant non-compliance results were evident for river and ground water, noise pollution and ambient air quality.
- The 2019 Environmental Compliance Audit Report was completed in February 2019 for compliance with the Environmental Quality Act 1974, EIA Approval Conditions, EMP and continual improvement programs to reduce impact. Two non-compliance and two observations were identified and passed onto AASB who completed the appropriate remedial actions. Wrightech did not provide details of the non-compliances.
- AASB's relationship with the local community appears to be good.

Derisk has not independently reviewed AASB's environmental management and community engagement plans and performance. However, the annual CPRs prepared by independent parties for AASB indicate there are no serious issues of environmental non-compliance or community unrest.

13 VALUATION

13.1 Valuation Definitions and Approach

The VALMIN Code classifies mineral assets into one of five categories:

- Early-stage exploration projects
- Advanced exploration projects
- Pre-development projects
- Development projects
- Production projects

In accordance with these categories, AASB operates a Production project. The VALMIN Code also provides guidance on appropriate valuation approaches for each category of mineral asset, as shown in Table 13-1.

Table 13-1. Recommended valuation approaches for different mineral assets.

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market-based	Yes	Yes	Yes	Yes
Income-based	No	In some cases	Yes	Yes
Cost-based	Yes	In some cases	No	No

Source: VALMIN Code, 2015.

A Public Report must disclose the basis of value. The VALMIN Code defines the terms Market Value and Technical Value as follows:

- **Technical Value** is an assessment of a mineral asset's future net economic benefit at the valuation date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.
- **Market Value** is the estimated amount (or the cash equivalent of some other consideration) for which the mineral asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion.

The valuations estimated for AASB's mineral assets at Lubuk Mandi are Market Values. Derisk has used two valuation approaches for this Report i.e. an income-based approach and a market-based approach.

13.2 Valuation Scenarios

13.2.1 Tailings Reprocessing

AASB has provided Derisk with a production plan for the reclamation and processing of the tailings Mineral Resource until the expiry of ML 1/2007 in April 2022. Processing commences in July 2020 using the existing plant at a proposed rate of 26,000 t/month, increasing to 36,400 t/month in April 2021 when the additional processing line comes on stream.

Derisk considers that the inputs and assumptions in this production plan are reasonable and has constructed a life-of-mine (LOM) production plan that assumes the ML will be renewed and that the agreement with GAR will be extended beyond this date. Since there are no Ore Reserves, Derisk has factored the tailings Mineral Resources to estimate a production inventory of 931 kt at a grade of 0.68 g/t Au. Production ceases when this inventory is exhausted in December 2022. This is Derisk's base case valuation for the tailings processing project.

Derisk has also considered the option that AASB may decide not to proceed with the MYR 10 million loan and not increase the processing plant capacity, together with the possibility that the ML may not be renewed or that GAR will not extend its agreement with AASB beyond this date. This is Derisk's conservative case valuation for the tailings processing project, with a total of 503 kt at a grade of 0.68 g/t Au being processed.

Both the base case and the conservative case valuations are independent of the underground mining project and do not consider the impact of processing hardrock material on the tailings processing operations.

13.2.2 Underground Mining and Processing

AASB does not have a current mine plan or production schedule that describes how the production for the proposed underground mine will be undertaken. GAR is currently preparing an updated mine plan but this has been delayed by the MCO in place because of the COVID19 pandemic. Derisk considers that it has not been provided with sufficient information to support an income-based valuation for the underground mining project. However, Derisk has constructed a potential production schedule by making appropriate changes to the previous mine plan and has used this to develop an overall LOM plan incorporating processing of the hardrock material from the underground mine and the reclaimed tailings to estimate an Expected Value for the project using an income-based approach.

Since there are no Ore Reserves, Derisk has factored the in situ Mineral Resource to estimate a production inventory of approximately 300,000 t at a grade of 3.0 g/t Au. Derisk has assumed that the shrinkage stoping method proposed by GAR would be used and that stoping would not commence until April 2021, allowing sufficient time from resumption of underground operations to develop a primary ventilation circuit via a raisebored vertical shaft. Production would commence at a rate of 150 tpd and gradually increase to 500 tpd when the northern incline shaft is completed in April 2022.

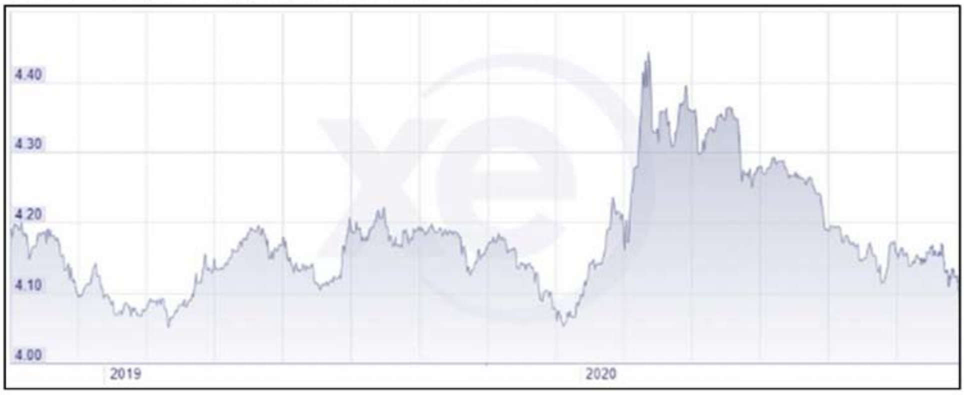
Derisk has assumed that ML 1/2007 will be renewed in April 2022 and that the agreement with GAR will be extend beyond this date. Derisk has also assumed that AASB will decide to utilise the MYR 10 million loan to increase the processing plant capacity from 1,000 tpd to 1,400 tpd. Processing of the underground hardrock material would utilise the existing comminution and gravity circuits with the tailings being processed through the flotation circuit with the reclaimed tailings. This reduces the capacity available for the reclaimed tailings and extends the operation until August 2023 when both the reclaimed tailings and hardrock production inventories are depleted. This is Derisk's upside case valuation.

13.3 Valuation Assumptions

13.3.1 Exchange Rate

Figure 13-1 presents the MYR:USD exchange rate for the last two years An exchange rate of 4.2 has been applied to all valuation scenarios. Given the relatively short time frame for all scenarios, Derisk considers this rate to be reasonable.

Figure 13-1. Two year exchange rate for MYR:USD to November 2020.



Source: https://www.xe.com/currencycharts/?from=USD&to=MYR&view=2Y

13.3.2 Discount Rate

Malaysia is moderately stable and a reasonable place to conduct business according to the Financial Action Task Force (FATF) and World Bank. The cost of capital is moderate based on a 10-year bond yield of 3.37%. AASB has advised that its weighted average cost of capital (WACC) is 9.8% and that it expects to borrow the MYR 10 million for the processing plant expansion at an interest rate of 7%, although this loan is not yet approved.

Derisk has applied a discount rate of 10% for the conservative case and base case but increased the rate to 15% for the upside case, due to the greater uncertainty associated with the underground production.

13.3.3 Tax, Royalties and Depreciation

Malaysian corporate tax is 24%. For the purpose of this valuation depreciation was calculated on a straight-line basis over 10 years. Amortisation of the tailings and hardrock resources were included at MYR 3.80/t and MYR 6.52/t of production respectively, based on advice from AASB.

The concession agreement requires that AASB pays to the Terengganu State Government a royalty of 5% of the revenue from the sale of gold from the tenements.

The concession agreement also requires that AASB pays PMINT a tribute of 15% of the revenue from the sale of gold from the tenements in the event that the monthly average price of gold exceeds USD 1,668 per ounce. If the gold price is less than this, PMINT and AASB are required to negotiate a lower tribute. AASB has advised Derisk that an agreement has been established with PMINT whereby a tribute equivalent to 10% of the revenue from the sale of gold from the tenements is payable if the gold price is between USD 1,668 and USD 1,400 per oz, and 5% if the gold price is below USD 1,400 per oz.

AASB has advised that it has a large accumulated tax loss of MYR 41 million plus unabsorbed capital allowances of MYR 8 million and a tax write-down of MYR 2 million, all of which can be carried forward and offset against future tax liabilities.

13.3.4 Salvage Value of Residual Plant and Equipment

At the conclusion of each income-based valuation scenario, there will be residual plant and equipment on site owned by AASB. The main potential to achieve value from this plant and equipment is further mining and processing of Mineral Resources. At the conclusion of both the conservative case and the base case scenarios there remains a substantial quantity of unmined Mineral Resources that is valued using a market-based approach. The value of the plant and equipment is captured to some extent in these valuations.

At the conclusion of the upside case scenario, all current Mineral Resources are depleted and AASB has not identified any further material that might be mined or processed. In this case some of the plant and equipment might have some salvage value if they can be sold, with the value depending on the age and condition of the various items, and the needs of other local operations. Often the cost of dismantling, removing and transporting such items exceeds their value. Derisk considers that the potential salvage value will be modest and that at best, it will offset the costs of mine closure and rehabilitation. Therefore, no value has been applied to the residual plant and equipment and no allowance has been made for the mine closure cost.

13.4 Income-based Valuation

The income valuation approach is based on the proposition that the value of a mineral project can be determined by calculating the present value of future cash benefits arising from that project. The value so defined is referred to as the net present value (NPV) and is determined using the discounted cashflow (DCF) methodology, or some derivative of this methodology. This approach generates a Technical Value that is converted to a Market Value by application of a discount or premium to account for market conditions.

13.4.1 Conservative Case

This case assumes that the tailings operations will cease at the end of April 2022, either because ML 1/2007 is not renewed or the revenue sharing arrangement with GAR is not extended. No underground production is included and there is no increase in processing capacity, so no borrowings are required. Approximately 54% of the tailings Mineral Resource is processed.

The inputs and outputs for this case at a gold price of USD 1,800 per ounce are detailed in Appendix 1. The key inputs and assumptions are presented in Table 13-2.

At a gold price of USD 1,800 per ounce and an exchange rate of 4.2 (MYR:USD), the NPV at a discount rate of 10% for this conservative case is USD 2.1 million. The all-in site cost of gold sold is USD 1,507 per ounce.

Table 13-2. Conservative case valuation assumptions.

Parameter	Value	Comment
Production commences	July 2020	From effective date of valuation
Production ceases	April 2022	Expiry of ML 1/2007
Processing rate	26,000 t/month	1,000 tpd for 26 days per month
Tailings processed	503 kt	54% of unmined inventory
Gold recovery	49% - 55%	To gold concentrate
Payable gold	70%	30% deduction for impurities
Gold sold	4,338 oz	70% of gold in concentrate
PMINT tribute charge	15% of gold revenue	Increases from 10% to 15% at gold price of USD 1,668. Pro rata recovery from GAR.
PTG Royalty charge	5% of gold revenue	Pro rata recovery from GAR
GAR expenses	20% of gold revenue	Covers most operating expenses except 50% of processing plant consumables and utilities.
Anchor management fee	2.5% of gold revenue	Assumed reduced from 4.5% for this case due to very simple operation
Capital expenditure	Nil	
Working capital	Nil	Assumed covered by GAR
Sustaining capital	Nil	Assumed covered by GAR
Amortisation for tailings	MYR 3.80/t	
Depreciation	MYR 141,419/month	Straight line over 10 years
Taxation	24%	No tax payable due to tax losses carried forward
Discount rate	10%	Approximately the weighted average cost of capital (WACC)

13.4.2 Base Case

This case assumes that ML 1/2007 and the agreement with GAR will both be extended in April 2022 to allow complete depletion of the tailings Mineral Resource by December 2022. No underground production is included. The existing processing capacity will be increased by 40% in April 2021, requiring a loan of MYR 10 million to be repaid from July 2021 over 3 years at 7% interest. The inputs and outputs for this case at a gold price of USD 1,800 per ounce are detailed in Appendix 2. The key inputs and assumptions are presented in Table 13-3.

At a gold price of USD 1,800 per ounce and an exchange rate of 4.2 (MYR:USD), the NPV at a discount rate of 10% for this income-based component of the base case is USD 2.4 million. The all-in site cost of gold sold is USD 1,485 per ounce.

Table 13-3. Base case valuation assumptions.

Parameter	Value	Comment
Production commences	July 2020	From effective date of valuation
Production ceases	December 2022	Depletion of tailings resource
Processing rate	26,000 – 36,400 t/month	1,000-1,400 tpd for 26 days per month
Tailings processed	931 kt	100% of Mineral Resource
Gold recovery	49% - 60%	To gold concentrate
Payable gold	70%	30% deduction for impurities
Gold sold	8,487 oz	70% of gold in concentrate
PMINT tribute charge	15% of gold revenue	Increases from 10% to 15% at gold price of USD 1,668. Pro rata recovery from GAR.
PTG Royalty charge	5% of gold revenue	Pro rata recovery from GAR
GAR expenses	20% of gold revenue	Covers most operating expenses except 50% of processing plant consumables and utilities.
Anchor management fee	4.5% of gold revenue	Commences January 2021 and assumed to be continued
Capital expenditure	MYR 10 million	To increase plant capacity
Working capital	Nil	Assumed covered by GAR
Sustaining capital	Nil	Assumed covered by GAR
Amortisation for tailings	MYR 3.80/t	
Depreciation	MYR 141,419/month plus MYR 10 million capex	Straight line over 10 years
Taxation	24%	No tax payable due to tax losses carried forward
Loan repayment	MYR 10 million plus 7% interest	From July 2021 over 3 years
Discount rate	10%	Approximately the WACC

13.4.3 Upside Case

This case includes production from the underground hardrock operations in addition to the tailings reclamation operation. It assumes that ML 1/2007 and the agreement with GAR will both be extended in April 2022 to allow complete depletion of the tailings and hardrock Mineral Resources by August 2023. The processing rate for the tailings plant is the same as in the base case with the same borrowing arrangements. The hardrock material is treated in the existing gravity circuit with the tailings from this circuit being processed in the reclaimed tailings circuit, which displaces some tailings and extends the life of the tailings operation. The assumed production rate from the underground operation has been matched so that the hardrock resource is depleted at the same time as the tailings resource. The commencement date for underground production has been set to allow sufficient time to excavate a vertical raisebored shaft to create a primary ventilation circuit prior to the commencement of stoping.

The inputs and outputs for this case at a gold price of USD 1,800 per ounce are detailed in Appendix 3. The key inputs and assumptions are shown in Table 13-4.

At a gold price of USD 1,800 per ounce and an exchange rate of 4.2 (MYR:USD), the NPV at a discount rate of 15% for this upside case is USD 11.0 million. The all-in site cost of gold sold is USD 1,217 per ounce.

Table 13-4. Upside case valuation assumptions.

Parameter	Value	Comment
Tailings production commences	July 2020	From effective date of valuation
Underground development commences	January 2021	Subject to MCO
Underground stoping commences	April 2021	When ventilation circuit established
All production ceases	August 2023	Depletion of all resources
Underground production rate	3,900-13,000 t/month	Gradually increasing until northern incline shaft completed
Processing rate (gravity)	3,900-13,000 t/month	Gradually increasing until northern incline shaft completed
Processing rate (tailings)	26,000 – 36,400 t/month	1,000-1,400 tpd for 26 days per month
Reclaimed tailings processed	931 kt	100% of Mineral Resource
Underground hardrock processed	300 kt	100% of hardrock resource
Gold recovery (gravity)	45%	To amalgam process
Gold recovery (all tailings)	49% - 60%	To gold concentrate
Payable gold (all tailings)	70%	30% deduction for impurities
Total gold sold	28,234 oz	100% of gravity plus 70% in concentrate
PMINT tribute charge	15% of gold revenue	Increases from 10% to 15% at gold price of USD 1,668. Pro rata recovery from GAR.
PTG Royalty charge	5% of gold revenue	Pro rata recovery from GAR
GAR expenses	20% of gold revenue (tailings) plus 50% of gold revenue (hardrock)	Covers most operating expenses except 50% of processing plant consumables and utilities.
Anchor management fee	4.5% of gold revenue	Commences January 2021 and assumed to be continued
Capital expenditure	MYR 10 million	To increase plant capacity
Working capital	Nil	Assumed covered by GAR
Sustaining capital	Nil	Assumed covered by GAR
Amortisation for tailings	MYR 3.80/t	
Amortisation for hardrock	MYR 6.52/t	
Depreciation	MYR 141,419/month plus MYR 10 million capex	Straight line over 10 years
Taxation	24%	Tax payable reduced due to tax losses carried forward
Loan repayment	MYR 10 million plus 7% interest	From July 2021 over 3 years
Discount rate	15%	Increased to account for uncertainty due to lack of detailed mine plan

13.4.4 Sensitivity Analysis

Derisk has assessed the sensitivity of each case to a range of key parameters. For each case the project revenue is a function of the quantity of gold sold, the gold price received and the exchange rate. The impact of these three parameters across a realistic variation range for each is presented in Table 13-5. The quantity of gold sold is determined by the tonnage processed, the head grade and the recovery. Whilst these parameters can vary independently of each other, it is the combined effect that is important, and this is reflected in the quantity of gold sold.

This project is unusual in that most of the variable costs are a proportion of the revenue received due to the revenue sharing arrangement with GAR, the tribute and the royalty. The NPVs are therefore not particularly sensitive to variable costs as they move in line with the revenue.

The Base Case is more sensitive to all of the parameters than the Conservative Case, due to the need to repay the capital expenditure loan. The overall range across all cases and all parameters is wide – from USD 0.9 million to USD 12.6 million. All cases remain positive across the ranges of all three sensitivity parameters. An increase in the gold price from USD 1,600/oz to USD 1,700/oz provides little or no benefit due to the increase in the tribute rate when the gold price exceeds USD 1,668/oz.

Table 13-5. Valuation sensitivities for all scenarios.

Parameter	Value Sensitivities				
Gold Price (USD/oz)	**1,600**	**1,700**	**1,800**	**1,900**	**2,000**
Conservative Case NPV @ 10% discount rate (USD M)	1.9	1.9	2.1	2.3	2.6
Base Case NPV @ 10% discount rate (USD M)	2.0	2.0	2.4	2.8	3.2
Upside Case NPV @ 15% discount rate (USD M)	10.3	10.2	11.0	11.7	12.5
Exchange Rate (MYR:USD)	**3.8**	**4.0**	**4.2**	**4.4**	**4.6**
Conservative Case NPV @ 10% discount rate (USD M)	1.9	2.0	2.1	2.2	2.3
Base Case NPV @ 10% discount rate (USD M)	1.9	2.1	2.4	2.6	2.9
Upside Case NPV @ 15% discount rate (USD M)	10.7	10.9	11.0	11.1	11.2
Gold Sold (% of forecast)	**80%**	**90%**	**100%**	**110%**	**120%**
Conservative Case NPV @ 10% discount rate (USD M)	1.3	1.7	2.1	2.5	2.9
Base Case NPV @ 10% discount rate (USD M)	0.9	1.7	2.4	3.2	3.9
Upside Case NPV @ 15% discount rate (USD M)	9.4	10.2	11.0	11.8	12.6

13.5 Market-based Valuation

13.5.1 Comparable Transaction Analysis

Derisk has assessed a comparable transaction valuation method, which is a market-based approach, adapted from the real estate approach to valuation. The transactions deemed to be analogous to the mineral asset being valued are used to determine a unit price (e.g. dollar per km^2 or dollar per tonne metal) for the asset being valued. This approach is widely used throughout the minerals industry, but the valuer must consider that this approach is retrospective and therefore does not consider current and future commodity or other market price movements. This approach usually generates a Market Value because it relates value to actual market-based transactions, although a discount or premium to account for current market conditions may be applied.

As noted above, two of the main comparable transaction approaches are to value the area of the tenement and value the contained metal (i.e. gold) identified to date on the tenement. For Lubuk Mandi, the approach valuing the contained gold in Mineral Resources is the most appropriate option.

In 2015, AMC prepared a valuation for the existing project, which at that time concluded that the valuation of the mineral assets comprised the following:

- For the tailings Mineral Resource, AMC determined a valuation range of USD 10.2 to 12.9 million, with a preferred value of USD 11.5 million. Based on the reported tailings Mineral Resource of 34 koz Au, this equates to a nominal valuation range from USD 300 to 379 per ounce of gold in resources based on a spot gold price of USD 1,125/oz at the effective valuation date (30 September 2015).
- For the hardrock Mineral Resource, AMC determined a valuation range of USD 5.9 to 9.3 million, with a preferred value of USD 7.8 million. Based on the reported hardrock Mineral Resource of 81 koz Au in 2015, this equates to a nominal valuation range from USD 73 to 115 per ounce of gold in resources based on a spot gold price of USD 1,125/oz at the effective valuation date (30 September 2015).

In 2015, AMC placed greater weight on the valuations derived from the income-based valuation approach for both assets. These valuations expressed as a value per ounce of contained gold in Mineral Resources are very different. The tailings resource was valued at a much higher rate than the hardrock resource because AASB had constructed a process plant and was commissioning it at the time of the valuation, whereas plans to redevelop the hardrock resource were less advanced.

Derisk has reviewed recent global gold project transactions to assess comparable transaction valuations. Derisk considers that there are no recent gold transactions that are directly comparable with the Lubuk Mandi site because of the combination of tailings retreatment and proposed underground mining. During the last year there have been numerous transactions that provide a selection of somewhat comparable transactions when assessed using the modest size of the Lubuk Mandi Mineral Resource.

Eleven transactions (Table 13-6) are documented for projects that are not currently in operation, although some have previous open pit and/or underground operating history. All have Mineral Resources but only one has Ore Reserves.

The transactions show a wide range of valuations normalised to the spot gold price as at 30 June 2020, from less than USD 1 per ounce of gold in Mineral Resources up to USD 107 per ounce. Removal of the four outlier transactions provides a smaller valuation range from USD 9.2 to 43.5 per ounce of gold in Mineral Resources. The key difference between these transactions and Lubuk Mandi is that most of the transactions are for assets where there is little or no site infrastructure. The transaction with the highest value of contained gold (Gilded Rose – USD 107/oz) includes a small gold processing plant under care-and-maintenance.

13.5.2 Valuation Cases

Derisk considers that the unit price valuation for the tailings Mineral Resource should be higher than the unit price valuation for the hardrock Mineral Resource. This assessment is because the tailings require minimal handling and pre-processing prior to retreatment and there is an existing process plant on site to treat this material.

In contrast, the hardrock Mineral Resource must be mined, transported to the process plant, then crushed, milled and subject to gravity separation of a proportion of the gold, prior to treatment in the same facility being used to process the tailings. Whilst much of the processing infrastructure for the hardrock mineralisation is on site, mining and treatment costs for this material are higher and there is significant uncertainty about the local spatial variability of gold within the interpreted mineralised zone defining the hardrock Mineral Resource.

As at 30 June 2020 there are 24,200 ounces of gold contained in the tailings Mineral Resource. Derisk considers that a unit price valuation range of USD 60 to 100 per ounce of contained gold is reasonable, which results in a valuation range from USD 1.5 to 2.4 million.

As at 30 June 2020 there are 79,000 ounces of gold contained in the hardrock Mineral Resource. Derisk considers that a unit price valuation range of USD 30 to 60 per ounce of contained gold is reasonable, which results in a valuation range from USD 2.4 to 4.7 million.

By combining the two valuations, Derisk considers that an appropriate valuation of the entire project ranges from USD 3.9 to 7.1 million, with a preferred mid-point valuation of USD 5.5 million.

Table 13-6. Global gold project transaction details.

Deal Date	Tenement Holder	Farm-in, JV or Purchase Partner	Project	Reserves	Mineral Resource (Mt)	Gold Grade (g/t)	Contained Gold (koz)	Project Equity Earned (%)	Deemed Payment Value (USD million)	Nominal Mineral Resource Value per oz Au	Normalised Mineral Resource Value per oz Au
May 2020	Rimfire Pacific Mining	Golden Plain Resources	Fifield, NSW	Nil	0.92	2.3	67	50.1	4.4	$33.1	$35.2
May 2020	Alt Resources	Aurenne Group	Bottle Creek, WA	Nil	11.55	1.5	570	100	20.0	$35.1	$37.3
May 2020	Corona Resources	RNC	Spargos Reward, WA	Nil	0.94	4.3	131	100	2.6	$19.6	$20.8
May 2020	Apollo Consolidated	Ibaera Capital Fund	Bagoe and Liberty, Cote d' Ivoire	Nil	6.65	2.5	530	20	4.5	$1.7	$1.8
Apr 2020	Ausmex Mining Group	PepinNini Lithium	Gilded Rose, WA	Nil	0.14	4.2	19	100	1.9	$97.9	$107.0
Apr 2020	B2Gold	West African Resources	Toega, Burkina Faso	Nil	17.53	2.0	1,130	100	45.0	$39.8	$43.5
Feb 2020	Arc Minerals	MetalsTech	Sturec, Slovakia	Yes	25.10	1.6	1,320	100	0.5	$0.4	$0.5
Dec 2019	Andrew Patterson	Red5	Cables and Mission, WA	Nil	1.50	3.8	185	100	1.4	$7.4	$9.2
Nov 2019	Terrain Minerals	Red5	Great Western, WA	Nil	0.71	2.7	62	100	1.7	$27.4	$34.3
Sep 2019	Strategic Projects	Bardoc Gold	Mayday and N Kanowna, WA	Nil	2.13	1.6	109	100	1.0	$9.4	$11.4
Aug 2019	Sona Resources	Tempus Resources	Blackdome/ Elizabeth, British Columbia	Nil	0.52	12.2	206	100	0.4	$1.7	$2.1

Note: *Nominal Mineral Resource value at deal date.*
Normalised Mineral Resource value as at effective date of valuation (30 June 2020).

13.6 Valuation Summary

Derisk has prepared four valuation scenarios for the project as follows:

- An income-based conservative case derived from mining and processing of most of the tailings Mineral Resource, with a market-based valuation of the remaining unmined tailings Mineral Resource (9,900 oz Au) and all the hardrock Mineral Resource (79,000 oz Au).
- An income-based base case derived from mining and processing all the tailings Mineral Resource, with a market-based valuation of all the hardrock Mineral Resource (79,000 oz).
- An income-based upside case derived from mining and processing all the tailings Mineral Resource and all the hardrock Mineral Resource by underground mining.
- A market-based valuation of the tailings Mineral Resource (24,200 oz Au) and the hardrock Mineral Resource (79,000 oz) as reported at the effective valuation date of 30 June 2020.

Table 13-7 summarises the valuations prepared by Derisk for the project. Derisk considers that the income-based valuation scenarios supplemented by market-based valuations for unmined Mineral Resources should be used to determine a valuation for the project. The market-based comparable transaction approach is considered a check on the income-based scenarios.

Table 13-7. Valuation of Lubuk Mandi project.

Valuation Scenario	Income-based Valuation Range (USD million)	Market-based Valuation Range (USD million)	Overall Valuation Range (USD million)
Conservative case (income-based) plus value of remaining unmined tailings Mineral Resource and all the hardrock Mineral Resource (market-based)	1.3 – 2.9	3.0 – 5.7	4.3 – 8.6
Base case (income-based) – all tailings Mineral Resource is mined, but includes value of all the hardrock Mineral Resource (market-based)	0.9 – 3.9	2.4 – 4.7	3.3 – 8.6
Upside case (income-based) – all Mineral Resources are mined	9.4 – 12.6	-	9.4 – 12.6
Market-based valuation of tailings and hardrock Mineral Resources as at 30 June 2020	-	3.8 – 7.2	3.8 – 7.2

In determining a Market Valuation, Derisk has considered the likelihood that the scenarios will be achieved and applied weighting factors of 60% to the base case and 40% to the upside case. This delivers a range of USD 5.7 – 10.2 million with a preferred mid-point value of USD 8.0 million. The conservative case was not included as AASB has advised that they are committed to the planned increase in processing capacity and the associated loan.

14 RISKS AND OPPORTUNITIES

The most significant risk and opportunity relates to the gold price and this is common to all scenarios. This has been addressed by the sensitivity analyses in Section 15. Derisk considers the gold price sensitivity to be a Medium risk and a High opportunity for all valuation cases. The gold price would need to fall below USD 1,462 per ounce for the Base Case to show a loss.

Derisk has assessed the project-specific risks for each of its valuation cases and also identified the main opportunities.

14.1 Conservative Case

14.1.1 Risks

This case assumes that the previous tailings operation will be resumed with minimal changes to the processing plant, although a higher throughput rate and an improved gold recovery are expected based on the modifications and improvements to the processing plant completed since October 2019. Therefore, there are risks that the higher throughput and improved gold recovery may not actually be achieved or sustained. This is considered a Medium risk.

There is a risk that prolonged very heavy rainfall could prevent the reclamation of tailings at the scheduled rate for an extended period. This would reduce the total amount of tailings processed at the expiry of the ML. This is considered a Low risk.

14.1.2 Opportunities

It is possible that the throughput and/or recovery could be higher than scheduled, but Derisk considers that this is unlikely to be achieved consistently and is a Low opportunity.

14.2 Base Case

14.2.1 Risks

This case relies on the additional plant capacity and the higher reclamation rate to be achieved as scheduled and maintained in order to process most of the tailings by the time ML 1/2007 and the agreement with GAR expire. If the higher throughput cannot be sustained as scheduled and the ML or the agreement with GAR are not renewed, insufficient tailings will be processed to justify the capital investment in the additional capacity. This is considered a Medium risk.

14.2.2 Opportunities

It is possible that the throughput and/or recovery could be higher than scheduled, but Derisk considers that this is unlikely to be achieved consistently and is a Low opportunity.

14.3 Upside Case

In addition to the risks and opportunities outlined in the Base Case scenario for the tailings reclamation operation, Derisk has identified the following in relation to the underground operation.

14.3.1 Risks

Derisk has not been provided with a detailed mine plan showing the dimensions or grades of the proposed stopes. Given the low grade of the hardrock resource, it is possible that the higher-grade portion that is proposed to be stoped may comprise very narrow and/or discontinuous lodes that are uneconomic or operationally impractical to mine, resulting in the proposed production rate and/or the scheduled grade not being achieved. This is considered a High risk.

All the stoping operations will be conducted under the open pit which is partially flooded. Although a 20 m thick crown pillar is to be left below the floor of the pit, no hydrogeological assessment has been provided to Derisk to confirm that this will be adequate to protect the workings from uncontrolled ingress of water. This is considered a High risk.

Derisk has not been provided with any geotechnical investigation or assessment to confirm that the proposed shrinkage stoping operation will not be adversely impacted by poorer than expected ground conditions. This could result in higher costs, mining recovery being lower than assumed and/or dilution being higher than assumed, resulting in reduced revenue. Due to the relatively small opening dimensions, this is considered a Medium risk.

Since this case is scheduled to continue until September 2023 to deplete the tailings and hardrock resources, the overall economics would be severely impacted if ML 1/2007 and/or the agreement with GAR were not renewed in April 2022. This is considered a Medium risk.

14.3.2 Opportunities

Given the lack of detailed planning, it is possible that the underground operation could achieve significantly higher than expected tonnage and/or grade, resulting in increased revenue and profitability. Derisk considers that there is a Medium chance of this happening.

15 CONCLUSIONS

The Lubuk Mandi gold mine has Mineral Resources for tailings and in situ mineralisation of 24,200 oz Au and 79,000 oz Au, respectively. There are no Ore Reserves. AASB has built a tailings retreatment plant that produces gold in concentrate for sale, and a hardrock processing plant that recovers free gold through a gravity circuit before being processed through the tailings retreatment plant.

AASB has experienced technical and operational difficulties that have resulted in a poorer performance of the tailings retreatment plant compared to plans and a change from open pit mining to underground mining for the hardrock Mineral Resources. Derisk considers that the tailings Mineral Resource is technically sound and fit-for-purpose. The hardrock Mineral Resource is also technically sound as a global estimate but is unlikely to provide accurate local estimates of tonnes and grade in an underground mining operation without additional drilling.

Derisk has determined a Market Value for the operation that ranges from USD 5.7 – 10.2 million with a preferred mid-point value of USD 8.0 million.

Derisk's valuation as at 30 June 2020 is considerably lower than the valuation prepared by AMC for Anchor's SGX listing (effective valuation date of 30 September 2015). AMC concluded the Project had a valuation range from USD 16.1 to 22.2 million, with a preferred value of USD 19.2 million. Whilst the gold price is significantly higher in June 2020 compared to September 2015, the main reasons for the lower valuation in 2020 are as follows:

- In 2015, the tailings processing plant was being commissioned, but had not operated as a continuous production operation. AMC accepted the expected throughput and recovery forecasts with minimal adjustment. Over the subsequent four years, these forecasts were never achieved and the project has operated at a loss each year. Derisk has accepted AASB's current forecast throughput rates and recoveries, which are more realistic given the production history since 2015.
- The change in the tailings processing strategy from cyanide leach to flotation means that AASB is now charged an impurities penalty by BFIE equal to 30% of the value of the gold content to cover the cost of smelting and refining of the gold concentrate.
- The tailings Mineral Resource has been partially depleted and now has a lower tonnage and lower grade than reported in 2015, containing fewer ounces of gold.
- AMC assumed an open pit mining operation for the hardrock Mineral Resource. This did not prove to be profitable and a more expensive underground operation is now being developed. The cut-off grade for the underground operation will be much higher than for the open pit operation, so the mined ounces of gold will be significantly less.
- AASB has established a revenue sharing arrangement with GAR for mining and processing. This agreement reduces AASB's financial risk, but it also significantly reduces its share of the revenue.

16 PRACTITIONER/SPECIALIST CONSENT AND SIGN-OFF

16.1 Director and Specialist

I, Mark Berry, confirm that I am a Principal Consultant and Director of Derisk and that I directly supervised the production of the report titled Independent Valuation of the Malaysian Mineral Assets Held by Angka Alamjaya Sdn Bhd, with an effective date of 30 June 2020, in accordance with SGX Catalist Rule 442 (b).

I confirm that my firm's Directors, shareholders, employees, and I are independent of Anchor Resources Limited (the commissioning entity), its Directors, substantial shareholders, and their associates. In addition, my firm's Directors, substantial shareholders, employees, and I have no interest, direct or indirect, in the commissioning entity, its subsidiaries, or associated companies, and will not receive benefits other than remuneration paid to Derisk in connection with this valuation report. Remuneration paid to Derisk is not dependent on the findings of this report.

I am a Member of The Australian Institute of Geoscientists and have 40 years of minerals industry experience. I have not been found in breach of any relevant rule or law of that institute, and I am not the subject of any disciplinary proceeding. I am not the subject of any investigation that might lead to a disciplinary proceeding by any regulatory authority or any professional association.

I have read and understood the requirements of the VALMIN Code and the JORC Code. I am a Specialist as defined by the VALMIN Code, having more than the minimum experience relevant to the style of mineralisation and type of deposit described in this report, and to the activity for which I am accepting responsibility.

I have reviewed this report, to which this Consent Statement applies, and I consent to the release of this report.

THE SIGNATORY HAS GIVEN PERMISSION FOR THEIR SIGNATURE TO BE USED IN THIS DOCUMENT

Signature of Director and Specialist | 27 November 2020
Date

16.2 Practitioner/Specialist

I, Malcolm Dorricott, confirm that I am a Principal Mining Consultant with Derisk and that I am the Practitioner and Specialist taking overall responsibility for the technical assessment and valuation in the report titled Independent Valuation of the Malaysian Mineral Assets Held by Angka Alamjaya Sdn Bhd, with an effective date of 30 June 2020, in accordance with SGX Catalist Rule 442 (b).

I am a Fellow of The Australasian Institute of Mining and Metallurgy and have more than 50 years of mining industry experience including more than 15 years of relevant experience. I have not been found in breach of any relevant rule or law of that institute, and I am not the subject of any disciplinary proceeding. I am not the subject of any investigation that might lead to a disciplinary proceeding by any regulatory authority or any professional association.

I have read and understood the requirements of the VALMIN Code and the JORC Code. I am a Practitioner and a Specialist as defined by the VALMIN Code, having more than the minimum experience relevant to the activity for which I am accepting responsibility.

I have reviewed this report, to which this Consent Statement applies, and I consent to the release of this report.

Signature of Practitioner and Specialist | 27 November 2020
Date

17 REFERENCES

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18 DEFINITIONS AND GLOSSARY

Table 18-1 provides a list of the definitions used in this report together with a glossary of relevant terms and abbreviations.

Table 18-1. Definitions and glossary of terms.

Term	Description
AAICD	Affiliate of the Australian Institute of Company Directors
AASB	Angka Alamjaya Sdn Bhd
Anchor	Anchor Resources Limited
Au	Gold
BFIE	Beijing Fuhaihua Import and Export Corp., Ltd.
Competent Person (as defined by the JORC Code)	A minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a Recognised Professional Organisation, as included in a list available on the JORC and ASX websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking.
DCF	Discounted cashflow
Derisk	Derisk Geomining Consultants Pty Ltd
d/qtr	days per quarter
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
Exploration Results (as defined by the JORC Code)	Data and information generated by mineral exploration programmes that might be of use to investors, but which do not form part of a declaration of Mineral Resources or Ore Reserves.
FATF	Financial Action Task Force
FAusIMM	Fellow of the Australasian Institute of Mining and Metallurgy
GAR	Great Aims Resources Sdn Bhd
GBM	GBM Limited
gm	grams
GPS	Global positioning unit
g/t	grams per metric tonne
HQ	diamond core with standard diameter of 63.5 mm
IVR	Independent Valuation Report
JAS	Jabatan Alam Sekitar
JORC	Joint Ore Reserves Committee
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition, effective December 2012
km	kilometre(s)
km^2	square kilometre(s)
koz	kilo ounces
LOM	Life-of-mine
m	metre(s)
m^3	cubic metre(s)
Ma	million years from the present
MAIG	Member of the Australian Institute of Geoscientists
Market Value (as defined by the VALMIN Code)	Estimated amount of money (or the cash equivalent of some other consideration) for which the mineral asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion.
MCO	Movement control order
Mineral Resource (as defined by the JORC Code)	A concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
ML	Mining lease
mm	millimetre(s)

Term	Description
Modifying Factors (as defined by the JORC Code)	Considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.
MOU	Memorandum of Understanding
Moz	million ounces
Mt	million tonnes
mth	month
MYR	Malaysian Ringgit
NPV	Net present value
Ore Reserve (as defined by the JORC Code)	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at prefeasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable and Proved Ore Reserves.
oz	Ounces
PERMINT	Permint Minerals Sdn Bhd
PLVG	Peter Ling & Van Geyzel
PMINT	State Economic Development Corporation of Terengganu (Perbadanan Memajukan Iktisad Negeri Terengganu)
ppb	parts per billion
ppm	parts per million
Practitioner (as defined by the VALMIN Code)	Expert as defined in the Corporations Act, who prepares a public report on a technical assessment or valuation report for mineral assets. This collective term includes Specialists and Securities Experts.
PRC	People's Republic of China
QA/QC	Quality assurance and quality control
QPR	Qualified Person's Report
qtr	quarter
RC	Reverse circulation
ROM	Run-of-mine
SGX	Singapore Exchange
Sinomine	Sinomine Resource Exploration Co. Ltd
Specialist (as defined by the VALMIN Code)	Persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value mineral assets.
t	tonne(s)
Technical Value (as defined by the VALMIN Code)	An assessment of a mineral asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.
t/m^3	tonnes per cubic metre
tpd	tonnes per day
t/qtr	Tonnes per quarter
TULE	Tianjin Universal-Link Enterprise (Overseas Limited)
USD	United States Dollar
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 edition, effective January 2016
WACC	Weighted average cost of capital
%	percent

APPENDIX A

Conservative Case Model

CONSERVATIVE CASE MODEL	USD:MYR	4.2	2020		2021				2022		
	Gold Price	1,800									
Parameter	Unit	Value	QTR1	QTR2	QTR3	QTR4	QTR5	QTR6	QTR7	QTR8	TOTAL
PRODUCTION & REVENUE											
Tailing plant capacity	tpd		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Utilisation	d/qtr		46	59	78	78	78	78	78	8	
Tailing processed	t/qtr		46,107	58,650	78,000	78,000	78,000	78,000	78,000	8,000	502,757
Tailing grade	g/t		0.84	0.72	0.68	0.68	0.68	0.68	0.68	0.68	
Recovery	%		53%	55%	55%	55%	55%	55%	55%	55%	
Au recovered	gm		20,782	23,106	29,172	29,172	29,172	29,172	29,172	2,992	192,740
Au recovered	oz		668	743	938	938	938	938	938	96.2	6,197
Payable Au	%	70%	70%	70%	70%	70%	70%	70%	70%	70%	
Gold sold (tailings)	oz	100%	468	520	657	657	657	657	657	67.3	4,338
Gold revenue (tailings)	USD		841,883	936,029	1,181,756	1,181,756	1,181,756	1,181,756	1,181,756	121,206	7,807,898
Gold revenue (tailings)	MYR		3,535,910	3,931,323	4,963,375	4,963,375	4,963,375	4,963,375	4,963,375	509,064	32,793,170
Share service charge	MYR/mth	3,795	11,385	11,385	11,385	11,385	11,385	11,385	11,385	3,795	83,490
Back charge Tribute from contractor	MYR	pro rata	106,077	117,940	148,901	148,901	148,901	148,901	148,901	15,272	983,795
Back charge Royalty from contractor	MYR	pro rata	35,359	39,313	49,634	49,634	49,634	49,634	49,634	5,091	327,932
TOTAL REVENUE	MYR		3,688,731	4,099,960	5,173,295	5,173,295	5,173,295	5,173,295	5,173,295	533,222	34,188,387
VARIABLE COSTS											
Contractors expenses (tailings)	MYR	20%	707,182	786,265	992,675	992,675	992,675	992,675	992,675	101,813	6,558,634
Tribute Expenses - PMINT	MYR	15%	530,386	589,698	744,506	744,506	744,506	744,506	744,506	76,360	4,918,975
Royalty Expenses - PTG	MYR	5%	176,795	196,566	248,169	248,169	248,169	248,169	248,169	25,453	1,639,658
Consumables	MYR/tpd	90	270,000	270,000	270,000	270,000	270,000	270,000	270,000	90,000	1,980,000
Utilities and diesel	MYR/tpd	145	435,000	435,000	435,000	435,000	435,000	435,000	435,000	145,000	3,190,000
Other expenses (lab, security)	MYR/mth	12,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	12,000	264,000
SUB-TOTAL	MYR		2,155,364	2,313,529	2,726,350	2,726,350	2,726,350	2,726,350	2,726,350	450,626	18,551,268
FIXED COSTS											
Personnel	MYR/mth	165,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	165,000	3,630,000
Management fees - ARL	MYR/mth	2.50%			124,084	124,084	124,084	124,084	124,084	12,727	633,148
Office and professional	MYR/mth	50,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	50,000	1,100,000
Depreciation	MYR/mth	141,419	424,256	424,256	424,256	424,256	424,256	424,256	424,256	141,419	3,111,211
Amortisation for Tailing Operation	MYR/t	3.80	175,207	222,870	296,400	296,400	296,400	296,400	296,400	30,400	1,910,477
Finance cost	MYR/mth		7,596	7,596	7,596	7,596	7,596	7,596	7,596	2,532	55,700
SUB-TOTAL	MYR		1,252,059	1,299,722	1,497,336	1,497,336	1,497,336	1,497,336	1,497,336	402,077	10,440,538
TOTAL EXPENSES	MYR		3,407,423	3,613,251	4,223,686	4,223,686	4,223,686	4,223,686	4,223,686	852,703	28,991,805
NET PROFIT BEFORE TAX	MYR		281,308	486,710	949,609	949,609	949,609	949,609	949,609	-319,481	5,196,581
TAX - Nil due to accumulated tax losses of MYR 41 million											
NET PROFIT AFTER TAX	MYR		281,308	486,710	949,609	949,609	949,609	949,609	949,609	-319,481	5,196,581
NON-CASH ITEMS											
Depreciation	MYR/mth	141,419	424,256	424,256	424,256	424,256	424,256	424,256	424,256	141,419	3,111,211
Amortisation for Tailing Operation	MYR/t	3.80	175,207	222,870	296,400	296,400	296,400	296,400	296,400	30,400	1,910,477
Finance cost	MYR		7,596	7,596	7,596	7,596	7,596	7,596	7,596	2,532	55,700
SUB-TOTAL	MYR		607,059	654,722	728,252	728,252	728,252	728,252	728,252	174,351	5,077,389
EBITDA	MYR		888,367	1,141,431	1,677,860	1,677,860	1,677,860	1,677,860	1,677,860	-145,131	10,273,970
NET CASHFLOW AFTER TAX	MYR		888,367	1,141,431	1,677,860	1,677,860	1,677,860	1,677,860	1,677,860	-145,131	10,273,970
Discounted cashflow @ 10%	MYR	10%	842,779	1,082,857	1,432,582	1,432,582	1,432,582	1,432,582	1,289,324	-111,523	8,833,766
NPV	MYR	8,833,766									
NPV	USD	2,103,278									
COST OF GOLD SOLD (before tax)	MYR/oz		6,959	6,624	6,114	6,114	6,114	6,114	6,114	12,305	6,362
COST OF GOLD SOLD (before tax)	USD/oz		1,657	1,577	1,456	1,456	1,456	1,456	1,456	2,930	1,515

APPENDIX B

Base Case Model

APPENDIX D

BASE CASE MODEL	USD:MYR	4.2	2020		2021				2022				2023-24	
	Gold Price	USD1,800												
Parameter	Unit	Value	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11-16	TOTAL
PRODUCTION & REVENUE														
Tailing plant capacity	tpd		1,000	1,000	1,000	1,400	1,400	1,400	1,400	1,400	1,400	1,400		
Utilisation	d/qtr		46	67	78	78	78	78	78	78	78	79		
Tailing processed	t/qtr		46,107	40,650	78,000	109,200	109,200	109,200	109,200	109,200	109,200	111,020		930,977
Tailing grade	g/t	0.68	0.84	0.74	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68		
Recovery	%	60.0%	53%	55%	55%	58%	60%	60%	60%	60%	60%	60%		
Au recovered	gm		20,782	16,374	29,172	42,697	44,554	44,554	44,554	44,554	44,554	45,296		377,090
Au recovered	oz		668	526	938	1,373	1,432	1,432	1,432	1,432	1,432	1,456		12,124
Payable Au	%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Gold sold (tailings)	oz	100%	468	369	657	961	1,003	1,003	1,003	1,003	1,003	1,019		8,487
Gold revenue (tailings)	USD		841,883	663,316	1,181,756	1,729,661	1,804,864	1,804,864	1,804,864	1,804,864	1,804,864	1,834,945		15,275,878
Gold revenue (tailings)	MYR		3,535,910	2,785,928	4,963,375	7,264,576	7,580,427	7,580,427	7,580,427	7,580,427	7,580,427	7,706,767		64,158,689
Share service charge	MYR/mth	3,795	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385		113,850
Back charge Tribute from contractor	MYR	pro rata	106,077	83,578	148,901	217,937	227,413	227,413	227,413	227,413	227,413	231,203		1,924,761
Back charge Royalty from contractor	MYR	pro rata	35,359	27,859	49,634	72,646	75,804	75,804	75,804	75,804	75,804	77,068		641,587
TOTAL REVENUE	**MYR**		**3,688,731**	**2,908,751**	**5,173,295**	**7,566,544**	**7,895,029**	**7,895,029**	**7,895,029**	**7,895,029**	**7,895,029**	**8,026,423**		**66,838,887**
VARIABLE COSTS														
Contractors expenses (tailings)	MYR	20%	707,182	557,186	992,675	1,452,915	1,516,085	1,516,085	1,516,085	1,516,085	1,516,085	1,541,353		12,831,738
Tribute Expenses - PMINT	MYR	15%	530,386	417,889	744,506	1,089,686	1,137,064	1,137,064	1,137,064	1,137,064	1,137,064	1,156,015		9,623,803
Royalty Expenses - PTG	MYR	5%	176,795	139,296	248,169	363,229	379,021	379,021	379,021	379,021	379,021	385,338		3,207,934
Consumables	MYR/tpd	90	270,000	180,000	270,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000		3,366,000
Utilities and diesel	MYR/tpd	145	435,000	290,000	435,000	609,000	609,000	609,000	609,000	609,000	609,000	609,000		5,423,000
Other expenses (lab, security)	MYR/mth	12,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000		360,000
SUB-TOTAL	MYR		2,155,364	1,620,371	2,726,350	3,928,830	4,055,171	4,055,171	4,055,171	4,055,171	4,055,171	4,105,707		34,812,476
FIXED COSTS														
Personnel	MYR/mth	165,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	247,500	247,500		4,455,000
Management fees - ARL	MYR/mth	4.50%			223,352	326,906	341,119	341,119	341,119	341,119	341,119	346,805		2,602,658
Office and professional	MYR/mth	50,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000		1,500,000
Depreciation	MYR/mth	141,419	424,256	590,923	674,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256		6,409,228
Amortisation for Tailing Operation	MYR/t	3.80	175,207	154,470	296,400	414,960	414,960	414,960	414,960	414,960	414,960	421,876		3,537,713
Finance cost	MYR/mth		7,596	7,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596		1,475,955
SUB-TOTAL	MYR		1,252,059	1,397,988	2,021,603	2,243,718	2,257,931	2,257,931	2,257,931	2,257,931	2,010,431	2,023,032		19,980,554
TOTAL EXPENSES	**MYR**		**3,407,423**	**3,018,360**	**4,747,953**	**6,172,548**	**6,313,102**	**6,313,102**	**6,313,102**	**6,313,102**	**6,065,602**	**6,128,739**		**54,793,030**
NET PROFIT BEFORE TAX	**MYR**		**281,308**	**-109,609**	**425,341**	**1,393,996**	**1,581,927**	**1,581,927**	**1,581,927**	**1,581,927**	**1,829,427**	**1,897,684**		**12,045,857**
TAX - Nil due to accumulated tax losses of MYR 41 million														
NET PROFIT AFTER TAX	**MYR**		**281,308**	**-109,609**	**425,341**	**1,393,996**	**1,581,927**	**1,581,927**	**1,581,927**	**1,581,927**	**1,829,427**	**1,897,684**		**12,045,857**
NON-CASH ITEMS														
Depreciation	MYR/mth	141,419	424,256	590,923	674,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256		6,409,228
Amortisation for Tailing Operation	MYR/t	3.80	175,207	154,470	296,400	414,960	414,960	414,960	414,960	414,960	414,960	421,876		3,537,713
Finance cost	MYR		7,596	7,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596		1,475,955
SUB-TOTAL	MYR		607,059	752,988	1,153,252	1,271,812	1,271,812	1,271,812	1,271,812	1,271,812	1,271,812	1,278,728		11,422,896
EBITDA			**888,367**	**643,379**	**1,578,593**	**2,665,807**	**2,853,739**	**2,853,739**	**2,853,739**	**2,853,739**	**3,101,239**	**3,176,411**		23,468,753
Capital expenditure (Dredge)				-600,000		540,000								-60,000
Repayment of Ambank loan facility (3 years tenure, first three months grace period)							-1,008,333	-1,008,333	-1,008,333	-1,008,333	-1,008,333	-1,008,333		-6,050,000
Balance remaining on loan														-6,050,000
NET CASHFLOW AFTER TAX	**MYR**		**888,367**	**43,379**	**1,578,593**	**3,205,807**	**1,845,406**	**1,845,406**	**1,845,406**	**1,845,406**	**2,092,906**	**2,168,078**	**-6,050,000**	11,308,753
Discounted cashflow @10%	MYR	10%	842,779	41,153	1,347,826	2,737,166	1,575,635	1,575,635	1,418,071	1,418,071	1,608,259	1,666,024	-4,142,796	10,087,825
NPV	**MYR**	**10,087,825**												
NPV	**USD**	**2,401,863**												
COST OF GOLD SOLD (before tax)	**MYR/oz**		6,959	7,857	6,912	6,109	5,982	5,982	5,982	5,982	5,736	5,698		6,141
COST OF GOLD SOLD (before tax)	**USD/oz**		1,657	1,871	1,646	1,455	1,424	1,424	1,424	1,424	1,366	1,357		1,462

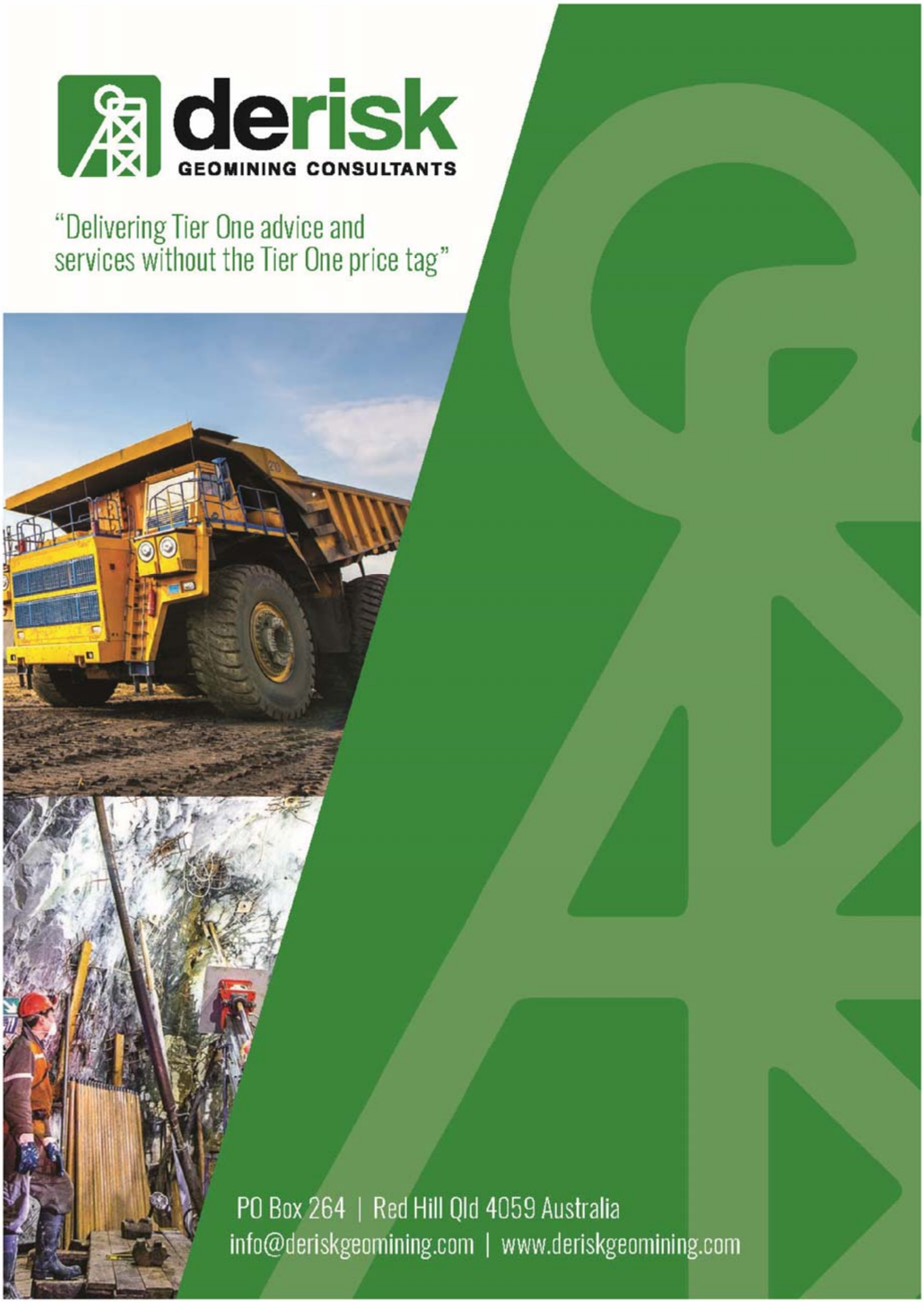
APPENDIX C

Upside Case Model

APPENDIX D

UPSIDE CASE MODEL	USD:MYR	4.2	2020		2021				2022				2023			2023-24	
	Gold Price	USD1,800															
Parameter	Unit	Value	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	QTR 12	QTR 13	QTR 14-16	TOTAL
PRODUCTION & REVENUE																	
UG ore processed	t/qtr					17,550	23,400	23,400	23,400	39,000	39,000	39,000	39,000	39,000	17,250		300,000
UG ore grade	g/t					3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00		
Gravity recovery	%	45%				45%	45%	45%	45%	45%	45%	45%	45%	45%	45%		
Au recovered	gm					23,693	31,590	31,590	31,590	52,650	52,650	52,650	52,650	52,650	23,288		405,000
Au recovered	oz					762	1,016	1,016	1,016	1,693	1,693	1,693	1,693	1,693	749		13,021
Payable gold	%	100%				100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Gold sold (gravity)	oz					762	1,016	1,016	1,016	1,693	1,693	1,693	1,693	1,693	749		13,021
Gold revenue (gravity)	USD					1,371,117	1,828,156	1,828,156	1,828,156	3,046,926	3,046,926	3,046,926	3,046,926	3,046,926	1,347,679		23,437,892
Gold revenue (gravity)	MYR					5,758,690	7,678,253	7,678,253	7,678,253	12,797,089	12,797,089	12,797,089	12,797,089	12,797,089	5,660,251		98,439,146
UG gravity tailings	t/qtr					17,550	23,400	23,400	23,400	39,000	39,000	39,000	39,000	39,000	17,250		300,000
UG tailings grade	g/t					1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65		
Recovery	%					60%	60%	60%	60%	60%	60%	60%	60%	60%	60%		
Au recovered	gm					17,375	23,166	23,166	23,166	38,610	38,610	38,610	38,610	38,610	17,078		297,000
Au recovered	oz					559	745	745	745	1,241	1,241	1,241	1,241	1,241	549		9,549
Payable Au	%	70%				70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Gold sold (gravity tailings)	oz					391	521	521	521	869	869	869	869	869	384		6,684
Gold revenue (gravity tailings)	USD					703,840	938,453	938,453	938,453	1,564,089	1,564,089	1,564,089	1,564,089	1,564,089	691,808		12,031,451
Gold revenue (gravity tailings)	MYR					2,956,128	3,941,503	3,941,503	3,941,503	6,569,172	6,569,172	6,569,172	6,569,172	6,569,172	2,905,595		50,532,095
Tailing plant capacity	tpd		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		
Utilisation	d/qtr		46	67	78	78	78	78	78	78	78	78	78	78	60		
Tailing processed	t/qtr		46,000	41,000	78,000	109,200	109,200	109,200	109,200	109,200	109,200	109,200	109,200	109,200	83,454		1,231,254
Reclaimed tailings	t/qtr		46,107	40,650	78,000	91,650	85,800	85,800	85,800	70,200	70,200	70,200	70,200	70,200	66,204		931,011
Reclaimed tailing grade	g/t		0.84	0.74	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68		
Recovery	%		53%	55%	55%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%		
Au recovered	gm		20,782	16,374	29,172	37,393	35,006	35,006	35,006	28,642	28,642	28,642	28,642	28,642	27,011		378,960
Au recovered	oz		668	526	938	1,202	1,125	1,125	1,125	921	921	921	921	921	868		12,184
Payable Au	%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Gold sold (reclaimed tailings)	oz		468	369	657	842	788	788	788	645	645	645	645	645	608		8,529
Gold revenue (reclaimed tailings)	USD		841,883	663,316	1,181,756	1,514,796	1,418,107	1,418,107	1,418,107	1,160,269	1,160,269	1,160,269	1,160,269	1,160,269	1,094,223		15,351,643
Gold revenue (reclaimed tailings)	MYR		3,535,910	2,785,928	4,963,375	6,362,144	5,956,050	5,956,050	5,956,050	4,873,131	4,873,131	4,873,131	4,873,131	4,873,131	4,595,738		64,476,901
Total gold sold	oz	100%	468	369	657	1,994	2,325	2,325	2,325	3,206	3,206	3,206	3,206	3,206	1,741		28,234
Total gold revenue	USD		841,883	663,316	1,181,756	3,589,753	4,184,716	4,184,716	4,184,716	5,771,284	5,771,284	5,771,284	5,771,284	5,771,284	3,133,711		50,820,986
Total gold revenue	MYR		3,535,910	2,785,928	4,963,375	15,076,961	17,575,806	17,575,806	17,575,806	24,239,393	24,239,393	24,239,393	24,239,393	24,239,393	13,161,584		213,448,141
Share service charge	MYR/mth	3,795	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385		148,005
Back charge Tribute from contractor	MYR	pro rata	106,077	83,578	148,901	711,450	872,796	872,796	872,796	1,303,051	1,303,051	1,303,051	1,303,051	1,303,051	649,559		10,833,206
Back charge Royalty from contractor	MYR	pro rata	35,359	27,859	49,634	237,150	290,932	290,932	290,932	434,350	434,350	434,350	434,350	434,350	216,520		3,611,069
TOTAL REVENUE	**MYR**		**3,688,731**	**2,908,751**	**5,173,295**	**16,036,946**	**18,750,919**	**18,750,919**	**18,750,919**	**25,988,179**	**25,988,179**	**25,988,179**	**25,988,179**	**25,988,179**	**14,039,048**		**228,040,421**
VARIABLE COSTS																	
Contractors expenses (all tailings)	MYR	20%	707,182	557,186	992,675	1,863,654	1,979,511	1,979,511	1,979,511	2,288,461	2,288,461	2,288,461	2,288,461	2,288,461	1,500,267		23,001,799
Contractors expenses (gravity hardrock)	MYR	50%	0	0	0	2,879,345	3,839,127	3,839,127	3,839,127	6,398,544	6,398,544	6,398,544	6,398,544	6,398,544	2,830,125		49,219,573
Tribute Expenses - PMINT	MYR	15%	530,386	417,889	744,506	2,261,544	2,636,371	2,636,371	2,636,371	3,635,909	3,635,909	3,635,909	3,635,909	3,635,909	1,974,238		32,017,221
Royalty Expenses - PTG	MYR	5%	176,795	139,296	248,169	753,848	878,790	878,790	878,790	1,211,970	1,211,970	1,211,970	1,211,970	1,211,970	658,079		10,672,407
Consumables	MYR/tpd	90	270,000	180,000	270,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000		4,500,000
Utilities and diesel	MYR/tpd	145	435,000	290,000	435,000	609,000	609,000	609,000	609,000	609,000	609,000	609,000	609,000	609,000	609,000		7,250,000
Other expenses (lab, security)	MYR/mth	12,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000		468,000
SUB-TOTAL	MYR		2,155,364	1,620,371	2,726,350	8,781,392	10,356,799	10,356,799	10,356,799	14,557,884	14,557,884	14,557,884	14,557,884	14,557,884	7,985,709		127,129,000
FIXED COSTS																	
Personnel	MYR/mth	165,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	247,500	247,500	247,500	247,500	247,500		5,197,500
Management fees - ARL	MYR/mth	4.50%	0	0	223,352	678,463	790,911	790,911	790,911	1,090,773	1,090,773	1,090,773	1,090,773	1,090,773	592,271		9,320,684

UPSIDE CASE MODEL	USD:MYR	4.2	2020		2021				2022				2023			2023-24	
	Gold Price	USD1,800															
Parameter	**Unit**	**Value**	**QTR 1**	**QTR 2**	**QTR 3**	**QTR 4**	**QTR 5**	**QTR 6**	**QTR 7**	**QTR 8**	**QTR 9**	**QTR 10**	**QTR 11**	**QTR 12**	**QTR 13**	**QTR 14-16**	**TOTAL**
Office and professional	MYR/mth	50,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000		1,950,000
Depreciation	MYR/mth	141,419	424,256	424,256	424,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256		8,015,329
Amortisation for Tailing Operation	MYR/t	3.80	175,207	154,470	296,400	348,270	326,040	326,040	326,040	266,760	266,760	266,760	266,760	266,760	251,575		3,537,843
Amortisation for Hardrock Operation	MYR/t	6.52	0	0	0	114,426	152,568	152,568	152,568	254,280	254,280	254,280	254,280	254,280	112,470		1,956,000
Finance cost	MYR/mth		7,596	7,596	7,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596		1,848,742
SUB-TOTAL	MYR		1,252,059	1,231,322	1,596,603	2,643,011	2,771,371	2,771,371	2,771,371	3,113,664	2,866,164	2,866,164	2,866,164	2,866,164	2,210,668		31,826,097
TOTAL EXPENSES	**MYR**		**3,407,423**	**2,851,693**	**4,322,953**	**11,424,402**	**13,128,169**	**13,128,169**	**13,128,169**	**17,671,548**	**17,424,048**	**17,424,048**	**17,424,048**	**17,424,048**	**10,196,377**		**158,955,097**
NET PROFIT BEFORE TAX	MYR		**281,308**	**57,058**	**850,341**	**4,612,544**	**5,622,749**	**5,622,749**	**5,622,749**	**8,316,631**	**8,564,131**	**8,564,131**	**8,564,131**	**8,564,131**	**3,842,671**		69,085,323
Tax loss carried forward	MYR M	51.22	50.94	50.88	50.03	45.42	39.79	34.17	28.55	20.23	11.67	3.10	0	0	0		
Taxble Income	MYR		0	0	0	0	0	0	0	0	0	0	8,316,578	8,564,131	3,842,671		20,723,380
Tax Payable	MYR	24%	0	0	0	0	0	0	0	0	0	0	1,995,979	2,055,391	922,241		4,973,611
NET PROFIT AFTER TAX	MYR		**281,308**	**57,058**	**850,341**	**4,612,544**	**5,622,749**	**5,622,749**	**5,622,749**	**8,316,631**	**8,564,131**	**8,564,131**	**6,568,152**	**6,508,739**	**2,920,430**		64,111,712
NON-CASH ITEMS																	
Depreciation	MYR/mth	141,419	424,256	424,256	424,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256	674,256		8,015,329
Amortisation for Tailing Operation	MYR/t	3.80	175,207	154,470	296,400	348,270	326,040	326,040	326,040	266,760	266,760	266,760	266,760	266,760	251,575		3,537,843
Amortisation for Hardrock Operation	MYR/t	6.52	0	0	0	114,426	152,568	152,568	152,568	254,280	254,280	254,280	254,280	254,280	112,470		1,956,000
Finance cost	MYR		7,596	7,596	7,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596	182,596		1,848,742
SUB-TOTAL	MYR		607,059	586,322	728,252	1,319,548	1,335,460	1,335,460	1,335,460	1,377,892	1,377,892	1,377,892	1,377,892	1,377,892	1,220,897		15,357,913
EBITDA	**MYR**		**888,367**	**643,379**	**1,578,593**	**5,932,091**	**6,958,209**	**6,958,209**	**6,958,209**	**9,694,522**	**9,942,022**	**9,942,022**	**9,942,022**	**9,942,022**	**5,063,567**		**84,443,237**
Capital expenditure (Dredge)			0	-600,000	0	540,000	0	0	0	0	0	0	0	0	0		-60,000
Repayment of Ambank loan facility (3 years tenure, first three months grace period)			0	0	0	0	-1,008,333	-1,008,333	-1,008,333	-1,008,333	-1,008,333	-1,008,333	-1,008,333	-1,008,333	-1,008,333		-9,075,000
Balance remaining on loan																	-3,025,000
NET CASHFLOW AFTER TAX	**MYR**		**888,367**	**43,379**	**1,578,593**	**6,472,091**	**5,949,876**	**5,949,876**	**5,949,876**	**8,686,189**	**8,933,689**	**8,933,689**	**6,937,710**	**6,878,298**	**3,132,993**	**-3,025,000**	**67,309,626**
Discounted cashflow @ 15%	MYR	15%	819,034	39,994	1,237,082	5,071,927	4,662,687	4,662,687	3,963,284	5,785,975	5,950,838	5,950,838	3,928,099	3,894,460	1,773,886	-1,627,104	46,113,688
NPV	MYR	46,113,688															
NPV	USD	10,979,450															
COST OF GOLD SOLD (before tax)	**MYR/oz**		6,959	7,405	6,265	5,247	5,141	5,141	5,141	4,966	4,889	4,889	4,889	4,889	5,353		5,113
COST OF GOLD SOLD (before tax)	**USD/oz**		1,657	1,763	1,492	1,249	1,224	1,224	1,224	1,182	1,164	1,164	1,164	1,164	1,274		1,217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27 November 2020

The Board of Directors
Anchor Resources Limited
80 Robinson Road
#17-02
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INDEPENDENT BUSINESS VALUATION SUMMARY LETTER
IN RELATION TO THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ANGKA ALAMJAYA SDN. BHD. AND ITS WHOLLY OWNED SUBSIDIARY ANGKA MINING SDN. BHD. (THE "PROPOSED DISPOSAL").

Dear Sirs/Madames,

1. Introduction

Mazars LLP ("Mazars" or "we") have been engaged by Anchor Resources Limited ("ARL" or the "Client") to perform a business valuation exercise (the "Valuation") to estimate the Market Value range of the entire issued and paid-up share capital of Angka Alamjaya Sdn. Bhd. ("AASB") and its wholly owned subsidiary Angka Mining Sdn. Bhd. ("AMSB"), collectively ("AASB group") as at 30 June 2020 (the "Valuation Date").

This letter is addressed strictly to ARL and has been prepared solely for the purpose of disclosure as an appendix in the Client's Circular to be issued in relation to the Proposed Disposal. All capitalised terms used in this letter shall have the same meanings as ascribed to them in the Circular. This is a summary of the information contained in our independent business valuation report (Ref : ARL.B001) dated 27 November 2020 (the "**BV Report**"). Accordingly, this letter should be read in conjunction with the full text of the BV Report.

Our valuation work has been conducted in accordance with the requirements of International Valuation Standards ("IVS"). Furthermore, our BV Report was prepared in accordance with the requirements of IVS.

2. Terms of Reference

This letter and the BV Report do not constitute any opinion or an advice concerning the merits of any potential acquisition or investment and the fairness of the contemplated terms thereof. The decision to proceed with any acquisition, investment or divestment or otherwise based on the information contained in this letter and the BV Report belongs entirely to the Client. We assume no responsibility or liability for any loss suffered by any party as a result of their reliance on information contained in this letter and the BV Report.

Our valuation analysis is based on financial statements, management accounts and other inputs provided by the management of ARL (the "Management"). We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information. The accuracy of such information is the sole responsibility of the Management. Our conclusion of value is conditional upon the completeness, accuracy and fair presentation of the information from the Management.

Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information. We assume no responsibility for the accuracy and the reasonableness of such information.

3. Valuation Approach and Methodology

This valuation exercise was performed on Market Value basis. Market Value is defined by the International Valuation Standards Council ("IVSC") as *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

We have considered all three generally accepted valuation approaches, namely the income approach, the market approach and the cost approach.

We have relied on the Income Approach to estimate the Market Value range of the 100% share capital of AASB Group. Furthermore, we relied on the Guideline Public Company Method as a cross check for the Market Value range derived from the Income Approach. Specifically, we relied on the Forward EV/EBTIDA and P/NAV multiples of Comparable Companies to cross check to the implied multiples derived from our Income Approach.

We did not rely on the Guideline Transaction Method as the transaction multiples typically include deal specific synergy and conditions. We did not rely on the Cost Approach as it fails to capture the income-generating potential of AASB Group.

4. Reliance on Information

In conducting our Valuation, we have held discussions with Management and we have read information provided by them and other publicly available information, upon which our valuation analyses is based. Further, we have relied upon representations of ARL that all material information available to them with respect to AASB Group that is relevant for the purpose of our Valuation, has been disclosed to us.

In undertaking the Valuation, we considered, inter alia, the following:

a) Financial forecast and supporting information for AASB Group for the period 1 July 2020 to 30 September 2023 (the "Projections"), as provided by Management.
b) Audited financial statements of AASB Group for FY18 and FY19, as provided by Management.
c) Unaudited management accounts of AASB Group for the period ended 30 June 2020, as provided by Management.
d) Discussions with Management on AASB Group's business and Projections.
e) Mineral Asset Valuation Report dated 27 November 2020, prepared by Derisk Geomining Consultants Pty Ltd.
f) 2019 Qualified Person's Report as of 31 December 2019 prepared by Wrightech Engineering (the "2019 QPR Report").
g) AASB Group's organisational chart as at 30 June 2020.

We have relied upon, and have not independently verified the accuracy, completeness and adequacy of all such information provided or otherwise made available to us or relied upon by us as described above, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

5. Critical Assumptions

Our conclusions are primarily dependent on the following assumptions:

- The mining lease which is due to expire in April 2022 will be extended for a further 5 years.
- The GAR agreement which is expected to end in 2022 will be extended until the end of the life of the mine.
- The mineable resource of the tailings is estimated at 960,000 tonne as of Valuation Date.
- The current tailings processing plant (which has capacity of 1,000 tonne/day) will be able to process at a rate of 21,000 tonne/month in FY20, 24,000 tonne/month in FY21 and 26,000 tonne/month in FY22 and F23.
- AASB Group will be able to achieve a net recovery of 40.8% in its tailings processing over the forecast period.
- No major unexpected movement of gold price and exchange rate during the forecast period. Variations within our lower confidence bound and upper confidence bound of our time series analyses is considered expected.
- Beijing Fuhaihua Import & Export Corp. Ltd. ("BFIE") will purchase all the semi-processed gold concentrated ore produced by AASB Group over the forecast period as per the long-term off-take agreement. BFIE will have the financial ability to pay for the semi-processed gold concentrated ore sold.
- Raw materials, utilities and diesel costs will not differ materially from the forecast.
- The property, plant and equipment will be sold / salvaged at the end of the life of the mine at its net book value.
- The decommissioning cost at the end of the life of the mine will not be significant and amount to ~ MYR 5 – 6 million.
- The impact of Covid-19 will not affect tailings operations from June 2020 onwards.
- GAR will not be able to perform underground mining (i.e., hardrock processing) economically.
- As they are still in the very early stages, the probability of the new opportunities materialising with (i) Kelantan State Land Authority, the Land and Mineral Director Office and (ii) Motivac Enterprises Sdn Bhd are assessed to be very low.
- AASB Group will be able to retain its key management and operating personnel.
- The operations of AASB Group will not be affected by disruptive technology, unforeseen competition or adverse government policies during the forecast period.
- There are no material undisclosed or contingent assets and liabilities that have not been brought to our attention during the course of the engagement.

We have not valued the hardrock processing operations based on the following reasons:

i. AASB has failed to extract any hardrock mineral resources despite trying to do so since 2015.

ii. We understand from Management that current methods are proving uneconomical and a new mining method for a more efficient extraction is required to proceed with the hardrock processing.

iii. Certain mining specialists in China may possess such capability. However, due to the current Covid-19 travel restriction, no mine visits or detailed assessment can be performed. As such, there is no business plan or feasibility study performed to assess the economic viability of the hardrock processing operations as at Valuation Date.

iv. As at the Valuation Date, the additional drilling costs, geologist costs and capital expenditures to be incurred by GAR for further hardrock processing is unknown until further assessment can be performed. Furthermore, the probability of success is also unknown as there are no proven or probable reserves for the hardrock mineral resources as per the 2019 QPR Report and Mineral Asset Valuation Report.

v. Should GAR and/or AASB be able to (i) engage the right underground specialist with the appropriate technology and mining method, (ii) obtain the necessary funding for capex and working capital needs (iii) locate the gold reserves; and (iv) operate the mine profitably, the value of AASB Group may be substantially higher.

vi. However, as at Valuation Date, Management is of the opinion that there is high uncertainty in all the above conditions being met. As such, we have not included any cashflow pertaining to the hardrock processing in our valuation of AASB.

6. Key Risks and Limitations

We note the following key risks and limitations in our Valuation:

- We have not performed any technical or operational due diligence on AASB Group.
- We have prepared this BV Report on the assurance that all mineral rights are currently in good standing. We have not attempted to establish the legal status of the mineral rights.
- We are not expressing an opinion on the commercial merits or structure of the Proposed Disposal and neither are we required to nor have we conducted a comprehensive review of the business, operational or financial condition of AASB Group. Hence, this letter does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Disposal.
- In arriving at our Valuation conclusion, we have not had regard to any general or specific investment objectives, financial situation or individual circumstances of any investor or potential investor and, accordingly, it may not be relied upon as such by any person.
- Our results depend on the Projections for AASB Group. However, because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material.
- Our Valuation conclusion is based upon the information available as at the Valuation Date. Economic conditions, market factors and changes in the performance of AASB Group may result in our conclusions becoming outdated.
- By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single value and we have expressed our analysis as falling within a likely range.

mazars

7. **Conclusion of Value**

Based on the methodology and analysis as detailed in the BV Report, the Market Value of the 100% share capital of AASB Group is estimated to be approximately **MYR 17,882k to MYR 18,599k** as at Valuation Date.

Our conclusion is based upon prevailing market, economic, industry, monetary and other conditions and information made available to us as of the date of the BV Report. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion to reflect events or developments subsequent to the issue of our final BV Report.

Yours sincerely

Mazars

Mazars LLP

ANCHOR RESOURCES LIMITED

(Company Registration Number: 201531549N)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Anchor Resources Limited (the "**Company**") will be held by way of electronic means on 28 December 2020 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolutions, as set out below.

This Notice has been made available on SGXNET and the Company's website and may be accessed at the URL https://www.angkaalam.com/investor-relations.php. A printed copy of this Notice will NOT be despatched to Shareholders.

Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular to the Shareholders of the Company dated 11 December 2020 (the ***"Circular"****).*

ORDINARY RESOLUTION 1 – APPROVAL OF THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 249,200,000 NEW SHARES TO LUMINOR 2 AT AN ISSUE PRICE PER NEW SHARE THAT IS HIGHER OF (I) S$0.005; AND (II) AN AMOUNT EQUIVALENT TO THE VWAP OF THE SHARES TRADED ON THE CATALIST OVER THE PERIOD OF FIVE (5) DAYS IMMEDIATELY PRECEDING THE COMPLETION DATE UNDER RULE 812 OF THE CATALIST RULES PURSUANT TO THE LUMINOR SHARE ISSUE

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 2:-

(1) Pursuant to Section 161 of the Companies Act and Rule 812(1) of the Catalist Rules, approval be and is hereby given for the creation, allotment and issuance by the Company of up to 249,200,000 New Shares to Luminor 2, at an issue price that is higher of (i) S$0.005; and (ii) an amount equivalent to the VWAP of the Shares traded on the Catalist over the period of five (5) days immediately preceding the Completion Date, subject to and otherwise in accordance with the terms and conditions of the Luminor Settlement Deed.

(2) The Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to this resolution as they or each of them may deem fit, with such modifications thereto (if any) as they or each of them may consider necessary, desirable or expedient, in order to give full effect to this resolution.

Notes to Ordinary Resolution 1:

(1) Dr. Foo Fatt Kah shall, and shall procure that his associates shall, abstain from voting on this Ordinary Resolution 1 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.

(2) Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional. If either of Ordinary Resolution 1 or Ordinary Resolution 2 is not passed, neither Ordinary Resolution 1 or Ordinary Resolution 2 will be passed.

ORDINARY RESOLUTION 2 – APPROVAL OF THE LUMINOR SETTLEMENT AS AN INTERESTED PERSON TRANSACTION UNDER RULE 906 OF THE CATALIST RULES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1:-

(1) Pursuant to Rule 906 of the Catalist Rules, approval be and is hereby given for the Company to undertake the Luminor Settlement, subject to and otherwise in accordance with the terms and conditions of the Luminor Settlement Deed, which constitutes an interested person transaction under the Catalist Rules.

(2) The Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to this resolution as they or

each of them may deem fit, with such modifications thereto (if any) as they or each of them may consider necessary, desirable or expedient, in order to give full effect to this resolution.

Notes to Ordinary Resolution 2:

(1) Dr. Foo Fatt Kah shall, and shall procure that his associates shall, abstain from voting on this Ordinary Resolution 2 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.

(2) Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional. If either of Ordinary Resolution 1 and Ordinary Resolution 2 is not passed, neither Ordinary Resolution 1 or Ordinary Resolution 2 will be passed.

ORDINARY RESOLUTION 3 – APPROVAL OF THE GHS SETTLEMENT PURSUANT TO THE GHS SETTLEMENT DEED

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 5:-

(1) Approval be and is hereby given for the GHS Settlement, subject to and otherwise in accordance with the terms and conditions of the GHS Settlement Deed.

(2) The Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to this resolution as they or each of them may deem fit, with such modifications thereto (if any) as they or each of them may consider necessary, desirable or expedient, in order to give full effect to this resolution.

Note to Ordinary Resolution 3:

(1) Dr. Foo Fatt Kah shall, and shall procure that his associates shall, abstain from voting on this Ordinary Resolution 3 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.

(2) Ordinary Resolution 3 is subject to and conditional upon the passing of Ordinary Resolution 5. If Ordinary Resolution 5 is not passed, Ordinary Resolution 3 will not be passed.

ORDINARY RESOLUTION 4 – APPROVAL OF THE KAL SETTLEMENT PURSUANT TO THE KAL SETTLEMENT DEED

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 5:-

(1) Approval be and is hereby given for the KAL Settlement, subject to and otherwise in accordance with the terms and conditions of the KAL Settlement Deed.

(2) The Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to this resolution as they or each of them may deem fit, with such modifications thereto (if any) as they or each of them may consider necessary, desirable or expedient, in order to give full effect to this resolution.

Note to Ordinary Resolution 4:

(1) Dr. Foo Fatt Kah shall, and shall procure that his associates shall, abstain from voting on this Ordinary Resolution 4 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.

(2) Ordinary Resolution 4 is subject to and conditional upon the passing of Ordinary Resolution 5. If Ordinary Resolution 5 is not passed, Ordinary Resolution 4 will not be passed.

ORDINARY RESOLUTION 5 – APPROVAL OF THE PROPOSED DISPOSAL PURSUANT TO THE LUMINOR SETTLEMENT, THE GHS SETTLEMENT AND THE KAL SETTLEMENT, AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

RESOLVED THAT:-

(1) Pursuant to Rule 1014 of the Catalist Rules, approval be and is hereby given for the Proposed Disposal being a "major transaction", subject to and otherwise in accordance with the terms and conditions of the Luminor Settlement Deed, the GHS Settlement Deed and the KAL Settlement Deed.

(2) The Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to this resolution as they or each of them may deem fit, with such modifications thereto (if any) as they or each of them may consider necessary, desirable or expedient, in order to give full effect to this resolution.

Notes to Ordinary Resolution 5:

(1) Dr. Foo Fatt Kah shall, and shall procure that his associates shall, abstain from voting on this Ordinary Resolution 5 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.

(2) Ordinary Resolution 5 is independent of each of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 2 and Ordinary Resolution 6, and may be passed separately. However, in the event that Ordinary Resolution 2, Ordinary Resolution 3 and/or Ordinary Resolution 4 is not passed, even if Ordinary Resolution 5 is passed, the Proposed Disposal may not be completed or may be partially completed only.

ORDINARY RESOLUTION 6 – APPROVAL OF THE PROVISION OF MANAGEMENT SERVICES TO AASB PURSUANT TO THE MANAGEMENT SERVICES AGREEMENT AS AN INTERESTED PERSON TRANSACTION UNDER RULE 906 OF THE CATALIST RULES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4 and Ordinary Resolution 5:-

(1) Pursuant to Rule 906 of the Catalist Rules, approval be and is hereby given for the Company to provide management services to AASB in respect of AASB's mining licences, local government approvals and operators, subject to and otherwise in accordance with the terms and conditions of the Management Services Agreement, which may constitute an interested person transaction under the Catalist Rules.

(2) The Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to this resolution as they or each of them may deem fit, with such modifications thereto (if any) as they or each of them may consider necessary, desirable or expedient, in order to give full effect to this resolution.

Notes to Ordinary Resolution 6:

(1) Dr. Foo Fatt Kah shall, and shall procure that his associates shall, abstain from voting on this Ordinary Resolution 6 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.

(2) Ordinary Resolution 6 is subject to and conditional upon the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4 and Ordinary Resolution 5. If any of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4 or Ordinary Resolution 5 is not passed, Ordinary Resolution 6 will not be passed.

BY ORDER OF THE BOARD
ANCHOR RESOURCES LTD.

Dr. Wilson Tay Chuan Hui
Non-Executive Chairman and Lead Independent Director
11 December 2020

Notes:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM are set out in the Company's announcement dated 11 December 2020 entitled "Important Notice to Shareholders Regarding the Company's Extraordinary General meeting on 28 December 2020" which has been uploaded together with this Notice of EGM on SGXNet on the same day. This announcement may also be accessed at the URL https://www.angkaalam.com/investor-relations.php.

   In particular, the EGM will be held by way of electronic means and a member will be able to watch the proceedings of the EGM through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10:00 a.m. on 25 December 2020, at the URL https://www.bigmarker.com/AAP/ARL-EGM-2020-Registration. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the EGM by 10:00 a.m. on 27 December 2020. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the EGM. This is to avoid any technical disruption or overload to the "live" webcast or "live" audio feed.

   Members may also submit questions related to the resolutions to be tabled for approval at the EGM. To do so, all questions must be submitted by 10:00 a.m. on 25 December 2020:

   (a) via the pre-registration website at the URL https://www.bigmarker.com/AAP/ARL-EGM-2020-Registration;

   (b) in hard copy by sending by post and lodging the same at the Registered Office of the Company at 80 Robinson Road #17-02, Singapore 068898; or

   (c) by email to info@anchorresources.com.sg.

   Members will need to identify themselves when posing questions by email or by post by providing the following details:

   (a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;

   (b) the member's NRIC/Passport/UEN number;

   (c) the member's contact number and email address; and

   (d) the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

   The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

   The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM as received from members either before or during the EGM.

   Please note that members will not be able to ask questions at the EGM "live" during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the EGM.

2. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the EGM may be accessed at the Company's website at the URL https://www.angkaalam.com/investor-relations.php and has also been made available on SGXNet

3. The Chairman of the EGM, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the EGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

   (a) if sent by post, be deposited at the Share Registrar's Office, B.A.C.S Private Limited, 8 Robinson Road #03-00, ASO Building, Singapore 048544; or

   (b) if submitted by email, be received by the Share Registrar's Office at main@zicoholdings.com,

   in either case, not less than 48 hours before the time for holding the EGM, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. The instrument appointing the Chairman of the EGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

5. In the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

6. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF and SRS investors, and who wish to participate in the EGM ("**Relevant Intermediary Participants**") by (a) observing and/or listening to the EGM proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 1 above; (b) submitting questions in advance of the EGM in the manner provided in Note 1 above; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the EGM. CPF or SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10:00 a.m. on 15 December 2020.

   * A Relevant Intermediary is:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

7. The Circular may be accessed at the Company's website at the URL https://www.angkaalam.com/investor-relations.php, and have also been made available on SGXNet.

Personal Data Protection:

By attending the EGM and/or any adjournment thereof or submitting an instrument appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof or submitting any details of Relevant Intermediary Participants in connection with the EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy for the EGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof) and the publication of the names and the comments of the members of the EGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the Relevant Intermediary Participants to the Company (or its agents or service providers), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of the Relevant Intermediary Participants for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

ANCHOR RESOURCES LIMITED

(Company Registration Number: 201531549N)
(Incorporated in the Republic of Singapore)

PROXY FORM - EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URL https://angkaalam.com/investor-relations.php. A printed copy of this form will NOT be despatched to members.

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Extraordinary General Meeting are set out in the Company's announcement dated 11 December 2020 entitled "Important Notice to Shareholders Regarding the Company's Extraordinary General Meeting on 28 December 2020" which has been uploaded together with the Notice of Extraordinary General Meeting dated 11 December 2020 on SGXNet on the same day. This announcement may also be accessed at the URL https://www.angkaalam.com/investor-relations.php.
2. A member will not be able to attend the Extraordinary General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Extraordinary General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF/SRS investors who wish to vote should contact their respective CPF Agent Banks or SRS Operators to submit their votes by 10:00 a.m. on 15 December 2020.

*I/We,____ (Name), *NRIC/Passport/Company Number

____________________ of____(Address)

being a member/members of **ANCHOR RESOURCES LIMITED** (the "**Company**"), hereby appoint the Chairman of the Extraordinary General Meeting ("**EGM**") as my/our proxy to attend, speak and to vote for me/us on my/our behalf at the EGM of the Company to be held by way of electronic means on 28 December 2020 at 10:00 a.m. and at any adjournment thereof.

I/We direct the Chairman of the EGM as my/our proxy to vote for or against the Resolutions, or to abstain from voting on the Resolutions, to be proposed at the EGM as indicated hereunder.

No.	Ordinary Resolutions	For	Against	No. of votes abstaining
1.	To approve the Luminor Share Issue **(Resolution 1)**			
2.	To approve the Luminor Settlement as an interested person transaction **(Resolution 2)**			
3.	To approve the GHS Settlement **(Resolution 3)**			
4.	To approve the KAL Settlement **(Resolution 4)**			
5.	To approve the Proposed Disposal **(Resolution 5)**			
6.	To approve the Provision of Management Services to AASB as an interested person transaction **(Resolution 6)**			

* *If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and/or "Against" the relevant resolution and/or to abstain from voting in respect of the resolution, please indicate the number of shares in the boxes provided.*

Dated this__________day of______________2020

Total Number of Shares held	

____

Signature(s) of Member(s)
or Common Seal of Corporate Shareholder

PROXY FORM

IMPORTANT (PLEASE READ THE NOTES)

Notes:

1. A member will not be able to attend the EGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

2. The Chairman of the EGM, as proxy, need not be a member of the Company.

3. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

4. The instrument appointing a proxy, must:

   (a) if sent by post, be deposited at the Share Registrar's Office, B.A.C.S. Private Limited, 8 Robinson Road #03-00, ASO Building, Singapore 048544; or

   (b) if submitted by email, be received by the Share Registrar's Office at main@zicoholdings.com,

   in either case, not less than 48 hours before the time for holding the EGM, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. If sent by post, the instrument appointing the Chairman of the EGM as proxy of an individual must be under the hand of the appointor or of his/her attorney duly authorised in writing and the instrument appointing the Chairman of the EGM as proxy of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

   Where an instrument appointing the Chairman of the EGM as proxy is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

6. Where an instrument appointing the Chairman of the EGM as proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the Chairman of the EGM as proxy, failing which the instrument may be treated as invalid.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 11 December 2020.