



ANCHOR
RESOURCES LIMITED

KEEPING
FOCUS
**STAYING
RESILIENT**
ANNUAL REPORT 2016

TABLE OF CONTENTS

CHAIRMAN'S STATEMENT	01
CORPORATE INFORMATION	03
BOARD OF DIRECTORS	04
GROUP STRUCTURE	07
MILESTONES ACHIEVED	08
HIGHLIGHTS	11
FINANCIAL REVIEW	12
OPERATIONS REVIEW	13
CORPORATE GOVERNANCE REPORT	14
CORPORATE SOCIAL RESPONSIBILITY POLICY STATEMENT	47
PERFORMANCE SHARE PLAN	48
FINANCIAL CONTENTS	52
IQPR REPORT	118
STATISTICS OF SHAREHOLDINGS	187
NOTICE OF ANNUAL GENERAL MEETING	189
PROXY FORM	

This annual report has been prepared by Anchor Resources Limited (the "Company") and its contents have been reviewed by UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this annual report. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.

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

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalyst Operations, Senior Vice President and Mr Josh Tan, Vice President, who can be contacted at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board"), I am pleased to present the 2nd annual report and audited financial statements of Anchor Resources Limited ("Anchor") and together with its subsidiaries, (the "Group") for the financial year ended 31 December 2016 ("FY2016").

KEY DEVELOPMENTS

FY2016 had been a busy year for Anchor as it consolidated and expanded its gold mining activities. On 18 March 2016, after 3 years of planning and operation, Anchor made its debut on the SGX-ST Catalist.

In May 2016, Angka Alamjaya Sdn Bhd ("AASB"), the 100% owned subsidiary of the Anchor commenced its preparation activities in hard rock mining. Such activities include soil testing, designing mining plan, sourcing for contractors and equipment suppliers.

In October 2016, AASB completed the commissioning and testing of hard rock processing facilities and in November saw the first gold pour from the hard rock processing facilities.

Another significant development during the year saw Anchor entering into a Sale and Purchase Agreement on 21 June 2016 in relation to the proposed acquisition of all the issued and fully paid shares in the capital of GGT Manufacturing Sdn. Bhd. ("GGTM"), representing 100% of its issued shares. The proposed acquisition of GGTM constitutes a Very Substantial Acquisition ("VSA") which is subject to approval of the

SGX-ST and the shareholders of the Company at an Extraordinary General Meeting. The Group targets to complete this exercise in FY2017. The aim of this exercise is to diversify into new business of mining and quarry extraction of dimension stone granite as well as architectural stone and interior fit out. Upon completion of the acquisition, the Group will have additional income stream from the sale of dimension stone granite.

INDUSTRY OUTLOOK

Gold prices were trading between US\$1,060.0 to USD1,366.3 per troy oz in 2016 with daily average of US\$1,248.3 per troy oz. Gold prices between January to February 2017 ranged from US\$1,145.9 to US\$ 1,257.2 per troy oz (Source: World Gold Council). The gold price also increased by 8% at the end of FY2016. The Group expects gold prices to fluctuate within a reasonable range depending on the global economy and US interest rates.

Supply of Gold

According to World Gold Council, the total world supply of gold in 2016 was 4,570.8 tonnes, a 4.8% (207.7 tonnes) increase from 4,363.1 tonnes in 2015. The two main sources of gold supply are mining production and recycling of gold. Mined gold totaled 3,236 tonnes in 2016 which is virtually same as 3,233 tonnes for 2015. Gold production has been plateauing given the industry's cost-cutting measures resulting in lesser budget in exploration and extraction of gold.



Demand of Gold

According to World Gold Council, total world gold demand in 2016 increased by 92.9 tonnes from 4,215.8 tonnes in 2015 to 4,308.7 tonnes in 2016 which represents an increase of 2.2%. The gold price also increased by 8% in 2016.

World gold demand comprises mainly jewellery, technology, investment and central bank and other institution purchases. In 2016, the increase in gold demand was mainly attributable to increase in investment via ETFs which saw an increase of 660.2 tonnes. However, there was significant drop in the demand for jewellery and central banks purchase.

The jewellery sector, being the largest consumer of gold, experienced a year on year drop in demand by 15%, approximately 347 tonnes. 69% of the decrease in demand are contributed by India (148 tonnes) and China (122.4 tonnes). The decrease in demand in India was mainly due to cash crunch as a result of the government initiative on

CHAIRMAN'S STATEMENT

the demonetisation, whilst decrease in China was attributable to the change in the spending pattern from buying material products to buying experiences like travelling.

Purchases by central banks decreased by from 576.5 tonnes in FY2015 to 383.6 tonnes in FY2016. Central banks buying has slowed from the pace of recent years, recording its lowest annual level since 2010. The slowdown is contributed by the rising pressure on foreign currency reserves.

FINANCIAL PERFORMANCE

The Group incurred a net loss of RM28.5 million for FY2016 as compared to RM44.2 million in FY2015. The net loss would have been approximately RM11.2 million assuming one-off and non-recurring expenses like IPO listing expenses of RM13.3 million, finance cost for anti-dilution holder of RM0.4 million, VSA expenses of RM2.3 million and general corporate consultancy fee of RM1.3 million are excluded.

In FY2016, the Group recorded revenue of RM2.2 million from the sales of gold in FY2016, an increase of RM1.50 million as compared to RM0.7 million in FY2015. The increase in revenue was mainly attributable to increase in sale of gold by 277.1 oz and increase in average realised gold price by RM375.7 per oz in 2016 as a result of increase in gold price and also depreciation in Malaysia Ringgit.

During the year, the Group invested RM4.6 million in property, plant and equipment. The main additions for the year was the hard rock processing facilities and road and infrastructure totalled RM3.8 million. The hard rock processing facilities can processed up to 600 tonnes per day of hard rock materials. This addition has enhanced our production capabilities.

Equity base of the Group was strengthened during the year after fund raising exercise which saw a total of SGD10.4 million being raised. SGD7.2 million was raised during the IPO and another SGD3.2 million was raised through private placement. Total equity increased from RM2.1 million as at 31 December 2015 to RM28.5 million as at 31 December 2016.

LIABILITIES

Total liabilities of the Group decreased by RM20.9 million from RM30.6 million as at 31 December 2015 to RM9.7 million as at 31 December 2016. The decrease in total liabilities was mainly due to capitalisation of RM23.9 million of derivative financial instruments into equity and offset by increase in trade and other payables by RM2.8 million.

We have a net current liabilities of RM0.8 million as at 31 December 2016. Included in the accrual is an amount of RM1.03 million being the last 15% of the purchase consideration of a machinery, subject to the machinery meeting the performance criteria.

BUSINESS STRATEGIES AND FUTURE PLANS

We completed installation of hard rock processing facilities in 2016, moving forward we shall focus on mining activities including further development of road and infrastructure, building up the ore reserve and improving our productivities. As part of the Group's strategy in widening the income base, the Group has embarked on the VSA exercise and we plan to complete the acquisition of GGTM, a company in dimension stone and fit-out business by 2017.

CONCLUSION

Lastly, I would like to express my sincere gratitude to my fellow Directors for their valuable contribution. On behalf of the Board, I would like to express our sincere appreciation to our management and staff for their commendable efforts and contributions to the Group. We like to take this opportunity to thank our shareholders, customers, and business associates for their continuous support to Anchor.

DR. WILSON TAY CHUAN HUI

Non Executive Chairman and
Lead Independent Director

CORPORATE INFORMATION

BOARD OF 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*

MR. LAW PHOOI WONG *Non-Executive Director*

MS. CH'NG LI-LING *Independent Director*

MR. GAVIN MARK MCINTYRE *Independent Director*

AUDIT COMMITTEE

DR. WILSON TAY CHUAN HUI

Chairman

CH'NG LI-LING

GAVIN MARK MCINTYRE

NOMINATING COMMITTEE

CH'NG LI-LING

Chairman

DR WILSON TAY CHUAN HUI

GAVIN MARK MCINTYRE

REMUNERATION COMMITTEE

DR WILSON TAY CHUAN HUI

Chairman

CH'NG LI-LING

GAVIN MARK MCINTYRE

COMPANY SECRETARIES

LOW WEE SIONG, LLB

TAN SWEE GEK, LLB

REGISTERED OFFICE

80 Robinson Road

#17-02

Singapore 068898

Tel: + 65 6222 8008

Fax: + 65 6222 8001

Company Registration No.

201531549N

PRINCIPAL PLACE OF BUSINESS

C-3A-9, 10, 11 & 12, Block C

Pusat Komersial Southgate

No. 2, Jalan Dua

Off Jalan Chan Sow Lin

55200 Kuala Lumpur

Wilayah Persekutuan

Malaysia

Tel: +603 9224 6760

Fax: +603 9221 5997

SHARE REGISTRAR

B.A.C.S. Private Limited

8 Robinson Road

#03-00 ASO Building

Singapore 048544

Tel: +65 6593 4848

Fax: +65 6593 4847

<http://www.bacs.com.sg/>

INDEPENDENT AUDITORS

BDO LLP

Public Accountants and Chartered

Accountants

600 North Bridge Road

#23-01 Parkview Square

Singapore 188778

Tel: +65 6828 9118

Fax: +65 6828 9111

Partner-in-charge: Leong Hon Mun
Peter

*(Appointed since the financial
year ended 31 December 2015)*

SPONSOR

UOB Kay Hian Private Limited

8 Anthony Road

#01-01

Singapore 229957

BOARD OF DIRECTORS



From left to right: Mr. William Law, Mr. Chan Koon Mong, Mr. Lim Chiau Woei, Dr. Wilson Tay, Ms. Ch'ng Li-Ling and Mr. Gavin Mark McIntyre

DR. WILSON TAY

*Non-Executive Chairman and
Lead Independent Director*

Dr. Wilson Tay Chuan Hui is our Non-Executive Chairman and Lead Independent Director and was appointed to our Board on 18 December 2015.

Dr. Tay has a diverse and strong working experience of more than 40 years holding senior management leadership roles in various sectors including the profession, education, government, mining, commercial companies and institutions in Australia-Asia and Malaysia. He has worked in Australia for 26 years where he spent a total of more than 10 years in the mining industry as the external auditor and senior corporate manager.

He is currently the CEO and Principal Consultant of Omni View Consulting (M) Sdn Bhd, a strategic human capital and talent management

consulting company. In between January 2012 and December 2013, he was the Professor and Dean of the Faculty of Business, Communications and Law at the INTI International University, at Nilai, Negeri Sembilan. From November 2005 to December 2009, he was the Chief Executive Officer and Head of Professional Development Centre at the Malaysian Institute of Management. Between January 2003 and October 2005, he was the Vice President of Multimedia Development Corporation Sdn Bhd at Cyberjaya, and prior to that he had been the Chief Executive Officer of TEC Asia Centre Sdn Bhd from April 1996 to December 2001. His last appointment prior to his return to Malaysia was the Executive Director of the Art Gallery of Western Australia. Dr. Tay began his career in 1972 as a Management Accountant at the Western Australian Institute of Technology. He subsequently joined Price Waterhouse & Co where he was the Audit Manager for several finance

and mining ventures operating in Western Australia. He later joined CRA Limited as a Regional Audit Manager and also as Finance and Administration Manager for Dampier Salt Limited. He has also served as the inaugural University Auditor and part-time lecturer at Murdoch University, Western Australia from June 1980 to December 1984.

Dr. Tay graduated from the Western Australian Institute of Technology, Western Australia with a Bachelor of Business (Accounting) in 1975 and obtained a Graduate Diploma in Business & Administration and Masters in Business from the Curtin University of Technology, Western Australia in 1979 and 1985 respectively. He also obtained a Doctor of Management (with Distinction) from IMCA Southern Cross University, New South Wales, Australia in 2000. He is a Fellow of the Institute of Chartered Accountants in Australia and New

BOARD OF DIRECTORS

Zealand, a Fellow of the Certified Practising Accountants of Australia, a Fellow of the Institute of Chartered Secretaries and Administrators of Australia, a Member of the Malaysian Institute of Management and a Certified Professional Trainer and a facilitator of the Malaysian Institute of Management (MIM).

Dr. Tay is currently an independent director and non-executive chairman of Versalink Holdings Limited which is listed on the SGX-ST.

MR. LIM CHIAU WOEI

Managing Director

Mr. Lim Chiau Woei is our Managing Director and one of the Founder Shareholders of our Group and was appointed to our Board on 12 August 2015.

Having identified potential in the Malaysian gold mining industry, he established our Group in 2011, and together with the other founders of our Group, procured, mobilised and organised relevant experienced staff and resources for the setting up of our business and operations.

Since our Group's inception, Mr. Lim has been instrumental in our Group's growth. Through his efforts, our Group was able to secure the Lubuk Mandi and Bukit Panji Concession Agreements. As Managing Director, Mr. Lim oversees the overall strategic directions and expansion plans for the growth and development of our Group, including sourcing for investment opportunities to promote the growth of our Group's business.

He is also responsible for maintaining relationships with our customers and suppliers and overseeing our Group's general operations. Mr. Lim has been building up his knowledge and contacts in the gold mining industry through, inter alia, (i) hands-on management of our Group's mining operations, (ii) business dealings with industry players, (iii) participating in seminars and conferences, and (iv) interactions with relevant government authorities.

After his graduation in 1997, Mr. Lim has spent his career being involved in various businesses, including property development, project management as well as manufacturing and trading of construction material. Mr. Lim has more than 10 years of experience in the mining industry. Since December 2007, he has been involved in mineral related products such as marble and granite. He was also involved in the establishment of GGTM and formulated strategies and marketing plans to expand GGTM's businesses both locally and overseas. Currently he is the non-executive director of GGTM.

Mr. Lim graduated from Oklahoma State University with a Bachelor of Science in Electrical Engineering in 1997. He later obtained a Master of Business Administration (Finance) from the University of Leicester in 2009.

MR. CHAN KOON MONG

Executive Director

Mr. Chan Koon Mong was appointed to our Board on 12 August 2015. He became employed with our Group with effect from 1 October 2015.

Mr. Chan began his career in 1989 as a project engineer with the Singapore Electronics & Engineering Pte. Ltd. In 1990, he joined Dynamar Pte Ltd, a distributor of industrial products including electronic parts, broadband products and security systems, as a Sales Manager. In 1993, Mr. Chan joined Thomson Multimedia Inc as a Market Development Manager where he was responsible for maintaining the company's growth and strategic direction in respect of the company's encryption range of products in the Asia Pacific region. Subsequently, Mr. Chan worked in UOB Kay Hian Private Limited as a trading representative from November 1999 to June 2006, and Phillip Securities Pte Ltd from July 2006 to August 2012.

From September 2012 to April 2014, Mr. Chan was the country manager for Tech Source Systems Pte Ltd, a company involved in software distribution in the ASEAN region, where he was responsible for operations for Singapore, Thailand and the Philippines.

Mr. Chan worked as a senior consultant at Linden Capital Holdings Ltd from May 2014 to September 2015 where he was involved in consultancy and project management, and also worked on initial public offerings and mergers and acquisitions.

Mr. Chan graduated from the National University of Singapore with a Bachelor of Engineering (Honours) in Electrical Engineering in 1989 and obtained a Masters in International Marketing from the University of Strathclyde, United Kingdom in 1998.

BOARD OF DIRECTORS

MR. WILLIAM LAW

Non-Executive Director

Mr. William Law is a Non-Executive Director of our Company and one of the Founder Shareholders of our Group and was appointed to our Board on 18 December 2015 and is also a non-executive director of AASB and AMSB.

Mr. William Law has business interests in various industries, such as property development, trading and distribution, plastic manufacturing and mining.

Mr. William Law is currently a director of Star Maestro Development Sdn Bhd, which is involved in the commodity trading business. Between 2002 and 2010, he was a director of Willgate Distribution Sdn Bhd, a company in the business of distributing building material.

Mr. William Law graduated from the University of Hertfordshire, United Kingdom in 1998 with a Bachelor of Science with honours in Engineering (Mechanical and Manufacturing Engineering).

MR. GAVIN MARK MCINTYRE

Independent Director

Mr. Gavin Mark McIntyre is our Independent Director and was appointed to the Board on 21 February 2017. He is a Singaporean with many years of experience in accounting related sectors.

He started his career as an analyst with Dun & Bradstreet in Singapore and later joined two of the Big Four public accounting firms where he rose to the

position of Director specializing in the fields of financial and debt restructuring for corporates and individuals.

Mr. Gavin Mark McIntyre spent 7 years based in Thailand and Singapore when he was in Deloitte, where he was a project leader to lead restructuring efforts in the aftermath of the Asian Financial Crisis in 1997 and the Dot Com bust in the early 2000s. In the course of his work, he dealt with both lenders and borrowers to come up with Court sanctioned repayment plans in Singapore, Malaysia, Indonesia and Thailand. At Deloitte, he also led projects in the areas of mergers and acquisitions, corporate advisory and due diligence for multinational clients in various sectors such as telecommunications, animal feed, edible oils, precision manufacturing and sugar mills.

From 2013 to 2015, he worked as a practice director with a boutique valuation services firm with a strong regional presence in Asia. Prior to that, he was holding the position of Chief Financial Officer of a listed company in Singapore for 5 years where he worked closely with the Board to review projects in the fields of mineral extraction, telecommunications, and general manufacturing and distribution. He also held positions as a director in the group's subsidiaries located in China, Malaysia, Australia and Singapore.

In August 2016, Gavin was appointed as an independent director at Nico Steel Holdings Ltd and is the chairman of the audit committee. He is also serves as a member of the nominating and remuneration committees.

Mr. Gavin Mark McIntyre graduated from Curtin University, Australia in 1989 with a degree in Accounting and since 1994, holds the status of non-practicing CPA with CPA Australia.

MS. CH'NG LI-LING

Independent Director

Ms. Ch'ng Li-Ling is our Independent Director and was appointed to the Board on 18 December 2015. Currently, she also serves as the independent director of DeClout Limited and LHN Limited.

Ms. Ch'ng is currently a Partner and the Head of its Capital Markets Practice of RHTLaw Taylor Wessing LLP, a Singapore law practice. She is a corporate practitioner whose areas of practice include corporate and securities laws, capital markets, mergers and acquisitions, corporate restructuring, joint ventures, corporate and commercial contracts, regulatory compliance and corporate governance advisory and corporate secretarial work.

In recent times, Ms. Ch'ng has been named one of AsiaLaw Leading Lawyers in 2008, 2009 (Corporate Finance and Capital Markets), 2014 and 2015 (Capital Markets), and was recognised as 'Leading Lawyers' in the 2011, 2013, 2014, 2015 and 2016 editions of IFLR1000. She is co-author of "Law and Practice of Corporate Finance in Singapore", published by Lexis-Nexis in 2016. Ms. Ch'ng holds a Bachelor of Arts (Honours) from the National University of Singapore, and obtained her Bachelor of Laws (Honours) and Master of Laws (Merit) from the University of London. She is a member of the Singapore Academy of Law, a Legal Practitioner of New South Wales, Australia, and is also qualified as a solicitor of England and Wales.

GROUP STRUCTURE



Details of our subsidiaries are as follows:

Name of Company	Date and country of incorporation	Principal activities	Principal place of business	Effective equity interest held by our Group
Angka Alamjaya Sdn. Bhd. (" AASB ")	9 September 2011 Malaysia	Gold and related mineral mining, consulting and contractor of natural resources	Malaysia	100.0%
Angka Mining Sdn. Bhd. (" AMSB ")	30 May 2014 Malaysia	Gold and related mineral mining consultancy	Malaysia	100.0%

Save as disclosed above, there are no other subsidiaries, subsidiary entities, associated companies and associated entities of our Group.

None of our subsidiaries are listed on any stock exchange.

MILESTONES ACHIEVED

MARCH 2016	Anchor Resources Limited ("Anchor") made its debut on SGX-ST on 18 March 2016
MAY 2016	Angka Alamjaya Sdn Bhd ("AASB"), the 100% owned subsidiary of Anchor commence its activities in hard rock mining. Such activities include soil testing, designing mining plan, sourcing for outsource contractors, and equipment suppliers.
JUNE 2016	Commencement of dewatering of main pit in preparation of hard rock mining. On 21 June 2016, Anchor entered into Sale and Purchase Agreement in relation to the proposed acquisition of all the issued and fully-paid shares in the capital of GGT Manufacturing Sdn Bhd ("Proposed Acquisition"). The Proposed Acquisition constitutes a very substantial acquisition ("VSA") which is subject to approval of the SGX-ST and the shareholders of the Company at an extraordinary general meeting. The aim of this exercise is to diversify into new business of mining and quarry extraction of dimension stone granite as well as architectural stone and interior fit-out. Upon completion of the acquisition, the Group will have additional income stream from the sale of dimension stone granite. On 21 June 2016, Anchor also entered into subscription agreements to issue 30,770,000 new ordinary shares in the capital of the Company. This placement raised a net proceed of SGD3.0 million. The net proceeds had been mostly utilised to pay for costs and expenses incurred in connection with the Proposed Acquisition, and for general working capital.
JULY 2016	Commencement of the construction of supporting structures and facilities for hard rock processing facilities.
AUGUST 2016	Installation of hard rock processing plant and equipment.
SEPTEMBER 2016	On 28 September, AASB started the commissioning and testing of the hard rock processing facilities.
OCTOBER 2016	Completed commissioning and testing of hard rock processing facilities.
NOVEMBER 2016	First gold pour from the hard rock processing facilities.

MILESTONES ACHIEVED

Listing Ceremony

Anchor Resources Limited debut at SGX-ST on 18 March 2016



Speech by Managing Director
Mr. Lim Chiau Woei



The "Gong" ceremony



MILESTONES ACHIEVED

Listing Ceremony

Anchor Resources Limited debut at SGX-ST on 18 March 2016



Group photo with management and staff

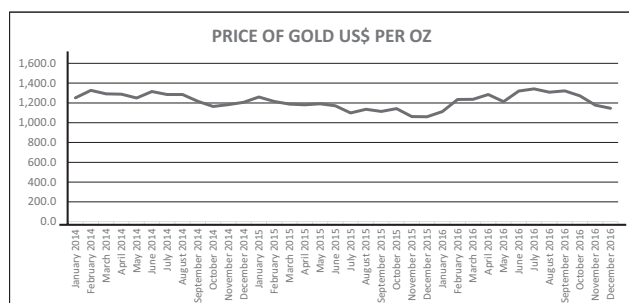


Lion Dance to signify the auspicious occasion

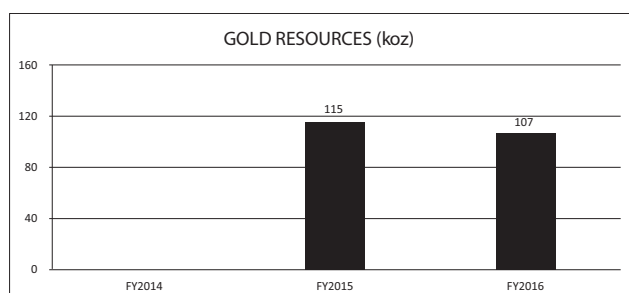


Group photo with staff and professionals

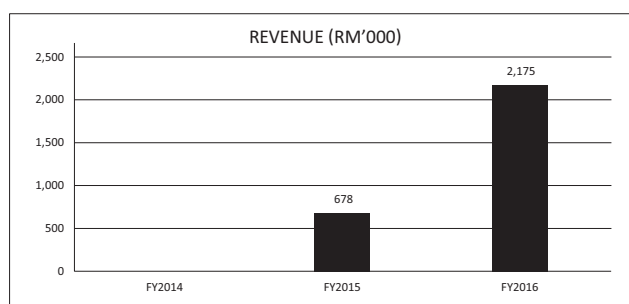
HIGHLIGHTS



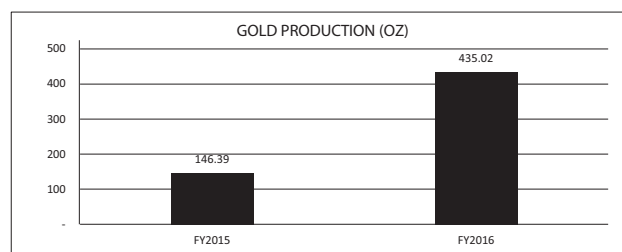
The above chart sets forth monthly average London Fix gold price for FY2014, FY2015 and FY2016.



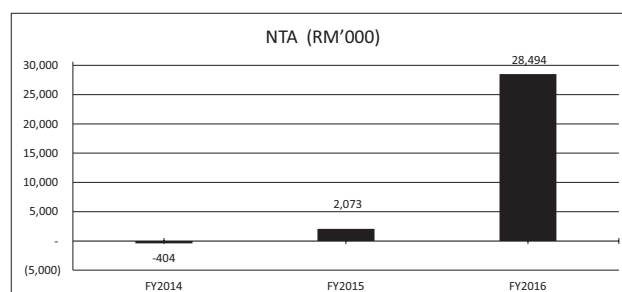
The mineral resources estimates have been reviewed by Optiro Pty Ltd, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australia Institute Geoscientists and Minerals Council of Australia, December 2012 (the "JORC Code").



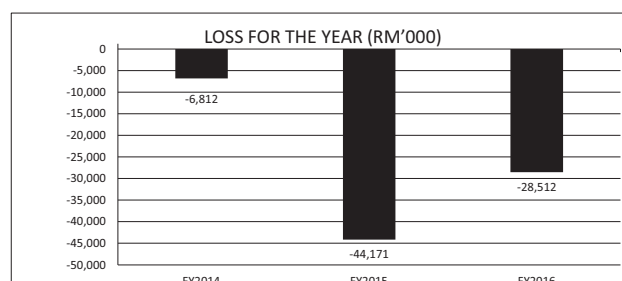
In FY2015 and FY 2016, the Group generated RM0.68 million and RM2.18 million of revenue from the sales of 142.53 oz and 423.50 oz of gold, respectively.



In FY 2016 a total of 435.02 oz (FY2015: 146.39) of fine gold were produced.



NTA increased by RM26.42 million mainly due to issuance of RM54.24 million of share capital in our company.



Losses for the Group decreased by RM15.66 million from RM44.17 million in FY2015 to RM28.51 million in FY2016. The net loss for the Group in FY2016 is mainly due to one-off expenses of RM17.32 million being charged out in FY2016 which comprised IPO listing expenses of RM13.34 million, finance cost on equity for anti-dilution of RM0.40 million, VSA expenses of RM2.32 million and general corporate consultancy fee of RM1.26 million.

FINANCIAL REVIEW

REVENUE AND RESULTS

In FY2016, the Group incurred a net loss of RM28.51 million as compared to RM44.17 million in FY2015. Net loss of the Group for FY2016 would have been RM11.19 million assuming the Initial Public Offering ("IPO") listing expenses of RM13.34 million, finance cost on equity for anti-dilution holder of RM0.40 million, Very Substantial Acquisition ("VSA") expenses of RM2.32 million and general corporate consultancy fee of RM1.26 million which are one-off and non-recurring expenses are excluded.

Net loss of the Group for FY2015 would have been RM11.35 million assuming the fair value loss on derivative financial instruments of RM29.59 million, listing preparation expenses of RM1.45 million and commissioning costs of RM1.78 million which are one-off and non-recurring expenses are excluded.

In FY2016, the Group recorded revenue of RM2.18 million from the sales of gold as compared to RM0.68 million in FY2015. Revenue increased by RM1.50 million was mainly due to an increase in sale of gold from 142.53 oz in FY2015 to 423.50 oz in FY2016.

OPERATING EXPENSES

Total operating expenses decreased by RM14.14 million from RM44.86 million in FY2015 to RM30.72 million in FY2016. The decrease in total operating expenses was mainly due to the following:-

- Increase in royalty fee expenses by RM0.76 million from RM0.03 million in FY2015 to RM0.76 million in FY 2016 due to increase in sale of gold and the commencement of minimum payment of RM0.08 million per month of royalty since May 2016.
- Increase in depreciation and amortisation by RM0.37 million from RM1.32 million in FY2015 to RM1.69 million in FY2016. The

increase was due to purchase of property, plant and equipment of RM4.55 million and additions to mining properties of RM0.96 million for the Lubuk Mandi Mine.

- Increase in employee benefits expense by RM 3.09 million from RM2.84 million in FY2015 to RM5.93 million in FY2016. The increase was due to share based payment expenses for directors and staffs of RM1.02 million, increase in directors' remuneration and fees of RM1.46 million and increase in salaries of RM0.43 million due to increase in headcount for FY2016.
- Increase in other expenses by approximately RM12.04 million from RM8.02 million in FY2015 to RM20.07 million in FY2016. The increase in other expenses was mainly due to the one-off IPO expenses of RM13.34 million, increase in legal and professional fees of RM2.42 million mainly due to the proposed acquisition of GGT Manufacturing Sdn. Bhd. which constitutes a VSA under Chapter 10 of the Catalist Listing Manual, offset by foreign exchange loss of RM3.51 million.
- Decrease in finance costs by approximately RM1.45 million from RM1.86 million in FY2015 to RM0.41 million in FY2016. The decrease was due to no interest incurred for Redeemable Convertible Loan ("RCL") in FY2016.
- There was a one-off fair value loss on derivative financial instruments of RM29.59 million in FY2015 in relation to fair value loss on derivative financial instruments on the value of option to convert redeemable convertible loan to equity of approximately RM5.67 million and fair value loss on modification arrangement on issuance of adjustment shares to redeemable convertible loan lenders of RM23.92 million. There was no such loss in FY2016.

WORKING CAPITAL

The Group's negative working capital position decreased by RM22.92 million from RM23.70 million as at 31 December 2015 to RM0.78 million as at 31 December 2016. The decrease was due to RM1.84 million increased in current assets and RM21.08 million decreased in current liabilities. The Group had a net current liabilities as at 31 December 2016 mainly due to the accrual of RM1.03 million being the final 15% of the purchase consideration for machinery which will be payable upon the machinery meeting the performance criteria.

The increased in current assets was mainly due to increased of RM0.30 million in non-trade receivable and RM6.34 million in cash and cash equivalents and off-set by decreased RM4.62 million in prepayments.

The decreased in current liabilities was due to increase in trade and other payables by RM2.77 million and decreased derivative financial instruments of RM23.92 million. The decreased in derivative financial instruments was due to the capitalisation of derivative financial instrument upon conversion into equity at IPO.

EQUITY

The total shareholders' fund of the Group increased by RM26.42 million from a RM2.07 million as at 31 December 2015 to RM28.49 million as at 31 December 2016. The increase was mainly due to increase in share capital by RM54.24 million and off-set by increased in accumulated losses of RM28.51 million.

CASH AND CASH EQUIVALENTS

As at 31 December 2016, the Group had cash and cash equivalents of RM 7.59 million.

OPERATIONS REVIEW

PRINCIPAL ACTIVITIES

Our Group is principally engaged in the business of exploration, mining and production of gold for sale in Malaysia. In 2016, we focus our activities in acquiring additional production capacity for hard rock processing and process improvement activities.

HISTORICAL BACKGROUND

In 2013 and 2014, we performed exploration activities by completing 30 drilling holes for a total of 6,230 meters. In 2015, the tailing processing plant has begun operation which has processed approximately 45,000 dry metric tonnes of tailings material with an estimated average head grade of 0.64 g/t Au. A total of approximately 146.39 oz of gold with an average purity of approximately 95.4% has been produced for sale.

FOCUS OF 2016

The Health and Safety department has further strengthened of with updated Standard Operating Procedures for the industry's best practise. As the company shifted the focus to hard rock mining, the job nature and risk exposure have changed accordingly. Necessary personal protection equipment were procured and distributed to relevant staffs in accordance to their job nature. They are also given a safety induction for the new processes. Zero Lost-Time-Injury was achieved for 2016.

The Company is constantly monitoring and controlling the discharge from the processing facilities. Key elements are recorded to ensure there is no adverse environmental impact to the local community. We are upgrading and heightening the waste dam to ensure no issue in waste water overflowed.

The in-situ operation which is the hard rock mining was initially planned for 2017, began its operations in October 2016. The hard rock processing facilities has a maximum capacity to process 600 metric tonnes of ore per day. As we shifted focus to hard rock mining, we need to consolidate our resources and at the same time, modifying the processing facilities to cater for processing materials from the hard rock mining.

In 2016, we processed approximately 71,536 dry metric tonnes of tailings materials with an estimated average head grade of 0.82 g/t AU and approximately 13,754 metric tonnes of hard rock materials with an estimated head grade of 1.36 g/t AU. A total of approximately 435 oz of gold with an average purity of approximately 89.5% has been produced for sale.

CORPORATE SOCIAL RESPONSIBILITY

The Company believes in giving back to the community from where it operates. Apart from employing local residents for various positions in the Group, we always look for other ways to engage with the community.

In February 2016, the Group through its wholly owned subsidiary, AASB, together with local authorities and NGOs organised a School Bag Presentation Ceremony at the Sekolah Kebangsaan (SK) Rhu Rendang in Marang in the state of Terengganu. Less fortunate and handicapped children, and also Year One pupils are presented with free school bags. In November 2016, we also presented cash donation to the school.

FUTURE PLANS

The Company will continue to focus on optimising the in-situ operation. In 2017, we will invest in equipment and personnel to improvise processing of hard rock material at Lubuk Mandi. We planned to process between 100,000 to 120,000 tonnes of in-situ materials in FY2017.

CORPORATE GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the “**Board**”) of Anchor Resources Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and places importance on maintaining sound internal controls and system so as to ensure greater transparency, accountability and protect and enhance shareholder’s interest.

This report outline the Company’s corporate governance practices for financial year ended 31 December 2016 with specific reference to principles of the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide as published by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices during the financial year under review.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS

The Board’s Conduct of Affairs

1.1

What is the role of the Board?

During the financial year under review, the board comprised six Directors, namely Dr. Wilson Tay Chuan Hui, Mr. Lim Chiau Woei, Mr. Chan Koon Mong, Mr. Law Phooi Wong, Ms. Ch’ng Li Ling and Dato’ Siew Boon Yeong.

Dato’ Siew Boon Yeong ceased to be a Director of the Company on 29 December 2016. Pursuant to his cessation, Dato’ Siew Boon Yeong also ceased to be an Independent Director of the Company, the Chairman of the Audit Committee and a member of each of the Nominating Committee and Remuneration Committee.

Thereafter, during the financial year ending 31 December 2017, Mr Gavin Mark McIntyre was appointed as an Independent Director of the Company and a member of each of the Audit Committee, Nominating Committee and Remuneration Committee on 21 February 2017.

Accordingly, as at the date of this Annual Report, the Board has six Directors and comprises the following:

Table 1.1 – Composition of the Board			
Name of Director	Designation	Date Initial Appointment	Date of Last Re-Election/ Re-appointment
Dr. Wilson Tay Chuan Hui	Non-Executive Chairman and Lead Independent Director	18 December 2015	29 April 2016
Mr. Lim Chiau Woei	Managing Director	12 August 2015	29 April 2016
Mr. Chan Koon Mong	Executive Director	12 August 2015	29 April 2016
Mr. Law Phooi Wong	Non-Executive Director	18 December 2015	29 April 2016
Ms. Ch’ng Li Ling	Independent Director	18 December 2015	29 April 2016
Mr. Gavin Mark McIntyre	Independent Director	21 February 2017	Not applicable

CORPORATE GOVERNANCE REPORT

		The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board’s principle functions include: • to review and advise on the group policies and procedures; • to review and approve financial results and announcement; • to review and approve significant acquisitions and disposals; • to approve material borrowings and fund raising exercises; • to review performance and succession planning of the key management personnel; and • to monitor and ensure compliance of interested person transactions (“IPTs”) with the Catalyst Rules.																				
1.2	All directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company?	All directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.																				
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	The Board has delegated certain responsibilities to the Audit Committee (the “AC”), the Remuneration Committee (the “RC”) and the Nominating Committee (the “NC”) (collectively, the “Board Committees”) with clearly defined terms of reference. As at the date of this Annual Report, the respective compositions of the Board Committees are as follows: <table><tr><th colspan="4">Table 1.3 – Composition of the Board Committees</th></tr><tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr><tr><td>Chairman</td><td>Dr. Wilson Tay Chuan Hui</td><td>Ms. Ch’ng Li Ling</td><td>Dr. Wilson Tay Chuan Hui</td></tr><tr><td>Member</td><td>Ms. Ch’ng Li Ling</td><td>Dr. Wilson Tay Chuan Hui</td><td>Ms. Ch’ng Li Ling</td></tr><tr><td>Member</td><td>Mr. Gavin Mark McIntyre⁽¹⁾</td><td>Mr. Gavin Mark McIntyre⁽¹⁾</td><td>Mr. Gavin Mark McIntyre⁽¹⁾</td></tr></table> Note: (1) Mr. Gavin Mark McIntyre was appointed as a Director of the Company with effect from 21 February 2017. Pursuant to his appointment as an Independent Director of the Company, Mr. Gavin Mark McIntyre was also appointed as a member of each of the AC, NC and RC.	Table 1.3 – Composition of the Board Committees					AC	NC	RC	Chairman	Dr. Wilson Tay Chuan Hui	Ms. Ch’ng Li Ling	Dr. Wilson Tay Chuan Hui	Member	Ms. Ch’ng Li Ling	Dr. Wilson Tay Chuan Hui	Ms. Ch’ng Li Ling	Member	Mr. Gavin Mark McIntyre ⁽¹⁾	Mr. Gavin Mark McIntyre ⁽¹⁾	Mr. Gavin Mark McIntyre ⁽¹⁾
Table 1.3 – Composition of the Board Committees																						
	AC	NC	RC																			
Chairman	Dr. Wilson Tay Chuan Hui	Ms. Ch’ng Li Ling	Dr. Wilson Tay Chuan Hui																			
Member	Ms. Ch’ng Li Ling	Dr. Wilson Tay Chuan Hui	Ms. Ch’ng Li Ling																			
Member	Mr. Gavin Mark McIntyre ⁽¹⁾	Mr. Gavin Mark McIntyre ⁽¹⁾	Mr. Gavin Mark McIntyre ⁽¹⁾																			

CORPORATE GOVERNANCE REPORT

1.4	Have the Board and Board Committees met in the last financial year?	The Board meets at least twice a year and ad-hoc Board meetings and meetings of the Board Committees are convened as and when necessary. The Company’s constitution (the “Constitution”) allows for meetings to be held through telephone and/or video-conference. During the financial year under review, the number of meetings held and attended by each Director is as follows: <table><tr><th></th><th>Board</th><th>AC</th><th>RC</th><th>NC</th></tr><tr><td>No. of meetings held</td><td>4</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Directors</td><td colspan="4">Number of meetings attended</td></tr><tr><td>Dr. Wilson Tay Chuan Hui</td><td>4</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Mr. Lim Chiau Woei</td><td>4</td><td>1⁽¹⁾</td><td>–</td><td>–</td></tr><tr><td>Mr. Chan Koon Mong</td><td>4</td><td>1⁽¹⁾</td><td>–</td><td>–</td></tr><tr><td>Mr. Law Phooi Wong</td><td>2</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Dato’ Siew Boon Yeong⁽²⁾</td><td>3</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Ms. Ch’ng Li Ling</td><td>3</td><td>3</td><td>0</td><td>0</td></tr><tr><td>Mr. Gavin Mark McIntyre⁽³⁾</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table> Notes: (1) Attendance by invitation. (2) Dato’ Siew Boon Yeong resigned as a Director of the Company on 29 December 2016. Pursuant to his cessation, Dato’ Siew Boon Yeong also ceased to be an Independent Director of the Company, the Chairman of the Audit Committee and a member of each of the Nominating Committee and Remuneration Committee. The announcement relating to Dato’ Siew Boon Yeong’s cessation as a Director of the Company was released via SGXNET on 29 December 2016. (3) Mr. Gavin Mark McIntyre was appointed as an Independent Director of the Company on 21 February 2017. Pursuant to his appointment, Mr. Gavin Mark McIntyre was also appointed as a member of each of the AC, NC and RC. The announcement relating to Mr. Gavin Mark McIntyre’s appointment was released via SGXNET on 21 February 2017. As Mr. Gavin Mark McIntyre was appointed after the end of the financial year under review, he has not attended any meetings of the Board for the financial year under review.		Board	AC	RC	NC	No. of meetings held	4	4	1	1	Directors	Number of meetings attended				Dr. Wilson Tay Chuan Hui	4	4	1	1	Mr. Lim Chiau Woei	4	1 ⁽¹⁾	–	–	Mr. Chan Koon Mong	4	1 ⁽¹⁾	–	–	Mr. Law Phooi Wong	2	–	–	–	Dato’ Siew Boon Yeong ⁽²⁾	3	4	1	1	Ms. Ch’ng Li Ling	3	3	0	0	Mr. Gavin Mark McIntyre ⁽³⁾	0	0	0	0
	Board	AC	RC	NC																																																
No. of meetings held	4	4	1	1																																																
Directors	Number of meetings attended																																																			
Dr. Wilson Tay Chuan Hui	4	4	1	1																																																
Mr. Lim Chiau Woei	4	1 ⁽¹⁾	–	–																																																
Mr. Chan Koon Mong	4	1 ⁽¹⁾	–	–																																																
Mr. Law Phooi Wong	2	–	–	–																																																
Dato’ Siew Boon Yeong ⁽²⁾	3	4	1	1																																																
Ms. Ch’ng Li Ling	3	3	0	0																																																
Mr. Gavin Mark McIntyre ⁽³⁾	0	0	0	0																																																

CORPORATE GOVERNANCE REPORT

1.5	What are the types of material transactions which require approval from the Board	Matters that require the Board's approval include, amongst others, the following: • significant acquisitions and disposals of assets; • material borrowings and fund raising exercises; • share issuance and proposal of dividends; • financial results announcements, annual report and audited financial statements; and • material IPTs.
1.6	(a) Are new Directors given formal training? If not, please explain why.	All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational offices and facilities and meet with key management personnel.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. New releases issued by the SGX-ST which are applicable to the Directors are circulated to the Board. The Directors are encouraged to attend seminars, conference and training courses that will assist them in executing their obligations and responsibilities as Directors to the Company. Briefings attended by a Director during the financial year under review included but are not limited to the sustainability reporting briefing organised by the SGX-ST. In addition, the members of the AC were briefed by the external auditors on changes or amendments to accounting standards.
1.7	Upon appointment of each director, the company provided a formal letter to the director, setting out the director's duties and obligations?	Formal letters of appointment will be furnished to newly-appointed Directors, upon their appointments, stating among other matters, the roles, obligations, duties and responsibilities as a member of the Board.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	As at the date of this Annual Report, the Board comprises six directors, of whom three are Independent Directors. The three Independent Directors of the Company are Dr. Wilson Tay Chuan Hui, Ms. Ch'ng Li Ling and Mr. Gavin Mark McIntyre. As Dr. Wilson Tay Chuan Hui, the Chairman of the Board, is an Independent Director, the current number of Independent Directors complies with the Code's requirement that at least one-third of the Board should comprise Independent Directors. During the financial year under review, Dato' Siew Boon Yeong resigned as a Director of the Company. Upon his cessation as a Director of the Company on 29 December 2016, Dato' Siew Boon Yeong relinquished his positions as Independent Director, Chairman of the AC and a member of each of the NC and RC. Mr. Gavin Mark McIntyre has been appointed as an Independent Director with effect from 21 February 2017. He is also a member of each of the AC, NC and RC.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC reviews the independence of each Independent Director annually. As part of the review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The NC has reviewed the declaration forms executed by the Independent Director, and, pursuant to its review, the NC is of the view that Dr. Wilson Tay Chuan Hui, Ms. Ch'ng Li Ling and Mr. Gavin Mark McIntyre are independent of the Group and the management. Accordingly, the Board has identified each of the Independent Directors to be independent, after determining, taking into account the views of the NC, whether the Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Independent Director's judgement.

CORPORATE GOVERNANCE REPORT

	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There is no Independent Director who has served beyond nine years since the date of his/her first appointment.
2.5	Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?	The NC is responsible for examining the size and composition of the Board and Board Committees. The composition of the Board and Board Committees is also reviewed on an annual basis by the NC and the Board. Having considered the scope and nature of the Group's businesses and the requirements of the business the Board, in concurrence with the NC, the Board believes that its current board size and the existing composition of the Board Committees effectively serves the Group. It provides sufficient diversity without interfering with efficient decision-making.
2.6	1. What is the Board's policy with regard to diversity in identifying director nominees?	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

CORPORATE GOVERNANCE REPORT

	2. Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows: <table border="1" data-bbox="715 555 1436 920"> <caption>Table 2.6 – Balance and Diversity of the Board</caption> <thead> <tr> <th></th><th>Number of Directors</th><th>Proportion of Board</th></tr> </thead> <tbody> <tr> <td>Core Competencies</td><td></td><td></td></tr> <tr> <td>– Accounting of finance</td><td>3</td><td>50%</td></tr> <tr> <td>– Business management</td><td>6</td><td>100%</td></tr> <tr> <td>– Legal or corporate governance</td><td>4</td><td>67%</td></tr> <tr> <td>– Relevant industry knowledge or experience</td><td>4</td><td>67%</td></tr> <tr> <td>– Strategic planning experience</td><td>4</td><td>67%</td></tr> <tr> <td>– Customer based experience or knowledge</td><td>5</td><td>83%</td></tr> </tbody> </table> Accordingly, the NC and Board are of the view that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.		Number of Directors	Proportion of Board	Core Competencies			– Accounting of finance	3	50%	– Business management	6	100%	– Legal or corporate governance	4	67%	– Relevant industry knowledge or experience	4	67%	– Strategic planning experience	4	67%	– Customer based experience or knowledge	5	83%
	Number of Directors	Proportion of Board																								
Core Competencies																										
– Accounting of finance	3	50%																								
– Business management	6	100%																								
– Legal or corporate governance	4	67%																								
– Relevant industry knowledge or experience	4	67%																								
– Strategic planning experience	4	67%																								
– Customer based experience or knowledge	5	83%																								
	3. What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board has taken the following steps to maintain or enhance its balance and diversity: • review by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.																								
2.7	How the non-executive directors are able to: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?	The Board, particularly the Independent Directors, which are non-executive Directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to the management, and have sufficient time and resources to discharge their oversight functions effectively. During Board meetings, the management also updates the Independent Directors and the Non-Executive Director on the latest developments of the Group and its future plans. Forecast financials against budget are also presented to enable the Independent Directors and the Non-Executive Director to assess the performance of the Group.																								

CORPORATE GOVERNANCE REPORT

2.8 3.4	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Independent Directors had met and discussed with the external and internal auditors in the absence of key management personnel during the financial year under review.
Chairman and Managing Director		
3.1 3.2	Are the duties between Chairman and Managing Director segregated?	As at the date of this Annual Report, Dr. Wilson Tay Chuan Hui is the Non-Executive Chairman while Mr. Lim Chiau Woei is the Managing Director. The roles of the Non-Executive Chairman and Managing Director are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision-making. The Non-Executive Chairman is not related to the Managing Director. The Non-Executive Chairman oversees the business of the Board. He leads Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda in consultation with the Managing Director and the Company Secretary and ensures the quality, quantity and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision-making. The Managing Director takes a leading role in developing the business of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board. In view of the above, the Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by the Independent Directors.

CORPORATE GOVERNANCE REPORT

Board Membership		
4.1 4.2 4.3	What are the duties of the NC?	The Board established the NC which, as at the date of this Annual Report, consists of three Independent Directors. During the financial year under review, Dato' Siew Boon Yeong was a member of the NC. Following Dato' Siew Boon Yeong's resignation as a Director of the Company on 29 December 2016, Mr. Gavin Mark McIntyre was then appointed as an Independent Director of the Company on 21 February 2017. Pursuant to his appointment as an Independent Director of the Company, Mr. Gavin Mark McIntyre was also appointed as a member of the NC. Please refer to Table 1.3 on the names of the members and the composition of the NC. The terms of reference of the NC include, <i>inter alia</i>, the following: • to review and approve any new employment of related persons and proposed terms of their employment; • to re-nominate the Directors for re-election in accordance with our Constitution at each annual general meeting and having regard to the Director's contribution and performance; • to determine on an annual basis whether a Director is independent; • to decide whether or not a Director of the Company is able to and has been adequately carrying out his duties as a Director; and • to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value.

CORPORATE GOVERNANCE REPORT

4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.
	(b) If a maximum has not been determined, what are the reasons?	The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his or her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.
	(c) What are the specific considerations in deciding on the capacity of directors?	The factors considered in assessing the capacity of Directors include the following: • expected and/or competing time commitments of Directors; • geographical location of Directors; • size and composition of the Board; and • nature and scope of the Group's operations and size.
	(d) Have the Directors adequately discharged their duties?	The NC reviews the performance of the Directors as well as their contributions to the Board on an annual basis. After conducting reviews, the NC is satisfied that the Directors have been able to devote adequate time and attention to the affairs of the Company and they are able to fulfil their duties as directors of the Company.
4.5	Are there alternate Directors?	The Company does not have any alternate director on the Board.

CORPORATE GOVERNANCE REPORT

4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors (ii) re-electing incumbent directors and (iii) directors to be retired	(i) Table 4.6 (a) – Process for the Selection and Appointment of New Directors <table> <tr> <td data-bbox="719 533 794 696">1.</td><td data-bbox="802 533 1023 696">Determination of selection criteria</td><td data-bbox="1031 533 1431 696"> - The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity. </td></tr> <tr> <td data-bbox="719 707 794 871">2.</td><td data-bbox="802 707 1023 871">Search for suitable candidates</td><td data-bbox="1031 707 1431 871"> - The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary. </td></tr> <tr> <td data-bbox="719 882 794 956">3.</td><td data-bbox="802 882 1023 956">Assessment of shortlisted candidates</td><td data-bbox="1031 882 1431 956"> - The NC would meet and interview the shortlisted candidates to assess their suitability. </td></tr> <tr> <td data-bbox="719 967 794 1041">4.</td><td data-bbox="802 967 1023 1041">Appointment of director</td><td data-bbox="1031 967 1431 1041"> - The NC would recommend the selected candidate to the Board for consideration and approval. </td></tr> </table> (ii) Table 4.6 (b) – Process for the Re-electing Incumbent Directors <table> <tr> <td data-bbox="719 1173 794 1337">1.</td><td data-bbox="802 1173 1023 1337">Assessment of director</td><td data-bbox="1031 1173 1431 1337"> - The NC, would assess the performance of the Director in accordance with the performance criteria set by the Board; and - The NC would also consider the current needs of the Board </td></tr> <tr> <td data-bbox="719 1348 794 1512">2.</td><td data-bbox="802 1348 1023 1512">Re-appointment of director</td><td data-bbox="1031 1348 1431 1512"> - Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. </td></tr> </table>	1.	Determination of selection criteria	The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity.	2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.	3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.	4.	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval.	1.	Assessment of director	- The NC, would assess the performance of the Director in accordance with the performance criteria set by the Board; and - The NC would also consider the current needs of the Board	2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.
1.	Determination of selection criteria	The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity.																		
2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.																		
3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.																		
4.	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval.																		
1.	Assessment of director	- The NC, would assess the performance of the Director in accordance with the performance criteria set by the Board; and - The NC would also consider the current needs of the Board																		
2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.																		

CORPORATE GOVERNANCE REPORT

		Pursuant to the Constitution of the Company, at each Annual General Meeting (“AGM”), at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and stand for re-election at the Company’s AGM. The Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. The Directors who are standing for re-election at the forthcoming AGM pursuant to Article 114 of the Company’s Constitution are Dr. Wilson Tay Chuan Hui and Mr. Lim Chiau Woei. After assessing each of their contributions and performance, the Board and NC are recommending Dr. Wilson Tay Chuan Hui and Mr. Lim Chiau Woei for re-election at the forthcoming AGM. Additionally, Mr. Gavin Mark McIntyre was appointed on 21 February 2017. As such, he shall be required pursuant to Article 118 of the Company’s Constitution to retire at the forthcoming AGM. After assessing his experience and ability to continue, the Board and NC have also recommended the re-election of Mr. Gavin Mark McIntyre at the forthcoming AGM.
4.7	Please provide Directors’ key information	The key information of the Directors, including their profiles and directorships held in the past three years, are set out on pages 4 to 6 of this Annual Report under the section entitled “Board of Directors” of this Annual Report. The shareholdings of the individual directors of the Company are set out on page 54 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company. Directors who are seeking re-election at the forthcoming AGM to be held on 28 April 2017 are stated in the Notice of AGM set out on pages 189 to 193 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Board Performance		
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	The NC has established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the NC at least once a year by way of a Board evaluation where the Directors complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information and process. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors. To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to: i) the size and composition of the Board; ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board); iii) the Board's access to information; iv) the accountability of the Board to the shareholders; v) the observation of risk management and internal control policies by the Board; and vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

CORPORATE GOVERNANCE REPORT

		To assess the contribution of each individual Director, the factors evaluated by the NC include but are not limited to: i) his/her participation at the meetings of the Board; ii) his/her ability to contribute to the discussion conducted by the Board; iii) his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions; iv) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy; v) his/her compliance with the policies and procedures of the Group; vi) his/her performance of specific tasks delegated to him/her; vii) his/her disclosure of any related person transactions or conflicts of interest; and viii) for Independent Directors, his/her independence from the Group and the management. The Board and the NC have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.
--	--	---

Access to information

6.1 6.2	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Table 6 – Types of Information Provided by Key Management Personnel to Independent Directors <table> <tr> <th></th><th>Information</th><th>Frequency</th></tr> <tr> <td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Half-yearly</td></tr> <tr> <td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Half-yearly</td></tr> <tr> <td>3.</td><td>Half-yearly and full year financial results</td><td>Half-yearly</td></tr> <tr> <td>4.</td><td>Reports on on-going or planned corporate actions</td><td>As and when, relevant</td></tr> <tr> <td>5.</td><td>Enterprise risk framework and internal auditors' ("IA") report(s)</td><td>As and when, available</td></tr> <tr> <td>6.</td><td>Research report(s)</td><td>As and when, requested</td></tr> <tr> <td>7.</td><td>Shareholding statistics</td><td>As and when, requested</td></tr> </table> Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-yearly	2.	Updates to the Group's operations and the markets in which the Group operates in	Half-yearly	3.	Half-yearly and full year financial results	Half-yearly	4.	Reports on on-going or planned corporate actions	As and when, relevant	5.	Enterprise risk framework and internal auditors' ("IA") report(s)	As and when, available	6.	Research report(s)	As and when, requested	7.	Shareholding statistics	As and when, requested
	Information	Frequency																								
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-yearly																								
2.	Updates to the Group's operations and the markets in which the Group operates in	Half-yearly																								
3.	Half-yearly and full year financial results	Half-yearly																								
4.	Reports on on-going or planned corporate actions	As and when, relevant																								
5.	Enterprise risk framework and internal auditors' ("IA") report(s)	As and when, available																								
6.	Research report(s)	As and when, requested																								
7.	Shareholding statistics	As and when, requested																								

CORPORATE GOVERNANCE REPORT

6.3 6.4	What is the role of the Company Secretary?	The role of the Company Secretary is as follows: • ensuring the Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules, are complied with; • assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • assisting the Chairman to ensure good information flows within the Board and its committee and key management personnel; • designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • attending and preparing minutes for all Board meetings; • coordination and liaison between the board, the Board Committees and key management personnel; and • assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings. The appointment and the removal of the Company Secretary are subject to the approval of the Board. Where the Directors, whether individually or collectively, require independent professional advice in furtherance of their duties, the Company Secretary will assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.
--------------------	---	--

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	The Board established the RC which, as at the date of this Annual Report, consists of three Independent Directors. During the financial year under review, Dato' Siew Boon Yeong was a member of the RC. Following Dato' Siew Boon Yeong's resignation as a Director of the Company on 29 December 2016, Mr. Gavin Mark McIntyre was then appointed as an Independent Director of the Company on 21 February 2017. Pursuant to his appointment as an Independent Director of the Company, Mr. Gavin Mark McIntyre was also appointed as a member of the RC. Please refer to Table 1.3 on the names of the members and the composition of the RC. The terms of reference of the RC include, <i>inter alia</i>, the following: • review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel; • review and approve the remuneration of the non-executive directors of our subsidiaries; • review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and • review and recommend on the compensation arrangements for the loss or termination of office, or dismissal or removal of the Executive Directors and key management personnel.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company for the financial year under review.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration		
8.1	Measures for assessing the performance of executive director and key management personnel	The annual review of compensation is carried out by the RC to ensure that the remuneration of the Executive Directors and management personnel are commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board. The remuneration of the Executive Directors and the key management personnel consists of fixed salary and allowances. In addition, the Company has put in place a performance share plan ("Performance Share Plan") to reward key management for meeting their key performance indicators.
8.2	Were long term incentive schemes given to executive director and key management personnel?	As mentioned above, the Company currently has in place a Performance Share Plan as a compensation scheme to promote higher performance goals and recognise exceptional achievement by individuals who have contributed to the Group's growth. The Performance Share Plan was renewed at the AGM of the Company for its financial year ended 31 December 2015. The Performance Share Plan will be renewed at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE REPORT

8.3	How the remuneration of non-executive directors is determined?	The Board concurred with the RC that the proposed directors' fees for the financial year ended 31 December 2016 is appropriate and that the independent directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.
8.4	Are there any contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company?	Having reviewed and considered the variable components of the Executive Directors and the key management personnel, which are moderate in amount, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.
Disclosure on Remuneration		
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link on total compensation has to achievement of organisational and individual performance objective, and benchmarked against relevant and comparative compensation in the market.

CORPORATE GOVERNANCE REPORT

9.1	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and long-term incentives? If not, what are the reasons for not disclosing so?	The breakdown for the remuneration of the Directors during the financial year under review is as follows:																																																	
9.2		<table><tr><th colspan="5">Table 9 – Directors' Remuneration</th></tr><tr><th>Name</th><th>Salary (%) ⁽¹⁾</th><th>Allowance (%) ⁽¹⁾</th><th>Director's Fees (%)</th><th>Total (%)</th></tr><tr><td>S\$250,000 and above</td><td></td><td></td><td></td><td></td></tr><tr><td>Mr. Lim Chiau Woei</td><td>95</td><td>5</td><td>–</td><td>100</td></tr><tr><td>Below S\$250,000</td><td></td><td></td><td></td><td></td></tr><tr><td>Dr. Wilson Tay Chuan Hui</td><td>–</td><td>–</td><td>100</td><td>100</td></tr><tr><td>Mr. Chan Koon Mong</td><td>76</td><td>24</td><td>–</td><td>100</td></tr><tr><td>Mr. Law Phooi Wong</td><td>–</td><td>5</td><td>95</td><td>100</td></tr><tr><td>Dato' Siew Boon Yeong⁽²⁾</td><td>–</td><td>–</td><td>100</td><td>100</td></tr><tr><td>Ms. Ch'ng Li Ling</td><td>–</td><td>–</td><td>100</td><td>100</td></tr></table> Notes: (1) The Salary and Allowance amounts shown are inclusive of Malaysia Employees Provident Fund, Malaysia Social Security Organisation and Singapore Central Provident Fund. (2) Dato' Siew Boon Yeong resigned as a Director of the Company on 29 December 2016. The announcement relating to Dato' Siew Boon Yeong's cessation as a Director of the Company was released via SGXNET on 29 December 2016. There were no termination, retirement and post-employment benefits that may be granted to Directors and key management personnel during the financial year under review. After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment the Group operates in.	Table 9 – Directors' Remuneration					Name	Salary (%) ⁽¹⁾	Allowance (%) ⁽¹⁾	Director's Fees (%)	Total (%)	S\$250,000 and above					Mr. Lim Chiau Woei	95	5	–	100	Below S\$250,000					Dr. Wilson Tay Chuan Hui	–	–	100	100	Mr. Chan Koon Mong	76	24	–	100	Mr. Law Phooi Wong	–	5	95	100	Dato' Siew Boon Yeong ⁽²⁾	–	–	100	100	Ms. Ch'ng Li Ling	–	–	100
Table 9 – Directors' Remuneration																																																			
Name	Salary (%) ⁽¹⁾	Allowance (%) ⁽¹⁾	Director's Fees (%)	Total (%)																																															
S\$250,000 and above																																																			
Mr. Lim Chiau Woei	95	5	–	100																																															
Below S\$250,000																																																			
Dr. Wilson Tay Chuan Hui	–	–	100	100																																															
Mr. Chan Koon Mong	76	24	–	100																																															
Mr. Law Phooi Wong	–	5	95	100																																															
Dato' Siew Boon Yeong ⁽²⁾	–	–	100	100																																															
Ms. Ch'ng Li Ling	–	–	100	100																																															

CORPORATE GOVERNANCE REPORT

9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and award, and other long-term incentives? If not, what are the reasons for not disclosing so? b) Please disclosed the aggregate remuneration paid to the top three key management personnel (who are not Directors or the CEO).	During the financial year under review, the Company had two top key management personnel (who are not also Directors or the Managing Director). The breakdown for the remuneration of the Company's key management personnel (who are not also Directors or the Managing Director) during the financial year under review is as follows: <table><tr><th colspan="5">Table 9.3 – Remuneration of Key Management Personnel</th></tr><tr><th>Name</th><th>Salary (%)⁽¹⁾</th><th>Allowance (%)⁽¹⁾</th><th>PSP (%)⁽²⁾</th><th>Total (%)</th></tr><tr><td>Below S\$250,000</td><td></td><td></td><td></td><td></td></tr><tr><td>Ooi Hooi Kiang</td><td>67</td><td>17</td><td>16</td><td>100</td></tr><tr><td>Fan Ngee Shin</td><td>52</td><td>17</td><td>31</td><td>100</td></tr></table> Notes: (1) The Salary and Allowance amounts shown are inclusive of Malaysia Employees Provident Fund and Malaysia Social Security Organisation. (2) Refers to performance shares issued and allotted under the Performance Share Plan during the financial year. The total remuneration paid to the two key management personnel during the financial year under review was RM877,173 (equivalent to S\$282,904 based on the exchange rate of S\$1 to MYR3.1006 as at 31 December 2016).	Table 9.3 – Remuneration of Key Management Personnel					Name	Salary (%) ⁽¹⁾	Allowance (%) ⁽¹⁾	PSP (%) ⁽²⁾	Total (%)	Below S\$250,000					Ooi Hooi Kiang	67	17	16	100	Fan Ngee Shin	52	17	31	100
Table 9.3 – Remuneration of Key Management Personnel																											
Name	Salary (%) ⁽¹⁾	Allowance (%) ⁽¹⁾	PSP (%) ⁽²⁾	Total (%)																							
Below S\$250,000																											
Ooi Hooi Kiang	67	17	16	100																							
Fan Ngee Shin	52	17	31	100																							

CORPORATE GOVERNANCE REPORT

9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	There was no employee of the Group who is an immediate family member of a Director or the CEO during the financial year under review.
9.5	Please provide details of the employee share scheme(s).	The Company currently has in place a Performance Share Plan as a compensation scheme to promote higher performance goals and recognise exceptional achievement by individuals who have contributed to the Group's growth. The Performance Share Plan was renewed at the AGM of the Company for its financial year ended 31 December 2015. The Performance Share Plan will be renewed at the forthcoming AGM of the Company. Further information on the Performance Share Plan are set out on pages 48 to 51 of this Annual Report.
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group during the financial year under review. Their remuneration is made up of fixed compensations and shares issued under performance share plan. The fixed compensation consists of an annual base salary and allowances. Any variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

CORPORATE GOVERNANCE REPORT

	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders: <table border="1"> <thead> <tr> <th colspan="3" data-bbox="716 629 903 719">Table 9.6 (b)</th></tr> <tr> <th data-bbox="716 667 903 719">Performance Conditions</th><th data-bbox="903 667 1206 719">Short-term Incentives (Such as performance bonus)</th><th data-bbox="1206 667 1441 719">Long-term Incentives</th></tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="716 719 1441 757">Executive Directors</td></tr> <tr> <td data-bbox="716 757 903 925">Qualitative</td><td data-bbox="903 757 1206 925"> 1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices </td><td data-bbox="1206 757 1441 925"> 1. Commitment 2. Current market and industry practices </td></tr> <tr> <td data-bbox="716 925 903 1200">Quantitative</td><td data-bbox="903 925 1206 1200"> 1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets </td><td data-bbox="1206 925 1441 1200"> 1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets </td></tr> <tr> <td colspan="3" data-bbox="716 1200 1441 1238">Management Personnel</td></tr> <tr> <td data-bbox="716 1238 903 1406">Qualitative</td><td data-bbox="903 1238 1206 1406"> 1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices </td><td data-bbox="1206 1238 1441 1406"> 1. Commitment 2. Current market and industry practices </td></tr> <tr> <td data-bbox="716 1406 903 1686">Quantitative</td><td data-bbox="903 1406 1206 1686"> 1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets </td><td data-bbox="1206 1406 1441 1686"> 1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets </td></tr> </tbody> </table>	Table 9.6 (b)			Performance Conditions	Short-term Incentives (Such as performance bonus)	Long-term Incentives	Executive Directors			Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices	1. Commitment 2. Current market and industry practices	Quantitative	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets	Management Personnel			Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices	1. Commitment 2. Current market and industry practices	Quantitative	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets
Table 9.6 (b)																										
Performance Conditions	Short-term Incentives (Such as performance bonus)	Long-term Incentives																								
Executive Directors																										
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices	1. Commitment 2. Current market and industry practices																								
Quantitative	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets																								
Management Personnel																										
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices	1. Commitment 2. Current market and industry practices																								
Quantitative	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets																								
	(c) Were all of these performance conditions met? If not, what were the reasons?	After conducting reviews, the RC is satisfied that the performance of the Board and key management personnel met the performance conditions during the financial year under review.																								

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT		
Accountability		
10.1 10.2 10.3	The Board should present to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public report, and reports to regulators (if required).	The Board believes that it should conduct itself in a way that delivers maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders as well as the prompt fulfillment of statutory requirement are ways to maintain shareholder's confidence and trust in the Board's capability and integrity.
Risk Management and Internal Controls		
11.1 11.2 11.4	The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal control to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.	The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatements or loss. Risk assessment and evaluation has become an essential part of the business planning and monitoring process. Having identified the risks to the achievement of the Group's strategic objectives, each business unit is required to document the mitigating actions in place and/or proposed in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation. The Group currently does not have a Risk Management Committee but the management regularly reviews the Group's operating and business activities to identify areas of significant business risk as well as appropriate measure to control and mitigate these risks. The management reviews all the significant control policies and procedures and highlights all significant findings and matters to the Directors and the AC. The Board is ultimately responsible for the Group's risk management.

CORPORATE GOVERNANCE REPORT

		On an annual basis, the internal audit function prepares the internal audit plan taking into consideration the risks identified which is approved by the AC. During the financial year, the AC reviewed the reports submitted by the IA relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board, with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during the financial year under review. The bases for the Board's view are as follows: • Assurance had been received from the Managing Director and Chief Financial Officer ("CFO"); • Based on the internal controls established and maintained by the Group, work performed by the internal auditors, and reviews performed by the key management personnel and the Board. For the financial year under review, the Group has outsourced its internal audit function to RSM Ethos Pte Ltd which reported on the audit findings and recommendations together with the implementation status directly to the AC; • Discussion was held between the AC and external auditors in the absence of the key management personnel to review and address any potential concerns on 24 February 2017. The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.

CORPORATE GOVERNANCE REPORT

	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements present fairly, in all material respects, the state of affairs of the Group and of the Company; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the Managing Director and CFO in respect of the financial year under review. In addition, the outsourced IA, RSM Ethos Pte Ltd had met up with the AC on 24 February 2017 to brief the AC on the internal controls matters and highlighted to the AC on the issues identified and management responses. Thereafter, RSM Ethos Pte Ltd had also circulated a follow-up Internal Audit Report dated 17 March 2017 to the AC and the Board setting out the status of implementation of the internal controls matters highlighted at the AC meeting held on 24 February 2017.
--	--	---

Audit Committee

12.1 12.2 12.3 12.4	What is the role of the AC?	The Board established the AC which, as at the date of this Annual Report, consists of three Independent Directors. During the financial year under review, Dato' Siew Boon Yeong was the chairman of the AC. Following Dato' Siew Boon Yeong's resignation as a Director of the Company on 29 December 2016, Dr. Wilson Tay Chuan Hui was appointed the chairman of the AC in place of Dato' Siew Boon Yeong. Thereafter, during the financial year ending 31 December 2017, Mr Gavin Mark McIntyre was appointed as an Independent Director of the Company on 21 February 2017. Pursuant to his appointment as an Independent Director of the Company, he was also appointed as a member of the AC on 21 February 2017. The terms of reference of the AC include, <i>inter alia</i>, the following: • Assist our Board in the discharge of its responsibilities on financial reporting matters; • Review, with the IA and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our management's response and results of the audits compiled by the IA and external auditors; • Review the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and other statutory/regulatory requirements;
------------------------------	-----------------------------	--

CORPORATE GOVERNANCE REPORT

		• Review the effectiveness and adequacy of the internal controls and procedures including accounting and financial controls and procedures and ensure coordination between the IA and external auditors, and the management, reviewing the assistance given by the management to the IA and the external auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the IA and the external auditors may wish to discuss (in the absence of the management where necessary); • Make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors; • Review significant financial reporting issues and judgements with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board; • Review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls and with the CFO and the IA and external auditors, including financial, operational, compliance and information technology controls via reviews carried out by the IA; • Review and approve transactions falling within the scope of Chapter 9 (Interested Person Transaction) and Chapter 10 (Acquisition and Realisation) of the Catalist Rules (if any); • Review any potential conflict of interest; • Review and approve all hedging policies and instruments (if any) to be implemented to the Group; • Review and establish procedures for receipt, retention and treatment of complaints received by the Group, <i>inter alia</i>, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and • Undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.
--	--	---

CORPORATE GOVERNANCE REPORT

		The Board considers that Dr. Wilson Tay Chuan Hui, who has extensive and practical accounting and auditing knowledge and experience, is well qualified to chair the AC. The members of the AC, collectively, have expertise or experience in accounting and related financial management and are qualified to discharge the AC's responsibilities. The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite any Executive Director or key management personnel to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.															
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC had met and discussed with the external and internal auditors in the absence of key management personnel during the financial year under review. The AC had also met with the external auditors in the absence of key management personnel on 24 February 2017.															
12.6	Has the AC reviewed the independence of the external auditor?	The AC had reviewed the non-audit services provided by the external auditor and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors, and has recommended the re-appointment of the external auditors at the forthcoming AGM.															
	(a) Please provide a breakdown of the fees paid in total to the external auditor for audit and non-audit services for the financial year.	<table border="1"> <thead> <tr> <th colspan="3">Table 12.6 (a) – Fees Paid/Payable to the external auditor for FY2016</th></tr> <tr> <th></th><th>RM</th><th>% of total</th></tr> </thead> <tbody> <tr> <td>Audit fees</td><td>122,617</td><td>82</td></tr> <tr> <td>Non-audit fees – Tax Compilation Service fees, conversion of XBRL file and agreed-upon procedures for the half-year results announcements</td><td>27,776</td><td>18</td></tr> <tr> <td>Total</td><td>150,393</td><td>100</td></tr> </tbody> </table> All payments in Singapore Dollars are based on exchange rate of S\$1 to MYR2.997 (the average rate for FY2016)	Table 12.6 (a) – Fees Paid/Payable to the external auditor for FY2016				RM	% of total	Audit fees	122,617	82	Non-audit fees – Tax Compilation Service fees, conversion of XBRL file and agreed-upon procedures for the half-year results announcements	27,776	18	Total	150,393	100
Table 12.6 (a) – Fees Paid/Payable to the external auditor for FY2016																	
	RM	% of total															
Audit fees	122,617	82															
Non-audit fees – Tax Compilation Service fees, conversion of XBRL file and agreed-upon procedures for the half-year results announcements	27,776	18															
Total	150,393	100															

CORPORATE GOVERNANCE REPORT

	(b) If the external auditor have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's review on the independence of the external auditor.	The non-audit services rendered were related to tax compilation service fees, conversion of XBRL file and agreed upon procedures for the half-year results announcement which are not substantial during the financial year under review.
12.7	Does the Company have a whistle-blowing policy?	The Company has put in place a whistle-blowing framework, endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues.
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	During the financial year under review, the AC did not receive any update on changes and amendments to accounting standards. However, the AC was briefed by the external auditors on 1 April 2016 regarding future changes to financial reporting standards, the Companies Act on sections relevant to listed companies and standards on auditing.
12.9	Is the former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC?	No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	During the financial year under review, the Company engaged RSM Ethos Pte Ltd to conduct internal controls review. The IA reported to the AC on the findings and the management responses on the findings on 24 February 2017. A follow-up Internal Audit Report dated 17 March 2017 was also circulated to the AC and the Board. The AC is satisfied that IA is adequately qualified (given, <i>inter alia</i> , its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholder Rights		
14.1 14.2 14.3	Does the Company recognise, protect and facilitate the exercise of shareholder's rights and continually review and update such governance arrangements?	The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Company's business which could have a material impact on the Company's share price.
Communication with Shareholders		
15.1 15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	The Company is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, in a timely, fair and transparent manner. All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET. The Company has engaged an investor relation firm to assist the Company on its investors relation activities. When necessary and appropriate, the Managing Director will meet analysts and fund managers who like to seek a better understanding of the Group's operations. The Managing Directors also engages with local and foreign investors to solicit feedback from the investment community on a range of strategic and topical issues which should provide valuable insights to the Board on investors' views. When opportunities arise, the Managing Director conducts media interviews to give its shareholders and the investors' public a profound prospective of the Group's business prospects.

CORPORATE GOVERNANCE REPORT

15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of dividends that the Director may recommend or declare in respect of any particular financial year or period will be subject to, <i>inter alia</i> , the Group's level of cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and expansion plans, working capital requirements and general financing condition, and any restrictions on payment of dividends imposed by the Group's financing arrangements.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board does not intend to declare any dividend for the financial year under review, as the Group has yet to generate sufficient profit and will direct its resources to further the development of the gold mine and processing capacities.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted	The Company's Constitution allow for abstentia voting. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless there are exigencies. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings. The detailed voting results, including the total number of votes cast for or against each resolution tabled, will be announced immediately at the general meeting of shareholders and via SGXNET. All minutes of general meetings will be made available to shareholders upon their request after the general meetings.
COMPLIANCE WITH APPLICABLE CATALIST RULES		
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	Save as previously announced by the Company via SGXNET, there are no material contracts entered into by the Group involving the interest of any Director, or controlling shareholder, which are either still subsisting at the end of the financial year under review or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

1204(10)	Confirmation of Adequacy of Internal Controls	The Board and the AC are of the opinion that the internal controls and risk management systems are adequate to address the financial, operational, compliance and information technology risks during the financial year under review based on the following: • internal controls procedures established by the Company; • works performed by the IA and external auditors during the financial year under review; • assurance from the Managing Director and CFO; and • reviews done by the various Board Committees and key management personnel.
1204(17)	Interested Person Transaction	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Company does not have a general mandate for IPTs. There were no IPTs with value more than S\$100,000 transacted during the financial year under review.
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information during the Board meeting held on 8 August 2016. The Directors and employees are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Directors and employees are expected not to deal in the Company's securities on short term considerations.
1204(21)	Non-sponsor Fees	The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The Continuing Sponsor of the Company is UOB Kay Hian Private Limited ("UOBKH"). During the financial year under review, the Company paid to UOB Kay Hian Private Limited non-sponsor fees of RM1,063,744 (equivalent to S\$265,350 based on the exchange rate of S\$1 to MYR2.997 (the average rate for FY2016) for the IPO placement service.

CORPORATE GOVERNANCE REPORT

1204(22)

Use of IPO Proceeds

As announced on 1 March 2017, the Company had reallocated (i) S\$0.2 million originally allocated for the further exploration at the Lubuk Mandi Mine and the Bukit Panji Property, and (ii) S\$0.5 million originally allocated for expansion of the Group's gold processing capacity, to general working capital requirements for general corporate and administrative expenses, and development of the Lubuk Mandi Mine and the Bukit Panji Property and investment in mining-related infrastructure and equipment.

Accordingly, the utilisation of IPO proceeds as at 31 March 2017 is as stated below:

Purpose	Amount allocated after re-allocation S\$'000	Amount utilised S\$'000	Balance S\$'000
Further exploration at the Lubuk Mandi Mine and the Bukit Panji Property	300	NIL	300
Development of the Lubuk Mandi Mine and the Bukit Panji Property and investment in mining-related infrastructure and equipment	800	552	248
Expansion of our gold processing capacity	1,600	1,407	193
Expansion of our business and operations	300	300	–
General working capital ⁽¹⁾	1,600	1,600	–
Listing expenses	2,600	2,600	–
Total	7,200	6,459	741

Note:

(1) For general corporate and administrative expenses.

As announced on 1 March 2017, the Company had re-allocated S\$1.113 million of the placement net proceeds originally allocated for acquisition expenses to general working capital requirements for general corporate and administrative expenses as well as the development expenses for the Lubuk Mandi Mine.

Accordingly, as at 31 March 2017, the utilisation of placement proceeds from the placement exercise completed on 22 July 2016 is as stated below:

Purpose	Amount allocated after re-allocation S\$'000	Amount utilised S\$'000	Balance S\$'000
Acquisition expenses	387	387	–
General working capital ⁽¹⁾	2,613	2,536	77
Fund raising expenses	200	200	–
Total	3,200	3,123	77

Note:

(1) For general corporate and administrative expenses.

CORPORATE SOCIAL RESPONSIBILITY POLICY STATEMENT

1. Social Responsibility Policy

The Group is committed to being a responsible corporate citizen and consider the physical and human environment when making our business decisions. We endeavor to have a positive impact on the communities in the areas where we operate both socially and economically.

We uphold the following principles and responsibilities of good corporate citizenship in realising our commitments:

- Provide our staff with afforded responsible working conditions and treat them with dignity and respects.
- Strive to achieve high degree of trust with all stakeholders and would conduct our business honestly and ethically. This includes complying to all laws in places we conduct our businesses.
- Strive to protect human health and preservation of environment in each phase of our operating activity by implementing high standard of environment, health and safety policy.
- Contribute to local community by providing working opportunities, donating to the less fortunate local residents and participating in local community projects.
- Provide sufficient resources to train and develop our staff to be a better person.

2. Environment, Health and Safety Policy

The Group intends to achieve high standard of compliance with regard to environment, health and safety matters. In achieving this we are committed to the followings:

- Apply safety management in design, planning and development of all projects developments and operations.
- Develop and implement safe working procedures.
- Ensure compliance to all laws related to environment, health and safety.
- Provide continuous training to all staff to elevate their alertness to issues related to environment, health and safety.
- Ensure installation of appropriate system and all chemical are discharged in safe manner and will not bring harm to the environment.
- Conduct audit to ensure that policies and procedures related to environment, health and safety are being adhered to by both internal staff and external contractors.

PERFORMANCE SHARE PLAN

Objectives of the PSP

The objectives of the PSP are as follows:

- (a) to foster an ownership culture within our Group which aligns the interests of our employees with the interests of shareholders;
- (b) motivate participants of the PSP to achieve our key financial and operational goals; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with our ambition to become a world-class company.

Summary of PSP

A summary of the rules of the PSP is set out as follows:

(1) *Participants*

Group Executives who have attained the age of 21 years and hold such rank as may be designated by our Remuneration Committee from time to time shall be eligible to participate in the PSP.

Controlling Shareholders of our Company or associates of such Controlling Shareholders who meet the criteria above are also eligible to participate in the PSP if their participation and awards are approved by independent Shareholders in separate resolutions for each such person and for each such award.

The selection of a participant and the number of Shares which are the subject of each Award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account criteria such as his rank, job performance and potential for future development, his contribution to the success and development of our Group and, if applicable, the extent of effort to achieve the performance target(s) within the performance period.

(2) *Administration*

The PSP shall be administered by the Remuneration Committee with such powers and duties conferred to it by the Board. A member of the Remuneration Committee who is also a participant of the PSP must not be involved in its deliberation in respect of the Award granted or to be granted to him.

(3) *Size of PSP*

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the PSP, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of our Company, shall not exceed 15.0% of the total number issued Shares (excluding Shares held by our Company as treasury shares) from time to time.

PERFORMANCE SHARE PLAN

(4) *Maximum entitlements*

Subject to the following, the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the PSP shall be determined by our Remuneration Committee:

- (a) the aggregate number of Shares which may be issued or transferred pursuant to Awards under the PSP to participants who are Controlling Shareholders and their associates shall not exceed 25.0% of the Shares available under the PSP; and
- (b) the number of Shares which may be issued or transferred pursuant to Awards under the PSP to each participant who is a Controlling Shareholder or his associate shall not exceed 10.0% of the Shares available under the PSP.

(5) *Awards*

Awards represent the right of a participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Shares which are allotted and issued or transferred to a participant pursuant to the release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by our Remuneration Committee in the award letter), except to the extent approved by our Remuneration Committee.

(6) *Details of Awards*

Our Remuneration Committee shall decide, in relation to each award to be granted to a participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the performance target(s) and the performance period during which such performance target(s) are to be satisfied, if any;
- (d) the extent to which Shares, which are the subject of that Award, shall be released on each prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period; and
- (e) any other condition which our Remuneration Committee may determine in relation to that Award.

PERFORMANCE SHARE PLAN

(7) *Timing of Awards*

While our Remuneration Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be made once a year. An Award letter confirming the Award and specifying (*inter alia*) the number of Shares which are the subject of the Award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance target(s), will be sent to each participant as soon as reasonably practicable after the making of an Award.

(8) *Vesting of Awards*

Subject to the applicable laws, our Company will deliver Shares to participants upon vesting of their Awards by way of either (i) an issue of new Shares; or (ii) a transfer of Shares then held by our Company in treasury.

In determining whether to issue new Shares to participants upon vesting of their Awards, our Company will take into account factors such as but not limited to the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

The financial effects of the above methods are discussed below.

(9) *Termination of Awards*

Special provisions in the rules of the PSP deal with the lapse or earlier vesting of Awards apply in circumstances which include the termination of the participant's employment, the bankruptcy of the participant and the winding-up of our Company.

(10) *Rights of Shares arising*

New Shares allotted and issued and existing Shares procured by our Company for transfer on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

(11) *Duration of the PSP*

The PSP shall continue in force at the discretion of our Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by our Company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP, any Awards made to participants prior to such expiry or termination will continue to remain valid.

PERFORMANCE SHARE PLAN

(12) *Abstention from voting*

Shareholders who are eligible to participate in the PSP are to abstain from voting on any shareholders' resolution relating to the PSP and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

Adjustments and Alterations to the PSP

The following describes the adjustment events under, and provisions relating to alterations of, the PSP.

1. Adjustment Events

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalization of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested and/or;
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the PSP,

shall be adjusted by our Remuneration Committee to give such participant the same proportion of the equity capital of our Company as that to which he was previously entitled, in such manner as our Remuneration Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the participant receives a benefit that a Shareholder of our Company does not receive.

Unless our Remuneration Committee considers an adjustment to be appropriate, (a) the issue of securities as consideration for an acquisition or a private placement of securities; (b) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force; (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the PSP; or (d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by our Company, shall not normally be regarded as a circumstance requiring adjustment.

2. Modifications to the PSP

The PSP may be modified from time to time by a resolution of our Remuneration Committee subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification shall adversely affect the rights attached to any Award prior to such modification or alteration except with the consent in writing of such number of participants who, if their Awards were released to them upon the performance conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would be issued or transferred in full of all outstanding Awards under the PSP.

No alteration shall be made to particular rules of the PSP to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.

FINANCIAL CONTENTS

Directors' Statement	53
Independent Auditor's Report	60
Statements of Financial Position	66
Consolidated Statement of Comprehensive Income	67
Consolidated Statement of Changes in Equity	68
Consolidated Statement of Cash Flows	69
Notes to the Financial Statements	70

DIRECTORS' STATEMENT

The Directors of Anchor Resources Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due with the going concern's assessments made in Note 4 to the financial statements.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Lim Chiau Woei
Chan Koon Mong
Dr. Tay Chuan Hui
Law Phooi Wong
Ch'ng Li-Ling
Gavin Mark McIntyre (Appointed on 21 February 2017)

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of those objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), none of the Directors of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations except as follows:

Name of directors	Shareholdings registered in name of director or nominee		Shareholdings in which director is deemed to have an interest	
	Balance at 1 January 2016	Balance at 31 December 2016	Balance at 1 January 2016	Balance at 31 December 2016
Company				
Ordinary shares				
Lim Chiau Woei	2,201,405	26,383,856	3,600,000	43,146,023
Chan Koon Mong	—	—	130,327	1,597,222
Law Phooi Wong	1,098,734	13,168,334	3,600,000	43,146,023

By virtue of Section 7 of the Act, Mr. Lim Chiau Woei and Mr. Law Phooi Wong are deemed to have an interest in the shares of all wholly-owned subsidiaries of the Company as at the beginning and end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of directors' shareholdings, the directors' interest as at 21 January 2017 in the shares of the Company have not changed from those disclosed as at 31 December 2016.

5. Share plans

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

Performance Share Plan ("PSP")

Pursuant to an Extraordinary General Meeting of the Company held on 22 September 2015, the Anchor Resources Performance Share Plan ("PSP") was established.

The PSP is administered by the Remuneration Committee ("RC") with such powers and duties conferred to it by the Board. The members of the Remuneration Committee as at the date of the report are Dr. Tay Chuan Hui, Ch'ng Li-Ling and Gavin Mark McIntyre. A member of the Remuneration Committee who is also a participant of the PSP must not be involved in its deliberation in respect of the Awards granted or to be granted to him.

DIRECTORS' STATEMENT

5. Share plans (Continued)

PSP (Continued)

The salient features of the PSP is as follows:

- (a) to foster an ownership culture within our Group which aligns the interests of our employees with the interests of shareholders;
- (b) motivate participants of the PSP to achieve our key financial and operational goals; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with our ambition to become a world-class company.

A summary of the Rules of the PSP is set out as follows:

Participants

Group Executives who have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time shall be eligible to participate in the PSP.

Controlling shareholders of the Company or associates of such controlling shareholders who meet the criteria above are also eligible to participate in the PSP if their participation and awards are approved by independent shareholders in separate resolutions for each such person and for each such award.

The selection of a participant and the number of Shares which are the subject of each Award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as his rank, job performance and potential for future development, his contribution to the success and development of the Group and, if applicable, the extent of effort to achieve the performance target(s) within the performance period.

Size of PSP

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the PSP, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of the Company, shall not exceed 15.0% of the total number issued Shares (excluding Shares held by the Company as treasury shares) from time to time.

DIRECTORS' STATEMENT

5. Share plans (Continued)

PSP (Continued)

Maximum entitlements

Subject to the following, the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the PSP shall be determined by the Remuneration Committee:

- (a) the aggregate number of shares which may be issued or transferred pursuant to Awards under the PSP to participants who are controlling shareholders and their associates shall not exceed 25.0% of the Shares available under the PSP; and
- (b) the number of Shares which may be issued or transferred pursuant to Awards under the PSP to each participant who is a Controlling Shareholder or his associate shall not exceed 10.0% of the Shares available under the PSP.

Awards

Awards represent the right of a participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Shares which are allotted and issued or transferred to a participant pursuant to the release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by the Remuneration Committee in the award letter), except to the extent approved by the Remuneration Committee.

Details of Awards

The Remuneration Committee shall decide, in relation to each Award to be granted to a participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the performance target(s) and the performance period during which such performance target(s) are to be satisfied, if any;
- (d) the extent to which Shares, which are the subject of that Award, shall be released on each prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period; and
- (e) any other condition which the Remuneration Committee may determine in relation to that Award.

DIRECTORS' STATEMENT

5. Share plans (Continued)

PSP (Continued)

Timing of Awards

While the Remuneration Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be made once a year. An Award letter confirming the Award and specifying, inter alia, the number of shares which are the subject of the Award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance target(s), will be sent to each participant as soon as reasonably practicable after the making of an Award.

Vesting of Awards

Subject to the applicable laws, the Company will deliver Shares to participants upon vesting of their Awards by way of either an issue of new Shares; or a transfer of Shares then held by the Company in treasury.

In determining whether to issue new Shares to participants upon vesting of their Awards, the Company will take into account factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of issuing new Shares or delivering existing Shares.

Termination of Awards

Special provisions in the rules of the PSP dealing with the lapse or earlier vesting of Awards apply in circumstances which include the termination of the participant's employment, the bankruptcy of the participant and the winding-up of the Company.

Rights of shares arising

New Shares allotted and issued and existing Shares procured by the Company for transfer on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank pari passu with other existing Shares then in issue.

Duration of PSP

The PSP shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by the Company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP, any Awards made to participants prior to such expiry or termination will continue to remain valid.

DIRECTORS' STATEMENT

5. Share plans (Continued)

PSP (Continued)

Abstention from voting

Shareholders who are eligible to participate in the PSP are to abstain from voting on any shareholders' resolution relating to the PSP and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

At the end of the financial year, none of the directors of the Company had any interests pursuant to the PSP.

Equity Compensation Plan Awards

Pursuant to the terms of service agreements with Mr. Chan Koon Mong, he will be entitled to equity compensation plan awards of 3,496,625 ordinary shares of the Company upon completion of the Listing ("Compensation Shares"), of which:

- (a) 50% of the Compensation Shares will be issued 12 months after the date of Listing; and
- (b) the remaining 50% of the Compensation Shares will be issued 18 months after the date of Listing. Such Compensation.

Shares will not be subject to moratorium. In the event Mr. Chan Koon Mong's employment with the Company is terminated less than 12 months after the date of Listing, he shall not be entitled to any Compensation Shares. The one-off grant of equity compensation plan awards was granted on 28 October 2015.

There were no shares issued during the financial year in relation to equity compensation plan awards.

6. Audit committee

The Audit Committee comprises the following members, who are all non-Executive and Independent Directors. The members of the Audit Committee during the financial year ended 31 December 2016 and at the date of this statement are:

Dr. Tay Chuan Hui	(Chairman)
Ch'ng Li-Ling	
Gavin Mark McIntyre	(Appointed on 21 February 2017)
Dato' Siew Boon Yeong	(Resigned on 29 December 2016)

The Audit Committee performed the functions specified in Section 201B(5) of the Companies Act, Chapter 50, and the Singapore Code of Corporate Governance, including the following:

- (i) reviewing the audit plans and results of the external audits;
- (ii) reviewing the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal controls;

DIRECTORS' STATEMENT

6. Audit committee (Continued)

- (iii) reviewing the Group's financial and operating results and accounting policies;
- (iv) reviewing the half yearly and full year results announcements;
- (v) reviewing the consolidated financial statements of the Group, the statement of financial position of the Company and the external auditors' report on those financial statements before their submission to the Directors of the Company;
- (vi) ensuring the co-operation and assistance given by the management to the Group's internal and external auditors;
- (vii) making recommendation to the Board of Directors on the re-appointment of the Group's internal and external auditors; and
- (viii) reviewing the Interested Person Transactions as required and defined in Chapter 9 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (SGX-ST) and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

7. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Lim Chiau Woei
Director

Chan Koon Mong
Director

Singapore
31 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Anchor Resources Limited (the "Company") and its subsidiaries (the "Group") as set out on page 66 to 117, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

KEY AUDIT MATTERS	AUDIT RESPONSE
1 Mining operations The Group operates mining and production of gold at Lubuk Mandi Mine located in Terengganu, Malaysia. As at 31 December 2016, the assets related to mining operations ("Mining Assets") mainly comprise the following: 1. Mine properties 2. Property, plant and equipment 3. Investment in subsidiary of the Company Mine properties and property, plant and equipment form a significant component of the Group's assets, i.e. 77.1% of the Group's total assets as at 31 December 2016. Mines properties represent those capitalised exploration, evaluation and development costs incurred for Lubuk Mandi Mine. The Group applies a unit-of-production amortisation policy on its mine properties. Property, plant and equipment are mainly those on-site processing facilities and infrastructure. The Group has incurred consecutive losses over the past few financial years. For the financial year ended 31 December 2016, the Group's net total comprehensive loss amounted to approximately RM28,512,000. One of the contributing factors to the low revenue from sale of gold was the low recovery rates from the production of gold using the tailing process. In the last quarter of 2016, the Group has shifted its focus to developing its capabilities in hardrock processing. Given that indicators of impairment of the Mining Assets exist, the management determined if there are impairment losses based on the Mining Assets' value-in-use ("VIU") by estimating the expected present value of future cash flows from the Group's mining operations. We focused on this area as a key audit matter due to the inherent subjectivity in management's judgement in: • determining the Mining Assets' VIU which involves key assumptions on future gold price, future gold production volume and discount rate. • applying the unit-of-production amortisation policy on the mine properties which involves an estimation of the allocation of costs capitalised to the tailing and hardrock processes.	We performed the following audit procedures, amongst others: We read and compared the Independent Qualified Person's Report ("IQPR") issued by the independent valuer with prior year's Independent Valuation Report ("IVR"), including obtaining an understanding and assessing the appropriateness of the valuation technique applied. We assessed the reasonableness of the amortisation policy which is based on a unit-of-production method by reference to the ratio of the actual production volume in the financial period to the recoverable ore reserve of the mine as extracted from the IQPR. We checked the mathematical accuracy of management's computation of the VIU of the Mining Assets and discussed with management to understand the basis for the key assumptions made. We critically challenged the significant judgements, estimates and inputs used in the calculations. We assessed the reasonableness of those assumptions by checking against relevant underlying data and performing sensitivity analysis.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

KEY AUDIT MATTERS	AUDIT RESPONSE
1 Mining operations (Continued) In addition, the recoverable ore reserve of the mine is another key input to the VIU and amortisation policy, for which management has engaged an independent valuer to assist in its estimation. Refer to Note 3 to the financial statements which describes the critical judgements made in relation to the Mining Assets. Refer to Notes 5 and 8 to the financial statements relating to the carrying amounts of the Group's property plant and equipment and mine properties which amounted to approximately RM15,774,000 and RM13,687,000 respectively as at 31 December 2016. Refer to Note 9 to the financial statements relating to the carrying amount of the Company's investment in subsidiary which amounted RM51,599,000 as at 31 December 2016.	

KEY AUDIT MATTERS	AUDIT RESPONSE
2 Going Concern As at 31 December 2016, the Group's current liabilities exceeded its current assets by approximately RM778,000. The Group also incurred a net loss of approximately RM28,512,000 and had negative cash flows from operating activities of approximately RM12,095,000 for the financial year ended 31 December 2016. Notwithstanding that these conditions exist, management has assessed that there is no material uncertainty related to these conditions that may cast significant doubt on the Group's ability to continue as a going concern. As at 31 December 2016, the Group has cash and cash equivalents of approximately RM7,591,000. In addition, the Group has additional sources of funding through cash expected to be received in April 2017 and third quarter of 2017 from the issuance of two bonds and the availability of cash balances arising from a proposed acquisition that is expected to be completed in third quarter of 2017. Based on a cash flow forecast of the Group prepared by management, with key assumptions for future business plans including the inflow of funds from the financing plans above, the Group will have adequate funds for its operational needs and to meet its debt obligations as and when they fall due for at least 12 months from the end of the financial year.	We performed the following audit procedures, amongst others: We obtained an understanding of and assessed the feasibility and effectiveness of the Group's future business plans, including the availability of sources of funding. We tested the appropriateness of the key assumptions such as revenue and profit growth rates underlying the cash flow forecasts by evaluating these assumptions with reference to internal and external data, and performing sensitivity analysis. We evaluated the adequacy of the disclosures related to going concern in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

KEY AUDIT MATTERS	AUDIT RESPONSE
-------------------	----------------

2 Going Concern (Continued)

This is a key audit matter as the determination of whether or not a material uncertainty exists related to the Group's ability to continue as a going concern requires the exercise of significant judgement, which includes evaluating management's plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances.

Refer to Note 4 to the financial statements which describes management's assessment that there is no material uncertainty and that the going concern basis of accounting is appropriate in preparing the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Leong Hon Mun Peter.

BDO LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	15,774	12,655	4	5
Exploration and evaluation assets	6	50	50	–	–
Mine properties	8	13,687	13,065	–	–
Investments in subsidiaries	9	–	–	51,599	45,599
		29,511	25,770	51,603	45,604
Current assets					
Inventories	10	289	474	–	–
Non-trade receivables	11	706	404	3,117	–
Prepayments	12	107	4,725	74	4,693
Cash and cash equivalents	13	7,591	1,255	3,965	800
		8,693	6,858	7,156	5,493
Total assets		38,204	32,628	58,759	51,097
EQUITY AND LIABILITIES					
Equity					
Share capital	14	106,092	51,853	106,092	51,853
Merger reserve	15	15,645	15,645	–	–
Share based payment reserve	16	694	–	694	–
Accumulated losses		(93,937)	(65,425)	(48,938)	(27,519)
Total equity		28,494	2,073	57,848	24,334
Non-current liabilities					
Finance lease payables	17	239	–	–	–
Current liabilities					
Trade and other payables	18	9,407	6,640	911	2,848
Derivative financial instruments	20	–	23,915	–	23,915
Finance lease payables	17	64	–	–	–
		9,471	30,555	911	26,763
Total liabilities		9,710	30,555	911	26,763
Total equity and liabilities		38,204	32,628	58,759	51,097

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Revenue	21	2,175	678
Other income	22	37	7
Raw materials and consumables used		(917)	(883)
Changes in inventories		26	113
Contractor expenses		(565)	(274)
Royalty fee expenses		(790)	(34)
Depreciation and amortisation expenses	23	(1,690)	(1,318)
Employee benefits expense	24	(5,931)	(2,841)
Operating lease expenses	25	(384)	(153)
Other expenses		(20,065)	(8,023)
Finance costs	26	(408)	(1,856)
Fair value loss on derivative financial instruments	20	–	(29,587)
Loss before income tax	27	(28,512)	(44,171)
Income tax expense	28	–	–
Loss for the financial year, representing total comprehensive income for the financial year		(28,512)	(44,171)
Loss attributable to owners of the parent		(28,512)	(44,171)
Total comprehensive income attributable to owners of the parent		(28,512)	(44,171)
Loss per share	29		
– Basic (in sen)		(10.21)	(26.23)
– Diluted (in sen)		(10.21)	(26.23)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital RM'000	Merger reserve RM'000	Share based payment reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 January 2016		51,853	15,645	–	(65,425)	2,073
Loss for the financial year		–	–	–	(28,512)	(28,512)
Total comprehensive income for the financial year		–	–	–	(28,512)	(28,512)
Contributions to owners						
Issuance of new ordinary shares	14	62,736	–	–	–	62,736
Share issue expenses	14	(8,826)	–	–	–	(8,826)
Share-based compensation expense		329	–	694	–	1,023
Total transactions with owners		54,239	–	694	–	54,933
Balance at 31 December 2016		106,092	15,645	694	(93,937)	28,494
Balance at 1 January 2015		20,850	–	–	(21,254)	(404)
Loss for the financial year		–	–	–	(44,171)	(44,171)
Total comprehensive income for the financial year		–	–	–	(44,171)	(44,171)
Contributions by and distributions to owners						
Issuance of new ordinary shares before the restructuring exercise	14	7,446	–	–	–	7,446
Issuance of new ordinary shares pursuant to the restructuring exercise	14	64,047	–	–	–	64,047
Deemed distributions to owners pursuant to the restructuring exercise	14	(39,311)	15,645	–	–	(23,666)
Share issue expenses	14	(1,179)	–	–	–	(1,179)
Total transactions with owners		31,003	15,645	–	–	46,648
Balance at 31 December 2015		51,853	15,645	–	(65,425)	2,073

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Operating activities			
Loss before income tax		(28,512)	(44,171)
Adjustments for:			
Amortisation of mine properties		336	236
Depreciation of property, plant and equipment		1,354	1,082
Share based payment expenses		1,023	–
Interest expenses		408	1,856
Interest income		(3)	(7)
Loss on disposal of plant and equipment		19	–
Write-down of inventories to net realisable value		255	–
Fair value loss on derivative financial instruments		–	29,587
Unrealised exchange difference		407	4,222
Operating cash flows before working capital changes		(24,713)	(7,195)
Working capital changes:			
Inventories		(70)	(191)
Non-trade receivables		(314)	5,329
Prepayments		4,618	(4,265)
Trade and other payables		8,384	834
Net cash used in operating activities		(12,095)	(5,488)
Investing activities			
Additions to exploration and evaluation assets		–	(332)
Additions to development assets		–	(80)
Additions to mine properties		(958)	(90)
Interest received		3	7
Purchase of property, plant and equipment		(4,211)	(6,704)
Proceeds from disposal of plant and equipment		54	–
Net cash used in investing activities		(5,112)	(7,199)
Financing activities			
Decrease in fixed deposits pledged		–	100
Interest paid		(13)	(1,060)
Proceeds from issuance of new ordinary shares		31,109	13,683
Share issue expenses		(7,451)	(1,179)
Proceeds from issuance of redeemable convertible loans		–	4,782
Redemption of redeemable convertible loans		–	(4,449)
Repayment of finance lease obligations		(32)	–
Net cash from financing activities		23,613	11,877
Net change in cash and cash equivalents		6,406	(810)
Exchange difference on cash and cash equivalents		(70)	–
Cash and cash equivalents at beginning of financial year		1,155	1,965
Cash and cash equivalents at end of financial year	13	7,491	1,155

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

These notes form an integral part and should be read in conjunction with these financial statements.

1. General corporate information

1.1 Domicile and activities

Anchor Resources Limited (the “Company”) is a public limited liability company, incorporated and domiciled in Singapore and its registered office and principal place of business are 80 Robinson Road #17-02, Singapore 068898 and C-3A-9-10, 11 & 12, Block C, Pusat Komersial Southgate, No. 2, Jalan Dua, Off Jalan Chan Sow Lin, 55200, Kuala Lumpur Wilayah Persekutuan, Malaysia respectively. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 18 March 2016. The registration number of the Company is 201531549N.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

The statement of financial position of the Company as at 31 December 2016 and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2016 were authorised for issue in accordance with a Directors’ resolution dated 31 March 2017.

1.2 Restructuring exercise

A restructuring exercise (the “Restructuring Exercise”) was carried out as part of group restructuring prior to the listing on the Catalist Board of SGX-ST which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

(i) Acquisition of Angka Mining Sdn. Bhd. (“AMSB”)

On 5 March 2015, Angka Alamjaya Sdn. Bhd. (“AASB”) entered into a share sale agreement to acquire all the issued and paid-up share capital of AMSB for a consideration price of RM11,571,426, which was satisfied by the issue of an aggregate of 2,571,428 ordinary shares in AASB of RM1 each. The purchase consideration was arrived at on a willing-buyer-willing-seller basis. The acquisition was completed on 12 March 2015.

The above transaction was carried out on normal commercial terms and on an arm’s length basis, and not prejudicial to the interests of the Company. The purchase consideration was determined based on a willing-buyer-willing-seller basis between the Group and third party investors.

(ii) Incorporation of the Company

At the date of incorporation of the Company on 12 August 2015, it issued 2 subscribers’ shares at a consideration of S\$2 for cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(iii) Acquisition of AASB

The Company entered into a sale and purchase agreement dated 15 September 2015 with the shareholders of AASB to acquire the entire issued and paid-up share capital of AASB at the aggregate purchase consideration of RM12,095,569 (approximately S\$3,877,282). The purchase consideration was based on the net tangible assets of AASB as at 30 June 2015. The transaction was carried out on normal commercial terms and on an arm's length basis, and was not prejudicial to the interests of the Company.

Pursuant to the share swap agreement, the purchase considerations were satisfied by the allotment and issuance of 12,948,415 ordinary shares by the Company to the vendors.

(iv) Conversion and redemption of the Redeemable Convertible Loans ("RCL")

As part of the Group's fundraising, AASB had between September 2013 and July 2015 obtained the RCL for an aggregate principal sum of S\$10.27 million, from the RCL lenders as follows:

- (a) Between August 2013 and September 2013, AASB obtained the RCL for an aggregate principal amount of S\$2.85 million ("Tranche 1").
- (b) Between March 2014 and October 2014, AASB obtained the RCL for an aggregate principal amount of S\$4.31 million ("Tranche 2").
- (c) On 10 April 2014, AASB entered into an investment agreement Francis Loh Kim Choon ("Escrow Agent") acting as escrow agent for the said investors ("Escrow Agreement"), pursuant to which AASB obtained the RCL for an aggregate principal amount of S\$1.40 million from the Escrow Agent ("Tranche 3").
- (d) Between April 2015 and July 2015, AASB obtained the RCL for an aggregate principal amount of S\$1.51 million ("Tranche 4").
- (e) In September 2015, the Company obtained the RCL for an aggregate principal amount of S\$0.20 million ("Tranche 5").

In September 2015, in respect of Tranche 3, AASB and the Escrow Agent entered into a supplemental letter in respect of the Escrow agreement, pursuant to which the Escrow Agent (acting as agent on behalf of the investors under the Escrow Agreement) as a RCL lender, was entitled to convert the RCL granted by it into new ordinary shares in the Company. In addition, in respect of Tranches 1, 2, 3 and 5, each of the remaining RCL lenders entered into supplemental letters with AASB, pursuant to which each RCL lender was entitled to convert their respective proportion of RCL into new ordinary shares in the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(iv) Conversion and redemption of the Redeemable Convertible Loans ("RCL") ("Continued")

On 1 October 2015, all conversions in respect of the RCL amounting to an aggregate principal amount of approximately S\$8.76 million (approximately RM27,328,000), accrued incentive interests of approximately S\$255,000 (approximately RM796,000) and derivative financial instruments for the embedded conversion options of approximately RM5,672,000 were completed and 3,293,311 new ordinary shares in the Company were issued to such RCL lenders at their respective conversion prices, pursuant to which, each of such RCL lenders became shareholders of the Company. Redemptions of the remaining RCL were completed on 7 October 2015, and none of the RCL remains outstanding, except for the derivative financial instruments recorded in respect of adjustment shares issued upon the IPO in 2016 as discussed in Note 20 to the financial statements.

(v) Issuance of ordinary shares in the Company

On 1 October 2015, the Company issued a total of 1,075,162 new ordinary shares comprising 537,581 ordinary shares each to Ms. Koh Ah Luan and Metal-Like Surface Treatment Sdn Bhd for an aggregate consideration of S\$2,000,000 (approximately RM6,237,000) in equal proportions.

(vi) Capitalisation of amounts owing to Lim Chiau Woei

On 30 November 2015, the amount owing by the Group to a director of the Company, Lim Chiau Woei of RM346,997 (approximately S\$115,839) was capitalised into 33,689 ordinary shares of the Company, the consideration price of RM10.30 (approximately S\$3.44) per share, being the conversion price of the shares issued to the RCL lenders.

(vii) Issuance of adjustment shares to RCL lenders pursuant to the RCL

As the placement price is lower than the conversion price used in the conversion of the RCL to new ordinary shares (which was at a discount to an indicative placement price), the Company had on 8 March 2016 issued an aggregate of 2,630,466 fully paid-up new ordinary shares in the capital of the Company to the RCL lenders as an adjustment.

(viii) Issuance of adjustment shares to the anti-dilution shareholders pursuant to the anti-dilution undertaking

Pursuant to the adjustment mechanisms under the anti-dilution undertaking, and due to the additional issue of ordinary shares between 15 September 2015 and 30 November 2015, the Company had on 8 March 2016 issued an aggregate of 43,975 fully paid-up new ordinary shares of the Company to the anti-dilution equity holders as an adjustment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

- (ix) Sub-division of ordinary shares

On 8 March 2016, the 20,025,020 ordinary shares in the Company was sub-divided into 240,000,000 ordinary shares.

Following the completion of the Restructuring Exercise, the Company has a total of 240,000,000 ordinary shares in its share capital.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and prepared under the historical cost convention, except as disclosed in the accounting policies below and on a going concern basis as referred to in Note 4 to the financial statements. The financial statements are presented in Ringgit Malaysia and all values are recorded to the nearest thousand (RM'000) except where otherwise indicated.

Singapore-incorporated companies listed on SGX-ST will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Company will adopt the new framework on 1 January 2018.

The preparation of financial statements in conformity with FRS require the management to exercise judgement in the process of applying accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses throughout the financial year. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

During the financial year, the Group and the Company adopted the new or revised FRS that are relevant to their operations and effective for the current financial year. The adoption of the new or revised FRS including related interpretations of FRS ("INT FRS") did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported the current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective and have not been early adopted in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 7 (Amendments)	: Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 40 (Amendments)	: Transfers of Investment Property	1 January 2018
FRS 102 (Amendments)	: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 104 (Amendments)	: Applying FRS 109 <i>Financial Instruments</i> with FRS 104 <i>Insurance Contracts</i>	1 January 2018
FRS 109	: Financial Instruments	1 January 2018
FRS 110 and FRS 28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 115	: Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	: Clarifications to FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116	: Leases	1 January 2019
Improvements to FRSs (December 2016)		
FRS 28 (Amendments)	: Investment in Associates and Joint Ventures	1 January 2018
FRS 101 (Amendments)	: First - time Adoption of International Financial Reporting Standards	1 January 2018
FRS 112 (Amendments)	: Disclosure of Interests in Other Entities	1 January 2017
INT FRS 122	: Foreign Currency Transactions and Advance Consideration	1 January 2018

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods, if applicable, will not have a material impact on the financial statements of the Group and of the Company in the period of initial adoption, except as disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 7 (Amendments) Disclosure Initiative

The amendments require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group will adopt these amendments in the financial year beginning on 1 January 2017 and will include the additional disclosures in its financial statements for that financial year.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

The Group has completed its preliminary assessment of classification and measurement of its financial assets and liabilities and does not expect any significant changes to the classification and measurement of its financial assets and liabilities currently measured at amortised cost.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment loss allowances as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade receivables and non-trade receivables, due to earlier recognition of credit losses. The Group expects to adopt the three-stage model for its non-trade receivables due from third parties, the Group will initially provide for 12 months expected losses. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year.

The Group will include additional financial statements disclosures in the financial year when FRS 109 is adopted.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard, the Company has preliminarily assessed that there will be no significant impact on the timing and pattern of the revenue recognition as disclosed in Note 2.14 to the financial statements.

The Group plans to adopt the standard in the financial year beginning on 1 January 2018 using full retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of FRS 116, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of FRS 116, the Group will be required to capitalise its rented office premises and equipment on the statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. The Group plans to adopt the standard in the financial year beginning on 1 January 2019 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of subsidiaries, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Acquisition under common control

The consolidated financial statements of the Group are a combination or aggregation of the financial statements of the Company and its subsidiaries after the restructuring exercise carried out in the previous financial year. The Restructuring Exercise involved companies which are under common control. The consolidated financial statements of the Group for the financial year ended 31 December 2016 have been prepared in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the end of the reporting period.

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purposes, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or to recognise any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group’s and the Company’s equity. Any difference between the consideration paid for the acquisition and share capital of acquirees is recognised directly to equity as merger reserve.

2.3 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost, less any impairment in the Company’s statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Buildings	20
Furniture and fittings	5
Office equipment	5
Motor vehicles	5
Renovation	5
Plant and machinery	10
Road and infrastructure	20

Construction-in-progress represents items of property, plant and equipment under construction, which is stated at cost less accumulated impairment losses, if any, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when the assets are ready for their intended use.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.5 Exploration, evaluation and development ("E,E&D") assets

Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group and the Company have obtained the legal rights to explore an area are recognised in profit or loss. Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

- (i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or
- (ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets are stated at cost less accumulated impairment losses, if any. Exploration and evaluation costs include the cost of acquiring exploration rights, researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies, gaining access to areas of interest including occupancy and relocation compensation and/or amortisation and depreciation charges in respect of assets consumed during the exploration and evaluation activities.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are tested for impairment and transferred to development expenditures, a component of E,E&D assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.5 Exploration, evaluation and development ("E,E&D") assets (Continued)

Development assets

Development expenditures are incurred within an area of interest as a component of a commercial development phase only upon its commitment to a commercial development.

Expenditures on the construction, installation or completion of infrastructure facilities are capitalised within E,E&D assets.

Amortisation is not charged on costs carried in respect of areas of interest in the development phase until production commences.

Development assets are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either at individual or cash-generating unit level.

2.6 Mine properties

When production commences, carried forward development assets are transferred to mine properties and the accumulated costs for the relevant area of interest will then be amortised over the life of the area according to the rate of depletion, on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for run of mines costs are recoverable oz of gold. The unit-of-production rate for the amortisation of mine properties takes into account expenditure incurred to date, together with sanctioned future development expenditure.

2.7 Impairment of non-financial assets except for E,E&D assets

The carrying amounts of non-financial assets except for E,E&D assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets except for E,E&D assets (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

2.9 Financial assets

The Group and the Company classify their financial assets as loans and receivables. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within “non-trade receivables” and “cash and cash equivalents” on the statements of financial position.

Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become parties to contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Impairment

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and fixed deposits net of fixed deposits pledged.

2.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds.

2.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.12 Financial liabilities (Continued)

The accounting policies adopted are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

(ii) Redeemable convertible loans ("RCL")

RCL with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract. On issuance of RCL, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss. The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption. When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 Share-based payments

The Group issues equity-settled share-based payments.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to the share-based payment reserve, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period with a corresponding adjustment to the share-based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.14 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of gold is recognised when goods are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.15 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee performance share plan

Selected employees of the Group receive remuneration in the form of performance share plan ("PSP") as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the PSP at the date on which the PSP are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of PSP that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The employee share based payment reserve is transferred to share capital upon expiry of the PSP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.16 Leases

When the Group and the Company are the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.17 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to income tax payable in respect of previous financial year. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.17 Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

2.18 Foreign currencies

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The financial statements are presented in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements made in applying the accounting policies

In the process of applying accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Recoverability of mine properties

The Group and the Company assess the assets relating to the mining operations at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions including historical, current and future gold prices, recoverable ore reserve of the mine, discount rate, operating costs, future capital requirements, and operating performance (which includes production and sales volumes). In estimating the recoverable ore reserve of the mine, management relied on the Independent Qualified Person's Report ("IQPR") and prior year's Independent Valuation Report ("IVR") issued by the independent valuers. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

(i) Amortisation of mine properties

Mine properties are amortised based on units-of-production basis over the economically recoverable reserves of the mine concerned. Management reviews and revises the estimates of the recoverable reserve of the mine and remaining useful life and residual values of mine properties at the end of each financial year. Any changes in estimates of the recoverable reserve of the mine and, the useful life and residual values of the mine properties would impact the amortisation charges and consequently affect the Group's financial performance. The carrying amount of the Group's mine properties as at 31 December 2016 was approximately RM13,687,000 (2015: RM13,065,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. Going concern

As at 31 December 2016, the Group's current liabilities exceeded its current assets by approximately RM778,000 (2015: RM23,697,000). In addition, the Group also incurred a net loss of approximately RM28,521,000 (2015: RM44,171,000) and had negative cash flows from operating activities of approximately RM12,095,000 (2015: RM5,488,000) for the financial year ended 31 December 2016.

Notwithstanding that these conditions exist, management has assessed that there is no material uncertainty related to these conditions that may cast significant doubt on the Group's ability to continue as a going concern.

As at 31 December 2016, the Group has cash and cash equivalents of approximately RM7,591,000. To meet the short-term financial requirements of the Group, the Company has entered into an agreement in March 2017 to issue a bond of S\$2,875,000 (equivalent to RM8,913,000) ("Principal Amount") with a subscription price at 86.96% of Principal Amount to a third party. The bond, which will mature in April 2018, carries fixed interest of 5% per annum with interest payable quarterly in arrears and is supported by a deed of guarantee from a director of the Company. Proceeds from the bond amounting to approximately S\$2.50 million (equivalent to RM7.75 million) is placed into escrow account in March 2017 and expected to be received by the Group in April 2017.

In addition, the Company has entered into subscription agreement in March 2017 to issue an Exchangeable Bond ("EB") S\$2,000,000 (equivalent to RM6,200,000) ("Principal Amount") due in 2019, with a subscription price at 100.00% of Principal Amount to a third party with 2 years maturity date. A wholly-owned subsidiary of the Company to be incorporated will issue the EB subject to the terms and conditions of the EB subscription agreement which are convertible into new fully paid shares capital of the Company. The EB carries fixed interest of 5% per annum with interest payable six months in arrears and the Group expects to receive the proceeds from the bond in third quarter of 2017.

To strengthen the liquidity position of the Group in the longer-term, as announced on 27 June 2016, the Group intends to diversify into a new business of mining and quarry extraction of dimension stone granite as well as architectural stone and interior fit out through an acquisition of 100% of ordinary shares in GGT Manufacturing Sdn. Bhd. ("GGTM") which will be funded via an allotment and issuance of new ordinary shares of the Company. This proposed acquisition will provide the Group with an additional income stream as well as improve the Group's financial position arising from available cash of GGTM at the completion of the proposed acquisition. As at the date of the financial statements, the Company is still in the process of preparing the necessary documents which are expected to be submitted to the SGX-ST for approval. Thereafter, an extraordinary general meeting will be convened to seek the approval of the shareholders of the Company for the proposed acquisition.

Based on a cash flow forecast prepared by management, having taken account of the funds available from the bonds issuance and the completion of the proposed acquisition, the Group will have adequate funds for its operational needs and to meet its debt obligations as and when they fall due for at least 12 months from the end of the financial year. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. Property, plant and equipment

	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Plant and machinery RM'000	Road and infrastructure RM'000	Total RM'000	
Group									
2016									
Cost									
Balance at 1 January 2016	5,483	50	375	305	270	6,673	760	13,916	
Additions	33	4	187	469	122	3,170	561	4,546	
Disposal	-	-	-	(131)	-	-	-	(131)	
Balance at 31 December 2016	<u>5,516</u>	<u>54</u>	<u>562</u>	<u>643</u>	<u>392</u>	<u>9,843</u>	<u>1,321</u>	<u>18,331</u>	
Accumulated depreciation									
Balance at 1 January 2016	255	35	124	123	84	605	35	1,261	
Depreciation for the financial year	268	9	93	99	71	762	52	1,354	
Disposal	-	-	-	(58)	-	-	-	(58)	
Balance at 31 December 2016	<u>523</u>	<u>44</u>	<u>217</u>	<u>164</u>	<u>155</u>	<u>1,367</u>	<u>87</u>	<u>2,557</u>	
Carrying amount									
Balance at 31 December 2016	<u>4,993</u>	<u>10</u>	<u>345</u>	<u>479</u>	<u>237</u>	<u>8,476</u>	<u>1,234</u>	<u>15,774</u>	
	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Plant and machinery RM'000	Road and infrastructure RM'000	Construction- in-progress RM'000	Total RM'000
Group									
2015									
Cost									
Balance at 1 January 2015	-	48	226	293	266	90	-	6,289	7,212
Additions	877	2	149	12	4	5,433	7	220	6,704
Reclassification	4,606	-	-	-	-	1,150	753	(6,509)	-
Balance at 31 December 2015	<u>5,483</u>	<u>50</u>	<u>375</u>	<u>305</u>	<u>270</u>	<u>6,673</u>	<u>760</u>	<u>-</u>	<u>13,916</u>
Accumulated depreciation									
Balance at 1 January 2015	-	29	49	63	31	7	-	-	179
Depreciation for the financial year	255	6	75	60	53	598	35	-	1,082
Balance at 31 December 2015	<u>255</u>	<u>35</u>	<u>124</u>	<u>123</u>	<u>84</u>	<u>605</u>	<u>35</u>	<u>-</u>	<u>1,261</u>
Carrying amount									
Balance at 31 December 2015	5,228	15	251	182	186	6,068	725	-	12,655

* amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. Property, plant and equipment (Continued)

	Company	
	2016	2015
	RM'000	RM'000
Office equipment		
2016		
Cost		
Balance at beginning of financial year	5	—
Additions	2	5
Balance at end of financial year	<u>7</u>	<u>5</u>
Accumulated depreciation		
Balance at beginning of financial year	*	—
Depreciation for financial year	3	*
Balance at end of financial year	<u>3</u>	<u>*</u>
Carrying amount		
Balance at end of financial year	<u>4</u>	<u>5</u>

* amount less than RM1,000

As at 31 December 2016, included in the Group's motor vehicles was a vehicle with an aggregate net carrying value of approximately RM411,000 (2015: RMNil) purchased under finance lease arrangements.

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2016	2015
	RM'000	RM'000
Additions to property, plant and equipment	4,546	6,704
Acquired under finance lease arrangements	(335)	—
Cash payments to acquisition of property, plant and equipment	<u>4,211</u>	<u>6,704</u>

6. Exploration and evaluation assets

	Group	
	2016	2015
	RM'000	RM'000
Balance at beginning of financial year	50	12,849
Additions	—	332
Transferred to development assets	—	(13,131)
Balance at end of financial year	<u>50</u>	<u>50</u>

Included in exploration and evaluation assets is a concession asset representing concession rights to mine with carrying amount of RM50,000 (2015: RM50,000) as at 31 December 2016.

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or alternatively, sale of the concession rights.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. Development assets

	Group	
	2016 RM'000	2015 RM'000
Balance at beginning of financial year	-	-
Additions	-	80
Transferred from exploration and evaluation assets	-	13,131
Transferred to mine properties	-	(13,211)
Balance at end of financial year	-	-

In the previous financial year, the Group reclassified the exploration and evaluation assets to development assets upon completion of plant commissioning on its mine, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

8. Mine properties

	Group	
	2016 RM'000	2015 RM'000
Cost		
Balance at beginning of financial year	13,301	-
Additions	958	90
Transferred from development assets	-	13,211
Balance at end of financial year	14,259	13,301
Accumulated amortisation		
Balance at beginning of financial year	236	-
Amortisation for financial year	336	236
Balance at end of financial year	572	236
Carrying amount		
Balance at end of financial year	13,687	13,065

In the previous financial year, the Group reclassified the development assets to mine properties upon commencement of production.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9. Investments in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Unquoted equity investments, at cost	51,599	45,599

The particulars of the subsidiaries are as follows:

Name of company (Principal place of business)	Ownership interest held		Principal activities
	2016 %	2015 %	
Held by the Company			
Angka Alamjaya Sdn. Bhd. ⁽¹⁾ (Malaysia)	100	100	Gold and related mineral mining, consulting and contractor of natural resources
Held by Angka Alamjaya Sdn. Bhd.			
Angka Mining Sdn. Bhd. ⁽¹⁾ (Malaysia)	100	100	Exploration of mining projects

(1) Audited by BDO, Malaysia, a member firm of BDO International Limited

During the financial year, the Company subscribed for additional share capital in its subsidiary, Angka Alamjaya Sdn. Bhd., a company registered in Malaysia by way of capitalisation of amount owing from its subsidiary of RM6,000,000 (2015: RMNil). Upon the completion of the additional capital contributions, there is no change in the equity interest held by the Company.

As at the end of the reporting period, the Company carried out a review of the investment in subsidiaries, having regards for indications of impairment on investments in subsidiaries based on existing performance of the relevant subsidiaries. No impairment loss resulted from the review.

10. Inventories

	Group	
	2016 RM'000	2015 RM'000
Raw materials	124	337
Consumables	139	24
Work-in-progress	26	113
	289	474

The cost of inventories recognised as an expense and included in "Raw material and consumables used" line item in the Group's profit or loss for the financial year ended 31 December 2016 amounted to approximately RM662,000 (2015: RM883,000).

As at 31 December 2016, the Group carried out a review of the realisable values of its inventories and the review led to a write down of inventories to net realisable value of approximately RM255,000 (2015: RMNil) as an expense and included in "Raw materials and consumables used" line item in the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. Non-trade receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-trade receivables				
– third parties	4	11	–	–
– a subsidiary	–	–	3,117	–
Advances to suppliers – third parties	128	97	–	–
Goods and services tax recoverable, net	276	–	–	–
Deposits	298	296	–	–
	706	404	3,117	–

Advances to suppliers represent advance payments for the purchase of plant and equipment.

The non-trade amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand.

Deposits mainly relate to the refundable rental deposits for office premises and equipment and concession rights.

The currency profile of non-trade receivables as at the end of the reporting period is Ringgit Malaysia.

12. Prepayments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Prepayments				
– Initial public offering expenses	–	4,693	–	4,693
– operating expenses	107	32	74	–
	107	4,725	74	4,693

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. Cash and cash equivalents

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed deposits	1,960	100	1,860	–
Cash and bank balances	5,631	1,155	2,105	800
Cash and cash equivalents as per statements of financial position	7,591	1,255	3,965	800
Fixed deposits pledged	(100)	(100)		
Cash and cash equivalents as per consolidated statement of cash flows	7,491	1,155		

Fixed deposits bear effective interest rates range from 0.05% to 2.95% (2015: 3.15%) per annum during the financial year and with maturity from 1 to 12 (2015: 1 to 6) months from the end of the financial year ended 31 December 2016. The Group's fixed deposits are readily convertible to cash at minimal cost.

As at 31 December 2016, fixed deposits of the Group amounting to RM100,000 (2015: RM100,000) were pledged to a bank to secure banker's guarantee facility amounting to RM100,000 (2015: RM100,000).

As at the end of the reporting period, the Group has banking facilities as follows:

	Group	
	2016 RM'000	2015 RM'000
Banking facilities granted	5,000	5,000
Banking facilities utilised	100	100

The currency profiles of cash and cash equivalents included in the statements of financial position as at the end of the reporting period are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	3,625	444	–	–
Singapore dollar	3,966	811	3,965	800
	7,591	1,255	3,965	800

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. Share capital

	Group			
	2016		2015	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
Issued and fully-paid:				
At beginning of financial year	17,350,579	51,853	8,255,103	20,850
Issuance of ordinary shares before the Restructuring Exercise	–	–	1,369,040	7,446
Share issue expenses before the Restructuring Exercise	–	–	–	(557)
Issuance of ordinary share pursuant to the Restructuring Exercise (Note 1.2)	–	–	19,922,007	64,047
Adjustment pursuant to the Restructuring Exercise (Note 1.2)	2,674,441	23,783	–	–
Share issue expenses pursuant to the Restructuring Exercise (Note 1.2)	–	–	–	(622)
Deemed distributions of ordinary shares to owners	–	–	(12,195,571)	(39,311)
Sub-division of shares pursuant to the Restructuring Exercise (Note 1.2)	219,974,980	–	–	–
	240,000,000	75,636	17,350,579	51,853
Issuance of employee shares ⁽ⁱ⁾	440,000	329	–	–
Issuance of commission fee shares ⁽ⁱⁱ⁾	10,490,000	7,844	–	–
Issuance of shares pursuant to an initial public offering exercise ⁽ⁱⁱⁱ⁾	28,800,000	21,535	–	–
Issuance of shares by way of placement ^(iv)	30,770,000	9,574	–	–
Share issue expenses ⁺	–	(8,826)	–	–
At end of financial year	310,500,000	106,092	17,350,579	51,853

For the Group's comparative figures the beginning balance of the share capital of the Group for the financial year ended 31 December 2015 represent the aggregated value of the issued and fully paid-up share capital of the Company's subsidiaries as the Company was only incorporated on 12 August 2015 with an issued and paid-up share capital of S\$2.00.

+ Included in these expenses is an allocation portion of professional fees paid to the independent auditors of the Company in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. The allocation portion of professional fees amounted to \$67,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. Share capital (Continued)

	Company			
	2016		2015	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
Issued and fully-paid:				
At the beginning of financial year	17,350,579	51,853	–	–
Issue of subscribers' share at incorporation of the Company	–	–	2	*
Issue of shares pursuant to the Restructuring Exercise (Note 1.2)	–	–	17,350,577	51,853
Adjustment pursuant to the restructuring exercise pursuant to the Restructuring Exercise (Note 1.2)	2,674,441	23,787	–	–
Sub-division of shares pursuant to the Restructuring Exercise (Note 1.2)	219,974,980	–	–	–
	240,000,000	75,640	17,350,579	51,853
Issuance of employee shares ⁽ⁱ⁾	440,000	329	–	–
Issuance of commission fee shares ⁽ⁱⁱ⁾	10,490,000	7,844	–	–
Issuance of shares pursuant to an initial public offering exercise ⁽ⁱⁱⁱ⁾	28,800,000	21,535	–	–
Issuance of shares by way of placement ^(iv)	30,770,000	9,574	–	–
Share issue expenses	–	(8,830)	–	–
At end of financial year	310,500,000	106,092	17,350,579	51,853

* amount less than RM1,000

(i) Issuance of employee shares

On 17 March 2016, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 440,000 new ordinary shares at an issue price of S\$0.25 per share to certain employees of the Group.

(ii) Issuance of shares as partial payment of commission fee

On 17 March 2016, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 10,490,000 new ordinary shares at an issue price of S\$0.25 per share to Alvito Capital Holding Inc as partial payment of commission fee payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. Share capital (Continued)

(iii) Issuance of ordinary shares in the Company

On 17 March 2016, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 28,800,000 new ordinary shares at an issue price of S\$0.25 per ordinary share for cash consideration of approximately S\$7,200,000 (approximately RM21,535,000) pursuant to an initial public offering.

(iv) Issuance of ordinary shares by way of placement in the Company

On 22 July 2016, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 30,770,000 new ordinary shares at an issue price of S\$0.104 per ordinary share for cash consideration of approximately S\$3,200,000 (approximately RM9,574,000).

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

15. Merger reserve

Merger reserve represents the differences between the consideration paid and the issued share capital of subsidiaries under common control that are accounted for by applying the "pooling-of-interest" method.

16. Share based payment reserve

Share based payment reserve represents the equity-settled share to be granted to a director of the Company. The reserve is made up of the cumulative value of services received from a director of the Company recorded over the vesting period commencing from the grant date of equity compensation plan awards, and is increased by the expiry of the equity compensation plan awards.

The fair values of the equity compensation plan awards were determined by reference to the grant date fair value and recognised over the vesting period.

The share based payment reserve in relation to a director of the Company as set out in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17. Finance lease payables

	Minimum lease payments RM'000	Future finance charges RM'000	Present value of minimum lease payments RM'000
Group			
2016			
Current liabilities			
Within one financial year	86	(22)	64
Non-current liabilities			
After one financial year but within five financial years	269	(30)	239
	355	(52)	303
2015			
Current liabilities			
Within one financial year	-	-	-

The finance lease term ranges from 4 to 5 (2015: Nil) years for the financial year ended 31 December 2016. The effective interest rates for the finance lease obligations ranges from 2.78% to 5.00% (2015: Nil%) per annum for the financial year ended 31 December 2016.

Interest rates are fixed at the contract date and thus expose the Group to fair value interest rate risk. All finance lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

The currency profile of finance lease payables as at the end of the reporting period is denominated in Ringgit Malaysia.

18. Trade and other payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables – third parties	1,505	1,553	-	-
Non-trade payables				
– third parties	1,987	1,599	497	142
– a subsidiary	-	-	-	1,520
	1,987	1,599	497	1,662
Advance receipts from customers	2,771	-	-	-
Accrued expenses	3,144	3,488	414	1,186
	9,407	6,640	911	2,848

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. Trade and other payables (Continued)

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 60 days' (2015: 30 to 60 days') terms.

The non-trade amounts due to third parties and a subsidiary are unsecured, non-interest bearing and repayable on demand.

The currency profiles of trade and other payables as at the end of the reporting period are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	3,987	3,884	–	–
Australian dollar	36	229	36	141
Singapore dollar	2,736	1,050	875	2,570
United States dollar	2,648	1,477	–	137
	9,407	6,640	911	2,848

19. Redeemable convertible loans

	Group	
	2016	2015
	RM'000	RM'000
Balance at beginning of financial year	–	22,773
Additions	–	4,782
Redemption	–	(4,449)
Currency re-alignment	–	4,222
Converted to ordinary shares	–	(27,328)
Balance at end of financial year	–	–

As at the end of the previous reporting period, the currency profile of redeemable convertible loans ("RCL") was Singapore dollar ("SGD").

The salient features of the RCL were as follows:–

- (i) the RCL are redeemable at the option of RCL lenders on:
 - (a) issue date plus 12 months (the "First Issue Date") with the option to extend to First Issue Date plus 6 months in the event the initial public offering ("IPO") or reverse take-over ("RTO") is delayed due to regulatory approval (the "Final Maturity Date"); or
 - (b) the IPO or RTO date of the issuer's entire issued and paid up capital on the Catalist Market of Singapore Stock Exchange ("SGX") or such other internationally recognised stock exchange.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19. Redeemable convertible loans (Continued)

The salient features of the RCL are as follows (Continued):–

- (ii) the RCL constitute unsecured, direct, unconditional and subordinated obligations of the issuer and will rank pari passu and without preference or priority among themselves but will rank above all shareholders' and intercompany loan in the issuer in terms of prepayment or repayment of principal, payment of interest and/or other unpaid expenses;
- (iii) no interest shall be paid on the RCL if the IPO or RTO is completed before the final maturity date;
- (iv) in the event that the IPO or RTO is not completed, interest shall be payable upon final maturity date or on the occurrence of events of defaults at the rate of 10% per annum, calculated on the basis of the actual number of days elapsed and a 365-day year and commencing from the date of payment is received;
- (v) the RCL lenders shall have the rights to convert RCL at the conversion price into new issuer's shares issued as fully paid up at the conversion price no later than 10 days from the date of listing and quotation notice in respect of the IPO or RTO issued by SGX;
- (vi) the conversion price shall be set at 40% to 50% discount to the estimated IPO or RTO price;
- (vii) the RCL shall unless converted into fully paid up shares of the issuer be redeemed in cash denominated in SGD to the investors on the final maturity date;
- (viii) certain events including non-payment, breach of other obligations, breach of material contract, change of control and shareholding, enforcement proceedings, security enforced, winding-up or disposal and expropriation will permit acceleration of principal of the RCL; and
- (ix) all payments to be free and clear of any present and future taxes, withholdings or other deductions.

On 1 October 2015, all conversions in respect of the RCL amounting to an aggregate principal amount of approximately S\$8.76 million (approximately RM27,328,000), accrued incentive interests of approximately S\$255,000 (approximately RM796,000) and derivative financial instruments for the embedded conversion option of approximately RM5,672,000 were completed and 3,293,311 new ordinary shares in the Company were issued to such RCL lenders at their respective conversion prices, pursuant to which, each of such RCL lenders became shareholders of the Company. Redemptions of the remaining RCL were completed on 7 October 2015, and none of the RCL remains outstanding, except for the derivative financial instruments recorded in respect of adjustment shares issued upon the IPO during the financial year as discussed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20. Derivative financial instruments

In the previous financial year, derivative financial instruments arise from the fair value change on conversion option of RCL as at 30 June 2015. Subsequently, the derivative financial instruments were derecognised upon conversion of RCL and redemption of the remaining RCL as part of the restructuring exercise of the Group. In conjunction with the early conversion of RCL, the Company modified the original term of the RCL to issue adjustment shares to RCL lenders if the IPO placement price is lower than the conversion price used in the conversion of the RCL to new ordinary shares (which was at a discount to an indicative placement price). The fair value change on the modification arrangement of RCL represents the change in the indicative placement price from the conversion date to the end of the reporting period.

The fair values of derivative financial instruments as at the end of the reporting period have been determined using the indicative placement price of the IPO as at the end of the reporting period and are considered as level 3 recurring fair value measurements. Significant inputs to the valuations include adjustments to the valuation of the mineral assets held by the Group. The estimated fair value varies inversely against the valuation of the mineral assets.

The following table represents the reconciliation for derivative financial instruments measured at fair value based on significant unobservable inputs (Level 3):

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of financial year	23,915	–	23,915	–
Included in profit or loss				
– fair value loss on conversion option of RCL	–	6,402	–	–
– fair value gain upon redemption of RCL	–	(730)	–	–
– fair value loss on modification arrangement on issuance of adjustment shares to RCL lenders	–	23,915	–	23,915
Derecognition of derivative financial instruments upon conversion of RCL	–	(5,672)	–	–
Included in share capital upon conversion of RCL	(23,915)	–	(23,915)	–
Balance at end of financial year	–	23,915	–	23,915

On 8 March 2016, upon conversion of RCL and redemption of the remaining RCL as part of the restructuring exercise of the Group, the derivative financial instruments were derecognised.

21. Revenue

Revenue represents the invoiced value of gold sold, net of discount and goods and services tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. Other income

	Group	
	2016 RM'000	2015 RM'000
Interest income	3	7
Rental income	32	–
Others	2	–
	37	7

23. Depreciation and amortisation expenses

	Group	
	2016 RM'000	2015 RM'000
Depreciation of property, plant and equipment	1,354	1,082
Amortisation of mine properties	336	236
	1,690	1,318

24. Employee benefits expense

	Group	
	2016 RM'000	2015 RM'000
Salaries, wages, bonuses and other benefits	5,627	2,586
Contributions to defined contribution plans	304	255
	5,931	2,841

Included in the employee benefits expense were the remuneration and share based payment of Directors of the Company and a subsidiary and key management personnel of the Group as set out in Note 30 to the financial statements.

The Group and the Company recognised total employee benefits expense amounting to approximately RM1,023,000 (2015: RMNil) related to equity-settled share-based payment transactions during the financial year in which RM329,000 (2015: RMNil) and \$694,000 were related to performance shares granted under PSP to its employees of the Company and the equity compensation plan to a director of the Company respectively.

25. Operating lease expense

	Group	
	2016 RM'000	2015 RM'000
Rental of office	175	160
Rental of equipment	209	(7)
	384	153

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. Finance costs

	Group	
	2016 RM'000	2015 RM'000
Interest expense		
– redeemable convertible loans	395	1,856
– finance leases	13	–
	408	1,856

27. Loss before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2016 RM'000	2015 RM'000
Other expenses		
Audit fees paid/payable to:		
– auditors of the Company	102	102
– other auditors	20	20
Non-audit fees paid/payable to:		
– auditors of the Company	22	10
– other auditor	6	6
Commission fee	–	76
Foreign exchange loss, net	454	3,978
Initial public offering expenses*	13,341	–
Loss on disposal of property, plant and equipment	19	–
Professional fees	4,029	1,606
Repair and maintenance	400	311
Security charges	255	184
Travelling and accommodation	196	396
Utilities	529	529
Withholding tax	–	129

* Included in these expenses were professional fees paid to the external auditors of the Company amounting to approximately RM407,000 (2015: RMNil) in respect of an allocated portion of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. The other portion of the professional fees rendered as independent reporting auditors, amounting to approximately RM67,000 (2015: RMNil) was charged to share issues expenses under share capital (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28. Income tax expense

There is no income tax expense as the Group does not have any taxable profits.

Reconciliation of effective income tax rate

	Group	
	2016 RM'000	2015 RM'000
Loss before income tax	(28,512)	(44,171)
Income tax calculated at Singapore's statutory income tax rate of 17% (2015: 17%)	(4,847)	(7,509)
Effect of different tax rate in other country	(496)	(1,332)
Tax effect of non-deductible expenses for income tax purposes	4,027	6,126
Deferred tax assets not recognised	1,316	2,715
	—	—

Unrecognised deferred tax assets

	Group	
	2016 RM'000	2015 RM'000
Balance at beginning of financial year	2,715	—
Amount not recognised during the financial year	1,316	2,715
Balance at end of financial year	4,031	2,715

Unrecognised deferred tax assets are attributable to the following:

	Group	
	2016 RM'000	2015 RM'000
Property, plant and equipment and mine properties	(494)	(293)
Unutilised tax losses	3,463	2,461
Unabsorbed capital allowances	1,062	547
	4,031	2,715

As at 31 December 2016, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM14,429,000 (2015: RM9,844,000) and RM4,425,000 (2015: RM2,188,000) respectively available for offset against future taxable profits which has no expiry date and subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. Loss per share

The calculation for loss per share is based on:

	Group	
	2016	2015
Loss for the financial year attributable to owners of the Company (RM'000)	<u>(28,512)</u>	<u>(44,171)</u>
Weighted average number of ordinary shares in issue during the financial year applicable to loss per share	<u>279,231,902</u>	<u>168,418,875</u>
Loss per share (in sen)		
– Basic	<u>(10.21)</u>	<u>(26.23)</u>
– Diluted	<u>(10.21)</u>	<u>(26.23)</u>

The calculations of basic loss per share for the relevant periods are based on loss attributable to owners of the Company for the financial years ended 31 December 2016 and 31 December 2015 divided by the weighted average number of ordinary shares in the relevant periods.

Diluted loss per share is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the shares conversion would be to decrease the loss per share.

In previous financial year, the number of ordinary shares used for the calculation of loss per share in a common control combination which is accounted for using merger accounting was the aggregate of the weighted average number of shares of the Company whose shares are outstanding after the combination and adjusted for event taken place on 8 March 2016 in respect of the 20,025,020 ordinary shares in the Company was sub-divided into 240,000,000 ordinary shares, that has changed the number of ordinary shares outstanding without a corresponding change in resources.

30. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. Significant related party transactions (Continued)

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with its related parties during the financial year:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
With directors of the Company				
Rental expenses	140	140	–	–
With a subsidiary				
Payment on behalf of	–	–	10,642	1,520
Novation of indebtedness from	–	–	–	33,504
Capitalisation of amount owing from a subsidiary as equity	–	–	6,000	–
With a related party				
Rental income	32	–	–	–

Compensation of key management personnel

Key management personnel are directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of Directors and other members of the key management personnel of the Group and the Company during the financial year was as follows:

	Group	
	2016 RM'000	2015 RM'000
Directors of the Company		
– short-term employee benefits	1,665	377
– post-employment benefits	47	26
– share based payment expense	694	–
– directors' fees	495	140
	2,901	543
Director of a subsidiary		
– director's fees	98	57
– performance share plan expense	34	–
	132	57
Key management personnel		
– short-term employee benefits	653	402
– post-employment benefits	34	48
– performance share plan expense	171	–
	858	450

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. Operating lease commitments

The Group as lessee

The Group leases office premises and equipment under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have terms ranging from 1 to 5 (2015: 1 to 5) years and rentals are fixed during the lease term.

As at the end of the reporting period, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group	
	2016 RM'000	2015 RM'000
Within one financial year	165	143
After one financial year but within five financial years	88	35
	253	178

32. Capital commitments

As at the end of the reporting period, the Group had commitments in respect of capital expenditure are as follows:

	Group	
	2016 RM'000	2015 RM'000
Capital expenditure contracted but not provided for		
– commitments for the acquisition of property, plant and equipment	–	6,440

33. Segment information

Business segment

The Group primarily operates in one business segment, which is the mining segment. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.

Geographical information

During the financial year ended 31 December 2016, the Group operated mainly in Malaysia and all non-current assets were located in Malaysia. Accordingly, an analysis of assets and profits of the Group by geographical distribution has not been presented.

Major customers

The revenue from one (2015: one) customer of the Group's mining segment amounting to approximately RM1,857,000 (2015: RM678,000) and representing 85% (2015: 100%) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risks, market risks (including foreign currency risks) and liquidity risks arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

34.1 Credit risks

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except the Company has non-trade receivables from its subsidiaries amounting to approximately RM3,117,000 (2015: RMNil) which are neither past due nor impaired.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's and the Company's maximum exposure to credit risks.

The Group's and the Company's major classes of financial assets are non-trade receivables and cash and cash equivalents.

Bank deposits are mainly deposits with reputable banks with minimum risk of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. Financial instruments, financial risks and capital management (Continued)

34.2 Market risks

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk mainly from Australian dollar, Singapore dollar and United States dollar transactions.

As at the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currency are as follows:

	Group	
	2016	2015
	RM'000	RM'000
Assets		
Singapore dollar	3,966	811
Liabilities		
Australian dollar	36	229
Singapore dollar	2,736	1,050
United States dollar	2,648	1,477

The Group has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 7% change in Singapore dollar and a 8% change in United States dollar (2015: a 15% change in Singapore dollar and a 23% change in United States dollar) respectively against the functional currency of entities within the Group. The sensitivity rates above were used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation as at the end of the reporting period for 7% and 8% (2015: 15% and 23%) respectively, change in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. Financial instruments, financial risks and capital management (Continued)

34.2 Market risks (Continued)

Foreign currency sensitivity analysis (Continued)

The sensitivity analysis assumes an instantaneous change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which is denominated in Singapore dollar and United States dollar are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Profit or loss	
	2016 RM'000	2015 RM'000
Group		
<i>Singapore dollar</i>		
Strengthens against Malaysian Ringgit	86	(36)
Weakens against Malaysian Ringgit	<u>(86)</u>	<u>36</u>
<i>United States dollar</i>		
Strengthens against Malaysian Ringgit	(212)	(340)
Weakens against Malaysian Ringgit	<u>212</u>	<u>340</u>

34.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all payment needs are met. As part of overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through equity and maintain sufficient levels of cash to meet working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. Financial instruments, financial risks and capital management (Continued)

34.3 Liquidity risks (Continued)

Contractual maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay.

	Within one financial year RM'000	After one financial year but within five financial years RM'000	Total RM'000
2016			
Group			
<u>Financial liabilities</u>			
Trade and other payables	6,636	–	6,636
Finance lease payables	86	269	355
	6,722	269	6,991
2015			
Group			
<u>Financial liabilities</u>			
Trade and other payables	6,640	–	6,640
		Within one financial year	
		2016	2015
		RM'000	RM'000
Company			
<u>Financial liabilities</u>			
Non-trade payables		911	2,848
Derivative financial instruments		–	23,915
		911	26,763

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. Financial instruments, financial risks and capital management (Continued)

34.4 Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value. The capital structure of the Group and the Company comprise share capital, reserves and accumulated losses.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2016 and 31 December 2015.

The management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on their operating cash flows. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's and the Company's overall strategy remains unchanged from 31 December 2015.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company include within net debt, trade and other payables, derivative financial instruments and finance lease payables less cash and cash equivalents. Total equity comprises of share capital plus reserves.

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade and other payables	9,407	6,640	911	2,848
Derivative financial instruments	–	23,915	–	23,915
Finance lease payables	303	–	–	–
Less: Cash and cash equivalents	(7,591)	(1,255)	(3,965)	(800)
Net (cash)/debt	2,119	29,300	(3,054)	25,963
Total equity	28,494	2,073	57,848	24,334
Total capital	30,613	31,373	54,794	50,297
Gearing ratio	6.92%	93.39%	n.m. ⁽¹⁾	51.62%

- (1) The gearing ratio is not disclosed as it is not meaningful because the Company's cash and cash equivalents are higher than the total of its financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. Financial instruments, financial risks and capital management (Continued)

34.5 Fair values of financial assets and financial liabilities

The fair values of financial assets and liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. Financial instruments, financial risks and capital management (Continued)

34.6 Categories of financial instruments

Fair values of financial instruments carried at fair value

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at the end of the reporting period:

	Fair value measurements using			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Group and Company				
2016				
<u>Financial liabilities</u>				
Derivative financial instruments	-	-	-	-
2015				
<u>Financial liabilities</u>				
Derivative financial instruments	-	-	23,915	23,915

There were no transfer between levels during the financial year and no changes in the valuation techniques of the various classes of assets and financial liabilities during the financial year.

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Loans and receivables	7,893	1,562	7,082	800
Financial liabilities				
Financial liabilities designated at fair value through profit or loss	-	23,915	-	23,915
Other financial liabilities, at amortised cost	6,636	6,640	911	2,848
	6,636	30,555	911	26,763

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. Comparative figures

The comparative figures of the Group for the preceding year have been presented under pooling-of-interest method. The effective date of the pooling-of-interest for accounting purposes predates 1 January 2015, the beginning of the financial year for which comparative figures are being presented, as if the Group has been under common control prior to 1 January 2015.

36. Events after the reporting period

Subsequent to 31 December 2016, the following events have taken place:

- 36.1** The Company has entered into an agreement in March 2017 to issue a bond of S\$2,875,000 (equivalent to RM8,913,000) ("Principal Amount") with a subscription price at 86.96% of Principal Amount to a third party. The bond, which will mature in April 2018, carries fixed interest of 5% per annum with interest payable quarterly in arrears and is supported by a deed of guarantee from a director of the Company.
- 36.2** The Company has entered into subscription agreement in March 2017 to issue an Exchangeable Bond ("EB") S\$2,000,000 (equivalent to RM6,200,000) ("Principal Amount") due in 2019, with a subscription price at 100.00% of Principal Amount to a third party with 2 years maturity date. A wholly-owned subsidiary of the Company to be incorporated will issue the EB subject to the terms and conditions of the EB subscription agreement which are convertible into new fully paid shares capital of the Company. The EB carries fixed interest of 5% per annum with interest payable six months in arrears.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016



Anchor Resources Limited Independent Qualified Person's Report



J_2048

Principal Author:

Jason Froud
BSc Hons, MAusIMM, MAIG

Principal Reviewer:

Christine Standing
BSc Hons, MSc (Min Econs), MAusIMM, MAIG

February 2017

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Doc Ref:
20170103_2048_43E_IQPR.docx

Print Date: 15 March 2017

Number of copies:

Optiro: 1

Anchor Resources Limited: 1

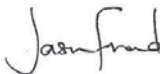
Perth Office

Level 1, 16 Ord Street
West Perth WA 6005

PO Box 1646
West Perth WA 6872
Australia

Tel: +61 8 9215 0000
Fax: +61 8 9215 0011

Optiro Pty Limited
ABN: 63 131 922 739
www.optiro.com

Principal Author:	Jason Froud BSc Hons (Geol), Grad Dip (Fin Mkts), MAusIMM, MAIG	Signature:	
		Date:	24 February 2017
Contributors:			
Principal Reviewer:	Christine Standing BSc Hons (Geol), MSc (Min Econ), MAusIMM, MAIG	Signature:	
		Date:	24 February 2017
Reviewers:			
Important Information:			
This Report is provided in accordance with the proposal by Optiro Pty Ltd ("Optiro") to Anchor Resources Limited and the terms of Optiro's Consulting Services Agreement ("the Agreement"). Optiro has consented to the use and publication of this Report by Anchor Resources Limited for the purposes set out in Optiro's proposal and in accordance with the Agreement. Anchor Resources Limited may reproduce copies of this entire Report only for those purposes but may not and must not allow any other person to publish, copy or reproduce this Report in whole or in part without Optiro's prior written consent. Unless Optiro has provided its written consent to the publication of this Report by Anchor Resources Limited for the purposes of a transaction, disclosure document or a product disclosure statement issued by Anchor Resources Limited pursuant to the Corporations Act, then Optiro accepts no responsibility to any other person for the whole or any part of this Report and accepts no liability for any damage, however caused, arising out of the reliance on or use of this Report by any person other than Anchor Resources Limited. While Optiro has used its reasonable endeavours to verify the accuracy and completeness of information provided to it by Anchor Resources Limited and on which it has relied in compiling the Report, it cannot provide any warranty as to the accuracy or completeness of such information to any person.			

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	1
2.	INTRODUCTION	4
2.1.	TERMS OF REFERENCE AND PURPOSE OF REPORT	4
2.2.	RESPONSIBILITY FOR THE REPORT AND DATA SOURCES	4
2.3.	LIMITATIONS AND EXCLUSIONS	5
2.4.	INDEPENDENCE.....	5
2.5.	QUALIFICATIONS.....	5
3.	PROJECT DESCRIPTION.....	6
3.1.	INTRODUCTION.....	6
3.2.	COMPANY STRUCTURE	7
3.3.	TENURE.....	8
3.3.1.	MINERAL DEVELOPMENT ACT 1994 AND STATE MINERAL ENACTMENTS.....	8
3.3.2.	STATE REGULATIONS	10
3.3.3.	OPERATIONAL MINING SCHEME	10
3.3.4.	REHABILITATION COSTS.....	11
3.3.5.	ENVIRONMENTAL QUALITY ACT.....	11
3.4.	TENEMENT STATUS AND AGREEMENTS	12
3.4.1.	CONCESSION AGREEMENT	13
3.5.	ROYALTIES AND RENT	14
4.	HISTORY	15
4.1.	HISTORY OF GOLD MINING IN MALAYSIA	15
4.2.	PROJECT PRODUCTION STATISTICS	15
5.	GEOLOGICAL SETTING.....	16
5.1.	REGIONAL GEOLOGICAL SETTING.....	16
5.2.	PROJECT DESCRIPTION	19
5.2.1.	GEOLOGY	19
5.2.2.	MINERALISATION.....	20
5.2.3.	STRUCTURE.....	23
5.2.4.	ALTERATION	24
6.	EXPLORATION ACTIVITIES	24
6.1.	IN SITU MINERALISATION	24
6.1.1.	GEOLOGICAL MAPPING	24
6.1.2.	TRENCHING.....	25
6.1.3.	DRILLING	25
6.1.4.	SAMPLE PREPARATION	30

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6.1.5.	CHEMICAL ANALYSIS.....	30
6.1.6.	BULK DENSITY DETERMINATION	32
6.1.7.	QA/QC RESULTS	32
6.2.	TAILINGS MATERIAL.....	34
6.2.1.	DRILLING	34
6.2.2.	QA/QC RESULTS	35
7.	MINERAL PROCESSING AND METALLURGICAL TESTING	36
7.1.	INITIAL METALLURGICAL TESTWORK	36
7.2.	METALLURGICAL TESTWORK ON TREATMENT OF TAILINGS.....	37
7.2.1.	STAGE 1	37
7.2.2.	STAGE 2	37
7.2.3.	STAGE 3	37
7.3.	METALLURGICAL TESTWORK TO SUPPORT REDEVELOPMENT OF OPEN-PIT MINING.....	40
8.	MINERAL RESOURCES	40
8.1.	IN-SITU MINERALISATION	40
8.2.	TAILINGS	42
8.3.	DEPLETION	43
9.	ORE RESERVES	45
10.	MINING	45
10.1.	PREVIOUS OPEN-PIT MINING OPERATIONS	45
10.2.	TAILINGS MINING OPERATIONS.....	46
10.3.	IN-SITU MINING OPERATIONS.....	47
11.	PROCESSING	51
11.1.	PREVIOUS OPEN-PIT PROCESSING OPERATIONS	51
11.2.	TAILINGS RE-TREATMENT OPERATIONS	51
11.3.	PROCESSING OF IN-SITU MINERALISATION	52
12.	INFRASTRUCTURE.....	56
12.1.	MINE INFRASTRUCTURE.....	56
12.2.	POWER	56
12.3.	WATER.....	56
12.4.	TRANSPORT	56
12.5.	STAFFING	56
13.	SOCIAL, ENVIRONMENTAL AND HEALTH AND SAFETY	56
13.1.	SOCIAL MANAGEMENT	56
13.2.	ENVIRONMENTAL MANAGEMENT	57
13.3.	HERITAGE MANAGEMENT.....	58

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13.4.	HEALTH AND SAFETY MANAGEMENT.....	58
14.	FINANCIAL ANALYSIS	59
14.1.	CAPITAL COSTS	59
14.2.	FORECAST OPERATING COSTS.....	59
15.	CONCLUSIONS	60
16.	REFERENCES	60
17.	GLOSSARY	62

TABLES

Table 1.1	Tailing mining summary	2
Table 1.2	Lubuk Mandi in-situ mining operations to December 2016.....	2
Table 1.3	Lubuk Mandi depleted tailings Mineral Resources (reported above a lower cut-off grade of 0.4 g/t gold)	3
Table 1.4	Lubuk Mandi in-situ Mineral Resources (reported above a lower cut-off grade of 0.3 g/t gold)	3
Table 1.5	Total Mineral Resources summary (31 December 2016)	4
Table 3.1	Tenement details.....	13
Table 4.1	Lubuk Mandi annual mine gold and silver production	16
Table 6.1	Lubuk Mandi in-situ drilling summary	26
Table 6.2	Database priority for various analysis methods	32
Table 7.1	Stage 3 metallurgical testwork flotation results.....	39
Table 8.1	Lubuk Mandi in-situ Mineral Resources as at 30 September 2015 (reported above a lower cut-off grade of 0.3 g/t gold)	41
Table 8.2	Lubuk Mandi tailings Mineral Resources as at 30 September 2015 (reported above a lower cut-off grade of 0.4 g/t gold)	42
Table 8.3	Lubuk Mandi depleted tailings Mineral Resources (reported above a lower cut-off grade of 0.4 g/t gold)	44
Table 8.4	Lubuk Mandi in-situ Mineral Resources (reported above a lower cut-off grade of 0.3 g/t gold)	44
Table 8.5	Total Mineral Resources summary (31 December 2016)	45
Table 10.1	Tailing mining summary	47
Table 10.2	Lubuk Mandi in-situ mining operations to December 2016.....	49
Table 10.3	Stage 1 2017 monthly mine plan.....	50
Table 11.1	Tailings processing summary	52
Table 11.2	2017 in-situ processing summary	54
Table 14.1	2017 forecast operating cost schedule (gravity gold)	59
Table 14.2	2017 forecast operating cost schedule (CIL gold).....	60

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

FIGURES

Figure 3.1	Lubuk Mandi project location.....	7
Figure 3.2	Tenement and site layout.....	14
Figure 5.1	Geology of the Malay Peninsula (Tate et al, 2009).....	17
Figure 5.2	Malaysian gold belts including Lubuk Mandi (Source: GBM)	19
Figure 5.3	Main mineralised quartz vein (Vein width of approximately 1 m). Veins are sub-parallel to the beddings (Source: GBM)	21
Figure 5.4	Mineralised quartz vein material at Lubuk Mandi	21
Figure 5.5	Alternative mineralisation focus models proposed for Lubuk Mandi (Source: GBM)	23
Figure 6.1	Lubuk Mandi drillhole locations relative to gold mineralisation	27
Figure 7.1	Drilling plan and basis for Lubuk Mandi variability samples blending strategy (Source: Core)	38
Figure 7.2	Overview of the flowsheet development testwork programme (Source: Core)	39
Figure 10.1	View of main pit looking north, January 2017	46
Figure 10.2	Lubak Mandi tailings dam looking southwest	47
Figure 10.3	Site layout showing current and proposed operations	48
Figure 11.1:	Comminution and gravity circuit process flow (source: AASB)	53
Figure 11.2:	CIL circuit process flow (source: AASB)	54
Figure 11.3:	Ball mill (top), Knelson concentrators (middle), shaking table (bottom)	55

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. EXECUTIVE SUMMARY

At the request of Anchor Resources Limited (Anchor or the Company), Optiro Pty Ltd (Optiro) has prepared an independent qualified person's report (IQPR or Report) for the Lubuk Mandi gold project (the Project). Optiro understands that this Report will be used as a public document and appended to Anchor's year ending 31 December 2016 Annual Report for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (SGX-ST).

This Report was prepared by Mr Jason Froud (Principal) (BSc Hons (Geol), Grad Dip (Fin Mkts), MAusIMM, MAIG) and was reviewed by Mrs Christine Standing (Principal) (BSc Hons (Geol), MSc (Min Econs), MAusIMM, MAIG) both of Optiro. The Report has been prepared in accordance with the requirements of the JORC Code (2012). The author and reviewer of this report are Members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG), and as such are obliged to prepare mineral asset reports in accordance with the reporting guidelines as set out in the JORC Code and VALMIN Code.

The Project is located in Peninsular Malaysia in the state of Terengganu, approximately 17 km south of Kuala Terengganu in the district of Marang. The mineral assets comprise gold-bearing tailings Mineral Resources produced from previous open-pit mining and processing in the 1990s and 2000s, together with in-situ gold Mineral Resources lying below the existing open pit.

The Project has been held by a number of parties since 1991. Angka Alamjaya Sdn Bhd (AASB), now a subsidiary of Anchor, leased the Project from the State Economic Development Corporation of Terengganu (Perbadanan Memajukan Iktisad Negeri Terengganu) (PMINT) in 2013 and constructed and commissioned a plant to re-treat the tailings and in-situ material.

The geological setting of Peninsular Malaysia results from a number of tectonic, subductive, granite-intrusive, volcanic, and metallogenic events occurring at the margin of India and Australia. The Peninsula is subdivided into three belts: Western Belt, Central Belt, and Eastern Belt.

The Lubuk Mandi project is located in the Eastern Belt, which comprises a poly-deformed Carboniferous to Triassic marine sedimentary and metamorphic basement rocks, intruded by Permian to Triassic gabbros, granites, and granodiorites. The lithologies at the Project are dominated by grey laminated phyllite and shale units with occasional siltstone and sandstone beds. Individual beds range in thickness from a few millimetres to around 15 centimetres. Rare, thicker sandstone units up to 1.5 m are present.

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

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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.

Historic mine production records are incomplete. The most significant mining and processing took place from 1993 to 1999 and records from that period document that mining produced 1.15 Mt of ore at an average grade of 3.6 g/t gold. The records document gold production from the processing plant of 108,000 troy ounces of gold, with an average gold recovery of 81%.

Tailing mining commenced on tailings in August 2015. The achieved monthly tailings throughput is presented in Table 1.1 with production approaching nameplate capacity in June 2016. Mining of the tailings material was suspended in August 2016 due to low gold recoveries and wet feed material presenting processing difficulties. With the wet feed material causing damage to the processing plant, the focus was switched to the in-situ mineralisation from August 2016.

Table 1.1 Tailing mining summary

	2015					2016				
	Aug	Sep	Oct	Nov	Dec	Apr	May	Jun	Jul	Aug
Feed tonnes	7,585	7,713	9,624	9,713	4,877	14,898	15,896	25,042	4,910	10,790
Gold grade (g/t)	0.77	0.78	0.57	0.64	0.80	0.51	1.25	0.79	0.90	0.69

In-situ mining operations commenced in September 2016 with first ore crushed in October 2016. Monthly mining and grade control sampling is summarised in Table 1.2.

Table 1.2 Lubuk Mandi in-situ mining operations to December 2016

	Sept 2016	Oct 2016	Nov 2016	Dec 2016
Waste mining (m ³)	1,494	5,252	5,234	3,723
Ore mining (m ³)	-	1,800	600	378
Gold grade (g/t)	-	2.5	1.5	1.5
Grade control samples	997	1,165	52	0

Mineral resources have been estimated and reported for the tailings material produced as a result of mining and processing of ore from the original open-pit operations along with in-situ mineralisation sitting below the previously mined open pit as at 30 September 2015.

In order to determine the Mineral Resources as at 31 December 2016, Optiro has depleted the 30 September 2015 Mineral Resources based on reported 2017 production. Optiro has elected to deplete the Indicated portion of the Mineral Resource as it is likely that this is where the majority (if not all) of production was sourced from. The total depletion to date is largely immaterial relative to the total Mineral Resource (Table 1.3 and Table 1.4). Total Mineral Resources for the Lubuk Mandi site are summarised in Table 1.5.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 1.3 Lubuk Mandi depleted tailings Mineral Resources (reported above a lower cut-off grade of 0.4 g/t gold)

Mineral Resource	Category	Tonnes (Mt)	Gold grade (g/t)	Ounces gold
30 September 2015	Measured	-	-	-
	Indicated	1.3	0.73	30,500
	Inferred	0.1	0.83	2,500
	Total	1.4	0.74	33,000
	Reported production	0.1	0.78	2,800
31 December 2016 (depleted)	Measured	-	-	-
	Indicated	1.2	0.73	27,700
	Inferred	0.1	0.83	2,500
	Total	1.3	0.73	30,200
	Difference	-8%		-8%

Note: Mineral resources tonnes and grade figures have been rounded to reflect the accuracy of the estimate. Totals may not add due to rounding

Table 1.4 Lubuk Mandi in-situ Mineral Resources (reported above a lower cut-off grade of 0.3 g/t gold)

Mineral Resource	Category	Tonnes (Mt)	Gold grade (g/t)	Ounces gold
30 September 2015	Measured	-	-	-
	Indicated	1.5	1.46	70,500
	Inferred	0.3	1.01	6,500
	Total	1.8	1.39	77,000
	Reported production	0.01	1.36	600
31 December 2016 (depleted)	Measured	-	-	-
	Indicated	1.5	1.46	69,900
	Inferred	0.3	1.01	6,500
	Total	1.8	1.33	76,400
	Difference	-1%		-1%

Note: Mineral resources tonnes and grade figures have been rounded to reflect the accuracy of the estimate. Totals may not add due to rounding

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 1.5 Total Mineral Resources summary (31 December 2016)

Area	Category	Gross attributable to licence			Net attributable to issuer			Change from previous
		Tonnes (Mt)	Gold grade (g/t)	Ounces gold	Tonnes (Mt)	Gold grade (g/t)	Ounces gold	
Tailings	Measured	-	-	-	-	-	-	
	Indicated	1.2	0.73	27,700	1.19	0.73	27,700	-9%
	Inferred	0.1	0.83	2,500	0.10	0.83	2,500	0%
	Total	1.3	0.73	30,200	1.29	0.73	30,200	-8%
In-situ	Measured	-	-	-	-	-	-	
	Indicated	1.5	1.46	69,900	1.50	1.46	69,900	-1%
	Inferred	0.3	1.01	6,500	0.30	1.01	6,500	0%
	Total	1.8	1.33	76,400	1.80	1.33	76,400	-1%

Note: Mineral resources tonnes and grade figures have been rounded to reflect the accuracy of the estimate. Totals may not add due to rounding

2. INTRODUCTION

2.1. TERMS OF REFERENCE AND PURPOSE OF REPORT

At the request of Anchor Resources Limited (Anchor or the Company), Optiro Pty Ltd (Optiro) has prepared an independent qualified person's report (IQPR or Report) for the Lubuk Mandi gold project (the Project). Optiro understands that this Report will be used as a public document and appended to Anchor's year ending 31 December 2016 Annual Report for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (SGX-ST).

Anchor was listed on Catalist of the SGX-ST on 18 March 2016. SGX Catalist rules specify the existence of adequate Mineral Resources must be substantiated through the publication of an IQPR that complies with the SGX listing rules and Practice Note 4C (Disclosure Requirements for Mineral, Oil and Gas Companies), which set out the disclosure requirements for Catalist mineral, oil, and gas companies. This IQPR has been prepared to meet the SGX Catalist rules and fulfil the requirements specified in Practice Note 4C.

2.2. RESPONSIBILITY FOR THE REPORT AND DATA SOURCES

This Report was prepared by Mr Jason Froud (Principal) (BSc Hons (Geol), Grad Dip (Fin Mkts), MAusIMM, MAIG) and was reviewed by Mrs Christine Standing (Principal) (BSc Hons (Geol), MSc (Min Econ), MAusIMM, MAIG) both of Optiro. The Report has been prepared in accordance with the requirements of the JORC Code (2012). The author and reviewer of this report are Members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG), and as such are obliged to prepare mineral asset reports in accordance with the reporting guidelines as set out in the JORC Code and VALMIN Code.

In developing its technical assumptions for this IPQR, Optiro has relied upon information provided by Anchor and their consultants, as well as information obtained from other public sources. The

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

material on which this Report is based includes internal and open-file project documentation, technical reports, drillhole databases and resource models.

The Competent Person has independently reviewed all relevant technical and corporate information made available by the management of Anchor, which was accepted in good faith as being true, accurate and complete, having made due enquiry of Anchor. The Competent Person has additionally sourced publically available information relative to the Lubuk Mandi gold project.

Optiro visited the Lubuk Mandi gold project from 4 January 2017 to 6 January 2017. Mr Jason Froud inspected the deposit areas, project access and infrastructure along with reviewing exploration and project development work completed on the projects. Furthermore, Mr Froud discussed the project with key employees and consultants to Anchor. Optiro is satisfied that sufficient current information was made available for these projects in order to allow an informed appraisal.

2.3. LIMITATIONS AND EXCLUSIONS

This Report is based mainly on information provided by Anchor, either directly from discussions and data provided, or from reports and correspondence with other organisations whose work is the property of Anchor.

This Report is based on information made available to Optiro up to 24 February 2017. Anchor has not advised Optiro of any material change, or event likely to cause material change, to the technical assessment of the mineral assets contained within the Project. This report specifically excludes any aspects relating to legal issues, commercial and financing matters, land titles and agreements, excepting such aspects as may directly influence the technical assessment of the asset.

2.4. INDEPENDENCE

Optiro is an independent consulting organisation which provides a range of services related to the minerals industry including, in this case, independent geological services, but also resource evaluation, corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 16 Ord Street, West Perth, Western Australia, and Optiro's staff work on a variety of projects across a range of commodities worldwide.

This Report has been prepared independently and in accordance with the VALMIN and JORC Codes of the AusIMM. The author does not hold any interest in Anchor, their associated parties, or in any of the mineral properties which are the subject of this Report. Fees for the preparation of this Report are being charged at Optiro's standard rates, whilst expenses are reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this Report.

2.5. QUALIFICATIONS

The principal person responsible for the preparation of this Report, and Competent Person, is Mr Jason Froud (Principal). This Report was reviewed by Mrs Christine Standing (Principal). Both Mr Froud and Mrs Standing are employed by Optiro.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Mr Jason Froud (BSc Hons (Geol), Grad Dip (Fin Mkts), MAusIMM, MAIG) is a geologist with over 20 years' experience in mining geology, exploration, resource definition, mining feasibility studies, reconciliation, consulting and corporate roles in gold, iron ore, base metal and uranium deposits principally in Australia and Africa. Jason has previously acted as a Competent Person and Independent Expert across a range of commodities with expertise in mineral exploration, grade control, financial analysis, reconciliation and quality assurance and quality control.

Mrs Christine Standing [BSc (Hons) Geology, MSc (Min Econs), MAusIMM, MAIG] is a geologist with over 30 years' worldwide experience in the mining industry. She has six years' experience as an exploration geologist in Western Australia and over 20 years' experience as a consultant specialising in resource estimation, reconciliation, project management and statutory and competent persons' reporting on worldwide projects for a range of commodities. She has acted as a Qualified Person and Competent Person for gold, silver, copper, mineral sands, nickel, chromium, kaolin and PGEs.

3. PROJECT DESCRIPTION

3.1. INTRODUCTION

The Project is located within the state of Terengganu on Peninsula Malaysia in the district of Marang (Figure 3.1). The mineral assets comprise gold-bearing tailings material produced from previous open-pit mining and processing in the 1990s and 2000s, together with in-situ gold mineralisation lying below the existing open pit.

The Lubuk Mandi project area is located 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 although 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 accessible via sealed road from a village called Kampung Rhu.

The Project site comprises a single valley floor surrounded by steep hilly landforms rising to a maximum height of approximately 100 m above sea level. The area has a sloping terrain with weakly incised drainage lines, with minimal areas of naturally flat land. Areas of the project site have been levelled as part of previous operations. The topography at the mine is undulating to moderately steep hills to approximately 50 m. 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.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Figure 3.1 Lubuk Mandi project location



3.2. COMPANY STRUCTURE

The Company originated in November 2011 with the establishment of Angka Alamjaya Sdn Bhd (AASB), a company incorporated in Malaysia. In April 2012, new mining licences over the Project area were granted to the State Economic Development Corporation of Terengganu (Perbadanan Memajukan Iktisad Negeri Terengganu or PMINT). In February 2013, AASB participated in a tender and was awarded the Lubuk Mandi Concession Agreement, which was entered into between AASB and PMINT. Pursuant to the agreement, AASB was granted the right to carry out mining operations and processing of hard rock gold at the Lubuk Mandi Mine.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

In July 2013, GBM Resources Ltd (GBM), an Australian Securities Exchange listed company, entered into an acquisition and joint venture agreement with AASB to explore and operate the licences. Following the completion of drilling and metallurgical testwork, GBM issued a tailings Mineral Resources estimate in October 2013, and an in-situ Mineral Resource estimate in January 2015. The joint venture was terminated in July 2015 with GBM retaining a 13.6% equity interest in AASM's parent company, Anchor, following Anchor's listing on Catalist of the SGX on 18 March 2016.

3.3. TENURE

The mining industry in Malaysia is regulated by the Ministry of Natural Resources and Environment (NRE) with Mineral Resources vested in the state. As mining activity involves land, the approval for mining related applications is empowered to the respective administrative divisions (states) in Malaysia in consultation with federal agencies such as the Department of Minerals and Geosciences (DMG) and the Department of Environment (DOE).

The administration and regulation of mineral exploration and mining is governed by the Mineral Development Act 1994 (MDA) and the various State Mineral Enactments (SMEs). The MDA defines the powers of federal government agencies for inspection and regulation of mineral exploration and mining and other related aspects. The SMEs provide the Malaysian states with the powers and rights to issue prospecting and exploration licences and mining leases and to stipulate land premiums, rental fees, royalties and additional law such as environment and rehabilitation requirements.

In general, a prospecting licence (PL) may cover 25 to 400 hectares (ha) whereas an exploration licence (EL) may be granted for 400 to 20,000 ha. A PL may be issued for a validity period of up to two years and renewed for a further two years, while an EL may be issued for a term up to 10 years and renewed for five years.

Mining leases (ML) are issued for small scale (alluvial) or large scale (hard rock) operations for such size as reasonably required for the operation of the mine. An ML holder may not commence any development work or mining on the land that has been granted until it has obtained approval of a mine feasibility study, a plan for rehabilitation (if required), and an environmental impact assessment (EIA) if so required under the Environmental Quality Act 1974 (EQA).

The term of an ML is granted based on the maximum economic life of the mine or mining operations, assessed on a case-by-case basis, but may not exceed an initial term of 21 years. An ML may be renewed, in whole or in part for a term based on the economic life of the mine or mining operations, but such renewal shall not exceed 21 years. An ML may be transferable.

Specific laws and regulations relevant to Anchor's tenure of mineral assets are presented in the following Sections.

3.3.1. MINERAL DEVELOPMENT ACT 1994 AND STATE MINERAL ENACTMENTS

The MDA governs the fossicking, panning, prospecting, exploring, mining, and processing of minerals and mineral ores as well as mines, minerals, and mineral ores generally. It applies throughout

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Malaysia unless the minister charged with the responsibility for mining and minerals suspends the operation of the whole or any of the provisions of the MDA in any state.

The state of Terengganu has its own SME, namely the Mineral (Terengganu) Enactment 2002, and regulations to grant PLs, ELs and MLs and to govern mining activities within its jurisdiction. Unless specifically disposed of by the state authority in accordance with the provisions of the SME or any other written law, all minerals within or upon any land in the state shall be vested solely in the state authority.

A mineral tenement may be granted or transferred to: a) a natural person; b) a company incorporated under the relevant law relating to companies and authorised by its constitution to hold mining land; c) a body expressly empowered to hold mining land under any other written law; or d) a foreign company as defined in the relevant law relating to companies and registered as such under the law and authorised by its constitution to hold mining land.

The state authority may grant an ML over any land belonging to the state in accordance with the provisions of the SME. The holder of the ML shall have the rights to exclusively mine the land in respect of which the lease has been granted and to extract, process, and sell any mineral obtained from the land pursuant to the ML in accordance with the relevant studies submitted to the state authority when making the application for ML.

An application for a ML shall be made to the state authority in the prescribed form, and shall include a pre-feasibility study that shall include: a) a general description of the proposed mining scheme; b) the expected commencement date of mineral production; c) a schedule of estimated annual raw ore production for the term of the ML; d) such information as may be prescribed; and e) such other information as may be prescribed and as the state authority may reasonably require for the discharge of its function in relation to the application.

At the time of an application of a ML, a holder of a valid PL or EL covering the area of land to which the application relates may be authorised to conduct small-scale mining operations on the land that the application for the ML is made.

If the application for a ML is granted, the Director of Lands and Mines of the state shall upon payment by the applicant of the prescribed fees, first year's rent, survey fee (if applicable) and fee for ML plan, issue to the applicant an ML subject to such terms or conditions as may be specified therein or as may be prescribed. An ML granted by the state authority shall specify whether the holder of an ML is authorised to conduct a small-scale mining operation or a large-scale mining operation.

Anchor has advised Optiro that its mining operations are within small-scale operations. Furthermore, the state authority may forfeit the mining land if the holder of a ML has breached any the terms or conditions specified in the ML or has contravened any of the provisions of the SME. Anchor has advised Optiro that it has not had any material breaches of these provisions.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3.3.2. STATE REGULATIONS

In addition to the SME, the state regulations (Terengganu Mineral Regulations 2005) provide the procedures, forms and regulations in respect of mineral tenements.

The state regulations prescribe the royalty payable to the respective state authority in respect of minerals won and sold from mining activities. The holder of a mineral tenement is required to pay royalty on the mineral produced based on the market value of the mineral, which shall be determined by the respective state authority. In determining the market value of a mineral, the regulations prescribe that the state authority shall consider the sales revenue realised by the holders of the mineral tenement, reference to a monthly price for the mineral determined by the DMG, or reference to a published price series for the mineral that is widely recognised and used by the international mining community as a reference price.

The state regulations further provide that contravention of certain provisions is an offence and may be compoundable under the state regulations. The state regulations allow the authorised officers to serve on the offender a notice to inform the intention of compounding any offence. When an offer to compound is made and accepted, payment shall be made to the Director of Lands and Mines of the respective state. Where the compound is not paid within the specific time, the offender may be prosecuted with the written consent of the public prosecutor.

Anchor has advised Optiro that it has not had any material breaches of these provisions.

3.3.3. OPERATIONAL MINING SCHEME

In accordance with the MDA, the holder of a proprietary ML is required to submit for approval by the Director of Mines an operational mining scheme (OMS) for development work and mining on the land, which is the subject of such mineral tenement before the commencement of any development work or mining within the mineral tenement area.

The OMS shall include the expected date of commencement of production, plans of the workings of the mine, a schedule of estimated annual raw ore production for the term of the mineral tenement, and such information as may be prescribed or required in writing by the Director of Mines.

The holder of a proprietary ML shall comply with the approved OMS and carry out development work and mining in accordance with such approved OMS. Failure to work in accordance with an approved OMS may result in suspension of development work or mining until the necessary measures are taken to comply with the approved OMS. In the event modifications to the approved OMS are necessary, the holder of a proprietary ML shall not commence any development work or mining that does not comply with the approved OMS until the modified OMS has been approved by the Director of Mines.

In the event of any failure by the holder of the ML in submitting an OMS or complying with the approved OMS, the holder shall be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding five years or to both.

Anchor has advised Optiro that it has not had any material breaches of these provisions.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3.3.4. REHABILITATION COSTS

The SME requires a common rehabilitation fund (CRF) to be established and administered by the State Mineral Resources Committee for the purpose of rehabilitation of mining lands that are subject to MLs authorising small-scale operations.

The SME provides that the holder of a ML shall pay into the CRF:

- a) such sum as may be annually appropriated by the Legislative Assembly of Terengganu
- b) any loan or grant given to the state authority by the federal government for the purposes of the CRF
- c) the rehabilitation fee payable by the company, which is:
 - i. an annual fee at the rate of one percent of the gross sales value of all minerals won during a calendar year from the mining land that is subject to the lease
 - ii. a prescribed annual fee, whichever is greater before issuance of a ML and on or before each anniversary date of an issued ML.

Anchor has advised Optiro that a CRF has been established.

3.3.5. ENVIRONMENTAL QUALITY ACT

The Environmental Quality Act (1974) (EQA) governs the prevention, abatement, control of pollution and enhancement of the environment. The EQA and its regulations set out acceptable conditions for the emission, discharge, or deposit of environmentally hazardous substances, pollutants or wastes or the emission of noise into any area, segment or element of the environment. The EQA may set aside any area, segment, or element of the environment within which the emission, discharge, or deposit is prohibited or restricted.

CONTROL OF SCHEDULED WASTE

The EQA provides that no person shall without any prior written approval of the Director General of Environmental Quality (Director General):

- a) place, deposit or dispose of or cause or permit to place, deposit or dispose of, except at prescribed premises only, any scheduled wastes on land or into Malaysian waters
- b) receive or send or cause or permit to be received or sent any scheduled wastes in or out of Malaysia
- c) transit or cause or permit the transit of scheduled wastes.

Any person who contravenes this section shall be guilty of an offence and shall be liable to a fine not exceeding RM100,000 or to imprisonment for a period not exceeding two years or to both.

In addition, the Environmental Quality (Scheduled Wastes) Regulations (2005) imposes the following regulations:

- a) every waste generator shall notify the Director General of the new categories and quantities of scheduled wastes that are generated within 30 days from the date of generation
- b) scheduled wastes shall be disposed of at prescribed premises only

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

- c) scheduled wastes shall be treated at prescribed premises or at on-site treatment facilities only
- d) the recovery of material or product from scheduled wastes shall be done at prescribed premises or at on-site recovery facilities
- e) every waste generator shall ensure that scheduled wastes generated are properly stored, treated on-site, recovered on-site for material or product from such scheduled wastes or delivered to and received at prescribed premises for treatment, disposal or recovery of material or product from scheduled wastes
- f) scheduled wastes shall be stored in containers that are compatible with the scheduled wastes to be stored, durable and which are able to prevent spillage or leakage of the scheduled wastes into the environment
- g) the date when the scheduled wastes are first generated, name, address and telephone number of the waste generator shall be clearly labelled on the containers that are used to store the scheduled wastes
- h) that in the event of any spill or accidental discharge of any scheduled wastes, the contractor responsible for the waste shall immediately inform the Director General of the occurrence
- i) that every waste generator shall ensure that all his employees involved in the identification, handling, labelling, transportation, storage and spillage or discharge response of scheduled wastes attend training programmes.

Every offence that consists of any non-compliance with these regulations shall be liable to a fine of not exceeding RM2,000.

Anchor has advised Optiro that there is no waste that falls within the meaning of scheduled wastes pursuant to these regulations being produced during the mining operations.

RESTRICTIONS ON POLLUTION OF THE ATMOSPHERE

Under the EQA, no person shall, unless licensed, emit or discharge any environmentally hazardous substances, pollutants or wastes into the atmosphere in contravention of the specified acceptable conditions set out in the Environmental Quality (Clean Air) Regulations 2014. Any person who contravenes this shall be guilty of an offence and shall be liable to a fine not exceeding RM100,000 or to imprisonment for a period not exceeding five years or both.

Any fuel-burning equipment that is rated to consume pulverised fuel or any solid fuel at 30 kg or more per hour or any liquid or gaseous matter at 15 kg or more per hour shall comply with the limit values and technical standards as specified in these regulations.

Anchor has advised Optiro that it has not had any material breaches of these provisions.

3.4. TENEMENT STATUS AND AGREEMENTS

Anchor's project area comprises two mining licences that cover a combined area of 221.53 ha. The present status of tenements is based on information provided by Anchor (Table 3.1). All mine and associated infrastructure are enclosed within the two mining tenements (ML 1/2007 and ML 2/2007) (Figure 3.2).

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 3.1 Tenement details

Tenement	Type	Interest	Area (ha)	Comment
ML 1/2007	Mining certificate	100%	95.03	Renewable every five years
ML 2/2007	Mining certificate	100%	126.50	Renewable every five years

Anchor's interest in the tenements is deemed to be 100% due to the subleasing agreement with PMINT

The registered holder of the two leases is PMINT and each ML is held within a five-year lease, currently valid until 5 March 2017 and renewable every five years. Anchor (through AASB) has been granted a mining right concession by PMINT, based on a concession contract work agreement (Concession Agreement) dated 15 February 2013, which shall continue for as long as the mining leases are granted to PMINT. The mining certificates ML 1/2007 and ML 2/2007 are subleased by PMINT to AASB.

Beyond 5 March 2017, the Concession Agreement depends on the renewal of the MLs issued to PMINT. As long as the MLs are continuously renewed, the right given to AASB by PMINT will remain provided that AASB is in compliance with the terms and conditions of the Concession Agreement.

Optiro has reviewed the standing of the licences and, whilst not qualified to provide legal opinion on the status of the licences, they are considered to be in good order. The mining leases are due to expire on 5 March 2017 and renewals have been applied for. Optiro has no reason to believe the licences will not be renewed. Furthermore, the OMS is valid till 27 July 2017 and it is expected this will also be renewed. Accordingly, Optiro is satisfied that Anchor has good and valid title to the described licences required to explore and develop the projects in the manner proposed.

The tenements cover the majority of the mine and associated infrastructure. However, the current ML 2/2007 boundary runs down part of the western side of the north pit, effectively removing potential from this side of the pit for future mining unless the lease boundary can be modified. Optiro understands there are no current plans to mine in this area. Furthermore, the southern end of the main pit is constrained by the ML boundary, restricting any potential to significantly deepen or extend the southern end of the main pit.

3.4.1. CONCESSION AGREEMENT

As noted in Section 3.4, PMINT has entered into a Concession Agreement on 15 February 2013 with AASB that permits AASB to engage in mining and processing of gold on ML 1/2007 and ML 2/2007 according to the terms and conditions of the Concession Agreement during the period from 5 March 2013 to 5 March 2017.

Renewal of the Concession Agreement is subject to renewal of the MLs, which the parties have agreed must be made one year before the leases expire (5 March 2016). Under the terms of the agreement, AASB shall appoint a qualified mining engineer for the purpose of preparing a proposed ML renewal report to be submitted to PMINT for registration. PMINT will manage all procedures for renewal application subject to the approval of the state authority.

The Concession Agreement 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% where the

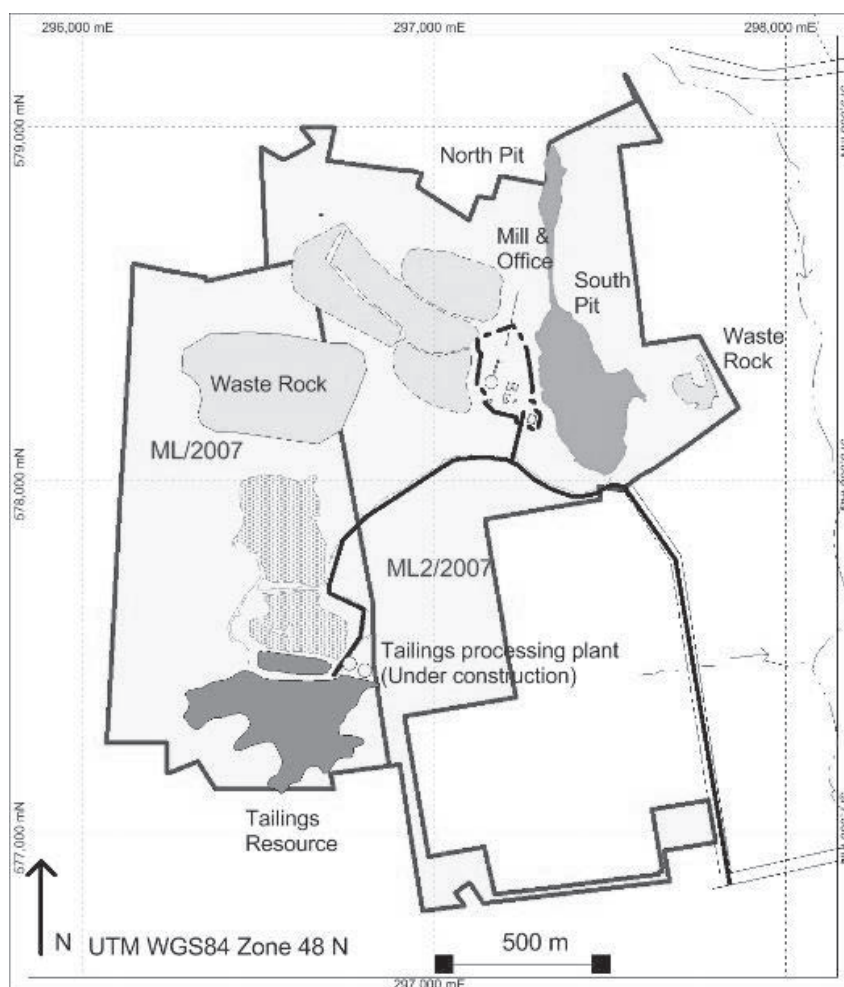
INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

prevailing gold price is less than US\$1,400 per oz, to a maximum of 15% where the prevailing gold price is more than US\$1,668 per oz.

The Concession Agreement also stipulates that PMINT is responsible for rehabilitation of the site at the completion of mining and processing activities.

Figure 3.2 Tenement and site layout



3.5. ROYALTIES AND RENT

For major mineral commodities, in addition to paying corporate tax to the federal government, mine and quarry operators are required to pay value-based royalties to the state where the operation is located. Royalty rates are set at 5% but may vary depending on the mineral commodity and as assessed by each of the individual states. Anchor has advised Optiro that the Company will pay a 5% royalty to the state for the minerals won and removed from the land. Furthermore, Anchor has agreed to pay PMINT a tribute of at least 5% depending on the prevailing gold price as part of the Concession Agreement (see Section 3.4.1).

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

According to the SME, the holder of a PL or EL is required to pay a holding fee in respect of the land subject to the licence and the holder of a ML must pay rent subject to the land covered by the mining lease. Rents and holding fees are payable annually to the state and in any year are calculated by multiplying the area of land under licence with the respective rate prescribed as of the date such holding fee or rent is payable, which may be subject to revision by the state authority.

4. HISTORY

4.1. HISTORY OF GOLD MINING IN MALAYSIA

Peninsular Malaysia hosts a variety of mineral occurrences including tin, iron ore, ferromanganese, gold and base metals. Most of the gold produced to date in Malaysia has been sourced from the Central Gold Province that trends north-south, extending from Kelantan state in the north, south through Pahang, Terengganu, Negeri Sembilan and Johor states.

Gold mineralisation is associated with mesothermal and hydrothermal quartz vein systems, skarn and volcanogenic massive sulphides. Annual reported gold production from Malaysia has trended at approximately 4,000 kilograms or 130,000 oz per year over the last 20 years.

4.2. PROJECT PRODUCTION STATISTICS

Mining at the Project has a relatively short history compared with other gold and tin mining areas in Malaysia. Gold was first discovered at the Project in 1989 leading to a significant gold rush by local miners. Following a number of collapses of small mining excavations, which 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 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 a total of 3,351 kilograms (107,754 oz) of gold (Table 4.1). Whilst silver production is reported for the historic operations it is not currently reported as a revenue stream for the project.

In 2001, state authorities reopened the area to small-scale miners with further more substantial mining and processing operations undertaken in 2008 and 2009. Production records for activity subsequent to the closure of the main operation in 1999 have not been reviewed by Optiro.

Since closure of the main open-pit operations in 1999, some drilling and other work has been carried out by various parties. This included diamond drilling and drilling of the southern-most tailings storage area.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 4.1 Lubuk Mandi annual mine gold and silver production

Year	Gold production (kg)	Silver production (kg)
1993	31	0
1994	522	0
1995	732	48
1996	772	100
1997	694	107
1998	552	89
1999	48	7
Total	3,351	352

In April 2012, new mining concessions were granted to PMINT, which subsequently leased the concessions to AASB. In July 2013, AASB and GBM entered into an acquisition and joint venture agreement to explore and operate the leases, with GBM appointed as principal consultant, which involved managing, directing and controlling the exploration and mining operations. Following completion of a drilling and metallurgical testwork programme, GBM issued a Mineral Resource statement for the remnant tailings material in October 2013.

In late 2014, AASB commenced construction of a tailings processing plant with the capacity to process up to 350,000 tonnes per annum of tailings. Commissioning of the processing plant commenced in 2015 with tailing material being fed from August 2015.

In January 2015, GBM issued a Mineral Resource statement for the in-situ mineralisation that had been the target of previous open-pit mining operation. In July 2015, the acquisition and joint venture agreement between AASB and GBM was terminated and GBM resigned as principal consultant but remained as a significant shareholder of parent company Anchor.

In August 2015, AASB and Sinomine entered into a Co-operation Agreement whereby Sinomine, on a non-exclusive basis, undertakes exploration, mining, processing, and smelting of in-situ gold mineralisation and would potentially also take over operation of the tailings re-treatment operation.

Optiro notes that tailing material was treated from August 2015 through to December 2015 when treatment was temporarily suspended to address environmental issues. Tailings re-treatment recommenced in April 2016 through to August 2016 when processing was again halted due to poor recovery and difficulties in treating wet material. Processing of in-situ hard rock material then commenced in October 2016.

5. GEOLOGICAL SETTING

5.1. REGIONAL GEOLOGICAL SETTING

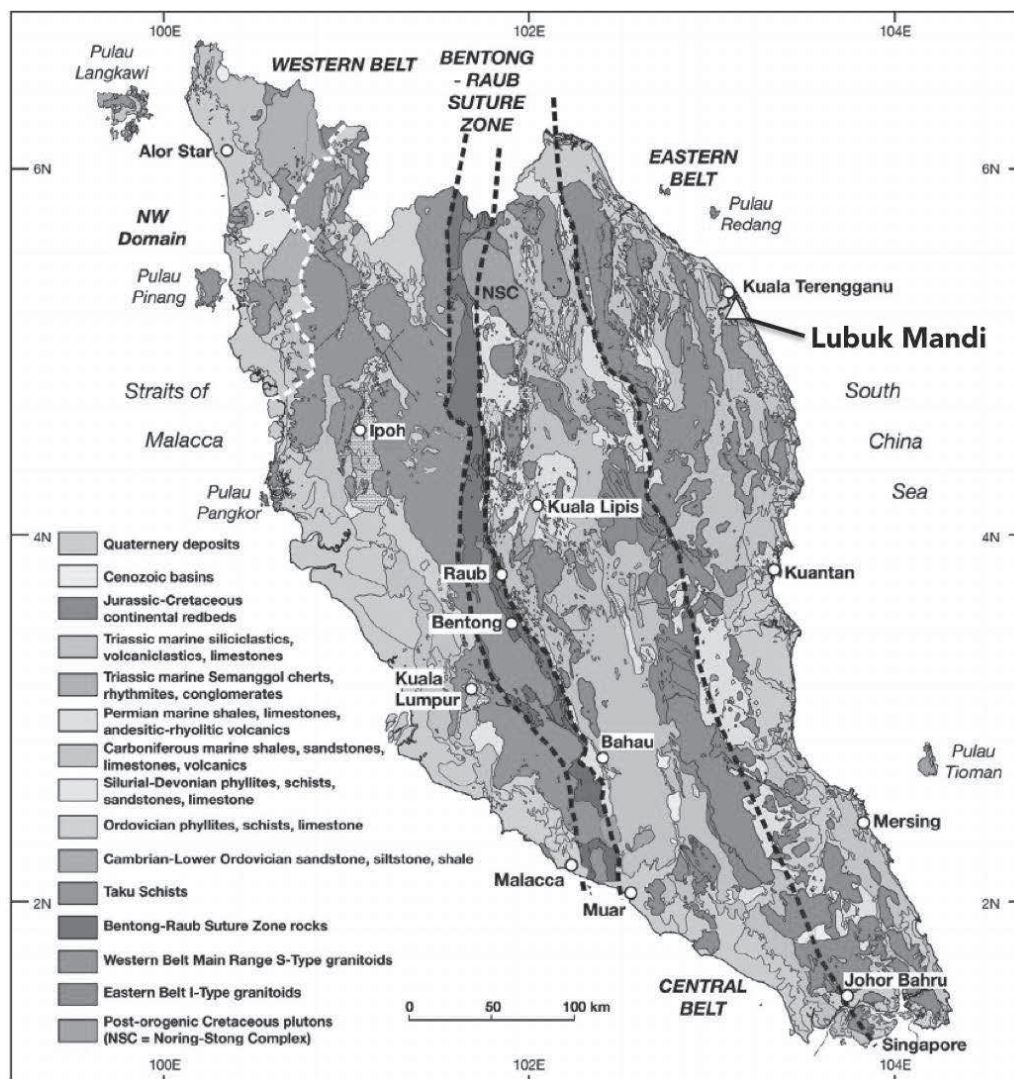
The geological setting of Peninsular Malaysia results from a number of tectonic, subductive, granite-intrusive, volcanic, and metallogenic events occurring at the margin of the Australian-Indian plate. The Peninsula is subdivided into three belts: Western Belt (Sibumasu Terrane), Central Belt, and

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Eastern Belt (East Malaya Terrane), primarily based on stratigraphy (Figure 5.1). The Bentong-Raub Suture Zone separates the Western and Central Belts.

Figure 5.1 Geology of the Malay Peninsula (Tate et al, 2009)



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

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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.

Along the eastern margin of the Central Belt and into the Eastern Belt, Upper Jurassic–Lower Cretaceous continental sediments (sandstones, conglomerates, shales, minor coal seams, and volcanic rocks) overlie the older rocks. The unconformable sequence was derived from a basin-fill molasse system of fluvial, lacustrine and deltaic deposition.

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, Central Gold Province, and Eastern Tin Province) largely coinciding with the defined geological belts.

The Western Tin Province is well-known for its tin ore production from the mid-1900s until the 1980s, during which time it produced almost two-thirds of the world's tin from both alluvial placer and hard-rock deposits. The tin originates from tin-wolframite-bearing veins bordering greisens (altered granites) associated with Triassic granite batholiths and large plutons.

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.

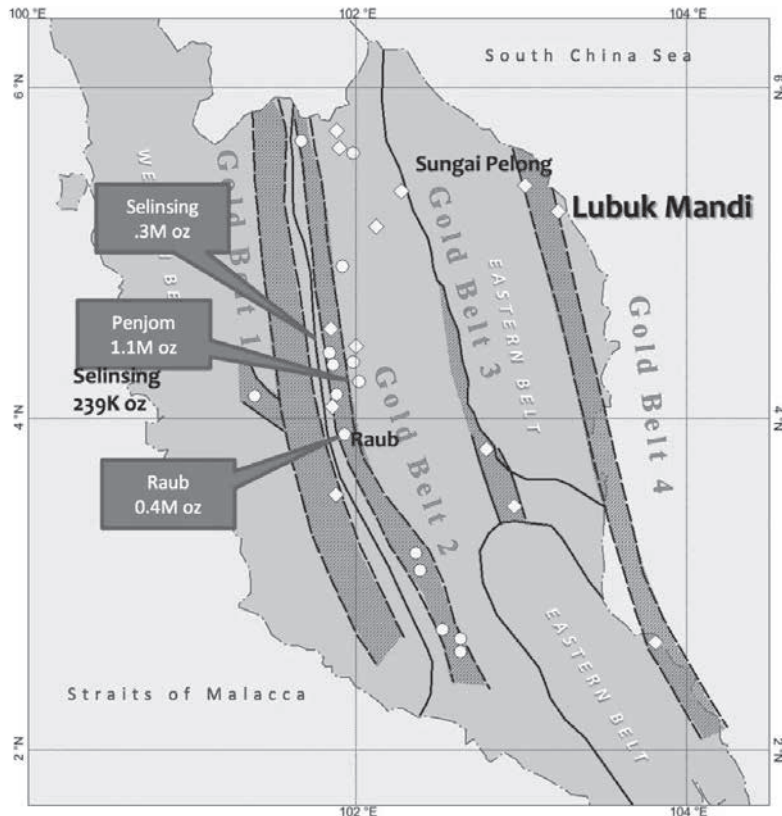
The Central Gold Province hosts gold, iron ore, and base metal mineralisation concentrated within the Permian to Triassic volcano-sedimentary dominated Central Belt that trends north-south, extending from Kelantan state in the north, south through Pahang, Terengganu, Negeri Sembilan, and Johor states. Gold mineralisation is associated with mesothermal and hydrothermal quartz vein systems, skarn, and volcanogenic massive sulphides.

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-north-west–south-south-east alignment are recognised (Figure 5.2). The Lubuk Mandi Project is located within Gold Belt 4, which parallels the east coast of Peninsular Malaysia in the Eastern Belt.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Figure 5.2 Malaysian gold belts including Lubuk Mandi (Source: GBM)



5.2. PROJECT DESCRIPTION

In late 1980s, the discovery of gold in the Lubuk Mandi area led to one the biggest gold rushes in Malaysia. It lasted for several years until the government intervened after some miners perished due to unsafe mining conditions and methods. During this period, it was reported that local miners were working on a 2 m wide quartz vein with grades ranging from 5 to 7 g/t gold within a 2 km long zone.

In the early 1990s, the state government, through the subsidiary PERMINT, developed the site into an open-pit mine and production lasted from 1993 and 1999. Ore was processed using both carbon-in-pulp (CIP) and carbon-in-leach (CIL) plants. Total reported production was 107,754 oz of gold and 11,308 oz of silver.

5.2.1. GEOLOGY

The lithologies at Lubuk Mandi are dominated by grey laminated phyllite and shale units with occasional siltstone and sandstone beds. Individual beds range in thickness from a few millimetres to around 15 cm. Rare thicker sandstone units up to 1.5 m are present. Previous investigations identified the country rock as generally low-grade, chlorite-altered metasediments of Carbonaceous age.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Due to intense tectonic deformation, continuous successions of beds can be difficult to trace 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 Lubuk Mandi.

More than 800 detailed structural observations have been made throughout the Lubuk Mandi mine area in attempt 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.

5.2.2. MINERALISATION

Gold mineralisation at Lubuk Mandi 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 (Figure 5.3 and Figure 5.4). 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.

The Lubuk Mandi deposit is characterised by the presence of localised and erratic high grades with broad zones of lower-grade mineralisation. Broad zones of up to 10 m containing greater than 0.1 g/t gold are commonly intersected in all phases of Lubuk Mandi drilling and have been taken as an indication of the gold mineralisation.

Shearing along steeply dipping asymmetrical limbs of overturned folds is the primary focus of mineralisation. This structural zone is defined by elevated gold, arsenic, silver, lead, and zinc as well as tectonic brecciation, stockwork and massive quartz veining. This zone can be traced from the pre-mining surface to the maximum depth of current drilling and along strike for the entire 1 km length of the north and main pits.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Figure 5.3 Main mineralised quartz vein (Vein width of approximately 1 m). Veins are sub-parallel to the beddings (Source: GBM)



Figure 5.4 Mineralised quartz vein material at Lubuk Mandi



INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The mineralisation style, structural setting, and sedimentary packages are considered conducive to repetition at depth and along strike. Two models have been proposed to describe the propagation of shearing up and down dip along the asymmetrical folds limbs, which have an amplitude of between 35 m and 60 m and a wavelength of around 10 m. These models are:

1. The shear propagates upwards, within an envelope constrained to a zone defined by a single axial plane, alternating between the eastern antiform limb (east-dipping) and the western antiform limb (vertical to steep west-dipping). As the shear propagates upwards, it only crosses the axial plane of the fold package that the shear is contained within (Figure 5.5). This model results in alternating mineralised zones with either a vertical to steep west dip or a steep east dip. This model is favourable based on a distinct change in dip of mineralisation from steeply west-dipping in pit grade control data compared to the east-dipping trend observed at depth beneath the pit in drillholes.
2. In the alternate model, the main shear breaks across the axial plane of the fold from the eastern limb of the antiform to the eastern limb of the next antiform, continuously crossing a new fold axial plane as the shear propagates upwards (Figure 5.5).

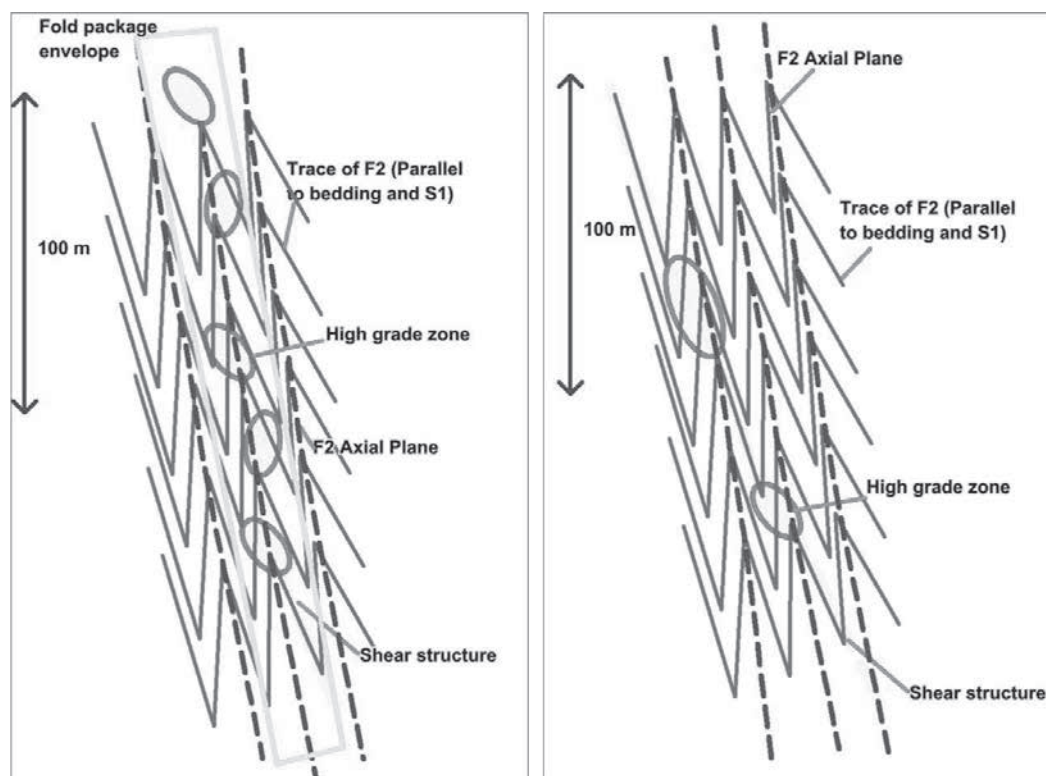
Both models are considered feasible and may not be mutually exclusive. In both models, tectonic brecciation and high-grade mineralisation is focused at the break-out hinge zones between successive folds where the shear crosses the fold axial plane and bedding. High-grade mineralisation also occurs along the limbs proximal to the hinge zone; however, grade lessens from the hinge apex down each limb of the fold.

Mineralised quartz-filled pinch and swell structures parallel to bedding are observed on limbs of folds east and west of the main shear package and are replicated on all scales throughout the mine site.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Figure 5.5 Alternative mineralisation focus models proposed for Lubuk Mandi (Source: GBM)
Model 1 (left): shear zone constrained to a fold package envelope defined by a single fold hinge
Model 2 (right): shearing crosses multiple axial planes as shear propagates up the eastern limb of the antiform



5.2.3. STRUCTURE

WESTERN SHEAR ZONE

Drilling and mapping by GBM highlighted a thin (1 to 2 m) semi-continuous zone of low-grade (less than 1 g/t gold) mineralisation along the western flank of the main pit, which appears to have a similar thrust-related mineralisation style to the main mineralised zone. The GBM drilling intersected this western shear zone (WSZ) on six occasions with significant gold grades (greater than 0.5 g/t gold) observed at depth in all holes. Visible gold was also observed at 150.5 m in hole LMD0004. The WSZ has also been defined by surface rock chips with significant gold concentrations (e.g. 6.05 g/t gold and 4.35 g/t gold).

Deformation within the WSZ is confined to discrete hangingwall zones surrounding thin mineralised thrusts. The WSZ has a steeper dip (dipping to the east between 80° and 85°) and contains distinctively lower graphitic carbon content than the eastern shear zone (ESZ).

EASTERN SHEAR ZONE

The ESZ is an intensely sheared graphitic and brecciated zone up to 60 m wide on the east margin of the main pit. This structure has not been drilled but a small, shallow embayment in the pit is a result

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

of late (uneconomic) mining of this zone. The ESZ can easily be traced on ground adjacent to this mined eastern embayment, however, to the north and south of this, the structure and orientation of the shear zone becomes more difficult to follow. Drilling has confirmed the extension of the ESZ to a depth of at least 130 m, however, no significant gold mineralisation was identified.

The general dip of the ESZ and the associated breccia zones is approximately 70° to the east, as interpreted from downhole structural measurements and cross-section interpretation. The structure appears distinct from the main zone and the WSZ. Shearing of the ESZ appears to postdate thrusting and mineralisation seen elsewhere around the pit.

FAULTING

Faulting is apparent throughout a number of zones within the open pit. Most fault structures appear to represent multiple events of deformation, which in places can be characterised by an opposite sense of movement. Late-stage faulting is mostly represented by brittle deformation in zones within the ESZ and WSZ.

Interpreted conjugate faulting with a general strike of northwest-southeast and northeast-southwest appears to result in minor post mineralisation displacements of up to 10 m. Dextral displacement commonly occurs on northeast-southwest faults, whereas the northwest-southeast faults exhibit sinistral displacement.

5.2.4. ALTERATION

The most common types of alteration observed are carbonisation, silicification, and pyritisation. These alteration assemblages occur in larger packages and are not directly associated with vein-related gold mineralisation. Carbonisation is associated with larger packages of sheared rocks, primarily in the ESZ.

6. EXPLORATION ACTIVITIES

6.1. IN SITU MINERALISATION

6.1.1. 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 rather than lithological mapping in the pit area.

Geological mapping was completed prior to 1997 by PERMINT but has not been sourced. Later structural mapping of the exposed portions of the pit walls was completed by GBM during 2013 and 2014 and is currently the only pit mapping available to date. 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 geological interpretation.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6.1.2. TRENCHING

PERMINT completed 26 trenches (unknown total length) 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. Optiro notes that the surface trenching data was not directly used in the resource estimation.

6.1.3. DRILLING

Numerous phases of drilling have been completed at Lubuk Mandi. Early phases of drilling were planned on the results of geological mapping and surface trenching. Table 6.1 summarises the drilling and Figure 6.1 shows a general location plan and extent of the drilling.

The use of triple-tube drilling for exploration at Lubuk Mandi prior to GBM drilling has been confirmed from communications with PMINT staff who previously worked on the project. Core recovery for the UG and DD series holes was generally good; however, drillers did have minor difficulties with recovery within the sheared mineralised zones.

DD SERIES DRILLHOLES (1990 TO 1994)

The DD series of drillholes was completed prior to 1994. The drillholes covered an area of approximately 1 km by 50 m on east-west section lines, with an average spacing of 30 m north-south and 15 m east-west. Drilling was supervised by Normet Pty Ltd and Eupene Exploration Enterprise and was completed using HQ core drilling.

The data was stored in a Microlynx database. No original logs, surveys, or assays are available. The drillholes were geologically logged and some data for percentage quartz veining also exists in the database. The drilling was referenced using the original mine grid.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 6.1 Lubuk Mandi in-situ drilling summary

Year	Company	Holes	Metres	Comment
1990-94	SEDC	108	11,525.8	'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	1023	'ZK15' series holes completed by Sinomine. These holes were completed after the current Mineral Resource estimate.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Figure 6.1 Lubuk Mandi drillhole locations relative to gold mineralisation



INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

BLASTHOLE DRILLING (1992 TO 1998)

The location and assay results for 2,119 blastholes completed between 1992 and 1998 have been used to guide the interpretation of the mineralisation.

DDP SERIES DRILLHOLES (1995)

The DDP series of drillholes are documented as in-pit drillholes completed in 1995. Four drillholes were completed for a total of 317 m of triple-tube diamond drilling. The target for the drilling was the mineralisation directly under the pit floor at that time.

UG SERIES DRILLHOLES (1996)

Two phases of drilling were completed by PERMINT targeting underground potential in 1996 and 1997. Most holes had an RC pre-collar to 100 m followed by a triple-tube diamond tail through the mineralisation (drillholes UG1A, UG7A, and UG18 were diamond drilled from surface and ground conditions in UG1, UG2, UG8, and UG9 lead to the RC pre-collar not reaching 100 m).

The drilling was carried out by Sekata Drilling Sdn Bhd (Sekata Drilling). The phase 1 UG series holes (UG1 to UG11) were completed in 1996 and targeted the mineralisation below the main pit between 81,100 m N and 81,500 m N. The phase 2 UG series holes (UG12 to UG18) were completed in 1997 and targeted deeper mineralisation north of 81,300 m N.

All holes were drilled at 60° to the west using HQ triple tube. All samples were logged and photographs were taken of the drill core. Half diamond core was sampled and RC samples were split from 22 kilogram to 2 kilogram samples before despatch to one of two assay laboratories:

- PMINT laboratory at Chendering for ICP analysis.
- PMINT laboratory on-site for atomic absorption spectroscopy (AAS) analysis.

The remaining drill core and RC chips were retained for later reference. However, there is currently no half core or chip samples available for reference. In addition, none of the core photography is available. Limited QA/QC data are available. The UG series drillholes have been used in the current Mineral Resource estimate.

BM SERIES DRILLHOLES (2004)

The BM series of drillholes is described in the Exploration Progress Report (Aycl Global Holdings Sdn Bhd, 2004) for the Project (dated 8 October 2004). There is no indication in the report as to whether it covers all of the planned drillholes.

Communications with PMINT staff who previously worked on the project suggests that eight BM series holes were drilled with two in the north pit and six in the main pit.

At least seven diamond drillholes (911.32 m to end of September 2004) were completed by Sekata Drilling under the supervision of Aycl Global Holdings Sdn Bhd (AGH). Geological logging was carried out on-site by AGH staff.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Targets for this drilling campaign included extensions to the north of the main pit as well as the ESZ. The only significant intersection reported is in BM02 (2 m at 1.59 g/t gold from 7 m depth); however, assays had not been received for holes BM04 to BM07 at the time the Exploration Progress Report (Aycl Global Holdings Sdn Bhd, 2004) was written.

The surveyed locations, logs, and assays for these holes are not available and thus, these drillholes have not been used in the current Mineral Resource estimate.

MP AND MPG SERIES DRILLHOLES (2008)

AGH completed a further 26 grade control drillholes on behalf of Bidalan Mayang Sdn Bhd (BMSB) in 2008. The majority of the drillholes were collared at -32 m reduced level (RL). The average length was 9.2 m. No documentation, other than hand-drawn plans showing locations and assays, is available for these drill holes and they have not been used in the current Mineral Resource estimate.

LMD SERIES DRILLHOLES (2013 TO 2014)

GBM completed 29 drillholes (5,444.11 m) in 2013 and 2014. PQ and HQ triple-tube drilling was used for all of the drillholes. The drilling was carried out on varying Universal Transverse Mercator (UTM) northing sections and all resource work and checking of interpretations has been done on regular 10 m northing sections between 578,000 m N and 578,950 m N.

Collar positions were recorded using a hand-held GPS and downhole surveys were completed at 30 m intervals using a single-shot camera. The holes were drilled using skid-based Chinese electric drill rigs.

GBM geologists logged the drill core for lithology, structure, alteration, mineralisation, and vein type directly into Logchief logging software. The Logchief files were imported to DataShed by GBM and validated before use in the Mineral Resource estimate.

The percentage core recovery and rock quality designation (RQD) were recorded. Where possible drill core was orientated in-situ using a Coretell device and vein orientations were converted to true dips and azimuths.

Core trays were photographed (wet and dry) and sawn half core sampled prior to despatch to ALS Laboratories (ALS) in Brisbane for analysis. Where the core was too broken to cut with the saw, the core was separated in half with a wide spatula. The preferred sampling interval was 1 m; however, samples between 0.3 m and 1.3 m, to geological boundaries and faults, were collected. Field duplicates of quarter core were taken to ensure representative sampling. All sampling was carried out in accordance with GBM standard operating procedures (SOPs).

ZK15 SERIES DRILLHOLES (2015)

In 2015, Sinomine completed three HQ diamond drillholes (1,023 m) on behalf of AASB. The holes were collared on the eastern side of the south pit at an inclination of -50° to test depth extensions of the mineralisation. The holes were planned and managed by Sinomine. Holes were logged onto paper by a Sinogold geologist in Chinese. These holes were completed after the current Mineral Resource estimate and are yet to be incorporated into the interpretation or estimate.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6.1.4. SAMPLE PREPARATION

Sample preparation details are unknown for much of the historical data.

The sampling procedure used for the two phases of PERMINT drilling (UG series drillholes) is partially documented. The RC pre-collar samples were split from approximately 22 kilograms to 2 kilograms before dispatch to the laboratory. Diamond core samples for this drilling were sawn half core.

The sampling procedure for the GBM drilling (LMD series) is well-documented. Sampling was carried out by Antap Georesources Sdn Bhd (Malaysian geological contractors) operating to GBM's procedures, under GBM supervision. Half HQ triple tube core samples of 0.3 m to 1.3 m length were placed in pre-labelled calico bags with a waterproof sample ticket. The weight of each bag was recorded and the calico bags were packaged for shipment to ALS Brisbane by air. The samples were prepared at ALS using the following steps:

1. weigh sample
 - a. if the sample weighs less than 3.2 kg, jaw crush and pulverise the entire sample to 85% passing 75 microns
 - b. if the sample weighs greater than 3.2 kg, jaw crush to 70% passing -6 mm then riffle split sample to a maximum 3 kg and pulverise split to 85% passing 75 microns
2. retain and bag unpulverised split
3. split pulverised sample for analysis in Brisbane and Townsville.

Samples were tracked throughout preparation, analysis, and transportation. The ALS Brisbane preparation procedure is consistent with general industry practice. This sample preparation method is considered appropriate for the nature of the samples.

The detailed sampling procedure for the ZK15 series holes has not been reviewed. However, the core was split using a diamond saw with half dispatched for assay and the remainder retained in the core trays. Quarter core was taken as duplicate samples at a rate of approximately 1 in 25 samples.

6.1.5. CHEMICAL ANALYSIS

DD SERIES DRILLHOLES

Anecdotal evidence suggests the DD series drill samples were submitted to the State Economic Development Corporation (SEDC) laboratories, or later to the mine site laboratory (also run by SEDC). The analysis method for the samples is unknown. The detection limit for the gold assays appears to be 0.02 parts per million (ppm) gold. No assays for other elements are stored in the database.

BLASTHOLE DRILLING

No information is available regarding the sample and assay quality of blasthole samples and this data set has not been used in the current Mineral Resource estimate.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

DDP AND UG SERIES DRILLHOLES

All samples from the DDP and UG series drillholes were sent to the Chendering PMSB and Makmal PMSB Plant (Makmal) laboratories. Gold was analysed by AAS on-site at the Makmal laboratory, and iron, arsenic, zinc, lead, and silver were analysed by ICP at the Chendering PMSB laboratory.

The exact analysis method for the samples is unknown. The detection limit for the gold assays is 0.02 ppm gold. No assays for other elements are stored in the database.

BM SERIES DRILLHOLES

Sample preparation for this campaign was completed on-site using the existing PERMINT facilities and a temporary drying, sieving, and packing unit. Samples were analysed by fire assay at the Intertek Caleb Brett laboratory in Jakarta. The first drillhole was also sent for multi-element analysis at Batu Caves laboratory in Kuala Lumpur.

MP AND MPG SERIES DRILLHOLES

Sample preparation for this campaign was completed on-site using the existing PERMINT facilities. No information is available regarding the assay method and quality of these samples and this data set has not been used in the current Mineral Resource estimate.

LMD SERIES DRILLHOLES

Samples were analysed at ALS Brisbane (multi-element) and Townsville (gold). Total carbon and sulphur were also analysed for selected samples. All data from the laboratory is digital and has been loaded directly into the database.

Several different analytical methods were used for the samples. Gold was generally analysed using a 30 g fire assay with an AAS finish. High-grade pulps for 37 samples were rerun using bulk cyanide leach (BCL). The drilling samples were analysed for multi-elements using procedures ME-ICP61 and ME-ICP41.

Furthermore, five samples were sent to ALS Townville for screen fire assay. This procedure involves screening a large pulverised sample (commonly 1 kg) at 75 microns. The entire oversize (including the disposable screen) is fire-assayed as this contains the coarse gold along with fire assaying the minus 75 micron fraction. A calculation is then made to determine the total weight of gold in the sample. This procedure is considered equivalent to assaying a large sample to extinction and averaging the results. These results were given a higher priority than the 30 g fire assay analyses where they exist.

Each method was ranked according to the most reliable analysis method to obtain the preferred value for each element. Table 6.5 outlines the priorities of the analytical methods used.

ZK15 SERIES DRILLHOLES

Samples were analysed at SGS Malaysia using method FAA303 incorporation a 30 g fire assay with AAS finish.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 6.2 Database priority for various analysis methods

Element	Method	Priority
Gold	Screen fire	1
Gold	Fire assay	2
Gold	Cyanide leach with AAS finish	3
Multi-element	Four acid digest with ICP finish	1
Multi-element	Aqua regia digest with ICP finish	2

6.1.6. BULK DENSITY DETERMINATION

GBM used a well-documented procedure for bulk density determination of drill core samples. Density measurements were obtained using the defined procedure based on the water immersion technique that follows the Archimedes principle. GBM routinely checked the bulk density of a reference sample (every 10 samples) for consistency of measurement protocols. The procedure used is as follows:

1. Dry and wet weigh the reference sample every 10 measurements, or at the start and end of the sampling interval.
2. If the reference sample does not match the expected standard weight (+/- 2 g), investigate issues before proceeding. If reference sample at the end of the sampling interval does not match, investigate before reweighing the batch.
3. Select 10 to 15 cm intervals of competent pieces of half core.
4. Clean and dry core and scale before zeroing the instrument.
5. Ensure water is room temperature (20 to 23°C).
6. Obtain dry weight of core interval.
7. Weigh the same piece of core fully submerged in water (submerged weight). The following equation was used to calculate bulk density:

$$\text{bulk density} = \text{dry weight} / (\text{dry weight} - \text{submerged weight}).$$

6.1.7. QA/QC RESULTS

No quality assurance and quality control (QA/QC) data are available for the DD, DDP, and BM series drillholes.

It is unknown if any QA/QC was conducted on DD series samples, but based on other sampling done at a similar time it is considered likely that only pulp repeats and internal laboratory control QA/QC might have been carried out.

Samples from the UG series drillholes were submitted to the mine site laboratory for gold analysis. ICP and third and fourth gold assay repeats were carried out at the off-site SEDC (Chendering) laboratory. Laboratory repeats, umpire laboratory check samples, and internal laboratory control QA/QC was carried out.

After May 2011, GBM maintained a DataShed commercial database package with a structured query language (SQL) server for all drilling data. Drilling data has been captured using the LogChief commercial data-logging package in the field and emailed to a central logging data email address

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

where it was then loaded directly into the database. Both packages have error checking on import/data entry checking for overlapping intervals, missing intervals, duplicate intervals, and intervals greater than the specified maximum depth in the collar table. All code data is checked against libraries and will not enter the database if the codes do not exist within the libraries.

Data prior to May 2011 was captured digitally using Microsoft Excel in the field and loaded into Microsoft Access. This data was validated and loaded into DataShed through the DataShed loading process utilising the error checking on import. All laboratory data prior to May 2011 was re-sent from the laboratory in the correct format for loading directly into the DataShed database, including laboratory QA/QC data.

GBM used well-documented QA/QC procedures to ensure that chemical analysis results are robust and could be used for Mineral Resource estimation. Their programme included the use of blanks, certified reference material (CRM), duplicate samples, laboratory repeats and umpire checks.

In addition to QA/QC samples submitted by GBM, ALS routinely run internal quality control (QC) samples, which are reported with client results and were loaded directly into the GBM database. An ALS fire assay run, for example, comprises 84 samples, 6 of which are ALS internal quality control samples comprising 1 blank sample, 2 standards and 3 duplicates. There is a blank and a standard at the start of each run, and the other is randomly positioned. The three duplicates are evenly distributed throughout the run and rerun at the end the tray.

BLANKS

For the LMD series drilling, coarse-grained, poorly sorted, quartz-rich sand collected from a local supplier was bagged and inserted into the sample batches and used as the blank sample by GBM. In total, 424 blanks (1 sample in 25) were included into sample batches sent to ALS Brisbane for sample preparation. No consistent trends were evident in the analysis results. Where contamination was suspected, ALS was requested to re-analyse the whole tray (84 samples per tray) containing the questionable blank sample.

DUPLICATES

For the LMD series drilling, quarter core samples were taken at regular intervals at a rate of 1 in 25 during drilling operations and submitted for analysis. In total, 232 duplicate samples were obtained from quarter core intersections and submitted for chemical analysis. The duplicate assays were compared to the original results. The comparison showed a reasonable level of repeatability for gold except where the analysis was at very low levels. Overall, the results confirm the sampling and assaying as appropriate and that sample assays can be used in grade estimation.

CERTIFIED REFERENCE MATERIALS

For the LMD series drilling, four certified reference materials (CRM) of varying chemical characteristics were obtained from independent supplier Ore Research and Exploration Pty Ltd (ORE) in Victoria, Australia. ORE assay standards 12a, 61e, 201, and 204 were inserted into the sample batches. No sample preparation of this material was required by ALS Brisbane. In total, 480 CRMs

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(1 sample in 50) were included into sample batches sent to ALS Brisbane for analysis. In addition, ALS used a number of CRM's as part of their internal checks.

In general there was a good match between the average grades of the submitted CRMs and their respective expected values. The average CRM grades fall within 5% of the expected value and within two standard deviations of the expected assay value. No trends or biases were observed. Overall, the results support the accuracy of the sample assays and their use in grade estimation.

LABORATORY REPEATS

Laboratory repeats are the only QA/QC analyses available for the UG series drillholes. In total, 271 repeat samples were assayed and reported by Makmal. There is generally poor repeatability of the results with large ranges of variability. As no drill core remains available, it is not possible to complete further analysis on the UG series samples.

Laboratory repeats for the LMD series drillholes comprised 202 repeat samples performed by ALS and assayed for gold. There is generally good repeatability of the results with small ranges of variability, confirming the reliability of ALS Brisbane assay results.

UMPIRE LABORATORY CHECKS

Two sets of 105 samples from the GBM drilling were sent to SGS Laboratories (SGS) and Bureau Veritas (BV) for check assay comparison. Both SGS and BV checks show a good correlation with ALS results. The majority of samples fall along a correlation line with a number of the higher-grade samples showing more variation due to the nuggetty nature of gold.

6.2. TAILINGS MATERIAL

6.2.1. DRILLING

The first phase of exploration drilling to assess the tailings material comprised banka drilling completed in 2004. This drilling was completed by BMSB to test tailings materials within the southern main dam area and to establish the order of magnitude of the grade and tonnage.

In September 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 (Campaign 9 as per Table 6.2). 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.

SAMPLE PREPARATION

For the banka drilling, the drillholes were sampled at a nominal interval of 1.5 m.

For the diamond drilling, sampling followed procedures established by GBM. The retrieved core was firstly pushed from the core barrel and then the upper half removed and placed into a half cut PVC

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

pipe. The two parts were then placed into buckets with one half being designated for assay and the other for metallurgical testwork. Samples were taken at 1 m intervals. A small portion of the samples were also used for density measurements. Some samples were panned and groups of five samples were combined for composite analysis.

For the hand auger drilling, the sample retrieved was placed into a bucket. As the intersected material was wet, a scoop was used to obtain a sample for assay. The resultant sample intervals were generally irregular with maximum interval being 1 m.

CHEMICAL ANALYSIS

For the banka drilling, fire assays were completed by Intertek Caleb Brett laboratory in Jakarta, Indonesia, or Multiminerals laboratory, Batu Caves, Selangor, Malaysia.

For the diamond drilling, gold assays of 1 m samples were determined by 30 g charge fire assay while multiple elements were obtained on 5 m composited samples using an ICP technique (ME-ICP61). For carbon and sulphur, LECO-based analysis techniques (C-IR07, S-IR08) were used. The preparation of samples and analysis was conducted at ALS Laboratories in Australia.

For the hand auger drilling, the same assay techniques were used as for the diamond drilling. The methods used in obtaining assays are in keeping with general industry approaches.

BULK DENSITY DETERMINATION

Density measurements were completed on samples from one diamond core hole (LTD025) as follows:

- sufficient sample was selected to fill a graduated measuring cup of 100 ml in volume
- material was then transferred into a pre-weighed aluminium cup
- the aluminium cup and material were placed into an oven at 100°C overnight to dry
- the aluminium cup and dried material was then weighed on a scientific balance
- the net weight of dried material was obtained by subtracting the weight of the aluminium cup from the combined weight of the aluminium cup and dried material
- the density was then calculated as the net weight of dried material divided by the nominal volume of 100 ml.

6.2.2. QA/QC RESULTS

For the GBM diamond-drilling programme, the QA/QC process included the insertion of blanks, field duplicates, and standards. The laboratory also performed repeat assays on selected samples and included its own blanks and standards as an integral part of its own QA/QC processes.

BLANKS

To test for contamination during sample preparation, blanks were introduced into sample batches at a rate of 1 in 25. Building sand was sourced as blank material.

In total, 18 blanks were included in the sample batches sent to ALS Brisbane for sample preparation and assay. Although one anomalous assay was noted and may reflect some contamination during

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

the sampling process, no consistent trends were evident and this not considered material in generating robust grade estimates.

DUPLICATES

To test the precision of the entire sampling and assaying process, duplicate samples were submitted. These samples were taken at regular intervals at a rate of 1 in 25 during drilling operations.

In total, 18 duplicate assays for gold were submitted as an integral part of the assay programme. The duplicate assays were compared to the original results. Overall, the repeatability of the gold results is considered reasonable (correlation coefficient 0.98), although there is a slightly higher range of variability than expected from rigorous sampling practices. The sampling and assaying results are considered suitable for Mineral Resource estimation.

CERTIFIED REFERENCE MATERIAL

To test the accuracy of assaying, prepared pulverised samples of CRMs were introduced into sample batches. The CRM (ORE assay standards 204) was inserted into sample batches at the rate of 1 in 50 samples.

In total, eight CRMs were included into sample batches sent to ALS Brisbane for analysis. The gold assay results fall well within $\pm 10\%$ and two standard deviations of the expected value. Generally, the results are slightly high but there is an insufficient number of samples to establish any bias. The results are considered to support the use of the sample assays in grade estimation.

CHECK ANALYSES

To measure the variability of the assay process and verify its results, ALS Brisbane completed repeat chemical analyses on a random selection of pulps.

In total, 16 repeat assays were completed by the laboratory. There is generally a high repeatability of the gold results (correlation coefficient 0.96) with a small range of variability, confirming the reliability of ALS Brisbane assay results.

For multi-element analysis, seven duplicate assays were submitted with two samples analysed by the LECO component of the analysis. There is generally a high repeatability of the results, but not enough samples to establish any trend or bias.

7. MINERAL PROCESSING AND METALLURGICAL TESTING

7.1. INITIAL METALLURGICAL TESTWORK

Metallurgical testwork was completed by Normet Pty Ltd (Normet) in the early 1990s to support the design of a processing plant to treat gold mineralisation from Lubuk Mandi. Based on the testwork completed, Normet prepared a processing design and a processing plant was subsequently built at site to treat the gold mineralisation mined from the open pit. Reports documenting this testwork have not been reviewed by Optiro.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7.2. METALLURGICAL TESTWORK ON TREATMENT OF TAILINGS

In 2013, AASB and GBM commissioned Core Process Engineering Pty Ltd (Core) to carry out mineral processing testwork on the tailings material resulting from cyanidation processing of mined rock from the previous open pit which contains refractory gold. Core carried out three testwork programmes.

7.2.1. STAGE 1

A site visit was undertaken by Core to assess the existing processing plant to determine if it was feasible to refurbish and recondition the existing equipment, and its suitability for recovery of gold from the tailings. Examination of available records on-site indicated that during 2008 and 2009, when the mine last operated, recoveries in the range of 50 to 60% were achieved, due partly to carbonaceous material in the ore interfering with the cyanidation process and reducing recovery. The feed to the plant in 2008 and 2009 comprised open-pit material supplemented by some tailings, and the records suggested gold recovery for tailings material was likely in the range of 30 to 45%.

Whilst on site, Core collected 10 near-surface tailings samples over the main southern tailings dam (Pond 1) and the adjacent smaller tailings dam (Pond 2) for testing, as well as four grab samples from around the open pit. Based on the four grab samples of in-situ material, the proportion of recovered sulphide concentrate (7.3% containing pyrite, arsenopyrite, and chalcopyrite) formed the basis for a flotation capacity design. The tailings samples were assayed for gold, sulphur and carbon, followed by sizing analyses. One sighter test for flotation was also completed. At the completion of this stage, Core prepared a conceptual flowchart and design for the re-treatment of tailings materials, including capital and operating cost estimates.

7.2.2. STAGE 2

This stage involved further testing of selected samples and was designed to validate the conceptual flowchart proposed in Stage 1. Baseline cyanidation was undertaken to determine the maximum gold recovery. Preg-robbing tests, with and without the use of fresh activated carbon, were completed to identify inherent issues relating to graphitic, carbonaceous and shale minerals in the tailings. A sequential diagnostic gold leach test was done to determine the gold deportment within bulk gold concentrates. The bulk gold concentrates responded to direct cyanide treatment, indicating readily accessible free gold, with easily cyanide-leached gold-bearing particles.

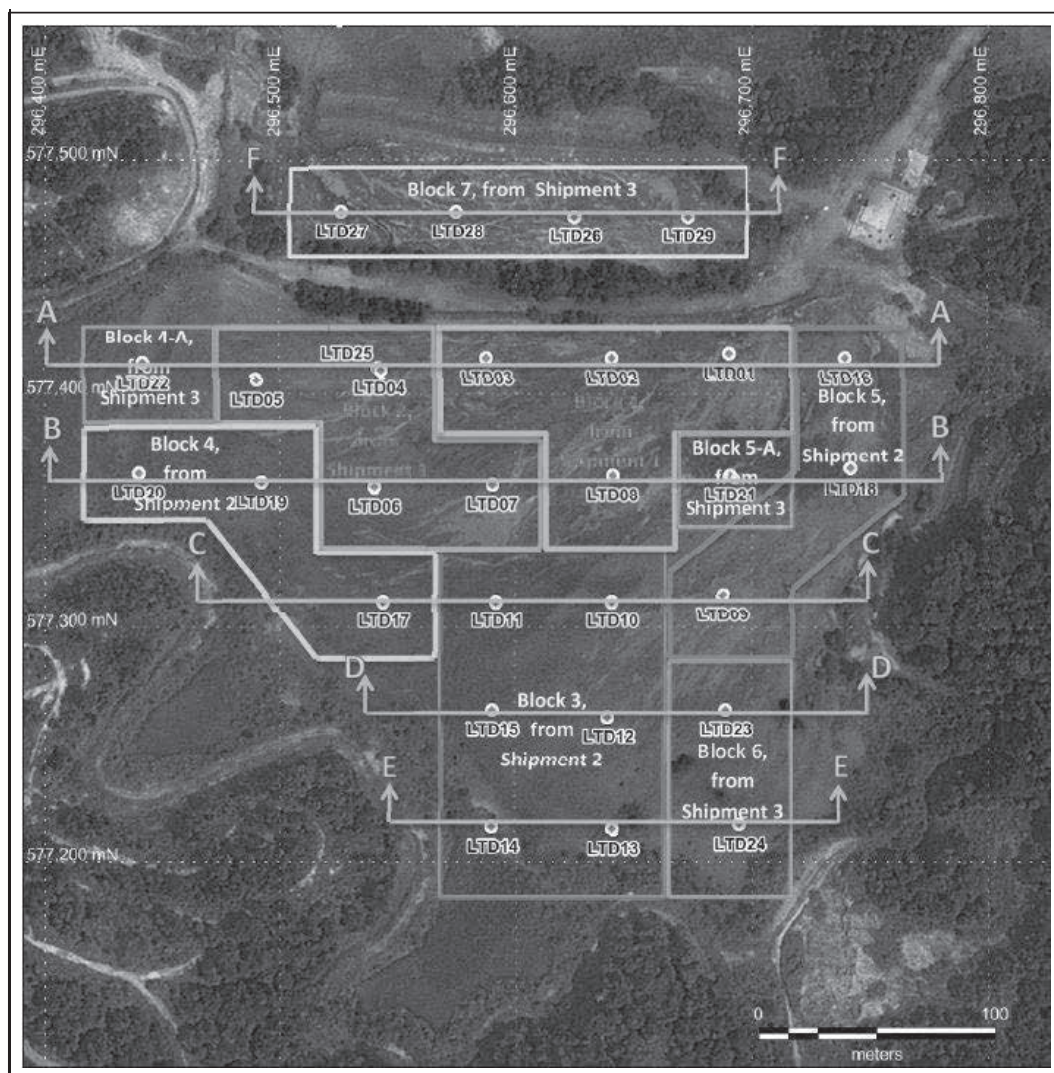
7.2.3. STAGE 3

The drill core samples recovered from the 2013 tailings drilling programme formed the basis of the Stage 3 tailings testwork and formed the design basis for the processing plant flowsheet and the estimates of gold recovery. Samples from the 2013 drilling programme were transported to Australia for testing in Core's Brisbane facilities. The samples were composited and blended to create 18 samples to enable a reliable investigation of the metallurgical variability of the tailings (Figure 7.1).

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Figure 7.1 Drilling plan and basis for Lubuk Mandi variability samples blending strategy (Source: Core)



The goals of the Stage 3 testwork programme were to:

- develop a simple but effective processing flowsheet to economically recover gold from the tailings
- design a robust processing flowsheet to suit the expected variability of tailings taken from different areas and depths of the tailings deposit
- identify the processing design criteria and mass balance for the basis of the processing flowsheet.

The testwork conditions used were informed by the results of earlier testwork programmes. The testwork focused on confirming the processing flowsheet, which envisaged production of a flotation concentrate that would then be leached using a conventional cyanidation process to produce gold

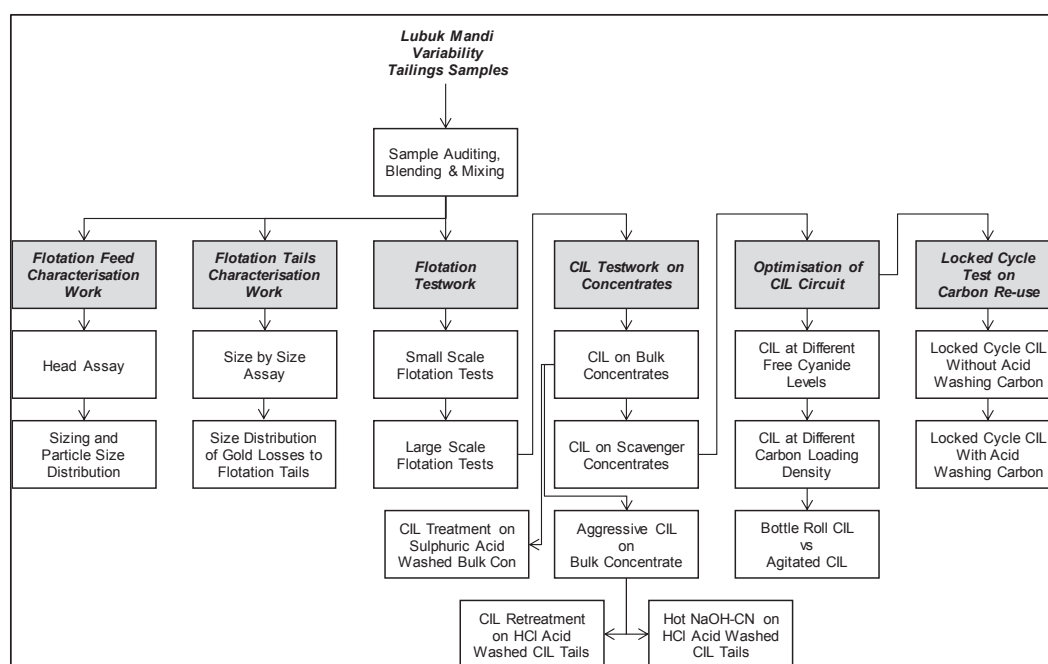
INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

doré. The process was designed to use conventional and readily available equipment and technology.

The outline of the whole flowsheet development testwork programme carried out for Lubuk Mandi tailings gold retreatment project is presented in Figure 7.2.

Figure 7.2 Overview of the flowsheet development testwork programme (Source: Core)



The flotation testwork results based on two bulk sample blends created from the 18 metallurgical samples to reflect material from different depths in the main southern tailings dam is summarised in Table 7.1.

Table 7.1 Stage 3 metallurgical testwork flotation results

75 tph continuous concentrate circuit				Saleable concentrate production			Scavenger concentrates			Combined concentrates for CIL			Approx tailings proportion
Bulk blend	Level	Tailings	Head assay	Grade	Tonnes	Rec.	Grade	Tonnes	Rec.	Grade	Tonnes	Rec.	
No.	(m)	Pond	g/t Au	g/t Au	tph	%	g/t Au	tph	%	g/t Au	tph	%	%
1,2	0-10	1	0.80	27.8	1.2	54.6	3.1	7.3	36.1	6.6	8.4	90.7	80
3,4,5	10-20	1,2	0.41	25.9	0.5	40.1	2.4	7.0	45.6	4.1	7.5	85.7	20
Wtd Ave	0-20+	1,2	0.72	27.4	1.0	51.7	3.0	7.2	38.0	6.1	8.3	89.7	100

The Stage 3 testwork indicated that a process plant constructed to produce a saleable gold-bearing concentrate was feasible. The results yielded a concentrate containing 27 g/t gold with a gold recovery of 51%.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Stage 3 testwork also indicated that gold doré bullion could be produced at site. Flotation could be used to generate a bulk concentrate containing 5.5 to 6.5 g/t gold, 1.8 to 1.9% total carbon, 2% sulphur, 0.2% arsenic and 4.3% iron. This would be subjected to cyanidation and carbon-in-leach, followed by electrowinning and smelting. The testwork indicated that gold recovery of 85% to 91% to a flotation concentrate could be achieved and that cyanidation of the concentrate could recover 78% to 79% of the gold in the concentrate.

Core expected an overall gold recovery of between 66% and 71% could be expected.

7.3. METALLURGICAL TESTWORK TO SUPPORT REDEVELOPMENT OF OPEN-PIT MINING

AASB commenced mining from the open pit hard rock source in October 2016 after the installation of crushing and grinding facilities to the processing plant. Optiro understands that processing of tailings material ceased in August 2016 due to low on-going recovery and difficulty in the materials handling of the wet tailings material with a commercial decision made process in-situ material.

Optiro is not aware of any new metallurgical testwork carried out on the in-situ material to support processing of this material through the new plant. Whilst Optiro would caution against proceeding to mining operations without detailed processing testwork, the current processing plant is not materially different to the original plant that was built in 1992 based on the Normet testwork.

8. MINERAL RESOURCES

8.1. IN-SITU MINERALISATION

The estimate of the gold Mineral Resource for the Lubuk Mandi in-situ mineralisation was prepared and reported as at 30 September 2015 in accordance with the 2012 edition of the JORC Code. Prior to this, in September 2014, GBM released the initial Mineral Resource estimate for the in-situ material. At the time of this announcement, GBM was in joint venture with AASB and owned 40% of the Project.

The initial Mineral Resource estimate reported in 2014 was completed by Mr Scott McManus of Skandus Pty Ltd (Skandus) on behalf of GBM and AASB. Subsequently, the GBM estimate was reviewed by AMC Consultants Pty Ltd (AMC) and reported in Anchor's listing document.

Mineral Resources for Lubuk Mandi in-situ mineralisation have been estimated and reported by AMC in accordance with the 2012 edition of the JORC Code, and are summarised in Table 8.1. The Mineral Resources are reported as at 30 September 2015. Although silver has previously been produced from the Lubuk Mandi operations it is considered immaterial and has not been estimated.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 8.1 Lubuk Mandi in-situ Mineral Resources as at 30 September 2015 (reported above a lower cut-off grade of 0.3 g/t gold)

Category	Tonnes (Mt)	Gold grade (g/t)	Ounces gold
Measured	-	-	-
Indicated	1.5	1.46	70,500
Inferred	0.3	1.01	6,500
Total	1.8	1.39	77,000

Note: Mineral resources tonnes and grade figures have been rounded to reflect the accuracy of the estimate. Totals may not add due to rounding.

The general process followed by Skandus to prepare and compile the Mineral Resource estimate for the Lubuk Mandi in-situ mineralisation was comprised of the following steps:

1. Digital text files of drillhole data (collar surveys, depth, geology logging, sampling intervals and chemical analyses) were extracted from a master DataShed database then imported into Gemcom Gems 6.5 (Gemcom) mining software and Microsoft Excel spreadsheets for checking and validation.
2. 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.
3. Data validation checks were completed, paying particular attention to drillhole collar coordinates and sampling/analysis data.
4. The main lode structure was modelled on a section by section basis using a nominal 0.2 g/t gold lower cut-off grade which were combined to produce three-dimensional shape (wireframe) of the interpreted mineralisation.
5. The main lode structural wireframe was used to code blocks for a lithology model. A percentage model was coded using Gemcom to show how much of the wireframe intersected each block.
6. Intercepts inside the main lode wireframe were composited to 2 m intervals. A point was generated at each composite midpoint.
7. Univariate statistics were generated for the composite data. The results were used to assist in determination of top-cuts and homogeneity.
8. Variography was run on all data to determine kriging parameters and a suitable search ellipse for block estimation.
9. Block grade estimates of gold were generated using the ordinary kriging (OK) interpolation method.
10. 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.
11. An average bulk density value of 2.68 tonnes per cubic metre (t/m³) was used to calculate tonnes from block volumes multiplied by the percentage model to give an undiluted resource per block.
12. Grade estimates were checked visually against the input data. The block model and composite statistics were computed and checked, together with swath plot checks.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. An inverse distance squared (ID^2) model and a cross-sectional model were used to check the grade and volumes reported.
14. An wireframe was produced based on drill spacing to code blocks with an Inferred classification into the block model.
15. Grade-tonnage curves were produced.
16. Mineral Resources were reported using appropriate lower cut-off criterion (of 0.3 g/t gold).

Optiro notes that AMC has previously provided detailed reporting on the in-situ Mineral Resources in their 30 September 2015 Independent Qualified Person's Report on the Lubuk Mandi project. The Mineral Resource estimate has not been updated since 30 September 2015 and there is limited new information available to justify a Mineral Resource update.

8.2. TAILINGS

The estimate of the gold Mineral Resource for the Lubuk Mandi tailings mineralisation was prepared and reported as at 30 September 2015 in accordance with the 2012 edition of the JORC Code. Prior to this, in October 2013, GBM released the initial Mineral Resource estimate for the in-situ material. At the time of the announcement, GBM was in joint venture with AASB and owned 40% of the Project.

The initial estimate reported in 2013 was completed by Mr Scott McManus of Skandus Pty Ltd (Skandus) on behalf of GBM and AASB. Subsequently, the GBM estimate was reviewed by AMC and reported in Anchor's listing document.

Mineral Resources for Lubuk Mandi tailings mineralisation have been estimated and reported in accordance with the 2012 edition of the JORC Code, and are summarised in Table 8.2. The Mineral Resources are reported as at 30 September 2015. Although silver has previously been produced from the Lubuk Mandi operations it is considered immaterial and has not been estimated.

Table 8.2 Lubuk Mandi tailings Mineral Resources as at 30 September 2015 (reported above a lower cut-off grade of 0.4 g/t gold)

Category	Tonnes (Mt)	Gold grade (g/t)	Ounces gold
Measured	-	-	-
Indicated	1.3	0.73	30,500
Inferred	0.1	0.83	2,500
Total	1.4	0.74	33,000

Note: Mineral resources tonnes and grade figures have been rounded to reflect the accuracy of the estimate. Totals may not add due to rounding.

The general process followed by Skandus to prepare and compile the Mineral Resource estimate for the Lubuk Mandi in-situ mineralisation was comprised of the following steps:

1. Digital text files of drillhole data (collar surveys, depth, geology logging, sampling intervals, and chemical analyses) were extracted from a master database then imported into Gemcom and Microsoft Excel spreadsheets for checking and validation.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. 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.
3. Data validation checks were completed, paying particular attention to drillhole collar coordinates and sampling/analysis data.
4. Digital surface files were firstly created from drilling to outline tailings materials then refined using 0.2 g/t gold lower cut-off.
5. A three-dimensional interpretation of the tailings materials was created, based on the drillhole geological logs, chemical assay results, and tailings extent survey. Gemcom was used to develop enclosed shapes defining the tailings materials.
6. Statistical analysis of drillhole data was completed, including sample recovery, chemical analyses, and density determinations.
7. Based on the statistical analysis undertaken, an appropriate drillhole composite length was selected, followed by composite statistics and variogram analysis of the drillhole data.
8. A three-dimensional 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.
9. Estimation search parameters were developed for each area, and grade estimates were generated using an ID² interpolation method. Length weighting of composites was also used for grade estimates.
10. Grade estimates were checked visually against the input data. The block model and composite statistics were computed and checked, together with swath plot checks.
11. 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.
12. Grade-tonnage curves were produced.
13. Mineral Resources were reported using appropriate lower cut-off criterion (0.4 g/t gold).

Optiro notes that AMC has previously provided detailed reporting on the tailings Mineral Resources in their 30 September 2015 Independent Qualified Person's Report on the Lubuk Mandi project. The Mineral Resource estimate has not been updated since 30 September 2015 and there is limited new information available to justify a Mineral Resource update.

8.3. DEPLETION

In order to determine the Mineral Resources as at 31 December 2016, Optiro has depleted the 30 September 2015 Mineral Resources based on reported 2017 production. Optiro has elected to deplete the Indicated portion of the Mineral Resource as it is likely that this is where the majority (if not all) of production was sourced from. The total depletion to date is largely immaterial relative to the total Mineral Resource (Table 8.3 and Table 8.4).

Optiro recommends that for 2017 onwards, Anchor depletes their Mineral Resource based on end of month and end of year pit surveys to ensure on-going accuracy in reporting Mineral Resources.

Total Mineral Resources for the Lubuk Mandi site are summarised in Table 8.5.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 8.3 Lubuk Mandi depleted tailings Mineral Resources (reported above a lower cut-off grade of 0.4 g/t gold)

Mineral Resource	Category	Tonnes (Mt)	Gold grade (g/t)	Ounces gold
30 September 2015	Measured	-	-	-
	Indicated	1.3	0.73	30,500
	Inferred	0.1	0.83	2,500
	Total	1.4	0.74	33,000
	Reported production	0.1	0.78	2,800
31 December 2016 (depleted)	Measured	-	-	-
	Indicated	1.2	0.73	27,700
	Inferred	0.1	0.83	2,500
	Total	1.3	0.73	30,200
	Difference	-8%		-8%

Note: Mineral resources tonnes and grade figures have been rounded to reflect the accuracy of the estimate. Totals may not add due to rounding

Table 8.4 Lubuk Mandi in-situ Mineral Resources (reported above a lower cut-off grade of 0.3 g/t gold)

Mineral Resource	Category	Tonnes (Mt)	Gold grade (g/t)	Ounces gold
30 September 2015	Measured	-	-	-
	Indicated	1.5	1.46	70,500
	Inferred	0.3	1.01	6,500
	Total	1.8	1.39	77,000
	Reported production	0.01	1.36	600
31 December 2016 (depleted)	Measured	-	-	-
	Indicated	1.5	1.46	69,900
	Inferred	0.3	1.01	6,500
	Total	1.8	1.33	76,400
	Difference	-1%		-1%

Note: Mineral resources tonnes and grade figures have been rounded to reflect the accuracy of the estimate. Totals may not add due to rounding

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 8.5 Total Mineral Resources summary (31 December 2016)

Area	Category	Gross attributable to licence			Net attributable to issuer			Change from previous
		Tonnes (Mt)	Gold grade (g/t)	Ounces gold	Tonnes (Mt)	Gold grade (g/t)	Ounces gold	
Tailings	Measured	-	-	-	-	-	-	
	Indicated	1.2	0.73	27,700	1.19	0.73	27,700	-9%
	Inferred	0.1	0.83	2,500	0.10	0.83	2,500	0%
	Total	1.3	0.73	30,200	1.29	0.73	30,200	-8%
In-situ	Measured	-	-	-	-	-	-	
	Indicated	1.5	1.46	69,900	1.50	1.46	69,900	-1%
	Inferred	0.3	1.01	6,500	0.30	1.01	6,500	0%
	Total	1.8	1.33	76,400	1.80	1.33	76,400	-1%

Note: Mineral resources tonnes and grade figures have been rounded to reflect the accuracy of the estimate. Totals may not add due to rounding

9. ORE RESERVES

There are no Ore Reserves estimated for the Project as at 31 December 2016.

Anchor has elected to construct and operate a tailings and hard rock mining and re-treatment operation at site without the completion of a formal feasibility study and the estimation of Ore Reserves. Optiro considers this presents a degree of operational risk. However, considering the likely life of mine and the Company's internal technical and economic assessment to support to current operations, this is considered reasonable.

10. MINING

10.1. PREVIOUS OPEN-PIT MINING OPERATIONS

Mining in the Lubuk Mandi area has a relatively short history compared with other gold and tin mining areas in Malaysia. Gold was discovered at the site that is now the Lubuk Mandi gold mine in 1989.

The Lubuk Mandi gold mine was constructed and operated by PMINT through its subsidiary PERMINT. In 1992, PERMINT commissioned a CIP plant with a capital expenditure of RM21 million. The open pits initially mined oxidised material, which achieved high gold recoveries of 90% to 95% in the CIP plant; but as the main pit deepened, the ore transitioned to fresh rock and the gold recovery reported decreased to approximately 70% at closure. The pits are now flooded and substantial waste rock dumps remain. No rehabilitation of the pits, plant, or waste rock dumps has been undertaken (Figure 10.1).

Total gold production reported from 1993 to 1999 is 3,351 kilograms (107,754 oz), from approximately 1.4 Mt of processed ore at a head grade of approximately 3.4 g/t gold. This implies

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

an average gold recovery of approximately 70%. Authorities reopened the area to small-scale miners in June 2001, but no records of gold production are available.

Figure 10.1 View of main pit looking north, January 2017



10.2. TAILINGS MINING OPERATIONS

In August 2015, reclamation of the existing tailings Mineral Resource commenced, using hydraulic excavators and diesel-operated tipper trucks to deliver the material to a newly constructed treatment plant located adjacent to the southern tailings dam. Tailings reclamation has started at the south end of the old tailings dam, located adjacent to the tailings treatment plant and progressed northward.

The tailings are free-dig and at the time of commencement were sufficiently dry to support a small hydraulic excavator in backhoe configuration on top of the tailings. Tailings are visually different to the material in the base of the tailings dam and can be reclaimed without significant loss or waste dilution. The sampling programme has confirmed that the grade of gold in the tailings is generally higher in the upper layers compared to the deeper sections.

Trucks delivered tailings directly to a feed hopper at the processing plant. If the material could not be tipped directly into the feed hopper, it was dumped nearby and loaded into the hopper by a small loader when the plant was operating. The planned processing rate was 1,000 tonnes per day (nominally 330,000 tonnes per annum), so the mining operation would align with this, although the actual daily mining rate will likely be more variable due to the weather. There was a significant amount of vegetation and timber in the tailings material, which is removed by screens and a trommel.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Mining commenced on tailings in August 2015. No mining occurring between January 2016 and March 2016, due to a temporary environmental closure, but was restarted again in April 2016. The achieved monthly tailings throughput is presented in Table 10.1 with production approaching nameplate capacity in June 2016. Mining of the tailings material was suspended in August 2016 due to low gold recoveries and wet feed material (Figure 10.2) presenting processing difficulties. With the wet feed material causing damage to the processing plant, the focus was switched to the in-situ mineralisation from August 2016.

Table 10.1 Tailing mining summary

	2015					2016				
	Aug	Sep	Oct	Nov	Dec	Apr	May	Jun	Jul	Aug
Feed tonnes	7,585	7,713	9,624	9,713	4,877	14,898	15,896	25,042	4,910	10,790
Gold grade (g/t)	0.77	0.78	0.57	0.64	0.80	0.51	1.25	0.79	0.90	0.69

Figure 10.2 Lubak Mandi tailings dam looking southwest



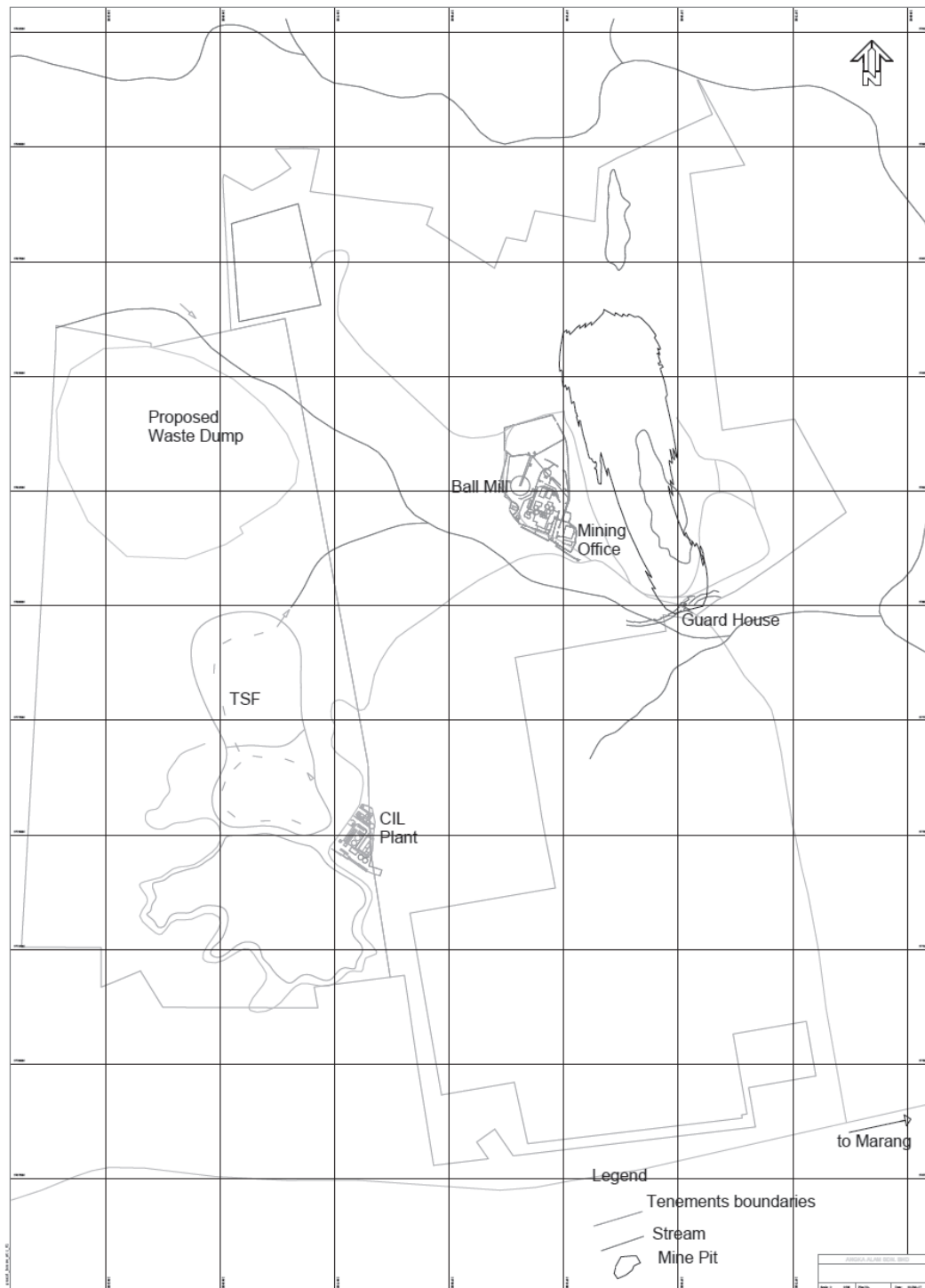
10.3. IN-SITU MINING OPERATIONS

A plan of the site showing the location of existing infrastructure and open-pit mining areas is shown in Figure 10.3.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Figure 10.3 Site layout showing current and proposed operations



INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Optiro understands that in-situ mining operations commenced in September 2016 with first ore crushed in October 2016. Monthly mining and grade control sampling is summarised in Table 10.2.

Table 10.2 Lubuk Mandi in-situ mining operations to December 2016

	Sept 2016	Oct 2016	Nov 2016	Dec 2016
Waste mining (m ³)	1,494	5,252	5,234	3,723
Ore mining (m ³)	-	1,800	600	378
Gold grade (g/t)	-	2.5	1.5	1.5
Grade control samples	997	1,165	52	0

There are two existing pits that previously supplied feed to an ore-processing plant at the site; the larger main pit and the north pit, connected by a narrow slot that follows the ore lode between the two pits. During Optiro's site visit, both pits were flooded, due to the current monsoon, and water was overflowing from the north pit to the main pit via the slot.

Overflow water discharges from the main pit into the adjacent river, which runs across the Project and along the southern boundary of the Project. The main pit contains approximately 1,400 megalitres of water and north pit contains approximately 40 megalitres. The main is in the process of being dewatered by Sinomine with two pumps rated at 200 m³ 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 are required to monitor the river conditions to ensure compliance with environmental requirements. Furthermore, the acidic pit water is causing reliability issues with the two pumps.

Immediately to the south of the main pit, along the line of lode outside of ML 2/2007, an alluvial mining operation is being conducted by artisanal operators. This suggests that the lode continues to the south, and might provide an opportunity for AASB in the future, when the alluvial material is exhausted.

The redeveloped open-pit mining operation is being conducted by Sinomine using conventional open-pit mining techniques and equipment typical for the region. All material requires drilling and blasting for rock fragmentation. Three Hantu tip trucks and one hydraulic excavator are currently used for loading and haulage to the waste rock dumps and a ROM pad at the treatment plant.

Ore mining is under the control of the site geologist who:

- ensures ore blocks are mark out and flagged correctly
- supervises the excavator operator on the excavation
- geologically maps the mine exposure
- ensures that the excavation is to the accurate bench level using laser level equipment.

Trucks are counted to determine volume movements with the drivers directly informed on the destination of the material. During the excavation process, the supervising geologist instructs the excavator operator on how to excavate the particular block to be mined. The flags around ore

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

blocks for excavation are considered a guideline and the geologist will inform the operator whether what is dug is either ore or waste by visual identification based on mapping and knowledge of the mineralisation. The geologist/spotter will instruct the operator to excavate to the accurate bench level as determined using the laser level. Truck drivers are directly instructed on the destination of the material, either stock pile or waste dump area.

There are substantial existing waste rock dumps from the previous open-pit operations and new waste rock dumps are being constructed in the valley downstream of the new tailings dam. There is also adequate space to manage new tailings to be generated from mining of the in-situ material.

Run of mine (ROM) ore and waste rock is drilled and blasted on 5 m benches using hydraulically operated drill rigs and mined over two 2.5 m (plus blast-induced swell) lifts. Waste rock overburden will be removed to expose the underlying ore while the pits are dewatered, followed by ore mining. In addition to visually distinguishing ore from waste rock, blastholes in ore zones are sampled and assayed to provide mining control.

Open-pit operations will be staged to enable smoothing of ore and waste rock volumes. Staging will be achieved by scheduling ore and waste rock from the north pit and main pit separately. Pit wall angles will be determined from a geotechnical assessment of rock conditions and structural controls, with berms left between successive benches. Batter face angles are expected to be 65° to 75° in competent rock, with flatter slopes of 50° to 60° in weathered rock.

A 10-month mine plan (Stage 1) for 2017 is currently in place, developed by the on-site mining manager (Table 10.3). The mine plan incorporates a cut-back along the western and south portion of the south pit. Depending on the success from this production period further cut-backs will be planned to access additional mill feed material.

Table 10.3 Stage 1 2017 monthly mine plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Excavators	2	2	2	2	2	2	2	2	2	2
Trucks	7	6	5	5	5	6	6	7	8	5
Ore tonnage (kt)	6.7	5.0	3.4	4.2	5.0	5.8	14.2	42.7	64.4	32.7
Gold grade (g/t)	3.93	4.90	7.23	5.99	4.50	2.90	1.73	1.93	2.13	2.24
Waste tonnage (kt)	115	99	84	90	91	100	103	92	91	36
Strip ratio	17.1	19.7	25.0	21.5	18.2	17.0	7.2	2.2	1.4	1.1

The 10 month mine plan incorporates 901 kt of waste movement and 184 kt of ore for an overall strip ratio of 4.9 and predicted grade of 2.48 g/t gold. The mine schedule is based on the 30 September 2015 Mineral Resource model and the 2008 end of mining topography surface. Optiro notes that, until the open pit is sufficiently dewatered, the accuracy of the 2008 topography surface cannot be verified. Furthermore, no ore loss of dilution has been incorporated into the mine schedule.

Optiro notes that the Stage 1 mine plan is based on a pit optimisation of the 30 September 2015 Mineral Resource model using a combination of actual and forecast operating costs. A formal Ore

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Reserve and associated feasibility study on the in-situ mineralisation has not been completed. This increases the production risk associated with mining the in-situ mineralisation but, given the short production schedule and limited throughput, this is considered acceptable.

11. PROCESSING

11.1. PREVIOUS OPEN-PIT PROCESSING OPERATIONS

Based on testwork completed by Normet, a processing plant was built at site to treat the gold mineralisation mined from the open pit.

Historic records suggest that the overall average gold recovery achieved for the operation was 81%, but records show significant variation from month to month and for different years. In the early years of the operation, the gold was hosted in oxidised mineralisation that generally delivered higher gold recoveries. In later years, anecdotal evidence suggests that recoveries dropped to 70% when the gold was hosted in fresh sulphide mineralisation.

11.2. TAILINGS RE-TREATMENT OPERATIONS

The key components of the tailing re-treatment process include feed preparation using a trommel washing process, flotation to produce a gold-rich concentrate and cyanidation of the resulting concentrate. A CIL process followed by carbon elution, electrowinning and smelting is used to produce a gold doré for sale. Tailings from the re-treatment process are stored in a new tailings facility located to the northwest of the processing plant and north of the historic tailings material available for re-treatment.

Earthworks for the tailings re-treatment plant commenced in the first quarter of 2014. Agreements for the supply and erection of processing equipment with a feed capacity of 1,000 tonnes per day were signed with the Yantai Jinpeng Machinery Co Ltd of Shandong province in North-Eastern China, and construction of the processing plant started in the June 2014.

Initial commissioning of the processing plant commenced in late January 2015. The commissioning process was overseen by Core. The commissioning of the plant was tested in semicontinuous operations from 28 January to 30 April 2015. In May 2015, Core issued a commissioning report that concluded that all of the installed equipment and machineries were operational, but that there would be ongoing maintenance issues on moving and wearing parts and electrical components.

During the initial commissioning period to 30 April 2015, AASB reported that 23,670 tonnes of tailings were processed and 19 oz of gold in doré was produced. It is likely that the low gold production was the result of frequent interruptions to the operation of the plant during the commissioning phase and the build-up of a working inventory of gold within the process plant.

As a result of the difficulties experienced during the initial commissioning period, AASB suspended the commissioning process to carry out modifications to the plant and further analysis. The modifications included the replacement of some plant components, the purchase and installation of

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

additional equipment, and the relocation of some equipment. The plant was restarted towards the end of July 2015.

From the start of start of tailings reprocessing, production continued through to December 2015. No mining occurring between January 2016 and March 2016 due to a temporary environmental closure but was restarted again in April 2016. The achieved monthly tailings throughput is presented in Table 11.1 with production approaching nameplate capacity in June 2016. Mining of the tailings material was suspended in August 2016 due to low gold recoveries and wet feed material presenting processing difficulties. With the wet feed material causing damage to the processing plant, the focus was switched to the in-situ mineralisation from August 2016.

Table 11.1 Tailings processing summary

	2015					2016					
	Aug	Sep	Oct	Nov	Dec	Apr	May	Jun	Jul	Aug	Sep
Feed tonnes	7,585	7,713	9,624	9,713	4,877	14,898	15,896	25,042	4,910	10,790	-
Gold grade (g/t)	0.77	0.78	0.57	0.64	0.80	0.51	1.25	0.79	0.90	0.69	-
Contained ounces	188.1	192.7	176.5	198.9	125.1	245.2	637.8	639.3	142.4	240.1	0.0
Recovered ounces	0.0	27.5	44.2	27.7	36.5	38.4	59.1	89.0	0.0	39.6	26.0
Calculated recovery (%)	-	15%	23%	16%	18%	-	24%	14%	0%	28%	11%

Total throughput of tailings material comprises 111 kt at a report grade of 0.78 g/t. From AASB's monthly reports, recovered gold over this period (to September) totals 388 ounces, equating to an overall recovery of 14%.

Since commissioning of the plant, hourly throughput rates close to the long-term planned rate have been achieved on an intermittent basis. Plant utilisation has been much lower than would normally be anticipated during the period due to the need to repair, replace and modify aspects of the original plant.

11.3. PROCESSING OF IN-SITU MINERALISATION

No new metallurgical testwork has been carried out on the in situ-material. Given the difficulties encountered in processing tailings material, the processing focus was switched to the in-situ mineralisation from August 2016.

The in-situ Mineral Resources mined from the pit are treated in the processing plant constructed to reprocess the tailings Mineral Resource. A crushing and grinding circuit has been added to the front of the plant and the cyanide leaching and gold-processing facilities are currently being modified (Figure 11.1 and Figure 11.2). The flotation cells are not being used during treatment of the in-situ material.

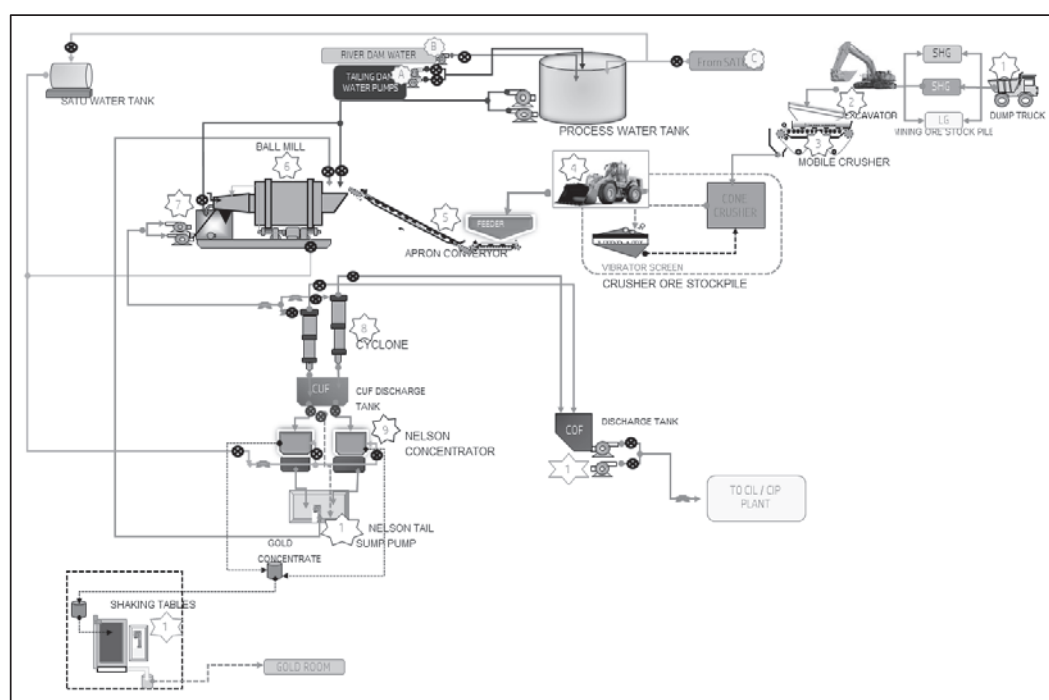
INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The current process plant comprises a Luonyong Zhongrong HS110 mobile crushing plant delivering -100 mm crushed ore to a Luonyong Zhongrong GYS400 cone crusher which further reduces the particle size to -15 mm. Screened -15 mm ore is presented to a 450 kW Luonyong Zhongrong MQS2749 (2.7 m ϕ by 4 m) ball mill located within the coarse ore stockpile shed of the previous operation (Figure 11.3). After grinding, material is classified through Yantai hydrocyclones with the cyclone underflow presented to two Knelson-style (Gangzhou STL80) centrifugal concentrators operating in parallel. The Knelson concentrate is the further gravity separated using a 4.4 m by 1.8 m shaking table to produce a gold concentrate.

The cyclone overflow is pumped to the CIL plant for cyanidation, however, at the time of Optiro's site visit (January 2017) the CIL circuit was undergoing commissioning. Up till 31 December 2016, gold recovery from in-situ material was only through gravity recovery means.

Figure 11.1: Comminution and gravity circuit process flow (source: AASB)



FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

[illegible]

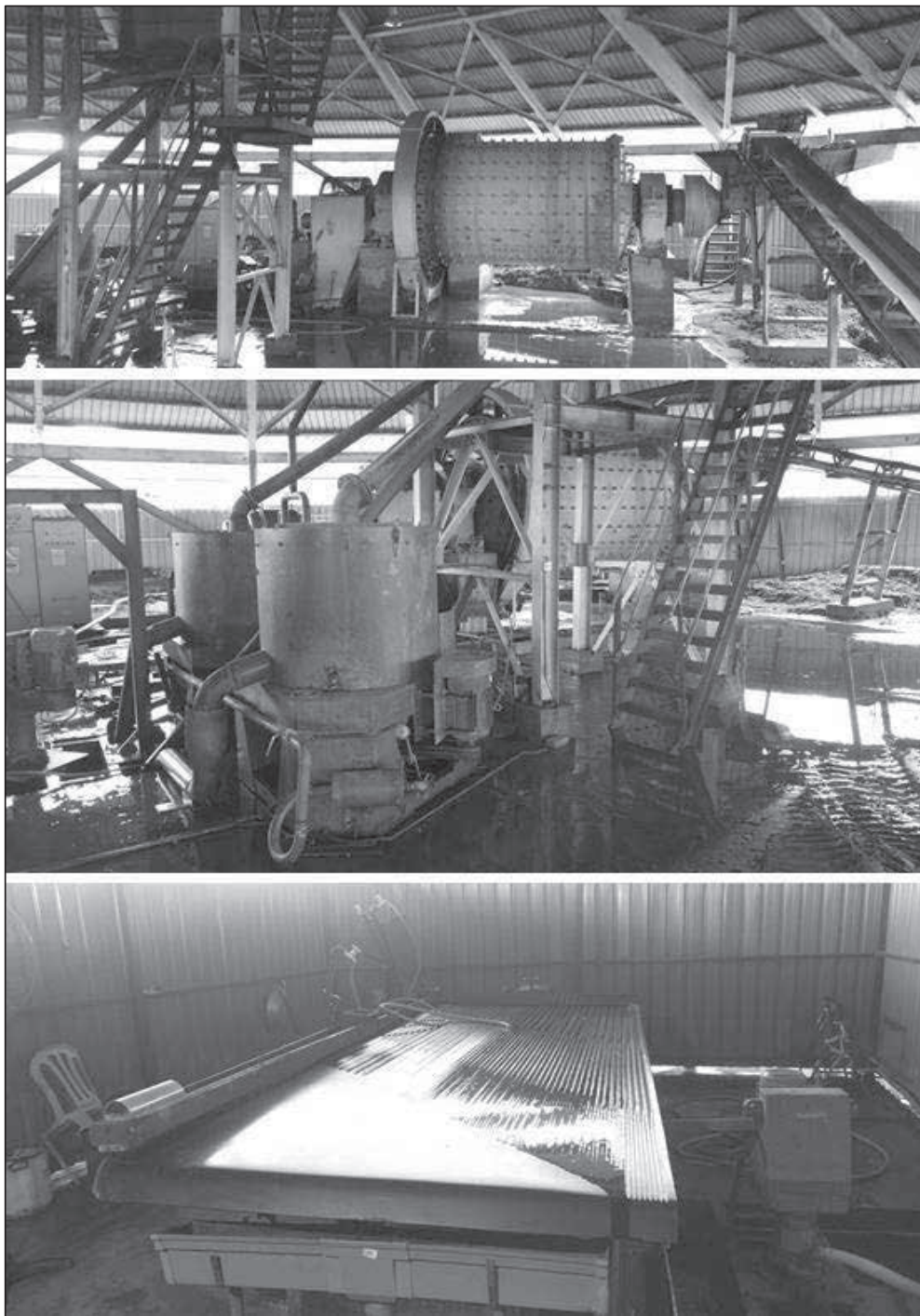
Table 11.2 2017 in-situ processing summary

	Oct	Nov	Dec
Feed tonnes	4,226	6,309	3,219
Gold grade (g/t)	0.61	1.09	2.89
Contained ounces	83	221	299
Gravity gold recovered (oz)	46.8	-	-
Gravity recovery	56%	-	-
Smelted gold recovered	-	94.3	57.5
Gold recovery	-	43%	19%

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Figure 11.3: Ball mill (top), Knelson concentrators (middle), shaking table (bottom)



INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12. INFRASTRUCTURE

12.1. MINE INFRASTRUCTURE

Infrastructure at the Project comprises the old treatment facilities and office building, the new processing plant and office building and a security hut at the entrance to the site, all connected by site roads. A shipping container near the old treatment facilities is used for the storage of drill core from the most recent drilling programme.

12.2. POWER

High-voltage power lines cross the Project, delivering power to the site via a local transformer station.

12.3. WATER

Process water is sourced from the adjacent river via a pump and pipeline. Process water for the tailings re-treatment plant had been sourced from the main pit, but its low pH caused corrosion at the plant and is no longer used.

12.4. TRANSPORT

People and goods are transported to and from the site via public and site roads.

12.5. STAFFING

The current tailings mining and processing operation involves 54 employees. All site personnel reside locally in private accommodation. The processing operation is currently operating on two 12-hour shifts per day.

13. SOCIAL, ENVIRONMENTAL AND HEALTH AND SAFETY

13.1. SOCIAL MANAGEMENT

AASB's "Inventory Policy for Gold and Environmental Safety and Health - Policies and Procedures" (Version 1.2 dated July 2015) (EHS Policy and Procedures) includes statements of policy commitment to community relations and corporate social responsibility. The statements provide overall direction on matters such as:

- social and economic development through local employment opportunities and local business development
- corporate social responsibility
- addressing social and economic aspects of mine closure
- engagement with communities to identify community development projects.

The policy and procedures will require further development and detail to define where and how AASB's social impact management will be implemented. This will most likely be informed by the

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

social-economic baseline and impact-management studies that have been commissioned as part of a new environmental impact statement (EIS) for the Project.

Urban encroachment has occurred at the Lubuk Mandi site with the nearest residences and a university campus is located within 200 m of historical mining areas and the tailings storage facility. Whilst there is no direct access to the MLs from residences and the university, environmental impacts such as noise, air, lighting, visual amenity, water quality, and potential loss of amenity might become potentially significant issues for the new neighbours of the mine. Social impact management, community engagement and grievance mechanisms will need to be developed to prevent, manage and respond to these risks.

13.2. ENVIRONMENTAL MANAGEMENT

AASB operations are required to comply with the EQA, and AASB has advised Optiro that all environmental permits required to operate the tailings retreatment plant have been received. As part of the legal due diligence process in Anchor's listing document, Zaid Ibrahim & Co completed an independent check on the status of environmental permits.

AASB proposes to manage the environmental impact of its operations in accordance with:

- the EQA and associated regulations
- the EHS Policy and Procedures document, including procedures relating to the containment of tailings from the processing plant, containment of process water and management of surface water run-off
- the environmental aspects set out in the OMS (dated 18 August 2014)
- the environmental management framework and impact mitigation measures proposed in the original EIS for the project (Normet 1990)
- the environmental management framework and impact mitigation measures to be developed as part of the new EIS for the project.

AASB has advised that the owner of the land retains the responsibility for rehabilitation of the site post-mining in accordance with the Mining Concession Work Agreement. Typically, the contribution to a common rehabilitation fund (required under the Terengganu SME) is the responsibility of an ML holder. There is no noted delegation of this requirement to AASB in the Mining Concession Work Agreement, which would appear reasonable as this could transfer the existing mine closure liabilities to AASB.

The previous mining operations have left a number of potential environmental management risks, including:

- acidic pit water in the two open pits
- potential acid and metalliferous drainage from un-rehabilitated waste rock dumps
- land disturbance that has not been rehabilitated.

Environmental management measures are available in the mining industry to address these matters to ensure compliance with legislation. Environmental baseline studies and management measures

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

to be developed as part of the new EIS will need to particularly focus on these risks, along with air, noise, waste management and other risks, to ensure regulatory compliance.

13.3. HERITAGE MANAGEMENT

AASB operations are required to comply with the National Heritage Act 2005. There are no assessments of existing archaeological values or cultural heritage values for this mine. Similarly, there are no assessments of potential impacts or proposed management measures for cultural heritage values, if present.

13.4. HEALTH AND SAFETY MANAGEMENT

AASB operations are required to comply with the Occupational Safety and Health Act 1994 (OSHA). The OSHA applies throughout Malaysia in the mining industry to ensure that employees, contractors, visitors and surrounding communities are not exposed to risks to their safety or health.

The Factories and Machinery Act 1967 (FMA) applies throughout Malaysia with respect to matters relating to the registration and inspection of machinery. The FMA requires all machinery to be of sound construction, sound material, free from defect, suitable for the purpose, be properly maintained and operated by appropriately qualified persons.

AASB proposes to obtain the necessary permits for machinery currently being operated on all sites and to comply with the terms and conditions imposed by the Department of Occupational Safety and Health and the statutory conditions set out in the FMA.

AASB is required to develop an occupational health and safety (OH&S) policy and report any accident, dangerous occurrence, occupational poisoning, or occupational disease. AASB has prepared the EHS Policies and Procedures document to meet this requirement. The document sets out:

- policy objectives and policy level direction
- outline level procedures
- requirement for safety training
- hazard identification
- personal protective equipment (PPE) requirements
- monitoring and reporting requirements.

Site induction presentations include high-level information on safe work policy and procedures, and a record of inductions and safety training is maintained. Site personnel are provided with basic safety training and provided with appropriate personal protective equipment. Safety signage at the processing plant site is of a good standard and consistent with accepted industry practice. Incidents that are required to be recorded under the OSHA are documented and recorded.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. FINANCIAL ANALYSIS

Ore Reserves have not been estimated for the Project and, therefore, an accurate economic analysis for the current mining and processing operation is not possible as at 31 December 2016. Anchor supplied Optiro with their 2017 budget forecast which has allowed for a process plant availability of 55% to 60% and throughputs of approximately 10,000 tonnes per month (125,000 for 2017). The planned plant throughput is not completely in-line with the open pit schedule and Optiro notes that some smoothing of the open mine rate will be required to achieve the 2017 budget forecast.

Optiro notes that the 2017 budget forecasts recovery of 2,880 ounces of gravity gold and a further 2,160 ounce of CIL recovered gold from 125,000 t of feed. Optiro considers this to be reasonable given AASB are able to successfully stabilise plant recoveries and throughputs.

14.1. CAPITAL COSTS

In 2015, AASB commissioned a treatment plant for the processing of the tailings Mineral Resource. Total capital costs of approximately RM13.0 million were expended in the construction and commissioning of the tailing retreatment plant. In the latter half of 2016, AASB modified the tailings treatment plant to process hard rock material including installation of comminution facilities and modification of the CIL circuit. Total capital expenditure for the plant modifications was in the order of RM2.9 million. Forecast ongoing capital costs are expected to be minimal over the remainder of the operation.

14.2. FORECAST OPERATING COSTS

Anchor has estimated operating costs for the 2017 hard rock operations based on 2106 actual costs and estimates. Optiro has reviewed these costs and considers that they are based on reasonable assumptions. For the most part, the costs have been estimated in Malaysian Ringgits. Table 14.1 summarises the various operating cost centres for gravity and CIL gold processing respectively.

Table 14.1 2017 forecast operating cost schedule (gravity gold)

	Operating cost (RM million)	Operating cost (US\$ million)
Royalty and tribute	1.44	0.36
Blasting costs	0.87	0.22
Haulage costs	1.73	0.43
Crushing costs	1.13	0.28
Insurance	0.01	0.00
Utility	1.20	0.30
Salary – site	0.73	0.18
Depreciation	0.46	0.12
Amortisation	0.62	0.15
Ball mill ball cost	0.85	0.21
Total production costs	9.04	2.26
Cost per ounce gold sold	3,150	787

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Table 14.2 2017 forecast operating cost schedule (CIL gold)

	Operating cost (RM million)	Operating cost (US\$ million)
Royalty and tribute	1.08	0.27
Security	0.17	0.04
Salary	1.16	0.29
Chemical	1.86	0.46
Insurance	0.10	0.03
Utilities	0.75	0.19
Repair and maintenance	0.21	0.05
Equipment rental	0.29	0.07
Depreciation and amortisation	1.39	0.35
Diesel - plant and machinery	0.09	0.02
Total production costs	7.10	1.78
Cost per ounce gold sold	3,300	824

15. CONCLUSIONS

Lubuk Mandi hosts two mineral assets; in-situ gold mineralisation below the existing open pit that was mined in the 1990s and 2000s and tailings produced from the processing of the mineralisation mined previously.

Anchor and its associates have adequately defined Mineral Resources for both the in-situ and tailings mineralisation. Most of the resource has been categorised as Indicated Mineral Resources. No Measured Mineral Resources have been determined, primarily because of the uncertainties associated with some of the pre-2013 historical drilling, survey control, database integrity and a lack of QA/QC records associated with the pre-2013 drilling. As at 30 September 2015, no Ore Reserves have been defined.

Optiro notes that Anchor has commenced mining from the in-situ, hard rock material and plan to increase their production rate through 2017. Optiro recommends that for 2017 onwards, Anchor depletes their Mineral Resource based on end of month and end of year pit surveys to ensure on-going accuracy in reporting Mineral Resources. Furthermore, Optiro considers it would be beneficial for Anchor to implement a formal reconciliation process incorporating Mineral Resource, grade control and production figures.

16. REFERENCES

AMC, 2015. Independent Qualified Person's Report on the Lubuk Mandi Gold Project, Malaysia.

Anchor Resources Limited, 2016. Offer Document, dated 9 March 2016.

Angka Alamjaya Sdn Bhd, 2015. Co-operation Agreement, between Angka Alamjaya Sdn. Bhd and Sinomine Resource Exploration Co., Ltd. 14 August 2015.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Angka Alamjaya Sdn Bhd, 2015. Inventory Policy for Gold and Environmental Safety and Health – Policies and Procedures (Version 1.2). Unpublished report.

Australasian Joint Ore Reserves Committee, 2012. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code), 2012 edition.

Aycel Global Holdings Sdn Bhd, 2004. Lubuk Mandi Project, Exploration Progress Report, 08-10-04. Prepared for Bidalan Mayan Sdn Bhd.

Chue HC Consultant, 2016. Operational Mining Scheme 1607. Lubok Mandi Open Primary Gold Mine.

Core Process Engineering, 2013. Lubuk Mandi Gold Tailings Retreatment and Plant Evaluation. Report no. 174-001.

Core Process Engineering, 2014. Flowsheet Development Testwork for Lubuk Mandi Gold Tailings Retreatment Project (Stage 3). Report number 174-003.

Core Process Engineering, 2015. Summary on the Plant Commissioning of Angka Alamjaya's Gold Tailings Retreatment Plant Facility at Lubuk Mandi, Kuala Terengganu, Malaysia. Report number CPE-AA-003.

GBM Resources Ltd, 2014. GBM Lubuk Mandi, Bulk density measurements. July 2014.

GBM Resources Ltd, 2014. Lubuk Mandi Geological Summary. Prepared by Tyler Lamb, September 2014.

Normet Pty Ltd & State Economic Development Corporation (SEDC), 1991. Environmental Impact Assessment for the Rusila Gold Project.

Ibrahim, Ali and Abdullah, 1997. Laporan Kajian Prospek Underground Emas Rusila – Penggerrudian Dalam Fasa 1 dan II. (PMINT internal report)

Surawaki Environment SDN BHD, 2016. Environmental Impact Assessment. First Schedule.

Skandus Pty Ltd, 2013. Lubuk Mandi, Terengganu, Tailings Resource Estimate. Report prepared by Scott McManus for GBM Resources Ltd, 21 October 2013.

Skandus Pty Ltd, 2014. Lubuk Mandi, Terengganu, Resource Estimate. Report prepared by Scott McManus et al for GBM Resources Ltd.

Tate, R.B., Tan, D.N.K., Ng, T.F., 2009. Geological Map of Peninsular Malaysia. In: Hutchison, C.S., Tan, D.N.K. (Eds.), Geology of Peninsular Malaysia. University of Malaya/Geological Society of Malaysia, Kuala Lumpur.

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17. GLOSSARY

Term	Explanation
Abbreviations	A\$ - Australian dollars, °C - degrees Celsius, EL - Exploration Licence, EIA - Environmental Impact Assessment, g/t - grams per tonne, ha - hectare, km - kilometre, km ² - square kilometre, m - metre, m ³ - cubic metres, MA - million years, mm - millimetre, M - million, Mt - million tonnes, Mtpa - million tonnes per annum, % - percentage, RC - Reverse Circulation drilling, SG - specific gravity, t - metric tonnes, US\$ - United States dollars.
aircore drilling	A drilling method used in soft or unconsolidated ground. Drill cuttings are returned to surface using compressed air within an inner tube of the hollow drill rods reducing sample contamination.
basement/bedrock	In general terms older, typically crystalline rocks which are often covered by younger rocks.
block model	A model comprised of rectangular blocks, each with attributes such as grades, rock types, codes that represents a given mineral deposit.
bulk density	A property of particulate materials. It is the mass of many particles of the material divided by the volume they occupy. The volume includes the space between particles as well as the space inside the pores of individual particles.
composite	A sample comprised of a number of smaller samples.
concentrate	End product of the flotation process.
core	See diamond drilling.
cut-off grade	The grade that differentiates between mineralised material that is economic to mine and material that is not.
diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
drillhole data	Data collected from the drilling, sampling and assaying of drill holes.
Feasibility Study	A mining and or processing study into the economic development of a project for which the inputs have an accuracy of 5% to 10%.
igneous	Rock is formed through the cooling and solidification of magma or lava.
Indicated Mineral Resource	'An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.' (JORC 2004)
Inferred Mineral Resource	'An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.' (JORC 2004)
JORC Code	The JORC Code provides minimum standards for public reporting to ensure that investors and their advisers have all the information they would reasonably require for forming a reliable opinion on the results and estimates being reported. The current version is dated 2004.
kriging	In geostatistics, a method of estimating a value(s) at a given point by computing a weighted average of the known values in the neighbourhood of the point.
lithology	The study and description of rocks, including their mineral composition and texture.
metallurgy	Study of the physical properties of metals as affected by composition, mechanical working and heat treatment.
Mineral Resource	'A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.' (JORC 2012)
mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.
Ore Reserve	'An 'Ore Reserve' is 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. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically

INDEPENDENT QUALIFIED PERSON'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Term	Explanation
	assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.' (JORC, 2012)
ore zone	Zone of mineralised material.
reverse circulation drilling (RC)	Drilling method that uses compressed air and a hammer bit to produce rock chips.
saprolite	Soft, decomposed/oxidised rock rich in clay and remaining in its original place.
sedimentary	Rock forming process where material is derived from pre-existing rocks by weathering and erosion.
sediments	Loose, unconsolidated deposit of debris that accumulates on the Earth's surface.
tenement	A generic term for an exploration or mining licence or lease.
unconformity	A structural break in the geological profile representing unrecorded time.
VALMIN Code	The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets for Independent Expert Reports (2005), sponsored by the AusIMM, the ASX, the AIG and MICA among others.
volcanic	An igneous rock of volcanic origin.

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2017

Number of shares issued	:	310,500,000
Class of Equity Security	:	Ordinary shares
Voting Rights of Ordinary Shareholders	:	1 vote for each ordinary share
Number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 – 99	4	0.52	219	0.00
100 – 1,000	53	6.91	40,454	0.01
1,001– 10,000	62	8.09	431,300	0.14
10,001 – 1,000,000	617	80.44	72,095,085	23.22
1,000,001 and above	31	4.04	237,932,942	76.63
Total	767	100.00	310,500,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 23 March 2017, approximately 61.76% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “Catalist Rules”). Accordingly, Rule 723 of the Catalist Rules is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	JHW Minerals & Resources Pte. Ltd.	43,146,023	13.90
2	GBM Resources Limited	35,221,236	11.34
3	Lim Chiau Woei	26,383,856	8.50
4	Chan Soo Chee	14,556,665	4.69
5	Law Phooi Wong	13,168,334	4.24
6	OCBC Securities Private Ltd	12,186,700	3.93
7	Koh Ah Luan	11,337,644	3.65
8	Alvito Capital Holdings Inc	10,490,000	3.38
9	Tan Beng Kiat	10,000,195	3.22
10	Metal-Like Surface Treatment Sdn Bhd	6,742,912	2.17
11	Maybank Kim Eng Securities Pte Ltd	6,482,100	2.09
12	Vincent Gan	6,067,381	1.95
13	UOB Kay Hian Pte Ltd	4,700,444	1.51
14	Chin Tyng Lei	4,122,315	1.33
15	Tan Meng Seng	3,606,043	1.16
16	Tan Lip Zee	2,807,815	0.90
17	Phillip Securities Pte Ltd	2,743,200	0.88
18	Gan Huai Shen	2,600,000	0.84
19	Teh Kiu Cheong @ Teong Cheng @ Cheng Chiu Chang	2,404,125	0.77
20	Cheng Ye	2,100,000	0.68
Total:		220,866,988	71.13

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2017

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 23 MARCH 2017

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
JHW Minerals & Resources Pte. Ltd.	43,146,023	13.90	–	–
GBM Resources Limited	35,221,236	11.34	–	–
Lim Chiau Woei ⁽¹⁾	26,383,856	8.50	43,146,023	13.90
Law Phooi Wong ⁽¹⁾	13,168,334	4.24	43,146,023	13.90

(1) JHW Minerals & Resources Pte. Ltd. is a private investment holding company incorporated in Singapore whose shareholders are Mr. Lim Chiau Woei (45.5%), Mr. Law Phooi Wong (40.5%) and Mr. Henry Sim (14%). As such, Mr. Lim Chiau Woei and Mr. Law Phooi Wong are deemed interested in all the shares held by JHW Minerals & Resources Pte. Ltd. by virtue of their respective interests in JHW Minerals & Resources Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Sheraton Tower Hotel Level 3, Turquoise Room, on Friday, 28 April 2017 at 2.00 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Consolidated Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2016 and the Statement of Financial Position of the Company as at 31 December 2016 together with the Independent Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Dr. Wilson Tay Chuan Hui, a Director retiring pursuant to Article 114 of the Company's Constitution. **(Resolution 2)**
[See Explanatory Note (i)]
3. To re-elect Mr. Lim Chiau Woei, a Director retiring pursuant to Article 114 of the Company's Constitution. **(Resolution 3)**
[See Explanatory Note (ii)]
4. To re-elect Mr. Gavin Mark McIntyre, a Director retiring pursuant to Article 118 of the Company's Constitution. **(Resolution 4)**
[See Explanatory Note (iii)]
5. To approve the payment of Directors' Fees of S\$160,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears. **(Resolution 5)**
6. To re-appoint Messrs BDO LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. GENERAL MANDATE TO ISSUE SHARES OR CONVERTIBLE SECURITIES

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Rules of Catalyst") and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company (the "Directors") to:

- (a) (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, “**instruments**”) that may or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force, provided that:
 - (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below):
 - (ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:
 - (1) new shares arising from the conversion or exercise of any convertible securities;
 - (2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist of the SGX-ST; and
 - (3) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (iv) unless revoked or varied by the Company in general meeting, the authority **(Resolution 7)** conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”
[See Explanatory Note (iv)]

9. EMPLOYEE PERFORMANCE SHARE PLAN

That approval be and is hereby given to the Directors of the Company to allot and issue **(Resolution 8)** from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Employee Performance Share Plan (the “**Plan**”), provided that the aggregate number of ordinary shares to be issued pursuant to the Plan and any other share based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.
[See Explanatory Note (v)]

By Order of the Board

Low Wee Siong
Tan Swee Gek
Joint Company Secretaries

Date: 13 April 2017
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Dr. Wilson Tay Chuan Hui, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee, Chairman of the Remuneration Committee and a member of the Nominating Committees. Dr. Wilson Tay Chuan Hui is the Non-Executive Chairman and Lead Independent Director. Dr. Wilson Tay Chuan Hui will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.
- (ii) Mr. Lim Chiau Woei, upon re-election as a Director of the Company, will remain as the Managing Director of the Company.
- (iii) Mr. Gavin Mark McIntyre, upon re-election as a Director of the Company, will remain as a member of each of the Audit Committee, the Remuneration Committee and the Nominating Committee. Mr. Gavin Mark McIntyre is an Independent Director. Mr Gavin Mark McIntyre will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.
- (iv) The Ordinary Resolution 7 proposed in item 8 above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 7 (including shares to be issued in pursuance of instruments made or granted) shall not exceed one hundred per cent. (100%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of fifty per cent. (50%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 7, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.
- (v) The Ordinary Resolution 8 proposed in item 9 above, is to authorise the Directors to allot and issue shares on the vesting of awards under the Plan.

NOTES:

1. Save as provided in the Constitution, a member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative. A proxy need not be a member of the Company.
 2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
 3. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.
 4. The instrument appointing the proxy must be deposited at the registered office of the Company at 80 Robinson Road #17-02, Singapore 068898 not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
- * A Relevant Intermediary is:
- (a) 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; or
 - (b) 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
 - (c) 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.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, 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 and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) 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 member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) 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.

ANCHOR RESOURCES LIMITED

(Incorporated in Singapore)
(Registration No. 201531549N)

PROXY FORM – ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name)

of _____ (Address)

being a member/members of ANCHOR RESOURCES LIMITED (the "**Company**"), hereby appoint:

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

and/or failing him/her (delete as appropriate)

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

or failing him/her/them the Chairman of the Annual General Meeting of the Company ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the AGM to be held at Sheraton Tower Hotel, Level 3, Turquoise Room, on Friday, 28 April 2017 at 2.00 p.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	Adoption of the Directors' Statement and the Audited Consolidated Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2016 and the Statement of Financial Position of the Company as at 31 December 2016 together with the Independent Auditors' Report thereon. (Resolution 1)		
2.	Re-election of Dr. Wilson Tay Chuan Hui as a Director of the Company (Resolution 2)		
3.	Re-election of Mr. Lim Chiau Woei as a Director of the Company (Resolution 3)		
4.	Re-election of Mr. Gavin Mark McIntyre as a Director of the Company (Resolution 4)		
5.	Payment of Directors' Fees of S\$160,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears (Resolution 5)		
6.	Re-appointment of Messrs BDO LLP as Auditors of the Company (Resolution 6)		
	SPECIAL BUSINESS		
7.	Authority for Directors to allot and issue new shares (Resolution 7)		
8.	Authority for Directors to allot and issue shares on the vesting of awards under the Plan (Resolution 8)		

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this _____ day of _____ 2017

Total Number of Shares held	
--	--

Signature(s) of member(s)
or Common Seal of Corporate Shareholder

* If no person is named in the space above, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated below, for me/us and on my/our behalf at the AGM and at any adjournment thereof.

IMPORTANT (PLEASE READ THE NOTES)

Notes:

1. 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.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 80 Robinson Road #17-02, Singapore 068898 not less than 48 hours before the time set for the AGM.
4. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
6. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

* A Relevant Intermediary is:

- (a) 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; or
- (b) 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
- (c) 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.

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 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2017.



ANCHOR RESOURCES LIMITED

(Company Registration Number 201531549N)
(Incorporated in the Republic of Singapore on 12 August 2015)