LEVERAGING ON OUR STRENGTH

2017

ANNUAL REPORT

ANCHOR
RESOURCES LIMITED

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This annual report has been prepared by Anchor Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents 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 announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Josh Tan, Vice President, 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 3rd Annual Report of Anchor Resources Limited ("**Anchor**") and together with its subsidiaries, (the "**Group**") for the financial year ended 31 December 2017 ("**FY2017**").

KEY DEVELOPMENTS

FY2017 had been an eventful year for Anchor as we successfully completed our very substantial acquisition for GGTM Sdn. Bhd. (formally known as GGT Manufacturing Sdn. Bhd.) ("**GGTM**") in August 2017 and diversified into granite mining and interior fit-out businesses from its existing gold mining business.

In addition, we also embark on underground gold mining in FY2017 with the aim of improving our gold extraction capabilities. In May 2017, Angka Alamjaya Sdn. Bhd. ("**AASB**"), the 100% owned subsidiary of the Anchor entered into agreement with Great Aims Resources Sdn. Bhd. ("**GAR**"), an associated company of Fujian Zhongye Construction Project Co., Ltd which specializes in providing construction services for mine and tunnel infrastructure. GAR has been given the exclusive rights to carry out gold mineral mining works at the Group's Lubuk Mandi Mine.

Since taking over the mining operations at the Lubuk Mandi Mine, GAR has built underground tunnel of more than 100 metres in length and also brought in underground mining equipment. The pilot plant was completed in December 2017 and the first batch of semi-processed gold concentrated ore was shipped out in March 2018.

AASB also successfully renewed mining leases for both ML 1/2007 and ML 2/2007 for a further five years until 2022. This is the first successful renewal of our mining leases for Lubuk Mandi Mine after our listing on the Catalist board of the Singapore Exchange Securities Trading Limited in 2016.

Other significant developments in FY2017 include the receipt of approval from relevant authorities for the operational mining scheme in relation to underground mining at Lubuk Mandi Mine and the exportation of semi-processed gold concentrated ore.

INDUSTRY OUTLOOK

Gold Mining

Gold prices was trading between US$1,145.9 to USD1,346.3 per troy ounce in 2017. Gold price between January to February 2018 ranged from US$1,291.0 to US$ 1,355.0 per troy ounce. Gold price also increased by approximately 11% in 2017 year on year. (Source: World Gold Council)

World Gold Council believes that following factors will drive the global financial markets and influence gold's performance in 2018.

a. **Synchronized global economic growth**. As global economy is growing reasonably strong, income is expected to rise. As such, demand for gold jewellery and gold-containing technology devices such as smartphones and tablets will continue to rise. Income growth will also help to increase demand for gold bars and coins as they are a form of investment and savings.

b. **Frothy asset prices**. Asset prices hit multi-year highs around the world in 2017 with US S&P 500 at its all-time high. In China, property prices almost doubled in the period of January 2015 to October 2017. Equity markets have marched steadily higher and credit standards have slipped lower. As gold can effectively hedge against financial shocks, investors can benefit from having an exposure to gold should global financial markets correct.

c. **Market transparency, efficiency and access**. Financial markets, including the gold market, have become more transparent and efficient, with new

CHAIRMAN'S STATEMENT

products broadening access to investors at different forms. In 2017, London Bullion Market Association launched a trade-data reporting initiative, which could bear fruit in 2018. And the London Metal Exchange launched LMEprecious, a suite of exchange-traded contracts intended to improve price transparency and efficiency of transacting in the London wholesale market. Such initiatives aid in creating a more efficient gold market and ensure that customers are well served by the gold industry.

Supply of Gold

According to World Gold Council, the total world supply of gold in 2017 was 4,398.4 tonnes, approximately 4.2% (192.5 tonnes) decrease from 4,590.9 tonnes in 2016. The two main sources of gold supply are mining production and recycling of gold. Mined gold totaled 3,268.7 tonnes in 2017 which is slightly more than 3,263.0 tonnes for 2016. However, supply of recycled gold reduced from 1,295.1 tonnes in 2016 to 1,160.0 tonnes in 2017.

Demand of Gold

According to World Gold Council, total world gold demand in 2017 decreased by 290.5 tonnes from 4,362.2 tonnes in 2016 to 4,071.7 tonnes in 2017 which represents a decrease of 6.7%. For 2017, there is a surplus of 340.2 tonnes of gold. However, the gold price remained strong and increased by approximately 11% at the end of the year.

World gold demand comprises mainly jewellery, technology, investment and central bank and other institution purchases. For 2017, the decrease in gold demand was greatly attributed by decrease in the investment sector where demand had decreased by approximately 22.8% (363.6 tonnes), partially offset by approximately 4% (81.9 tonnes) increase of demand in jewelry.

Quarry Mining

The Chinese government has recently set a more stringent policy on mining sector due to environmental issue, which results in some of the mines being shut down. As such, we foresee China would have to rely on foreign supplies for their future projects. As demand in China is expected to remain strong, we expect to benefit from such policy in terms of higher export to China at a higher selling price, and continue to expand into the China market.

As we expect demand for granite to increase steadily with the impending major projects like high speed railway connecting Kuala Lumpur to Singapore, East Coast Rail Line connecting Kota Bahru, Kelantan to Kuala Lumpur and two lines of mass rapid transit, we have planned to open up second quarry face to increase our production to meet the future needs.

FINANCIAL PERFORMANCE

The financial performance of GGTM has been incorporated into the Group's financial results following the completion of acquisition of GGTM in August 2017. The Group incurred losses of RM19.54 million for FY2017 as compared to RM32.91 million in FY2016. The losses for FY2017 would have been RM11.04 million assuming one-off and non-recurring expenses like interest expenses for redeemable convertible preference share ("**RCPS**") of RM2.53 million, fair value loss on derivative financial instrument of RM1.47 million and the expenses relating to acquisition of GGTM of RM4.50 million were excluded.

The Group recorded revenue of RM24.19 million of revenue in FY2017 as compared to RM7.10 million in FY2016, an increase of RM17.09 million. The increase in revenue was mainly attributable to increase in revenue from granite mining segment of RM18.54 million. However, it was offset by the drop in revenue of RM1.45 million for gold mining segment. In FY2017, granite segment completed its interior fit-out project and recognised a total revenue of RM21.64 million as compared to RM4.85 million in FY2016, representing an increase of RM16.79 million.

Assets

The Group had a net current assets of RM1.37 million at the end of FY2017 as compared to FY2016 a net current liabilities of RM10.40 million due to the RCPS conversion of RM13.63 million in FY2017. Total net assets of the Group also increased by RM2.95 million.

Liabilities

Total liabilities of the Group decreased by RM5.49 million from RM26.11 million as at end of FY2016 to RM20.62 million as at end of FY2017. The decrease in liabilities was mainly due to the capitalisation of RM13.63 million RCPS and RM2.09 million of trade payables, coupled with lower payables of RM5.55 million. The decrease was partially offset by the issuance of bonds of RM15.85 million for the Group's operations.

CHAIRMAN'S STATEMENT

BUSINESS STRATEGIES AND FUTURE PLANS

Implementation of mining strategy in underground mining

The Group had made the strategic decision to focus its mining strategy from open pit mining to underground mining in order to improve the efficiency and productivity of its gold mining and processing in the Lubuk Mandi Mine. As part of this new direction in the Group's business strategy, AASB had entered into a mining agreement with GAR to carry out gold mineral underground mining works at the Lubuk Mandi Mine. Under this arrangement, underground mining capital and operating expenditures shall be borne by GAR in exchange of revenue to be distributed between GAR and AASB on a 65:35 basis.

GAR has completed installation of the first batch of equipment and has commenced its testing and commissioning of such equipment using existing ore. Further, it is expected that GAR will complete the building of the underground tunnel at the Lubuk Mandi Mine by end of April 2018 and commence underground mining thereafter.

Exportation of semi-processed gold concentrated ore

In order to improve its overall business and financial performance, the Group had also embarked on exporting semi-processed gold concentrated ore. The method of underground mining for production of semi-processed gold concentrated ore is a form of targeted area mining which results in improvement in the efficiency and productivity of gold mining and processing through reduction in wastage, operating costs and turnaround time. Pursuant to this, the Company had through AASB, entered into memorandum of understanding with two China companies, being Beijing Fuhaihua Import & Export Corp. Ltd. ("**BFIE**") and Tianjin Universal-Link Enterprise (Overseas) Limited, for the export of semi-processed gold concentrated ore on 25 October 2017 and 6 November 2017 respectively.

AASB subsequently obtained export approvals for semi-processed gold concentrated ore from the Ministry of Natural Resources and Environment of Malaysia (Kementerian Sumber Asli Dan Alam Sekitar), being the first company in Malaysia to hold such approvals. The Group's subsidiary AASB and Beijing Fuhaihua Import & Export Corp. Ltd. had entered into a sale and purchase agreement in January 2018 for sale of semi-processed gold concentrated ore. The first shipment of semi-processed gold concentrated ore has been shipped at the beginning of March 2018.

Diversification of business through acquisition of GGTM

During the financial year, the Group completed its acquisition of GGTM in August 2017 to diversify into the new business of mining and quarry extraction of dimension stone granite as well as architectural stone and interior fit-out, from the Group's existing business of exploration, mining and production of gold for sale in Malaysia.

GGTM plans to open up another quarry face in May 2018 and install additional circular saw, two diamond wire saws and five block cutters in the next twelve months to expand its operations and extraction capacity. With the additional capacity, GGTM will be able to excavate 1,400 m3 of stones and process 10,000 m2 of slab on monthly basis based on 12 hours shift.

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*
- MS. CH'NG LI-LING *Independent Director*
- MR. GAVIN MARK MCINTYRE *Independent Director*
- DR. FOO FATT KAH *Non-Independent, Non-Executive Director*

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
MS. CH'NG LI-LING
Independent Director
MR. GAVIN MARK MCINTYRE
Independent Director
DR. FOO FATT KAH
Non-Independent
Non-Executive Director

AUDIT COMMITTEE
DR. WILSON TAY CHUAN HUI
Chairman
MS. CH'NG LI-LING
MR. GAVIN MARK MCINTYRE

NOMINATING COMMITTEE
MS. CH'NG LI-LING
Chairman
DR. WILSON TAY CHUAN HUI
MR. GAVIN MARK MCINTYRE

REMUNERATION COMMITTEE
DR. WILSON TAY CHUAN HUI
Chairman
MS. CH'NG LI-LING
MR. GAVIN MARK MCINTYRE

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/

COMPANY SECRETARIES
MR. LOW WEE SIONG, LLB
MS. TAN SWEE GEK, LLB

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:
MR. 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: Dr. Foo Fatt Kah, 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 45 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 MindQuest Consulting & Coaching. 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 Zealand, a Fellow of the Certified Practicing Accountants of Australia, a Fellow of the Institute of Chartered Secretaries and Administrator 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).

BOARD OF **DIRECTORS**

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 Concession Agreement and acquire the granite business. 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 11 years of experience in the mining industry. Since December 2007, he has been a director of the Gabungan Granite Terangganu Sdn Bhd. He was involved in the establishment of Gabungan Granite Terengganu Sdn Bhd and formulated strategies and marketing plans to expand the business globally. Currently he is the non-executive director of Gabungan Granite Terengganu Sdn Bhd.

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 ("**Linden**") 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**

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 LHN Limited.

Ms. Ch'ng is one of the founding members of RHTLaw Taylor Wessing and the Head of its Capital Markets 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 2014 and 2015 (Capital Markets), and has been recognised as 'Leading Lawyers' in the 2014-2017 editions of IFLR1000 in the Capital Markets category. She is co-author of "Law and Practice of Corporate Finance in Singapore", published by Lexis-Nexis in 2016. She was appointed Adjunct Assistant Professor at the Law Faculty of the National University of Singapore (NUS) for AY 2009/10 and AY 2011/12 and the NUS Business School for AY2009-2010. 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.

Ms. Ch'ng is currently an independent director of LHN Limited which is listed on the Singapore Exchange ("SGX"). In past 3 years, she also served as an independent director of Declout Limited which is listed on the SGX.

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 & acquisitions, corporate advisory and due diligence for multinational clients in various sectors such telecommunications, animal feed, edible oils, precision manufacturing and sugar mills.

From 2013 till 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 & distribution. He also held positions as a director in the group 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 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.

Mr. Gavin Mark McIntyre is currently an independent director of Nico Steel Holdings Ltd which is listed on the SGX. He also serves as alternate independent director of Equitasasia Limited which is listed on The Stock Exchange of Hong Kong.

BOARD OF **DIRECTORS**

DR. FOO FATT KAH
Non-Independent
Non-Executive Director

Dr. Foo Fatt Kah is our Non-Independent, Non-Executive Director and was appointed to our Board on 28 February 2018.

Dr. Foo is the co-founder and Managing Director of Luminor Capital Pte Ltd, a private equity fund management company based in Singapore. He has over 30 years of experience in investment banking, venture capital, private equity investments, financial advisory and consulting. He started his career as an equity analyst specialising in the pharmaceutical and biotechnology sector in Europe, working at Robert Fleming & Co, Barings Securities and Paribas Capital Markets in London, UK. In Asia, he has lived and worked both in Hong Kong and Singapore with Deutsche Morgan Grenfell (now Deutsche Bank) and Société General (SG). He was latterly Head of Asian Equities and Co-Head of the Investment Bank for SG Securities Asia covering 10 Asian countries. He was the Asian Venture Partner for Aravis Ventures, a global venture capital firm specializing in Biotechnology and Energy investments between 2004~2012. Dr. Foo is qualified in Medicine (M.B., B. Ch., B.A.O.) and Business Administration (MBA) from Queen's University, UK.

Dr. Foo is currently the lead independent director of PEC Ltd which is listed on the SGX. He also serves as non-executive and non-independent director of Ayondo Ltd and Variscan Mines Ltd which are listed on the SGX and Australian Securities Exchange, respectively.

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, consultant 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%
Angka Marketing Pte. Ltd. ("**AMPL**")	27 July 2017 Singapore	Business and management consultancy services	Singapore	100.0%
GGTM Sdn. Bhd. (formerly known as GGT Manufacturing Sdn. Bhd.) ("**GGTM**")	4 April 2010 Malaysia	Exploration, mining and production of dimension stone granites for sales as well as architectural stone and interior fit-out	Malaysia	100.0%

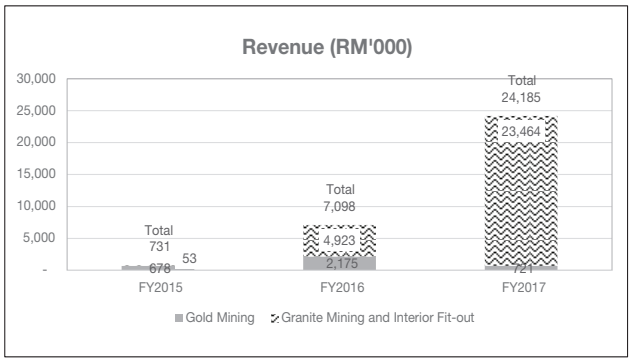
Save as disclosed above, there are no other subsidiaries, subsidiary entities, associated companies and associated entities of our Group.

None of our subsidiaries are listed on any stock exchange.

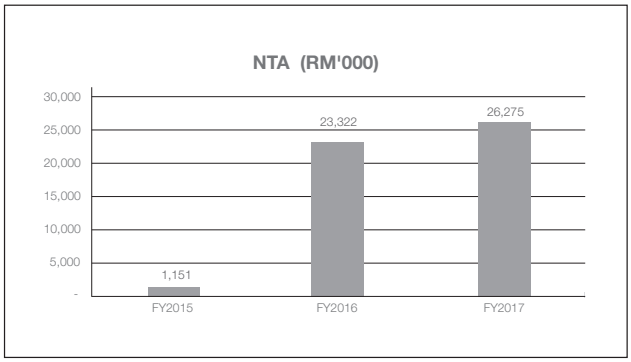
MILESTONES ACHIEVED

March 2017	Receipt of approval-in-principle from the Terengganu State Authority for the extension of Mining Leases for both ML 1/2007 and ML 2/2007 in respect of Lubuk Mandi Mine.
May 2017	• Receipt of ML 1/2007 renewal certificate. The mining lease is extended for a period of 5-year period commencing 9 April 2017 to 8 April 2022. • Great Aims Resources Sdn Bhd ("**GAR**") was engaged on an exclusive basis to carry out gold mineral mining works at Lubuk Mandi Mine.
August 2017	• GAR formally took over the mining operations at the Lubuk Mandi Mine with effect from 1 August 2017. • Completion of the acquisition of GGTM Sdn. Bhd. (formally known as GGT Manufacturing Sdn. Bhd.).
September 2017	Receipt of ML 2/2007 renewal certificate. The mining lease is extended for a period of 5-year period commencing 6 March 2017 to 5 March 2022.
October 2017	• Approval granted by Malaysia Minerals and Geoscience Department for the operational mining scheme in relation to the underground mining and development works to be carried out at the Lubuk Mandi Mine. • Entry into a memorandum of understanding (the "**MOU**") with Beijing Fuhaihua Import & Export Corp. Ltd ("**BFIE**") for the export of semi-processed gold concentrated ore.
November 2017	Entry into a MOU with Tianjin Universal-Link Enterprise (Overseas) Limited for the export of semi-processed gold concentrated ore.
December 2017	Approval granted by Ministry of Natural Resources and Environment of Malaysia (Kementerian Sumber Asli Dan Alam Sekitar) for the export of semi-processed gold concentrated ore.
January 2018	Entry into the definitive sale and purchase agreement with BFIE for the export of semi-processed gold concentrated ore.

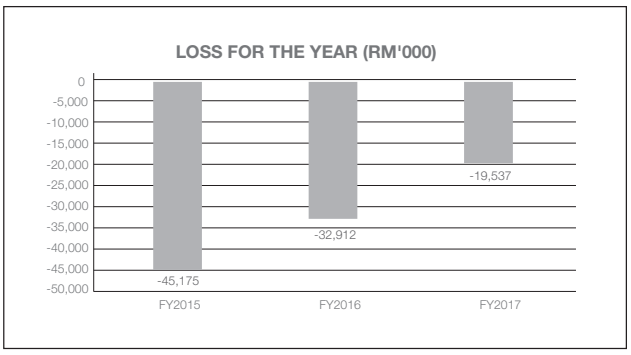
HIGHLIGHTS



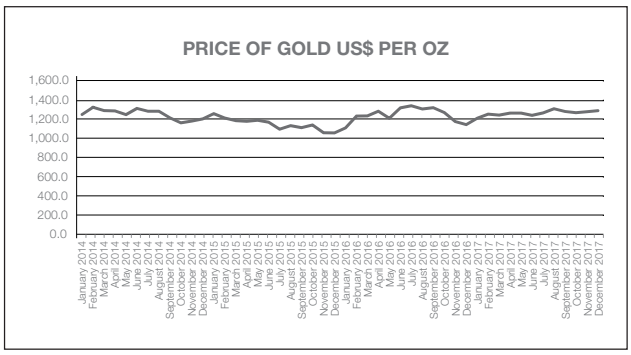
The Group generated RM7.10 million and RM24.19 million of revenues in FY2016 and FY2017, respectively. RM2.18 million and RM0.72 million are generated from the sales of 423.50 oz and 141.69 oz of gold in FY2016 and FY2017, respectively. RM4.92 million and RM23.46 million are generated from the granite mining and interior fit-out segment in FY2016 and FY2017, respectively.



NTA increased by RM2.95 million mainly due to issuance of RM141.44 million of share capital in our Company.

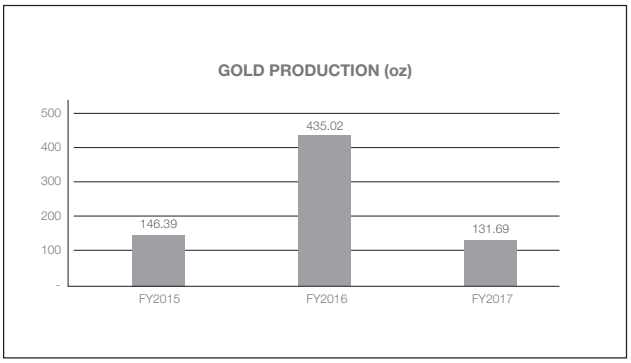


Losses for the Group decreased by RM13.37 million from RM32.91 million in FY2016 to RM19.54 million in FY2017. The net loss for the Group in FY2017 was mainly due to one-off and non-recurring expenses of RM8.50 million comprising interest expenses for RCPS of RM2.53 million, fair value loss on derivative financial instrument of RM1.47 million, and expenses relating to acquisition of GGTM of RM4.50 million.

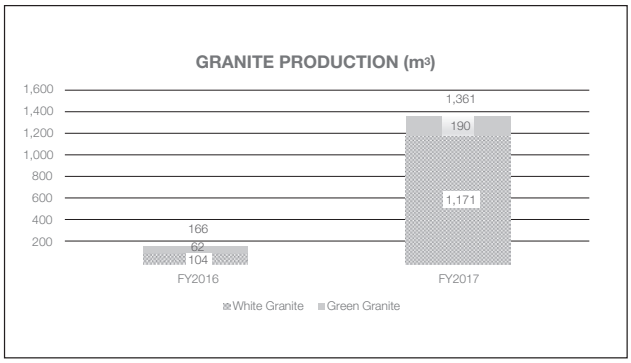


The above chart sets forth monthly average London Fix gold price for FY2014, FY2015, FY2016 and FY2017.

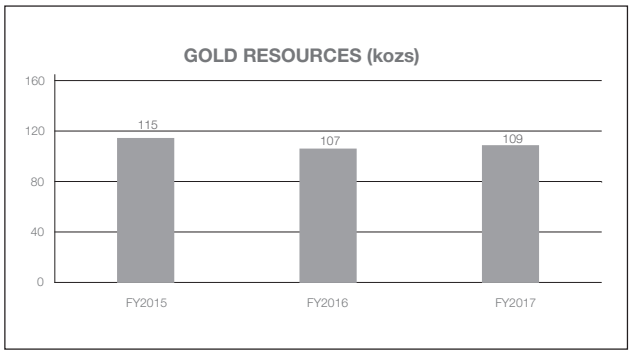
HIGHLIGHTS



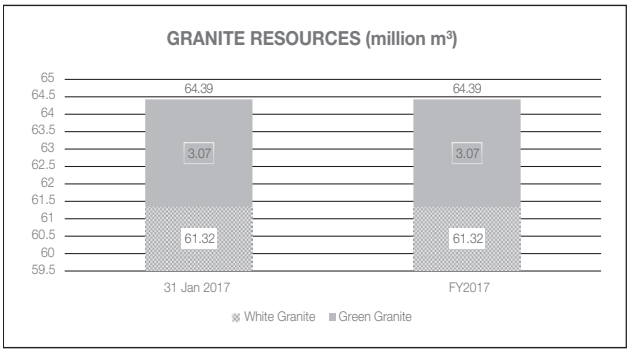
In FY2017, a total of 131.69 ounces (FY2016: 435.02) of fine gold were produced.



In FY2017, 190 m^3 and 1,171 m^3 (FY2016: 62 m^3 and 104 m^3) of green granite and white granite were produced, respectively.



The gold 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**").



The granite resources estimates have been reviewed by Rockhound Ltd, in accordance with the JORC Code.

FINANCIAL REVIEW

REVENUE AND RESULTS

The Group recorded revenue of RM24.19 million in FY2017 as compared to RM7.10 million in FY2016. Revenue increased by RM17.09 million was mainly due to the recognition of revenue for an interior fit-out project under the granite business segment of RM21.64 million (representing an increase of RM16.79 million as compared to RM4.85 million in FY2016).

OPERATING EXPENSES

Total operating expenses increased by RM3.42 million from RM40.12 million in FY2016 to RM43.54 million in FY2017. The increase in total operating expenses was mainly due to the following:–

- Decrease in raw materials and consumables used by approximately RM0.79 million from RM0.96 million in FY2016 to RM0.17 million in FY2017. The decrease was due to less chemical consumed and the outsource of gold mining operation to Great Aims Resources Sdn Bhd ("GAR").
- Increase in contractor expenses by RM11.07 million from RM4.22 million in FY2016 to RM15.29 million in FY2017. The increase was mainly due the contractor expenses of approximately RM14.31 million incurred for the interior fit-out project which was completed in FY2017.
- Decrease in other expenses by approximately RM8.59 million from RM21.48 million in FY2016 to RM12.89 million in FY2017. The decrease in other expenses was mainly due to the absence of one-off IPO expenses of RM13.34 million in FY2016 offset by increase in interior-fit out project expenses of RM4.44 million due to higher percentage of completion recognised in FY2017 and increase in freight and transportation expenses of RM0.30 million in tandem with higher volume of granite sales.
- Increase in finance costs by approximately RM0.36 million from RM3.84 million in FY2016 to RM4.20 million in FY2017. The increase was mainly due to interest incurred for the guaranteed non-convertible bond, exchangeable bond and RCPS of RM1.53 million, RM0.11 million and RM2.53 million respectively, in FY2017. For FY2016, interest incurred was mainly for RCPS of RM3.43 million.
- There was a one-off fair value loss on derivative financial instrument of RM1.47 million in FY2017 due to fair value loss on an exchangeable bond issued in FY2017 which can be exchanged to the Company's shares. There was no such loss in FY2016.

In FY2017, the Group incurred net loss of RM19.54 million as compared to RM32.91 million in FY2016. Excluding the one-off and non-recurring expenses, the Group's net loss for FY2017 would have been RM11.04 million.

SEGMENTAL REVIEW

Gold Mining Segment

The gold mining division registered a revenue of RM0.72 million in FY2017 as compared to RM2.18 million in FY2016 and loss before tax of RM6.49 million in FY2017 as compared to RM7.09 million in FY2016. The lower revenue was due to the implementation of the mining strategy from open pit mining to underground mining. Since June 2017, the main activities for the gold mining division were mainly site preparations, construction of underground tunnel and installation of relevant equipment. Thus, there were no sale of gold in second half of FY2017, resulting in overall lower revenue for this division for FY2017.

Granite Mining Segment

The granite mining division registered a revenue of RM23.46 million in FY2017 as compared to RM4.92 million in FY2016 and loss before tax of RM1.70 million in FY2017 as compared to RM4.40 million in FY2016. The improvement in performance was mainly a result of higher revenue recognition for an interior fit-out project.

WORKING CAPITAL

The Group's working capital position has improved by RM11.77 million from a negative working capital of RM10.40 million as at 31 December 2016 to positive working capital of RM1.37 million as at 31 December 2017. The improvement was mainly due to the capitalisation of trade payables of RM2.09 million and capitalisation of RM13.63 million of RCPS into equity.

EQUITY

The total shareholders' fund of the Group increased by RM2.96 million from RM23.32 million as at 31 December 2016 to RM26.28 million as at 31 December 2017. The increase was mainly due to an increase in share capital by RM141.44 million offset by an increase in accumulated losses of RM19.54 million, a decrease in merger reserve by RM118.30 million and a decrease in share-based payment reserve of RM0.69 million.

CASH AND CASH EQUIVALENTS

As at end of FY2017, the Group had cash and cash equivalents of RM 7.82 million.

OPERATIONS REVIEW
GOLD MINING SEGMENT

The Company, through its wholly-owned subsidiary, AASB is principally engaged in the business of exploration, mining and production of gold for sale in Malaysia. In May 2017, the Company had made the strategic decision to focus its mining strategy from open pit mining to underground mining in order to improve the efficiency and productivity of its gold mining and processing in the Lubuk Mandi Mine. As part of this new direction in the Group's business strategy, we had engaged GAR to carry out underground gold mineral mining works at the Lubuk Mandi Mine.

Historical Background

In 2013 and 2014, as part of the geological investigation and in the preparation of the JORC Report, we completed 30 drilling holes for a total of 6,230 meters. In 2015, we began tailing processing and produced 146.39 oz of gold with an average purity of 95.4% for sale. In 2016, we produced 359.37 oz of gold with an average purity of 89.5%.

Focus of 2017

Open pit hard rock mining was conducted at Lubuk Mandi for the period from January to May 2017. The operation included grade control drilling, blasting, loading and hauling. In May 2017, the open pit had reached the southern wall of South pit which was the limit for further mining. A total of 19,881 tons of ore was processed, and 149.93 oz of gold, with an average purity of 88.95%, was recovered up to May 2017 before we embarked on underground mining.

In August 2017, GAR officially took over the Lubuk Mandi Mine and has since completed installation of first batch of equipment. It has commenced its construction of a 50 ton per day ("**t/d**") pilot plant to test the production of saleable semi-processed concentrated ore of greater than 20 grams gold per ton ("**g/t**"), using existing tailings in addition to hard rock from underground mining.

Future Plans

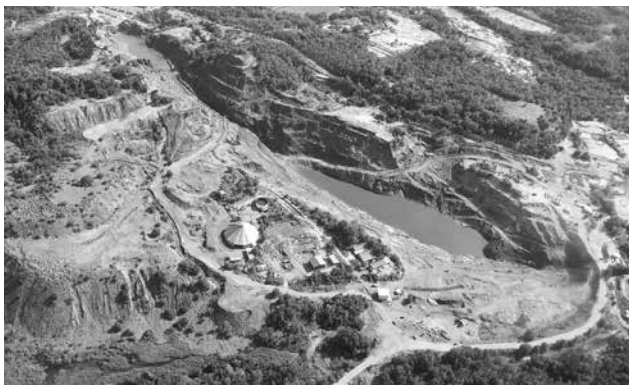
In 2018, GAR will continue with the construction of the underground mining tunnel. Due to the unstable rock deposits, GAR has to carry out stabilizing measures and expects the underground mining tunnel to reach the ore body between April to May 2018.

With the successful test run of the pilot plant in January 2018, GAR will modify the existing floatation plant with added equipment for production to be installed by end April 2018. Test run and re-commissioning of the modified plant is planned for May 2018. From May 2018 onwards, GAR plans to process both tailings and hard rocks alternately in the modified plant. Due to the need to stockpile hard rocks from the underground mining, GAR will switch, between processing tailings and hard rocks, every two to three months. This will maximize returns with the existing equipment.

We target to produce semi-processed concentrated ore of greater than 20 g/t for export to China. Compare with producing purified gold through the Carbon-In-Leach process, the advantages of producing semi-processed concentrated ore are that the production process is shortened, less manpower are required, less consumption of electricity, the use of certain toxic chemicals is eliminated and the process is more environmentally friendly.

Based on the planned production plan, GAR will commence production in May 2018 and we forecast to process 133,000 tons of tailings and 48,000 tons of hard rock ore in FY2018.

Underground Tunnel



Lubuk Mandi Gold Mine

OPERATIONS REVIEW
GRANITE MINING SEGMENT

The Company, through its wholly-owned subsidiary, GGTM is principally engaged in the businesses of exploration, mining, quarry extraction, processing and sale of granite products and dimension stone granite as well as architectural stone and interior fit-out in Malaysia.

GGTM has the concession for two dimension granite mines in Terengganu, Malaysia, namely the Bukit Chetai Mine and the Bukit Machang Property. At the moment, GGTM is focusing in the extraction of Terengganu Green and Sekayu White granite blocks from the Bukit Chetai Mine.

Historical Background

In 2016, we completed the drilling of 15 holes for a total of 2,615.5 meters as part of the geological investigation in preparation of the Qualified Person's Report in accordance with the JORC Code. Based on the geological studies of the Bukit Chetai Mine as at 31 January 2017, it was determined that the combined proved and probable ore reserves of the mine were 61.32 million m^3 of Sekayu White granite and 3.07 million m^3 of Terengganu Green granite; which were more than sufficient to meet the production planned over the period of the concession which expires in October 2029. Laboratory tests of the granite samples determined that the granites had good physical properties with low radioactivity levels and are suitable for both internal and external usage.

Focus of 2017

In March 2017, we commissioned a double blade circular saw machine to open a new production platform to excavate Terengganu Green and Sekayu White granite blocks. Between August 2017 to December 2017, using the circular saw machine and diamond wire saw machines, we excavated about 2,172 m^3 of granite. The block rates are 2.39% and 46.12% for the Terengganu Green and the Sekayu White granites respectively. The rates were low as we were cutting into the weathered rock layers. We expect the block rates to improve as we excavate further down into the granite deposit. Blocks were also produced from large boulders and the combined production for the entire year was 190 m^3 of Terengganu Green blocks and 1,171 m^3 of Sekayu White blocks. Some of these blocks were cut into slabs and tiles for the local market and some of these blocks were sold to the local market and China.

As at the end of FY2017, we had completed an interior fit-out project for a hotel.

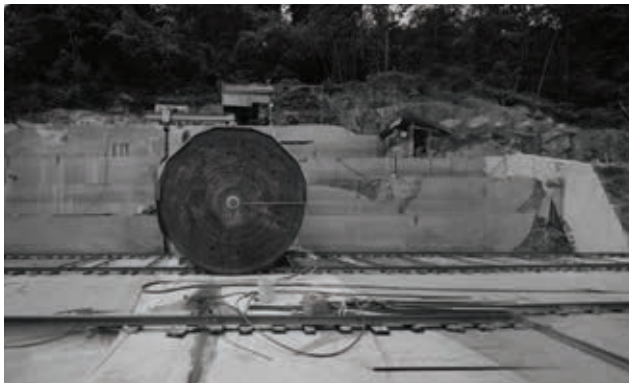
Future Plans

The Company will continue to focus on the extraction and production of Terengganu Green granite blocks from the new production platform. In response to the encouraging market reception of the Sekayu White granite, we intend to open a second new production platform in second half of 2018 to produce Sekayu White granite blocks using circular saw and diamond wire machines.

To cut the blocks into strips within the existing factory in the mine, we have scheduled to commission five multi-blade block cutter machines in around May to July 2018.

We will continue to seek out opportunities to supply more granite and to participate in large scale commercial projects. At the same time, we are broadening our marketing and distribution outreach in the China market, as well as expanding into the other South East Asian Countries, the United States and the Middle East.


Hotel Interior Fit-out Project by GGTM


Bukit Chetai Quarry Mine

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 outlines the Company's corporate governance practices for financial year ended 31 December 2017 ("**FY2017**") 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?

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 of Initial Appointment	Date of Last Re-Election/ Re-appointment
Dr. Wilson Tay Chuan Hui	Non-Executive Chairman and Lead Independent Director	18 December 2015	28 April 2017
Mr. Lim Chiau Woei	Managing Director	12 August 2015	28 April 2017
Mr. Chan Koon Mong	Executive Director	12 August 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	28 April 2017
Dr. Foo Fatt Kah	Non-Executive Director	28 February 2018	Not applicable

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 principal functions include:

- to review and advice on the Group's policies and procedures;
- to review and approve financial results and announcements;
- 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 with the Catalist 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 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	Mr. Gavin Mark McIntyre	Mr. Gavin Mark McIntyre

CORPORATE GOVERNANCE REPORT

<table>
<tr>
<td>1.4</td>
<td>Have the Board and Board Committees met in the last financial year?</td>
<td>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>3</td><td>3</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>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Mr. Lim Chiau Woei</td><td>3</td><td>3(1)</td><td>–</td><td>–</td></tr>
<tr><td>Mr. Chan Koon Mong</td><td>3</td><td>2(1)</td><td>–</td><td>–</td></tr>
<tr><td>Mr. Law Phooi Wong(2)</td><td>2</td><td>1(1)</td><td>–</td><td>–</td></tr>
<tr><td>Ms. Ch'ng Li Ling</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Mr. Gavin Mark McIntyre(3)</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Dr. Foo Fatt Kah(4)</td><td>N/A</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
</table>

Notes:

(1) Attendance by invitation.

(2) Mr Law Phooi Wong resigned as the Non-Executive Director of the Company on 13 October 2017. Pursuant to his cessation, Mr Law Phooi Wong also ceased to be a Director of the Company's subsidiaries, namely Angka Alamjaya Sdn. Bhd. and Angka Mining Sdn. Bhd.

(3) Mr. Gavin Mark McIntyre was appointed as an Independent Director of the Company on 21 February 2017.

(4) Dr. Foo Fatt Kah was appointed as a Non-Executive Director of the Company on 28 February 2018. As Dr. Foo Fatt Kah was appointed after the end of FY2017, he did not attend any meetings of the Board in FY2017.</td>
</tr>
<tr>
<td>1.5</td>
<td>What are the types of material transactions which require approval from the Board</td>
<td>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 interested person transactions.</td>
</tr>
<tr>
<td>1.6</td>
<td>(a) Are new Directors given formal training? If not, please explain why.</td>
<td>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 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.</td>
</tr>
</table>

CORPORATE GOVERNANCE REPORT

	(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 Directors during FY2017 included but are not limited to the sustainability reporting briefing organised by the SGX-ST and the briefing on regulatory changes, such as changes to the Companies Act and/or the Catalist Rules provided by the Company Secretary. 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, has 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.
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.	Guideline 2.1 of the Code is met as the Independent Directors make up half of the Board.
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 Directors, 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 in accordance with the Code.
	(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 Directors who are 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.

CORPORATE GOVERNANCE REPORT

<table>
<tr><td>2.4</td><td>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.</td><td>There is no Independent Director who has served beyond nine years since the date of his/her first appointment.</td></tr>
<tr><td>2.5</td><td>Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?</td><td>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.</td></tr>
<tr><td>2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying Director nominees?</td><td>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.</td></tr>
<tr><td></td><td>(b) 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.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Table 2.6 – Balance and Diversity of the Board
<table><tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr><tr><td>Core Competencies</td><td></td><td></td></tr><tr><td>– Accounting of finance</td><td>4</td><td>67%</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>5</td><td>83%</td></tr><tr><td>– Strategic planning experience</td><td>5</td><td>83%</td></tr><tr><td>– Customer based experience or knowledge</td><td>3</td><td>50%</td></tr></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.</td></tr>
<tr><td></td><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>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.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

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 Non-Executive Directors are kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Non-Executive 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 Non-Executive Directors on the latest developments of the Group and its future plans. Forecast financials against budget are also presented to enable the Non-Executive Directors to assess the performance of the Group.
2.8 3.4	Have the Non-Executive Directors (including Independent Directors) met in the absence of key management personnel in the last financial year?	The Non-Executive Directors had met and discussed with the external and internal auditors 2 times in the absence of key management personnel in FY2017.
Chairman and Managing Director		
3.1 3.2	Are the duties between Chairman of the Board and Managing Director segregated?	As at the date of this Annual Report, Dr. Wilson Tay Chuan Hui is the Non-Executive Chairman of the Board 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 the 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?	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, *inter alia*, the following: • to review and approve any new employment of related persons and proposed terms of their employment; • to re-nominate directors for re-election in accordance with the Company's 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 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.
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 in FY2017.

CORPORATE GOVERNANCE REPORT

<table>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>The Company currently does not have any alternate Directors.</td></tr>
<tr><td>4.6</td><td>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</td><td>
<table>
<tr><th colspan="3">(i) Table 4.6 (a) – Process for the Selection and Appointment of New Directors</th></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>• 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>2.</td><td>Search for suitable candidates</td><td>• 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>3.</td><td>Assessment of shortlisted candidates</td><td>• The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>• The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
<table>
<tr><th colspan="3">(ii) Table 4.6 (b) – Process for the Re-electing Incumbent Directors</th></tr>
<tr><td>1.</td><td>Assessment of director</td><td>• 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>2.</td><td>Re-appointment of director</td><td>• 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>
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 Mr. Chan Koon Mong and Ms. Ch'ng Li-ling. After assessing each of their contributions and performance, the NC is recommending Mr. Chan Koon Mong and Ms. Ch'ng Li-ling for re-election at the forthcoming AGM.

Additionally, Dr. Foo Fatt Kah was appointed on 28 February 2018. 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 contribute, the Board and NC have also recommended the re-election of Dr. Foo Fatt Kah at the forthcoming AGM.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

4.7	Please provide Directors' key information	The key information of the Directors, including their profiles and directorships held in the past 3 years, are set out on pages 5 to 8 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 47 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 30 April 2018 are stated in the Notice of AGM set out on pages 253 to 256 of this Annual 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.
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	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 quantitative and qualitative performance criteria).

CORPORATE GOVERNANCE REPORT

<table>
<tr><td></td><td></td><td>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.

No external facilitator was used in the evaluation process.

The Board and the NC have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.</td></tr>
<tr><td></td><td>(b) Has the Board met its performance objectives?</td><td>The NC is of the view that the Board has met its performance objectives for FY2017.</td></tr>
<tr><td colspan="3"><u>Access to information</u></td></tr>
<tr><td>6.1
6.2</td><td>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?</td><td>
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>As and when, relevant</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.
</td></tr>
</table>

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. All Directors have separate and independent access to the Company Secretary. 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?	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, *inter alia*, 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 FY2017.
Level and Mix of Remuneration		
8.1	Measures for assessing the performance of executive director and key management personnel	The annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel are commensurate with their performance, 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. There was no variable compensation paid based on the level of achievement of corporate and individual performance objectives in FY2017. In addition, the Company has put in place Anchor Resources Performance Share Plan ("**Performance Share Plan**" or "**PSP**") to reward Directors and key management personnel for meeting their key performance indicators.

CORPORATE GOVERNANCE REPORT

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 adopted on 22 September 2015 and last renewed at the AGM of the Company on 28 April 2017. The Performance Share Plan will be renewed at the forthcoming AGM of the Company.
8.3	How the remuneration of non-executive directors is determined?	The Board concurred with the RC that the proposed Directors' fees for the year ended 31 December 2017 is appropriate and that the Non-Executive 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. For Independent Directors, the Company also 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.

CORPORATE GOVERNANCE REPORT

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.
9.1 9.2	Has the Company disclosed each Director's and the Managing Director'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 for FY2017 is as follows:

Table 9 – Directors' Remuneration

Name	Salary (%)[1]	Allowance (%)[1]	Director's Fees (%)	Total (%)
Above S$250,000 and below S$500,000				
Mr. Lim Chiau Woei	87	3	10	100
Mr. Chan Koon Mong[2]	76	24	100	100
Below S$250,000				
Dr. Wilson Tay Chuan Hui	–	–	100	100
Ms. Ch'ng Li Ling	–	–	100	100
Mr. Gavin Mark McIntyre[3]	–	–	100	100
Mr. Law Phooi Wong[4]	–	–	100	100
Dr. Foo Fatt Kah[5]	–	–	–	–

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) In FY2017, we issued 3,496,625 new shares to Mr. Chan pursuant to his service agreement dated 26 October 2015.

(3) Mr. Gavin Mark McIntyre was appointed as an Independent Director of the Company on 21 February 2017. As such, his remuneration commenced from 21 February 2017.

(4) Mr. Law Phooi Wong ceased to be a Non-Executive Director of the Company on 13 October 2017. As such, his remuneration is paid up to 13 October 2017

(5) No remuneration was paid to Dr. Foo Fatt Kah as he was only appointed as Non-Executive Director of the Company on 28 February 2018.

There were no termination, retirement and post-employment benefits that may be granted to Directors and key management personnel during FY2017.

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.

CORPORATE GOVERNANCE REPORT

<table>
<tr>
<td>9.3</td>
<td>(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 four key management personnel (who are not Directors or the Managing Director).</td>
<td>During FY2017, the Company only had four 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 Directors or the Managing Director) for FY2017 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>72</td><td>18</td><td>10</td><td>100</td></tr>
<tr><td>Fan Ngee Shin</td><td>59</td><td>19</td><td>22</td><td>100</td></tr>
<tr><td>Teoh Yee Kian</td><td>81</td><td>19</td><td>–</td><td>100</td></tr>
<tr><td>Chong Poh Leong</td><td>85</td><td>15</td><td>–</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 the performance shares (pre-alloted during the listing of the Company) issued and allotted under the Performance Share Plan in FY2017.

The total remuneration paid to the four key management personnel in FY2017 was RM1,158,584 (equivalent to S$382,459 based on exchange rate of S$1 to MYR3.0293 as at 31 December 2017).

There were no termination, retirement and post-employment benefits that may be granted to the key management personnel during FY2017.</td>
</tr>
<tr>
<td>9.4</td>
<td>Is there any employee who is an immediate family member of a Director or the Managing Director, 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.</td>
<td>There was no employee of the Group who was an immediate family member of a Director or the Managing Director whose remuneration exceeded S$50,000 in FY2017.</td>
</tr>
<tr>
<td>9.5</td>
<td>Please provide details of the employee share scheme(s).</td>
<td>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.

Further information on the Performance Share Plan are set out on pages 41 to 44 of this Annual Report.</td>
</tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><td>9.6</td><td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>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 variable compensations. 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.</td></tr>
<tr><td></td><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>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 9.6 (b)
<table><tr><th>Performance Conditions</th><th>Short-term Incentives (Such as performance bonus)</th><th>Long-term Incentives (Such as PSP)</th></tr><tr><td colspan="3">Executive Directors</td></tr><tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices</td><td>1. Commitment
2. Current market and industry practices</td></tr><tr><td>Quantitative</td><td>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>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">Key Management Personnel</td></tr><tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices</td><td>1. Commitment
2. Current market and industry practices</td></tr><tr><td>Quantitative</td><td>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>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></table></td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2017.</td></tr>
</table>

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 understands its accountability to the shareholders on the Group's position, performance and prospects. The Board ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements and strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects. Management provides appropriately detailed management accounts of the Group's performance on a half-yearly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.
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 that eliminate the risk of failure to achieve business objective, 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 IA prepares the internal audit plan taking into consideration the risks identified which is approved by the AC. During FY2017, 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 in FY2017. The bases for the Board's view are as follows: • Assurance had been received from the Managing Director ("**MD**") and Chief Financial Officer ("**CFO**"); • Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the key management personnel and the Board and; • Discussion held between the AC and external auditor in the absence of the key management personnel to review and address any potential concerns on.
	(b) In respect of the past 12 months, has the Board received assurance from the Managing Director 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 MD and CFO in respect of the FY2017. In addition, the outsourced IA, Axcelasia Columbus Sdn Bhd has met up with the AC on 26 February 2018 to brief on the internal controls matters and highlighted to the AC on the issues identified and management responses. The Board has additionally relied on IA' report in respect of issued to the Company as assurances that the Company's risk management and internal control systems are effective and adequate.

CORPORATE GOVERNANCE REPORT

Audit Committee		
12.1 12.2 12.3 12.4	What is the role of the AC?	The terms of reference of the AC include, *inter alia*, the following: • Assist our Board in the discharge of its responsibilities on financial reporting matters; • Review, with the internal 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 our internal 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;
		• Review the effectiveness and adequacy of the Group's internal controls and procedures including accounting and financial controls and procedures and ensure coordination between the internal and external auditors, and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our 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 our Group and any formal announcements relating to our 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 internal controls and with the CFO and the internal and external auditors, including financial, operational, compliance and information technology controls via reviews carried out by the internal auditors; • 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;

CORPORATE GOVERNANCE REPORT

<table>
<tr><td></td><td></td><td>• Review and establish procedures for receipt, retention and treatment of complaints received by our Group, inter alia, criminal offences involving our 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.

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.</td></tr>
<tr><td>12.5</td><td>Has the AC met with the auditors in the absence of key management personnel?</td><td>The AC had met and discussed with the external and internal auditors 2 times in the absence of key management personnel in FY2017. Post FY2017, the AC had also met with the external auditor in the absence of key management personnel on 26 February 2018.</td></tr>
<tr><td>12.6</td><td>Has the AC reviewed the independence of the external auditor?</td><td>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 auditor, and has recommended the re-appointment of the external auditor at the forthcoming AGM.</td></tr>
<tr><td></td><td>(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.</td><td>
<table>
<tr><th colspan="3">Table 12.6 (a) – Fees Paid/Payable to the external auditor for FY2017</th></tr>
<tr><th></th><th>RM</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>159,231</td><td>35</td></tr>
<tr><td>Non-audit fees
– Fees as independent reporting auditors in connection with acquisition of GGTM
– Tax compilation service fees</td><td>242,344

51,528</td><td>54

11</td></tr>
<tr><td>Total</td><td>453,103</td><td>100</td></tr>
</table>

All payments in Singapore Dollars are based on exchange rate of S$1 to MYR3.0293 as at 31 December 2017.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

	(b) If the external auditor has 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 during FY2017 were related to fees as independent reporting auditors in connection with acquisition of GGTM and tax compilation service fees. The tax compilation service fees were not substantial. The AC had reviewed and is of the view that the nature and extent of such services will not prejudice the independence of the external auditors.
12.7	Does the Company have a whistle-blowing policy?	The Company has put into 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. The Company's employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to drwilsontay@gmail.com
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?	The AC had been briefed by the external auditor on the changes to financial reporting standards, as well as the relevant sections of the Companies Act which have a direct impact on the financial statements.
12.9	Are any of the members of the AC (i) a former partner or director of the Company's existing auditing firm or auditing corporation within the previous 12 months and (ii) hold any financial interest in the auditing firm or auditing corporation?	None of the members of the AC (i) is a former partner or director of the Company's existing auditing firm or auditing corporation within the previous 12 months and (ii) hold any financial interest in the auditing firm or auditing corporation.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The AC's responsibility in overseeing that the Group's risk management system and internal controls is complemented by its outsourced IA, Axcelasia Columbus Sdn Bhd. The IA reports directly to the AC Chairman and administratively to the MD and CFO. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that IA is adequately qualified (given, *inter alia*, 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 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. Shareholders are entitled to attend the general meetings of shareholders and given the opportunity to participate effectively in and vote at general meetings of shareholders.
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?	The Company does not have an investor relation policy. However, 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.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company has engaged an investor relation firm to assist the Company in its investors relation activities.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.angkaalam.com.
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, *inter alia*, 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 has not declared or recommended any dividend for FY2017, as the Board wants to ensure that there are adequate resources to further the development of the gold mine and processing capacities.

CORPORATE GOVERNANCE REPORT

CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted	The Company's Constitution allows 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 of exigencies. The external auditor is 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		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
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 is 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 FY2017 or if not then subsisting, entered into since the end of the previous financial year.
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 effective and adequate to address the financial, operational, compliance and information technology risks in FY2017 base on the following: • internal controls procedures established by the Company; • works performed by the IA and external auditor; • assurance from the MD and CFO; and • reviews done by the various Board Committees and key management personnel.

CORPORATE GOVERNANCE REPORT

<table>
<tr><td>1204(17)</td><td>Interested Person Transaction (“IPT”)</td><td>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 Group had obtained a general mandate from its shareholders for IPT at an extraordinary general meeting held on 19 July 2017.

There were no IPTs with value more than S$100,000 transacted during FY2017.</td></tr>
<tr><td>1204(19)</td><td>Dealing in Securities</td><td>The Company has adopted an internal policy which prohibits the Company, its Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its 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 Company, its Directors and employees are expected not to deal in the Company’s securities on short term considerations and they are also prohibited from dealing in the Company’s securities during the period beginning one month before the announcement of the Company’s half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.</td></tr>
<tr><td>1204(21)</td><td>Non-sponsor Fees</td><td>For FY2017, the Company paid to its sponsor, UOB Kay Hian Private Limited non-sponsor fees of S$750,000 for project management services.</td></tr>
<tr><td>1204(22)</td><td>Use of Proceeds</td><td>The Company raised net proceeds of approximately S$1.956 million from the issuance of exchangeable bonds on 25 August 2017. As at 31 March 2018, the utilisation of the net proceeds from the issuance of exchangeable bond is as stated below:

<table>
<tr><th>Purpose</th><th>Amount allocated S$’000</th><th>Amount utilised S$’000</th><th>Balance S$’000</th></tr>
<tr><td>General working capital[1]</td><td>1,956</td><td>1,600</td><td>356</td></tr>
<tr><td>Total</td><td>1,956</td><td>1,600</td><td>356</td></tr>
</table>

Note:

(1) For general corporate and administrative expenses.</td></tr>
</table>

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**

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 2017 and the statement of financial position of the Company as at 31 December 2017.

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 2017, 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
Ch'ng Li-Ling
Gavin Mark McIntyre
Dr. Foo Fatt Kah (Appointed on 28 February 2018)

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 2017	Balance at 31 December 2017	Balance at 1 January 2017	Balance at 31 December 2017
Company				
Ordinary shares				
Lim Chiau Woei	26,383,856	306,263,319	43,146,023	115,415,862
Chan Koon Mong	–	3,496,625	1,597,222	1,597,222

By virtue of Section 7 of the Act, Mr. Lim Chiau Woei is 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 2018 in the shares of the Company have not changed from those disclosed as at 31 December 2017.

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.

On 4 October 2017, 764,200 units of shares were issued to eligible employees.

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.

Shares will not be subject to moratorium. The one-off grant of equity compensation plan awards was granted on 28 October 2015. On 6 December 2017, 3,496,625 shares were issued to Mr. Chan Koon Mong 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 2017 and at the date of this statement are:

Dr. Tay Chuan Hui (Chairman)
Ch'ng Li-Ling
Gavin Mark McIntyre

The Audit Committee performed the functions specified in Section 201B(5) of the Act 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 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 Company 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
9 April 2018

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 59 to page 121, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017;
- 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 2017 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the financial statements, which indicates that the Company's current liabilities exceeded its current assets by approximately RM3,092,000 as at 31 December 2017. The Group incurred a net loss of approximately RM19,537,000 and had negative cash flows from operating activities of approximately RM19,250,000 for the financial year ended 31 December 2017.

As at 31 December 2017, the Group has cash and cash equivalents of approximately RM7,817,000. To meet the short-term financial requirements of the Group, the Company has entered into two agreements in March 2018 to issue two tranches of bond of S$1,500,000 (equivalent to RM4,500,000) and S$3,310,000 (equivalent to RM9,930,000) which are guaranteed by a Director of the Company and will mature in March 2019.

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

Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern section*, we have determined the matters described below to be the key audit matters to be communicated in our report.

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 and granite respectively at Lubuk Mandi and Bukit Chetai Mines located in Terengganu, Malaysia. As at 31 December 2017, the assets related to mining operations ("Mining Assets") mainly comprise the following: 1. Mine properties 2. Property, plant and equipment 3. Investment in subsidiaries of the Company Mine properties and property, plant and equipment form a significant component of the Group's assets, i.e. 69.5% of the Group's total assets as at 31 December 2017. Mines properties represent those capitalised exploration, evaluation and development costs incurred for Lubuk Mandi and Bukit Chetai Mines. The Group applies a unit-of-production amortisation policy on its gold mine properties and straight-line method over the concession period for granite mine properties. Property, plant and equipment are mainly those on-site processing facilities and infrastructure. As the Group's gold mining business segment incurred operating losses for the financial year ended 31 December 2017, management determined if there are impairment losses based on the value-in-use ("VIU") by estimating the expected present value of future cash flows from the Group's gold mining operations. In addition, management also determined that there are indications of impairment on the investment in subsidiaries operating the mines as their net assets are lower than the cost of investment. Based on the recoverable amount determined by management, an impairment loss on the cost of investment in the subsidiary operating the gold mine of approximately RM20,929,000 was recognised in the Company's profit or loss.	We performed the following audit procedures, amongst others: • Read and compared the Independent Qualified Person's Reports ("IQPR") issued by the independent external specialists, including obtaining an understanding and assessing the appropriateness of the techniques applied. • 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 year to the recoverable ore reserve of the gold mine as extracted from the IQPR. • Checked the mathematical accuracy of management's computation of the VIU of the respective CGU and discussed with management to understand the basis for the key assumptions made.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

KEY AUDIT MATTERS	AUDIT RESPONSE
1 Mining operations (Continued)	
We focused on this area as a key audit matter due to the inherent subjectivity in management's judgement in: • determining the respective VIU of the gold and granite cash generating units ("CGU") which involves key assumptions on gold or granite future prices, future production volumes and discount rates, amongst others. • applying the unit-of-production amortisation policy on the gold mine properties which involves an estimation of the rate of depletion. In addition, the recoverable ore reserves of the mines are another key inputs to the VIU, for which management has engaged independent external specialists to assist in the estimations. Refer to Note 3 to the financial statements which describes the critical judgements made in relation to impairment of the Mining Assets. Refer to Notes 5 and 7 to the financial statements relating to the carrying amounts of the Group's property plant and equipment and mine properties which amounted to approximately RM16,766,000 and RM15,833,000 respectively as at 31 December 2017. Refer to Note 8 to the financial statements relating to the carrying amount of the Company's investment in subsidiaries which amounted RM171,757,000 as at 31 December 2017.	We performed the following audit procedures, amongst others: (Continued) • Evaluated the significant judgements and key assumptions used in the VIU 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
2 Acquisition of GGTM Sdn. Bhd. ("GGTM") and business combination under common control	
The Company completed its acquisition of the entire issued and fully paid-up capital of GGTM on 21 August 2017, by way of allotment and issuance an aggregate of 712,172,414 ordinary shares for consideration of approximately RM138,800,000. Merger accounting was used to account for this business combination as there has been a continuation of the risks and benefits to the controlling party that existed prior to the business combination. In applying merger accounting, the acquisition was accounted for as if it had occurred at the beginning of the earliest comparative period presented as management has determined that the date of the common control combination predates 1 January 2016. For this purposes, comparatives were restated and there was a reduction to the merger reserve amounting to RM118,294,000. The Group's accounting policy relating to business combination under common control is set out in Note 2.1 and Note 2.2 to the financial statements. We determined this area to be a key audit matter as this acquisition is a significant transaction during the financial year and has material financial impact on the accompanying financial statements. Refer to Note 8, Note 13, Note 14 and Note 36 of the accompanying financial statements.	We performed the following audit procedures, amongst others: • Discussed with management to understand the business rationale and examined agreements and other supporting documents to evaluate management's assessment that this acquisition has fulfilled the principles applicable for common control business combination. • Assessed management's application of merger accounting by checking to the consolidation and other journal entries, and the relevant financial information of GGTM. • Checked management's computation of the loss per share. • Evaluated the adequacy of disclosures related to this acquisition in the accompanying 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

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 directors' responsibilities include overseeing the Group's financial reporting process.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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.

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.

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 and its subsidiary corporation incorporated in Singapore of which we are the auditors, 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
9 April 2018

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2017

	Note	Group 31.12.2017 RM'000	Group 31.12.2016 RM'000	Group 1.1.2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
			Restated (Note 36)	Restated (Note 36)		
ASSETS						
Non-current assets						
Property, plant and equipment	5	**16,766**	18,474	12,702	**3**	4
Exploration and evaluation assets	6	**–**	50	651	**–**	–
Mine properties	7	**15,833**	15,442	13,065	**–**	–
Investments in subsidiaries	8	**–**	–	–	**171,757**	51,599
Prepayments	9	**53**	83	–	**–**	–
		32,652	34,049	26,418	**171,760**	51,603
Current assets						
Inventories	10	**584**	493	474	**–**	–
Income tax recoverable		**105**	–	–	**–**	–
Trade and other receivables	11	**5,555**	2,988	654	**9,922**	3,117
Prepayments	9	**182**	153	4,868	**102**	74
Fixed deposits and bank balances	12	**7,817**	11,746	3,579	**1,611**	3,965
		14,243	15,380	9,575	**11,635**	7,156
Total assets		**46,895**	49,429	35,993	**183,395**	58,759
EQUITY AND LIABILITIES						
Equity						
Share capital	13	**247,780**	106,342	51,953	**247,780**	106,092
Merger reserve	14	**(102,649)**	15,645	15,645	**–**	–
Share-based payment reserve	15	**–**	694	–	**–**	694
Currency translation reserve	16	**40**	–	–	**–**	–
Accumulated losses		**(118,896)**	(99,359)	(66,447)	**(79,112)**	(48,938)
Total equity		**26,275**	23,322	1,151	**168,668**	57,848
Non-current liabilities						
Finance lease payables	17	**250**	330	–	**–**	–
Borrowings	18	**7,494**	–	–	**–**	–
Redeemable convertible preference shares	19	**–**	–	4,229	**–**	–
		7,744	330	4,229	**–**	–
Current liabilities						
Trade and other payables	20	**4,436**	12,078	6,698	**6,367**	911
Finance lease payables	17	**80**	73	–	**–**	–
Borrowings	18	**8,360**	–	–	**8,360**	–
Redeemable convertible preference shares	19	**–**	13,626	–	**–**	–
Derivative financial instruments	21	**–**	–	23,915	**–**	–
		12,876	25,777	30,613	**14,727**	911
Total liabilities		**20,620**	26,107	34,842	**14,727**	911
Total equity and liabilities		**46,895**	49,429	35,993	**183,395**	58,759

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
			Restated (Note 36)
Revenue	22	**24,185**	7,098
Other income	23	**201**	114
Raw materials and consumables used		**(170)**	(958)
Changes in inventories		**59**	211
Contractors expenses		**(15,289)**	(4,216)
Royalty fees		**(680)**	(825)
Depreciation and amortisation expenses	24	**(1,978)**	(1,875)
Employee benefits expenses	25	**(6,624)**	(6,635)
Operating lease expenses	26	**(300)**	(512)
Other expenses		**(12,889)**	(21,478)
Finance costs	27	**(4,199)**	(3,836)
Fair value loss on derivative financial instrument		**(1,471)**	–
Loss before income tax	28	**(19,155)**	(32,912)
Income tax expense	29	**(382)**	–
Loss for the financial year		**(19,537)**	(32,912)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency exchange differences arising on translating foreign operation		**40**	–
Income tax relating to items that may be subsequently reclassified		**–**	–
Other comprehensive income for the financial year, net of tax		**40**	–
Total comprehensive income for the financial year		**(19,497)**	(32,912)
Net loss attributable to owners of the parent		**(19,537)**	(32,912)
Total comprehensive loss attributable to owners of the parent		**(19,497)**	(32,912)
Loss per share	30		
– Basic (in sen)		**(1.91)**	(3.32)
– Diluted (in sen)		**(1.91)**	(3.32)

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Share capital RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Currency translation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 January 2017		106,342	15,645	694	–	(99,359)	23,322
Loss for the financial year		–	–	–	–	(19,537)	(19,537)
Other comprehensive income for the financial year:							
Foreign currency translation differences		–	–	–	40	–	40
Total comprehensive income for the financial year		–	–	–	40	(19,537)	(19,497)
Contribution by and distribution to owners of the parent:							
Issuance of new ordinary shares pursuant to acquisition exercise	13	138,800	–	–	–	–	138,800
Deemed distribution to owners		(250)	(118,294)	–	–	–	(118,544)
Issuance of new ordinary shares		2,255	–	–	–	–	2,255
Share-based compensation expense		633	–	(694)	–	–	(61)
Total transactions with owners		141,438	(118,294)	(694)	40	–	22,450
Balance at 31 December 2017		247,780	(102,649)	–	40	(118,896)	26,275
Balance at 1 January 2016							
– as previously reported		51,853	15,645	–	–	(65,425)	2,073
– effect of acquisition under common control	13	100	–	–	–	(1,022)	(922)
As restated		51,953	15,645	–	–	(66,447)	1,151
Loss for the financial year, as restated		–	–	–	–	(32,912)	(32,912)
Total comprehensive income for the financial year		–	–	–	–	(32,912)	(32,912)
Contribution by and distribution to owners of the parent:							
Issuance of new ordinary shares	13	62,886	–	–	–	–	62,886
Share issue expenses	13	(8,826)	–	–	–	–	(8,826)
Share-based compensation expense		329	–	694	–	–	1,023
Total transactions with owners		54,389	–	694	–	–	55,083
Restated balance at 31 December 2016		106,342	15,645	694	–	(99,359)	23,322

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
			Restated (Note 36)
Operating activities			
Loss before income tax		**(19,155)**	(32,912)
Adjustments for:			
Depreciation and amortisation expenses	24	**1,978**	1,875
Share-based payment expenses		**109**	1,023
Interest expenses		**4,199**	3,836
Interest income		**(188)**	(113)
Loss on disposal of plant and equipment		**–**	19
Write-down of inventories to net realisable value		**68**	255
Impairment in property, plant and equipment		**258**	–
Exploration and evaluation assets written off		**50**	–
Fair value loss on derivative financial instruments		**1,471**	–
Unrealised foreign exchange differences		**(834)**	427
Operating cash flows before working capital changes		**(12,044)**	(25,590)
Working capital changes:			
Inventories		**(134)**	(273)
Trade and other receivables		**(2,421)**	(2,342)
Prepayments		**1**	4,617
Trade and other payables		**(4,165)**	10,986
Cash used in operations		**(18,763)**	(12,602)
Income tax paid		**(487)**	–
Net cash used in operating activities		**(19,250)**	(12,602)
Investing activities			
Purchase of property, plant and equipment	5	**(1,237)**	(6,883)
Additions to exploration and evaluation assets	6	**–**	(1,217)
Additions to mine properties	7	**(700)**	(958)
Interest received		**188**	113
Proceeds from disposal of plant and equipment		**–**	54
Net cash used in investing activities		**(1,749)**	(8,891)

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
			Restated (Note 36)
Financing activities			
Decrease in fixed deposits pledged		**100**	–
Interest paid	A	**(251)**	(15)
Proceeds from issuance of new ordinary shares		**–**	31,259
Share issue expenses		**–**	(7,451)
Repayment of finance lease obligations		**(73)**	(34)
Proceeds from issuance of guaranteed bond		**7,403**	–
Proceeds from issuance of exchangeable bond		**6,059**	–
Proceeds from issuance of redeemable convertible preference shares		**3,355**	5,970
Rebate of transaction costs		**745**	–
Net cash from financing activities		**17,338**	29,729
Net change in cash and cash equivalents		**(3,661)**	8,236
Exchange difference on cash and cash equivalents		**(168)**	(70)
Cash and cash equivalents at beginning of financial year		**11,646**	3,480
Cash and cash equivalents at end of financial year	12	**7,817**	11,646

	Note	2017 RM'000	2016 RM'000
			Restated
A – Non-cash transactions			
Interest expenses		**4,199**	3,836
Interest paid		**(251)**	(15)
Interest accrued		**3,948**	3,821

B – Reconciliation of liabilities arising from financing activities:

			Non-cash changes					
	1 January 2017 RM'000	Principal and interest repayment RM'000	Interest expense RM'000	Equity conversion (Note 19) RM'000	Fair value loss RM'000	Rebate of transaction costs RM'000	Foreign exchange movement RM'000	31 December 2017 RM'000
Finance lease payables	403	(100)	27	–	–	–	–	330
Guaranteed bond	–	7,179	1,533	–	–	–	(352)	8,360
Exchangeable bond	–	6,059	–	–	1,471	–	(36)	7,494
RCPS	13,626	3,355	2,530	(20,256)	–	745	–	–

Note: The RCPS was converted into equity of GGTM on 26 July 2017.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 8 to the financial statements.

The Company's ultimate controlling party is Lim Chiau Woei, who is a Director of the Company as at 31 December 2017.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The consolidated financial statements of the Group are a combination or aggregation of the financial statements of the Company and its subsidiaries after a very substantial acquisition ("VSA") exercise carried out during the financial year. The VSA involved companies which are under common control. The consolidated financial statements of the Group for the financial year ended 31 December 2017 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.

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and on a going concern basis as referred to in Note 4 to the financial statements. They are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Ringgit Malaysia ("RM") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("RM'000") as indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

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, except as detailed below.

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 adopted these amendments on 1 January 2017 and the additional disclosures have been included in the consolidated statement of cash flows.

SFRS(I) and INT SFRS(I) not yet effective

Convergence with International Financial Reporting Standards (IFRS)

On 29 December 2017, Accounting Standards Council Singapore has issued Singapore Financial Reporting Standards (International) (SFRS(I)s), Singapore's equivalent of the International Financial Reporting Standards (IFRSs). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and INT SFRS(I) not yet effective (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of International Financial Reporting Standards. In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and interpretations of SFRS(I) are effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers and Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15;
- SFRS(I) 9 Financial Instruments;
- Classification and Measurement of Share-based Payment Transactions (Amendments to SFRS(I) 2);
- Transfers of Investment Property (Amendments to SFRS(I) 1-40);
- Deletion of short-term exemptions for first-time adopters (Amendments to SFRS(I) 1);
- Measuring an Associate or Joint Venture at Fair Value (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 9 and SFRS(I) 15 as disclosed below.

SFRS(I) 9 *Financial Instruments*

Summary of the requirements

SFRS(I) 9 replaces most of the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and INT SFRS(I) not yet effective (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

SFRS(I) 9 *Financial Instruments* (Continued)

Potential impact on the financial statements

During 2017, the Group completed its initial assessment of the impact on the Group's financial statements.

Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

Financial assets and liabilities currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9. The Group has also assessed that its issued exchangeable bond designated at fair value to profit or loss will continue to be measured at fair value to profit or loss except for the amount of change in fair value attributable to change in credit risk of that liability which is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch, on the adoption of FRS 109.

The new impairment requirements are expected to result in changes to and likely increase in impairment loss allowance for trade and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. 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 SFRS(I) 9 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 SFRS(I) 9 is adopted.

SFRS(I) 15 and Clarifications to SFRS(I) 15 *Revenue from Contracts with Customers*

Summary of the requirements

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, it also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and INT SFRS(I) not yet effective (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

SFRS(I) 15 and Clarifications to SFRS(I) 15 *Revenue from Contracts with Customers* (Continued)

Summary of the requirements (Continued)

When effective, SFRS(I) 15 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Clarifications to SFRS(I) 15 Revenue Contracts with Customers clarifies how to:

(i) Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;

(ii) Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and

(iii) Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, SFRS(I) 15, i.e. on 1 January 2018.

Potential impact on the financial statements

During 2017, the Group completed its initial assessment of the impact on the Group's financial statements.

Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition as disclosed in Note 2.15 to the financial statements.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2019, and have not been early adopted:

- SFRS(I) 16 *Leases*
- SFRS(I) 17 *Insurance Contracts*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual improvements to SFRS(I) 2015-2017 cycle

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and INT SFRS(I) not yet effective (Continued)

Applicable to financial statements for the year 2019 and thereafter (Continued)

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

Management anticipates that the adoption of the above new SFRS(I), amendments to and interpretations of SFRS(I) will not have a material impact on the financial statements of the Group in the period of their initial adoption, except as disclosed below.

SFRS(I) 16 *Leases*

Summary of the requirements

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months, unless the underlying asset is of a low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases – Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied.

Potential impact on the financial statements

The Company has assessed that there will be no significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases for its rented office premises and equipment which are short-term in nature and of small value items respectively. The operating lease commitments are disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

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.

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

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 purpose, 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 2017

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. Property, plant and equipment are mainly those on-site processing facilities and infrastructure.

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 vehicle	5
Renovation	5
Plant and machinery	10
Road and infrastructure	20
Electrical installation works	5
Tools and equipment	5

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 2017

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 2017

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.

(i) Gold mine

Amortisation for gold mine is 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 ounces of gold for gold mine.

(ii) Granite mine

Amortisation for granite mine is based on straight-line method over the concession period of the mine properties.

The unit-of-production rate and straight-line method for the amortisation of mine properties takes into account expenditure incurred to date, together with sanctioned future development expenditure.

2.7 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the deferred income in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.8 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.

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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.10 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.

(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 "trade and other receivables" and "fixed deposits and bank balances" 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

Impairment (Continued)

(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.

2.11 Cash and cash equivalents

Cash and bank balances 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.

2.12 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.

2.13 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.13 Financial liabilities (Continued)

(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.

(iii) Guaranteed bonds

Guaranteed bonds are recognised initially at fair value, net of transaction costs incurred. Guaranteed bonds are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

(iv) Exchangeable bonds

The exchangeable bonds is a hybrid contract designated at fair value to profit or loss as the embedded derivative which is the conversion feature is of insignificant value and does not modify the cash flows that otherwise would be required by the contract. The exchangeable bonds are valued by an independent professional valuer.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.14 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.

2.15 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.

Sale of goods

Revenue from sale of goods 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.

Contract works

Profits from contract works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to date against total estimated costs where the outcome of the project can be estimated reliably.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

Interest income

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

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.16 Employee benefits (Continued)

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.

2.17 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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.18 Income tax (Continued)

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.

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.

2.19 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Summary of significant accounting policies (Continued)

2.20 Joint-operation

Based on the contractual agreement, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

2.21 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.

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) Impairment of assets relating to mining operations

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 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") 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 the 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

Gold mine properties are amortised based on units-of-production basis over the economically recoverable gold reserves and granite mine properties are amortised based on straight-line method over the concession period of the granite mine. Management reviews and revises the estimates of the recoverable reserves of the mines and remaining useful life and residual values of mine properties at the end of each financial year. Any changes in estimates of the recoverable reserves of the mines 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 2017 was approximately RM15,833,000 (2016: RM15,442,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. Going concern

The Company's current liabilities exceeded its current assets by approximately RM3,092,000 as at 31 December 2017. The Group incurred a net loss of approximately RM19,537,000 (2016: RM32,912,000) and had negative cash flows from operating activities of approximately RM19,250,000 (2016: RM12,602,000) for the financial year ended 31 December 2017.

As at 31 December 2017, the Group and the Company has cash and cash equivalents of approximately RM7,817,000 and RM1,611,000 respectively. To meet the short-term financial requirements of the Group and the Company, the Company has entered into two agreements in March 2018 to issue two tranches of bond of S$1,500,000 ("First Tranche Bond") and S$3,310,000 ("Second Tranche Bond") (equivalent to RM14,430,000) ("Principal Amount").

First Tranche Bond of S$1,500,000 (equivalent to RM4,500,000) will mature in March 2019, with a subscription price at 100% of the principal amount, and carries fixed interest rate of 20% per annum with interest payable semi-annually in advance and is supported by a deed of guarantee from a Director of the Company. As at the date of this report, the Group has received the proceeds from the First Tranche Bond. Subscribers of the First Tranche Bond is entitled to 47,000,000 free transferable warrants ("First Tranche Warrants") with an exercise price of S$0.032 which can be exercised during the period of 24 months from the date of issue of the First Tranche Warrants. Assuming the free warrants are exercised entirely, total proceed is S$1,504,000. Any proceeds received from the exercise of the First Tranche Warrants will be fully utilised for repayment of the outstanding liabilities (including, but not limited to, borrowings). In the event there are no outstanding borrowings to be paid, the proceeds from the exercise of the First Tranche Warrants will be fully utilised as working capital of the Group as part of the Group's cash flow management strategy.

Second Tranche Bond of S$3,310,000 (equivalent to RM9,930,000) will mature in March 2019, with a subscription price at 89.86% of the principal amount (equivalent to S$2,875,000), carries fixed interest rate of 10% per annum with interest payable semi-annually in advance and is supported by a deed of guarantee from a Director of the Company. The net proceeds from the Second Tranche Bond has been used to offset the existing bond which matured on 3 April 2018 with maturity amount of S$2,875,000, the Company is deemed to have satisfied in full its payment obligations under existing bond. Subscribers of the Second Tranche Bond is entitled to 90,000,000 free transferable warrants with an exercise price of S$0.032 which can be exercised during the period of 24 months from the date of issue of the Second Tranche Warrants. Assuming the free warrants are exercised entirely, total proceed is S$2,880,000. Any proceeds received from the exercise of the Second Tranche Warrants will be fully utilised for repayment of the outstanding liabilities (including, but not limited to, borrowings). In the event there are no outstanding borrowings to be paid, the proceeds from the exercise of the Second Tranche Warrants will be fully utilised as working capital of the Group as part of the Group's cash flow management strategy.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, which is highly dependent on the Group's ability to generate sufficient cash flows from its operations and the exercise of the warrants by the subscribers prior to their maturity.

Nevertheless, 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 based on the following factors:

(i) Management has prepared a cash flow forecast which shows that the Company and 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 which include the following assumptions:

  (a) The guaranteed non-convertible bonds issued in April 2018 are guaranteed by a Director;

  (b) The exercise of the warrants by the subscribers of the guaranteed non-convertible bonds issued in April 2018 prior to their maturity, raising proceeds of approximately S$4.38 million;

  (c) The Group will collect the balance receivables of approximately S$1.55 million (equivalent to RM4.66 million) from an interior fit-out project under the granite business segment; and

  (d) The Group had entered into off-take agreement with Beijing Fuhaihua Import & Export Corp. Ltd. for the sale of semi-processed gold concentrated ore, with its first shipment of the concentrated ore in March 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. Going concern (Continued)

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated statement of financial position of the Group. In addition, the Group may need to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. No such adjustments have been made to these financial statement.

5. Property, plant and equipment

	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicle RM'000	Renovation RM'000	Plant and machinery RM'000	Road and infrastructure RM'000	Electrical installation works RM'000	Tools and equipment RM'000	Total RM'000
Group										
2017										
Cost										
Balance at 1 January 2017	5,976	92	591	750	439	11,973	1,321	9	5	21,156
Additions	–	21	37	3	83	1,075	10	–	8	1,237
Reclassification/Adjustment	–	–	–	–	–	(1,018)#	–	–	–	(1,018)
Written off	–	–	*	–	–	–	–	–	(2)	(2)
Balance at 31 December 2017	5,976	113	628	753	522	12,030	1,331	9	11	21,373
Accumulated depreciation and impairment losses										
Balance at 1 January 2017	523	57	227	173	161	1,450	87	2	2	2,682
Depreciation for the financial year	276	14	117	150	95	943	66	2	6	1,669
Impairment loss for the financial year	–	–	–	–	–	258	–	–	–	258
Written off	–	–	*	–	–	–	–	–	(2)	(2)
Balance at 31 December 2017	799	71	344	323	256	2,651	153	4	6	4,607
Carrying amount										
Balance at 31 December 2017	5,177	42	284	430	266	9,379	1,178	5	5	16,766
Group										
2016										
Cost										
Balance at 1 January 2016										
– as previously reported	5,483	50	375	305	270	6,673	760	–	–	13,916
– effect of acquisition under common control	–	35	–	–	3	–	–	9	3	50
As restated	5,483	85	375	305	273	6,673	760	9	3	13,966
Additions	493	7	216	576	166	5,300	561	–	2	7,321
Disposal	–	–	–	(131)	–	–	–	–	–	(131)
Balance at 31 December 2016	5,976	92	591	750	439	11,973	1,321	9	5	21,156
Accumulated depreciation										
Balance at 1 January 2016										
– as previously reported	255	35	124	123	84	605	35	–	–	1,261
– effect of acquisition under common control	–	3	–	–	–	–	–	–	–	3
As restated	255	38	124	123	84	605	35	–	–	1,264
Depreciation for the financial year	268	19	103	108	77	845	52	2	2	1,476
Disposal	–	–	–	(58)	–	–	–	–	–	(58)
Balance at 31 December 2016	523	57	227	173	161	1,450	87	2	2	2,682
Carrying amount										
Balance at 31 December 2016	5,453	35	364	577	278	10,523	1,234	7	3	18,474

* amount less than RM1,000

this is in relation to the discount for the purchase of machinery in prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. Property, plant and equipment (Continued)

	Company	
	2017	**2016**
	RM'000	**RM'000**
Office equipment		
Cost		
Balance at beginning of financial year	**7**	5
Additions	**–**	2
Balance at end of financial year	**7**	7
Accumulated depreciation		
Balance at beginning of financial year	**3**	*
Depreciation for the financial year	**1**	3
Balance at end of financial year	**4**	3
Carrying amount		
Balance at end of financial year	**3**	4

* amount less than RM1,000

As at 31 December 2017, included in the Group's motor vehicle was a vehicle with an aggregate net carrying value of approximately RM394,000 (Restated 2016: RM509,000) purchased under finance lease arrangements.

During the financial year, the Group has recognised impairment loss of approximately RM258,000 (Restated 2016: RM Nil) due to certain plant and equipment are no longer in-use as the Group has embarked on exporting semi-processed gold concentrated ore instead of producing purified gold from tailings process.

Impairment assessment for property, plant and equipment is disclosed in Note 7. The Group has also reassessed the useful lives of its property, plant and equipment and determined that no change in the useful lives was required.

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
		Restated (Note 36)
Additions to property, plant and equipment	**1,237**	7,321
Acquired under finance lease arrangements	**–**	(438)
Cash payments for acquisition of property, plant and equipment	**1,237**	6,883

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. Exploration and evaluation assets

	Group	
	2017 RM'000	**2016 RM'000**
		Restated (Note 36)
Cost		
Balance at beginning of financial year		
– as previously reported	**50**	50
– effect of acquisition under common control	**–**	601
As restated	**50**	651
Additions	**–**	1,217
Written off	**(50)**	–
Transferred to mine properties (Note 7)	**–**	(1,818)
Balance at end of financial year	**–**	50
Carrying amount		
Balance at end of financial year	**–**	50

Included in exploration and evaluation assets is a concession asset representing concession rights to mine with carrying amount of RM Nil (Restated 2016: RM50,000) as at 31 December 2017.

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

7. Mine properties

	Group	
	2017 RM'000	**2016 RM'000**
Cost		
Balance at beginning of financial year	**16,077**	13,301
Additions	**700**	958
Transferred from exploration and evaluation assets (Note 6)	**–**	1,818
Balance at end of financial year	**16,777**	16,077
Accumulated amortisation		
Balance at beginning of financial year	**635**	236
Amortisation for financial year	**309**	399
Balance at end of financial year	**944**	635
Carrying amount		
Balance at end of financial year	**15,833**	15,442

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7. Mine properties (Continued)

Property, plant and equipment and mine properties

Property, plant and equipment and mine properties acquired are allocated to the cash-generating units ("CGU") that are expected to benefit from the acquisition. The Group tests the CGUs annually for impairment or more frequently when there are indications that the CGUs might be impaired.

There are indications of impairment for Gold mining's CGU as the CGU has incurred operating losses but not for Granite business's CGU as the CGU has recorded operating profits.

Impairment testing

The recoverable amount of the Gold mining's CGU is determined from value-in-use calculations.

For value-in-use calculations, the recoverable amount is determined by applying the discounted cash flow model using cash flow projections based on financial budget and forecasts approved by the management covering a period of up to six years. Management is of the opinion that, six-year cash flow projections are more reflective of the business prospective in which the CGU is operating in. The terminal year value is not relevant for this calculation.

The key assumptions for these value-in-use calculations are those regarding the discount rate and growth rates. The discount rate used in measuring the value-in-use was 6.5% (2016: 5.1%) per annum. The estimated average growth rate used was 6.1% (2016: 9.0%) per annum.

8. Investments in subsidiaries

	Company	
	2017	**2016**
	RM'000	**RM'000**
Unquoted equity investments, at cost	**192,686**	51,599
Less: Accumulated impairment losses	**(20,929)**	–
	171,757	51,599
Accumulated impairment losses		
Balance at beginning of financial year	**–**	–
Impairment loss for financial year	**20,929**	–
Balance at end of financial year	**20,929**	–

As at the end of the reporting period, the Company carried out a review of the investment in subsidiaries, having regards for indicator of impairment on investment in Angka Alamjaya Sdn. Bhd. ("AASB") due to the losses reported by its subsidiary an impairment loss of approximately RM20,929,000 (2016: RM Nil) was recognised for the financial year ended 31 December 2017.

The recoverable amount which is approximately RM42,847,000 is determined from value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management for the next 6 years. The key assumptions for these value-in-use calculations are those regarding the discount rate and growth rates. The discount rate used in measuring the value-in-use was 6.5% (2016: 5.1%) per annum. The estimated average growth rate used was 6.1% (2016: 9.0%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. Investments in subsidiaries (Continued)

The particulars of the subsidiaries are as follows:

Name of company (Principal place of business)	Ownership interest held 2017 %	Ownership interest held 2016 %	Principal activities
Held by the Company			
Angka Alamjaya Sdn. Bhd.[1] (Malaysia)	100	100	Gold and related mineral mining, consultant and contractor of natural resources
GGTM Sdn. Bhd.[1] (Malaysia)	100	–	Exploration, mining and production of dimension stone granites for sales as well as architectural stone and interior fit-out
Angka Marketing Pte. Ltd.[2] (Singapore)	100	–	Business and management consulting services
Held by Angka Alamjaya Sdn. Bhd.			
Angka Mining Sdn. Bhd.[1] (Malaysia)	100	100	Gold and related mineral mining consultancy

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

During the financial year, the Company completed the acquisition of GGTM Sdn. Bhd. ("GGTM") on 21 August 2017, and thereafter GGTM became a wholly-owned subsidiary of the Company. This acquisition is a very substantial acquisition ("VSA") and is under common control (Note 2.1).

On 27 July 2017, the Group incorporated a subsidiary company in Singapore known as Angka Marketing Pte. Ltd. ("AMPL") by the subscription of 10,000 new shares in the capital of AMPL at an issue price of S$1.00 per share and for a total cash consideration of S$10,000.

The Company has issued corporate guarantee to a bank in respect of the hire purchase facilities amounting to RM590,000 which is granted to GGTM.

9. Prepayments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
		Restated (Note 36)		
Non-current assets				
Prepayments – operating expenses	**53**	83	**–**	–
Current assets				
Prepayments – operating expenses	**182**	153	**102**	74
	235	236	**102**	74

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

10. Inventories

	Group	
	2017 RM'000	**2016 RM'000**
		Restated (Note 36)
Raw materials	**34**	124
Consumables	**168**	46
Work-in-progress	**71**	139
Finished goods	**311**	184
	584	493

The cost of inventories recognised as an expense and included in "Raw materials and consumables used" line item in the Group's profit or loss for the financial year ended 31 December 2017 amounted to approximately RM102,000 (Restated 2016: RM703,000).

As at 31 December 2017, 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 RM68,000 (2016: RM255,000) as an expense and included in "Raw materials and consumables used" line item in the Group's profit or loss.

11. Trade and other receivables

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
		Restated (Note 36)		
Trade receivables – third parties	**2,967**	2,079	**–**	–
Amount due from a customer for contracts works (Note 11.1)	**10**	–	**–**	–
	2,977	2,079	**–**	–
Other receivables				
– third parties	**974**	62	**–**	–
– a subsidiary	**–**	–	**9,922**	3,117
Advance payments to suppliers – third parties	**318**	128	**–**	–
Goods and services tax recoverable, net	**203**	276	**–**	–
Deposits	**1,083**	443	**–**	–
	2,578	909	**9,922**	3,117
	5,555	2,988	**9,922**	3,117

Included in trade receivables at 31 December 2017 are retention sums of RM1,455,000 (Restated 2016: RM485,000) relating to construction work-in-progress. Retention sums are unsecured, interest-free and are expected to be collected within the financial year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11. Trade and other receivables (Continued)

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

Advance payments to suppliers represent advance payments for the operating expenses and purchase of plant and equipment.

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

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
		Restated (Note 36)		
Ringgit Malaysia	**5,405**	2,988	**–**	–
Singapore dollar	**–**	–	**9,922**	3,117
United States dollar	**133**	–	**–**	–
Chinese renminbi	**17**	–	**–**	–
	5,555	2,988	**9,922**	3,117

11.1. Amount due from/(to) a customer for contracts works

	Group	
	2017 RM'000	**2016 RM'000**
		Restated (Note 36)
Contract costs incurred to date plus recognised profits	**22,195**	4,084
Less: Progress billings	**(22,185)**	(4,847)
	10	(763)
Represented by:		
Amount due from a customer for contract works	**10**	–
Amount due to a customer for contract works (Note 20)	**–**	(763)
	10	(763)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12. Fixed deposits and bank balances

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
		Restated (Note 36)		
Fixed deposits	**4,059**	5,514	**–**	1,860
Bank balances	**3,758**	6,232	**1,611**	2,105
Balances as per statements of financial position	**7,817**	11,746	**1,611**	3,965
Less: Fixed deposits pledged	**–**	(100)		
Cash and cash equivalents as per consolidated statement of cash flows	**7,817**	11,646		

Fixed deposits bear effective interest rates range from 0.05% to 3.90% (Restated 2016: 0.05% to 4.00%) per annum with maturity from 1 to 12 (2016: 1 to 12) months during the financial year. The Group's fixed deposits are readily convertible to cash at minimal cost.

For the purpose of presenting the statement of cash flows, cash and cash equivalents include fixed deposits with an average maturity of more than 3 months, as there are no significant costs or penalties in converting these fixed deposits into liquid cash before maturity.

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

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

	Group	
	2017 RM'000	2016 RM'000
Banking facilities granted	**5,000**	5,000
Banking facilities utilised	**–**	100

The currency profiles of fixed deposits and bank balances included in the statements of financial position as at the end of the reporting period are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
		Restated (Note 36)		
Ringgit Malaysia	**6,175**	7,780	**–**	–
Singapore dollar	**1,642**	3,966	**1,611**	3,965
	7,817	11,746	**1,611**	3,965

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13. Share capital

	Group			
	2017		2016	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
			Restated (Note 36)	
Issued and fully-paid:				
At beginning of financial year				
– as previously reported	**310,750,000**	**106,342**	17,350,579	51,853
– impact of acquisition under common control[#]	**–**	**–**	100,000	100
As restated	**310,750,000**	**106,342**	17,450,579	51,953
Deemed distribution to owners[#]	**(250,000)**	**(250)**	–	–
Issuance of ordinary share pursuant to the Acquisition of GGTM[(v)]	**712,172,414**	**138,800**	–	–
Adjustment pursuant to the Company's restructuring exercise[(viii)]	**–**	**–**	2,674,441	23,787
Sub-division of shares pursuant to the Company's restructuring exercise[(viii)]	**–**	**–**	219,974,980	–
	1,022,672,414	**244,892**	240,100,000	75,740
Issuance of new shares:				
– to employees[(i)]	**764,200**	**169**	440,000	329
– for payment of commission fees[(ii)]	**–**	**–**	10,490,000	7,844
– pursuant to an initial public offering exercise[(iii)]	**–**	**–**	28,800,000	21,535
– by way of placement[(iv)]	**–**	**–**	30,770,000	9,574
– by GGTM[#]			150,000	150
– for compensation[(vi)]	**3,496,625**	**633**	–	–
– for termination and settlement[(vii)]	**11,515,116**	**2,086**	–	–
Share issue expenses[+]	**–**	**–**	–	(8,830)
At end of financial year	**1,038,448,355**	**247,780**	310,750,000	106,342

The Group's share capital amount differs from that of the Company as a result of acquisition under common control accounting as described in Note 2.

These represent the value of the issued and fully paid-up share capital of GGTM as the acquisition of GGTM, which fall under common control combination, was completed on 21 August 2017.

+ 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 S$67,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13. Share capital (Continued)

	Company			
	2017		2016	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
Issued and fully-paid:				
At beginning of financial year	**310,500,000**	**106,092**	17,350,579	51,853
Issuance of ordinary share pursuant to the Acquisition of GGTM[v]	**712,172,414**	**138,800**	–	–
Adjustment pursuant to the restructuring exercise	**–**	**–**	2,674,441	23,787
Sub-division of shares pursuant to the Restructuring Exercise	**–**	**–**	219,974,980	–
	1,022,672,414	**244,892**	240,000,000	75,640
Issuance of new shares:				
– to employees[i]	**764,200**	**169**	440,000	329
– for payment of commission fees[ii]	**–**	**–**	10,490,000	7,844
– pursuant to an initial public offering exercise[iii]	**–**	**–**	28,800,000	21,535
– by way of placement[iv]	**–**	**–**	30,770,000	9,574
– for compensation[vi]	**3,496,625**	**633**	–	–
– for termination and settlement[vii]	**11,515,116**	**2,086**	–	–
Share issue expenses	**–**	**–**	–	(8,830)
At end of financial year	**1,038,448,355**	**247,780**	310,500,000	106,092

(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, pursuant to the vesting of the Awards in accordance with the terms of the PSP.

On 4 October 2017, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 764,200 new ordinary shares at an issue price of S$0.071 per share to certain employees of the Group, pursuant to the vesting of the Awards in accordance with the terms of the PSP.

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

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.

(iii) Issuance of shares in the Company pursuant to an initial public offering

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13. Share capital (Continued)

(iv) Issuance of 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).

(v) Issuance of shares for completion of the acquisition of GGTM

On 21 August 2017, the Company acquired 100% equity interest in GGTM Sdn. Bhd., a company incorporated in Malaysia by way of allotment and issuance of 712,172,414 new ordinary shares at an issue price of S$0.062 per ordinary share for consideration of approximately S$44,155,000 (approximately RM138,800,000).

(vi) Issuance of compensation shares

On 6 October 2017, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 3,496,625 new ordinary shares at an issue price of S$0.060 per ordinary share amounting to approximately S$210,000 (approximately RM633,000) to one of the Executive Director of the Company pursuant to the terms of the Service Agreement.

(vii) Issuance of termination and settlement shares

On 6 October 2017, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 11,515,116 new ordinary shares at an issue price of S$0.060 per ordinary share to various parties in relation to the termination agreement and settlement agreement on behalf of the Company's wholly-owned subsidiary, Angka Alamjaya Sdn. Bhd. for work undertaken by these parties at the Group's Lubuk Mandi Mine.

(viii) Adjustment and sub-division of shares for restructuring exercise

A 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 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.

14. 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.

15. 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 and is decreased by the expiry of the equity compensation plan awards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. Share-based payment reserve (Continued)

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 expense in relation to a Director of the Company is set out in Note 31 to the financial statements.

16. Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. This reserve is not distributable.

17. Finance lease payables

	Minimum lease payments RM'000	Future finance charges RM'000	Present value of minimum lease payments RM'000
Group			
2017			
Non-current liabilities			
After one financial year but within five financial years	240	(26)	214
More than five financial years	38	(2)	36
	278	28	250
Current liabilities			
Within one financial year	100	(20)	80
	378	(48)	330
Restated			
2016			
Non-current liabilities			
After one financial year but within five financial years	327	(45)	282
More than five financial years	52	(4)	48
	379	49	330
Current liabilities			
Within one financial year	100	(27)	73
	479	(76)	403

The finance lease term ranges from 3 to 8 (restated 2016: 4 to 9) years for the financial year ended 31 December 2017. The effective interest rates for the finance lease obligations ranges from 2.78% to 5.00% (2016: 2.78% to 5.00%) per annum for the financial year ended 31 December 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18. Borrowings

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
		Restated (Note 36)		
Non-current liabilities				
Exchangeable bond – unsecured	**7,494**	–	**–**	–
Current liabilities				
Guaranteed bonds	**8,360**	–	**8,360**	–
	15,854	–	**8,360**	–

18.1 Exchangeable bond ("EB")

The exchangeable bond which is due and convertible into new fully paid shares capital of the Company in August 2019, carries fixed interest rate of 5% per annum. The effective interest rate is 19.9% per annum.

The EB is denominated in Singapore dollar ("SGD").

The Group recognised fair value loss of RM1,471,000 for the EB during the financial year ended 31 December 2017.

The salient feature of the EB were as follows:–

(i) Unless previously converted, Luminor Pacific Fund 2 Ltd. ("Luminor 2"), the holder of the EB, may elect on the EB Maturity Date either to (i) redeem all outstanding Bonds; or (ii) exchange all the outstanding Bonds;

If Luminor 2 elects to redeem all outstanding Bonds on the EB Maturity Date, within seven (7) business days of the EB Maturity Date, Angka Marketing Pte. Ltd. ("EB Subsidiary") shall pay to Luminor 2 an amount equivalent to (i) the principal amount of the outstanding Bonds held by it; plus (ii) a premium that would generate for Luminor 2 a 15.0% per annum cumulative return from the EB Issue Date to the EB Maturity Date.

(ii) the Exchange Price shall be equal to 90.0% of the VWAP of the Shares traded on the SGX-ST for the five (5) days prior to: (i) the date Luminor 2 exercises its right to exchange the EB ("Exchange Right"); or the (ii) the date of the EB Subscription Agreement (whichever is lower), provided that such price being not more than a 10.0% discount to the VWAP for trades done on the Shares on the SGX-ST on the date of the EB Subscription Agreement (or if trading is not available for a full market day, the VWAP for trades done on the preceding market day up to the date of the EB Subscription Agreement), subject to adjustment in accordance with the EB Terms and Conditions.

(iii) The EB constitute direct, unsubordinated, unconditional and unsecured obligations of the EB Subsidiary. The EB shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the EB Subsidiary under the EB shall, save for such exceptions as may be provided by applicable laws, at all times rank senior to all of the EB Subsidiary's other present and future unsecured and unsubordinated obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18. Borrowings (Continued)

18.1 Exchangeable bond ("EB") (Continued)

(iv) Upon the occurrence of any event of default specified in the EB Terms and Conditions, Luminor 2 will be entitled to exercise its right to redeem the Bonds, at a price equal to (i) the outstanding principal amount plus (ii) a premium that would generate for Luminor 2 a 20.0% per annum cumulative return from the EB Issue Date to the date notice of default is given by Luminor 2.

18.2 Guaranteed bonds ("GB")

The guaranteed non-convertible bond, which due in April 2018, carries fixed interest 5% per annum and guaranteed by the Managing Director.

The GB is denominated in SGD.

The salient feature of the GB were as follows:–

(i) GB are matured on the first anniversary from the date the GB are issued ("GB Issue Date") ("GB Maturity Date"), which may be extended for a period of three months ("Extension Period") at the sole discretion of the Company ("Extension").

(ii) The Company is entitled, at its sole discretion, to extend the GB Maturity Period, once, by a period of three months subsequent to the initial GB Maturity Period.

In the event of Extension, the GB will bear interest at the rate of 12.0% per annum of the principal amount outstanding of the GB for the duration of the Extension Period. Interest for the duration of the Extension Period calculated up to but excluding the new GB Maturity Date shall be payable on the first day of the Extension Period.

(iii) Unless previously redeemed, purchased and cancelled or extended, the Company will to redeem all outstanding GB on the GB Maturity Date at 100.0% of its principal amount, together with all accrued but unpaid interest thereon.

(iv) The GB will constitute direct, unsubordinated and unconditional obligations of the Company. The GB shall at all times rank pari passu and without any preference or priority among themselves.

The payment obligations of the Company under the GB shall, save for such exceptions as may be provided by applicable laws, at all times rank (i) in priority to loans to the Company by its directors and/or shareholders, if any; and (ii) at least equally with all of the Company's present and future direct, unsubordinated and unconditional obligations, other than subordinated obligations and priorities created by law.

On 29 March 2018, the Company has issued the Second Tranche Bond of S$3,310,000 and the net proceeds of S$2,875,000 has been used to offset the GB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19. Redeemable convertible preference shares

	Group	
	2017 RM'000	**2016 RM'000**
		Restated (Note 36)
Current		
Balance at beginning of financial year	**13,626**	4,229
Proceeds received	**3,372**	6,000
Less: Transaction costs	**(17)**	(30)
Add: Rebate of overcharged of transaction costs	**745**	–
	17,726	10,199
Finance costs	**2,530**	3,427
	20,256	13,626
Converted to ordinary shares in a subsidiary	**(20,256)**	–
Balance at end of financial year	**–**	13,626

(a) The RCPS is denominated in Ringgit Malaysia ("RM").

(b) The salient features of the redeemable convertible preference shares ("RCPS") issued by GGTM are as follow:

(i) RCPS are redeemable at the option of RCPS holders at the Redemption Amount (as defined herein) upon the occurrence of an Event of Default or upon Maturity Date (the day immediately preceding the second (2nd) anniversary of the Issue Date), whichever is earlier;

The redemption amount payable by GGTM upon the redemption of the RCPS shall be an amount equivalent to the Subscription Price received by the subsidiary for the subscription of the RCPS together with any declared but unpaid dividends made prior to the date of full redemption, which shall equivalent to thirty percent (30%) compounded internal rate of return (IRR) per annum calculated from the respective date of issue of the RCPS ("Redemption Amount");

(ii) RCPS shall rank at all times pari passu among themselves, in priority to the Ordinary Shares of GGTM. Without limiting the generality of the foregoing, with respect to amounts payable upon liquidation or winding up of GGTM, the holders of RCPS will rank in priority to the holders of Ordinary Shares in GGTM;

(iii) In the event that GGTM fails or refuses or neglects to redeem such RCPS as required by the RCPS holders, then the RCPS holders has the right to sell such RCPS ("Option Shares") to the Promoter and the Promoter shall be bound to acquire such Option Share at such Redemption Amount ("Put Option") failing which the RCPS holder shall be at liberty to take such action in law as may be necessary to compel the Promoter by way of specific performance to complete the Put Option as contemplated by the agreement and/or to recover damages from the promoter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19. Redeemable convertible preference shares ("RCPS") (Continued)

(b) The salient features of the redeemable convertible preference shares ("RCPS") issued by GGTM are as follow: (Continued)

(iv) In the event of a Trade Sale, GGTM and the Promoter each agree to do all things necessary to procure that the proceeds from such Trade Sale shall be distributed and/or paid to the shareholders in the following order of priority;-

First, to the RCPS holders an amount per RCPS equal to the sum of the Issue Price plus any declared but unpaid dividends and any applicable interest; and

Second, after the RCPS Trade Sale Amount on all outstanding RCPS had been paid, any remaining proceeds from such Trade Sale or liquidation shall be distributed pro rata among the holders of the Ordinary Shares and the on the RCPS holder on the basis that each RCPS is deemed as if it has been converted to such number of Ordinary Shares as the RCPS holders would have been entitled on conversion thereof.

(v) All overdue amounts payable shall bear interest rate at the rate of ten percent (10%) per annum on such overdue amounts form the respective due date of payment until the full payment of all overdue amounts;

(vi) Unless otherwise redeemed by GGTM, the RCPS shall be convertible into Ordinary Shares of GGTM at a conversion ratio of 1:2.5000117 ("Conversion Ratio") at the option of the Subscriber at any time prior to:–

(a) the Public Listing/VSA; or
(b) change of control of GGTM; or
(c) the Maturity Date.

and the Ordinary Shares issued upon conversion of the RCPS shall rank at all times pari passu among themselves and the existing Ordinary Shares of GGTM.

(vii) All sums payable to the Subscriber are exclusive of tax and clear of any deduction or withholding if any which shall, were applicable be paid by GGTM in addition to the sums otherwise payable, at the rate in force at the due time for payment or such other time as is stipulated under relevant legislation.

On 26 July 2017, all conversions in respect of the RCPS amounting to RM20,256,000, comprising an aggregate principal amount of approximately RM14,372,000 and transaction costs and accrued interest of approximately RM5,884,000 were completed and 51,327 new ordinary shares in the GGTM were issued to such RCPS holders at a conversion ratio of 1:2.5000117, pursuant to which, each of such RCPS holders became shareholders of GGTM, and none of the RCPS remains outstanding. The share capital of GGTM has become RM20,506,000 and on 21 August 2017, the Company has completed the acquisition of GGTM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

20. Trade and other payables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
		Restated (Note 36)		
Trade payables – third parties	**1,138**	1,920	**–**	–
Amount due to a customer for contract works (Note 11.1)	**–**	763	**–**	–
	1,138	2,683	**–**	–
Non-trade payables				
– third parties	**1,218**	3,390	**164**	497
– subsidiary	**–**	–	**5,927**	–
Advance payments from customers	**–**	2,771	**–**	–
Accrued expenses	**2,080**	3,234	**276**	414
	4,436	12,078	**6,367**	911

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 60 days' (2016: 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
		Restated (Note 36)		
Ringgit Malaysia	**3,391**	6,380	**–**	–
Singapore dollar	**553**	2,838	**6,367**	875
United States dollar	**470**	2,824	**–**	–
Others	**22**	36	**–**	36
	4,436	12,078	**6,367**	911

21. Derivative financial instruments

Prior to financial year ended 31 December 2016, the derivative financial instruments arose from the fair value change on the conversion option of RCL. 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.

NOTES TO THE FINANCIAL STATEMENTS

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21. Derivative financial instruments (Continued)

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance at beginning of financial year	–	23,915	–	23,915
Included in share capital upon conversion of RCL	–	(23,915)	–	(23,915)
Balance at end of financial year	–	–	–	–

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.

22. Revenue

	Group	
	2017 RM'000	2016 RM'000
		Restated (Note 36)
Sales of gold	**721**	2,175
Sales of granite	**1,828**	76
Contract revenue	**21,636**	4,847
	24,185	7,098

Contract revenue represents revenue earned from an interior fit-out project under the granite business segment of a joint-operation undertaken by a subsidiary of the Company with a third party based on contractual arrangement. The joint-operation is called GGTM Eco JV and its principal place of business is in the state of Terengganu, Malaysia and the Group's effective ownership interest is 100%.

23. Other income

	Group	
	2017 RM'000	2016 RM'000
		Restated (Note 36)
Interest income	**188**	113
Others	**13**	1
	201	114

NOTES TO THE FINANCIAL STATEMENTS

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24. Depreciation and amortisation expenses

	Group	
	2017	**2016**
	RM'000	**RM'000**
		Restated (Note 36)
Depreciation of property, plant and equipment	**1,669**	1,476
Amortisation of mine properties	**309**	399
	1,978	1,875

25. Employee benefits expenses

	Group	
	2017	**2016**
	RM'000	**RM'000**
		Restated (Note 36)
Salaries, wages, bonuses and other benefits	**6,271**	6,285
Contributions to defined contribution plans	**353**	350
	6,624	6,635

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 31 to the financial statements.

The Group and the Company recognised total employee benefits expenses amounting to approximately RM109,000 (2016: RM1,023,000) related to equity-settled share-based payment transactions during the financial year in which RM169,000 (2016: RM329,000) and reversal of RM60,000 (2016: RM694,000) were related to performance shares granted under PSP to its employees of the Group and the equity compensation plan to a Director of the Company, respectively.

26. Operating lease expenses

	Group	
	2017	**2016**
	RM'000	**RM'000**
		Restated (Note 36)
Rental of office	**189**	183
Rental of equipment	**81**	299
Rental of land	**30**	30
	300	512

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. Finance costs

	Group	
	2017 RM'000	**2016 RM'000**
		Restated (Note 36)
Interest expense		
– redeemable convertible preference shares	**2,530**	3,427
– finance leases	**27**	14
– guaranteed bond	**1,533**	–
– exchangeable bond	**109**	–
– redeemable convertible loans	**–**	395
	4,199	3,836

28. 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/(credits):

	Group	
	2017 RM'000	**2016 RM'000**
		Restated
Other expenses		
Audit fees paid/payable to:		
– auditors of the Company	**127**	102
– other auditors	**32**	25
Non-audit fees paid/payable to:		
– auditors of the Company	**33**	22
– other auditor	**19**	6
Foreign exchange (gain)/loss, net	**(355)**	485
Initial public offering expenses*	**–**	13,341
Very substantial acquisition expenses#	**4,501**	2,571
Loss on disposal of property, plant and equipment	**–**	19
Exploration and evaluation assets written off	**50**	–
Impairment in property, plant and equipment	**258**	–
Professional fees	**970**	1,975
Repair and maintenance	**416**	573
Security charges	**203**	275
Travelling and accommodation	**361**	367
Utilities	**321**	533

NOTES TO THE FINANCIAL STATEMENTS

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28. Loss before income tax (Continued)

* Included in these expenses were professional fees paid to the external auditors of the Company amounting to approximately RM Nil (2016: RM407,000) 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 RM Nil (2016: RM67,000) was charged to share issues expenses under share capital (Note 13).

\# Included in these expenses were professional fees paid to the external auditors of the Company amounting to approximately RM242,000 (2016: RM64,000) in respect of an allocated portion of professional services rendered as independent reporting auditors in connection with the Company's very substantial acquisition of GGTM.

29. Income tax expense

	Group	
	2017	**2016**
	RM'000	**RM'000**
		Restated (Note 36)
Current income tax		
– current financial year	**382**	–

Reconciliation of tax expense

	Group	
	2017	**2016**
	RM'000	**RM'000**
		Restated (Note 36)
Loss before income tax	**(19,155)**	(32,912)
Income tax calculated at Singapore's statutory income tax rate of 17% (2016: 17%)	**(3,256)**	(5,595)
Effect of different tax rate in other countries	**(1,382)**	(804)
Tax effect of non-deductible expenses for income tax purposes	**3,609**	4,999
Statutory stepped income exemption	**(30)**	–
Deferred tax assets not recognised	**1,566**	1,400
Utilisation of deferred tax asset not recognised previously	**(125)**	–
	382	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29. Income tax expense (Continued)

Unrecognised deferred tax assets

	Group	
	2017	**2016**
	RM'000	**RM'000**
		Restated
Balance at beginning of financial year	**3,922**	2,761
Amount not recognised during the financial year	**1,442**	1,161
Balance at end of financial year	**5,364**	3,922

Unrecognised deferred tax assets are attributable to the following:

	Group	
	2017	**2016**
	RM'000	**RM'000**
		Restated
Property, plant and equipment and mine properties	**(3,270)**	(2,097)
Unutilised tax losses	**6,991**	4,856
Unabsorbed capital allowances	**1,643**	1,163
	5,364	3,922

As at 31 December 2017, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM29,130,000 (Restated 2016: RM20,232,000) and RM6,843,000 (Restated 2016: RM4,847,000) 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 2.18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

30. Loss per share

The calculation for loss per share is based on:

	Group	
	2017	**2016**
		Restated (Note 36)
Loss for the financial year attributable to owners of the Company (RM'000)	**(19,537)**	(32,912)
Weighted average number of ordinary shares in issue during the financial year applicable to loss per share	**1,023,884,861**	991,404,316
Loss per share (in sen)		
– Basic	**(1.91)**	(3.32)
– Diluted	**(1.91)**	(3.32)

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 2017 and 31 December 2016 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.

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:

(i) 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;

(ii) 21 August 2017 in respect of the 712,172,414 ordinary shares in the Company was issued to the vendors as consideration of acquisition of GGTM.

31. 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 2017

31. 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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
		Restated (Note 36)		
With Directors of the Company				
Rental expenses	**140**	140	**–**	–
With subsidiaries				
Payment on behalf of	**–**	–	**2,115**	1,838
Payment on behalf by	**–**	–	**212**	–
Advances to a subsidiary	**–**	–	**5,336**	8,804
Advances from a subsidiary	**–**	–	**6,255**	–
Capitalisation of amount owing from a subsidiary as equity	**–**	–	**–**	6,000
Staff performance benefit paid on behalf	**–**	–	**169**	–
Settlement of debts via share issue	**–**	–	**2,086**	–

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	
	2017 RM'000	**2016 RM'000**
		Restated
Directors of the Company		
– short-term employee benefits	**1,862**	1,665
– post-employment benefits	**48**	47
– share-based payment expense	**–**	694
– Directors' fees	**582**	615
	2,492	3,021
Directors of the subsidiaries		
– director's fees	**181**	98
– performance share plan expense	**22**	34
	203	132
Key management personnel		
– short-term employee benefits	**992**	810
– post-employment benefits	**57**	45
– performance share plan expense	**110**	171
	1,159	1,026

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31. Significant related party transactions (Continued)

Compensation Share

The Company has entered into service agreement with an Executive Director on 26 October 2015. Pursuant to the agreement, the said Director will be entitled to 1.25% of our enlarged share capital of 279,730,000 upon completion of our Initial Public Offering ("Compensation Share") of which (a) 50% of the Compensation Shares will be issued 12 months (18 March 2017) after the date of Listing; and (b) the remaining 50% of the Shares will be issued 18 months (18 September 2017) after the date of Listing. Such Compensation Shares will not be subject to moratorium. In the event the said Director's employment with the Company is terminated less than 12 months after the date of Listing, he shall not be entitled of any Compensation Shares.

The movement of the shares awarded during the financial year is as follows:

		Number of Performance shares		
Date of Grant	**Date of Vested**	**At date of vested**	**Released**	**Balance at 31 December 2017**
26 October 2015	**18 March 2017**	**1,748,312**	**1,748,312**	**–**
26 October 2015	**18 September 2017**	**1,748,313**	**1,748,313**	**–**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32. 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 (2016: 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	
	2017	**2016**
	RM'000	**RM'000**
		Restated
Within one financial year	**142**	167
After one financial year but within five financial years	**25**	93
	167	260

33. Capital commitments

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
		Restated
Capital expenditure contracted but not provided for		
– commitments for the acquisition of plant and equipment	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

34. Segment information

Business segments

For management purposes, the Group is organised into business units based on their products and services. The Group's reportable segments are as follows:

(i) Gold mining – exploration, mining and production of gold.

(ii) Granite business – exploration, mining, quarry extraction, processing and sale of granite products and dimension stone granite as well as architectural stone and interior fit-out.

Except as indicated above, no operating segments has been aggregated to form the above reportable segment. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment revenue and expenses include transfers between business segments that are eliminated on consolidation.

Geographical information

During the financial year ended 31 December 2017 and 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 (2016: one) customer of the Group's granite business segment amounting to approximately RM21,636,000 (2016: RM4,847,000) and representing 89% (2016: 68%) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

34. Segment information (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	Gold mining 2017 RM'000	Granite business 2017 RM'000	Corporate & others 2017 RM'000	Total 2017 RM'000	Gold mining 2016 RM'000	Granite business 2016 RM'000	Corporate & others 2016 RM'000	Total 2016 RM'000
Group								
Revenue	**721**	**23,464**	**–**	**24,185**	2,175	4,923	–	7,098
Results								
Operating profit/(loss)	**(6,477)**	**658**	**(9,325)**	**(15,144)**	(7,084)	(1,081)	(21,024)	(29,189)
Interest income	**9**	**179**	**–**	**188**	3	110	–	113
Interest expenses	**(22)**	**(2,535)**	**(1,642)**	**(4,199)**	(12)	(3,429)	(395)	(3,836)
Loss before taxation	**(6,490)**	**(1,698)**	**(10,967)**	**(19,155)**	(7,093)	(4,400)	(21,419)	(32,912)
Taxation	**–**	**(382)**	**–**	**(382)**	–	–	–	–
Loss after taxation	**(6,490)**	**(2,080)**	**(10,967)**	**(19,537)**	(7,093)	(4,400)	(21,419)	(32,912)
Segment assets	**29,871**	**15,279**	**1,745**	**46,895**	34,161	11,224	4,043	49,428
Segment liabilities	**1,975**	**2,239**	**16,406**	**20,620**	8,788	16,407	911	26,106
Other segment information								
Capital expenditure – property, plant and equipment	**172**	**1,078**	**–**	**1,250**	4,544	2,775	2	7,321
Capital expenditure – mine properties	**610**	**90**	**–**	**700**	958	1,217	–	2,175
Depreciation and amortisation expenses	**(1,524)**	**(453)**	**(1)**	**(1,978)**	(1,687)	(185)	(3)	(1,875)
Impairment loss in property, plant and equipment	**(258)**	**–**	**–**	**(258)**	–	–	–	–
Exploration and evaluation assets written off	**(50)**	**–**	**–**	**(50)**	–	–	–	–
Fair value loss on derivative financial instrument	**–**	**–**	**(1,471)**	**(1,471)**	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

35. 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.

35.1 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 Group and the Company have trade receivables from a third party and non-trade receivables from its subsidiaries amounting to approximately RM1,818,000 (2016: RM2,067,000) and RM9,922,000 (2016: RM3,117,000) 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 trade and other receivables and bank deposits.

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

35.2 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 Singapore dollar and United States dollar transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

35.2 Market risks (Continued)

Foreign currency risks (Continued)

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	
	2017	**2016**
	RM'000	**RM'000**
		Restated (Note 36)
Assets		
Singapore dollar	**1,643**	3,966
United States dollar	**133**	–
Liabilities		
Singapore dollar	**16,407**	2,838
United States dollar	**470**	2,824

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 2% change in Singapore dollar and a 10% change in United States dollar (2016: a 7% change in Singapore dollar and a 8% 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 2% and 10% (2016: 7% and 8%) respectively, change in foreign currency rates.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

35.2 Market risks (Continued)

Foreign currency sensitivity analysis (Continued)

	Profit or loss	
	2017 RM'000	2016 RM'000
		Restated (Note 36)
Group		
Singapore dollar		
Strengthens against Ringgit Malaysia	**(295)**	79
Weakens against Ringgit Malaysia	**295**	(79)
United States dollar		
Strengthens against Ringgit Malaysia	**(34)**	(226)
Weakens against Ringgit Malaysia	**34**	226

35.3 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

35.3 Liquidity risks (Continued)

Contractual maturity analysis (Continued)

	Within one financial year RM'000	After one financial year but within five financial years RM'000	Total RM'000
2017			
Group			
Financial liabilities			
Trade and other payables	4,436	–	4,436
Finance lease payables	100	278	378
Guaranteed bond	8,927	–	8,927
Exchangeable bond	–	8,618	8,618
	13,463	8,896	22,359
2016			
Restated			
Group			
Financial liabilities			
Trade and other payables	9,306	–	9,306
Finance lease payables	100	379	479
	9,406	379	9,785

	Within one financial year	
	2017 RM'000	2016 RM'000
Company		
Financial liabilities		
Non-trade payables	6,367	911
Guaranteed bond	8,927	–
	15,294	911

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

35.4 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 include within net debt, trade and other payables, borrowings and finance lease payables less fixed deposits and bank balances.

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 2016.

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, borrowings and finance lease payables less fixed deposits and bank balances. Total equity comprises of share capital plus reserves.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated (Note 36)		
Trade and other payables	**4,436**	12,078	**6,367**	911
Borrowings	**15,854**	–	**8,360**	–
Finance lease payables	**330**	403	**–**	–
Less: Fixed deposits and bank balances	**(7,817)**	(11,746)	**(1,611)**	(3,965)
Net (cash)/debt	**12,803**	735	**13,116**	(3,054)
Redeemable convertible preference shares	**–**	13,626	**–**	–
Total equity	**26,275**	23,322	**168,668**	57,848
Total capital	**26,275**	36,948	**168,668**	57,848
Capital and net debt	**39,078**	37,683	**181,784**	54,794
Gearing ratio	**32.76%**	19.50%	**7.22%**	n.m.(1)

(1) The gearing ratio is not disclosed as it is not meaningful because the Company's fixed deposits and bank balances are higher than the total of its financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

35.5 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 2017

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

35.6 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			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
2017				
Financial liabilities				
Exchangeable bond	–	7,494	–	7,494
2016				
Restated				
Financial liabilities				
Derivative financial instruments	–	–	–	–

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	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated (Note 36)		
Financial assets				
Loans and receivables	**12,851**	14,330	**11,533**	7,082
Financial liabilities				
Exchangeable bond, at fair value	**7,494**	–	**–**	–
Other financial liabilities, at amortised cost	**13,126**	23,336	**14,727**	911
	20,620	23,336	**14,727**	911

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

36. Comparative figures and prior year adjustments

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 2016, 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 2016.

The effects of the prior year adjustments on acquisition of GGTM which fall under common control are summarised as follows:

	As previously reported RM'000	Effects of common control acquisition RM'000	As restated RM'000
Group			
2016			
Statements of financial position			
ASSETS			
Non-current assets			
Property, plant and equipment	15,774	2,700	18,474
Exploration and evaluation assets	50	–	50
Mine properties	13,687	1,755	15,442
Prepayments	–	83	83
	29,511	4,538	34,049
Current assets			
Inventories	289	204	493
Trade and other receivables	706	2,282	2,988
Prepayments	107	46	153
Fixed deposits and bank balances	7,591	4,155	11,746
	8,693	6,687	15,380
Total assets	38,204	11,225	49,429
EQUITY AND LIABILITIES			
Equity			
Share capital	106,092	250	106,342
Merger reserve	15,645	–	15,645
Share based payment reserve	694	–	694
Accumulated losses	(93,937)	(5,422)	(99,359)
Total equity	28,494	(5,172)	23,322
Non-current liabilities			
Finance lease payables	239	91	330
	239	91	330
Current liabilities			
Trade and other payables	9,407	2,671	12,078
Finance lease payables	64	9	73
Redeemable convertible preference shares	–	13,626	13,626
	9,471	16,306	25,777
Total liabilities	9,710	16,397	26,107
Total equity and liabilities	38,204	11,225	49,429

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

36. Comparative figures and prior year adjustments (Continued)

	As previously reported RM'000	Effects of common control acquisition RM'000	As restated RM'000
Group			
2016			
Consolidated statement of comprehensive income			
Revenue	2,175	4,923	7,098
Other income	37	77	114
Raw materials and consumables used	(917)	(41)	(958)
Changes in inventories	26	185	211
Contractors expenses	(565)	(3,651)	(4,216)
Royalty fees	(790)	(35)	(825)
Depreciation and amortisation expenses	(1,690)	(185)	(1,875)
Employee benefits expenses	(5,931)	(704)	(6,635)
Operating lease expenses	(384)	(128)	(512)
Other expenses	(20,065)	(1,413)	(21,478)
Finance costs	(408)	(3,428)	(3,836)
Loss for the financial year	(28,512)	(4,400)	(32,912)
Total comprehensive income for the financial year	(28,512)	(4,400)	(32,912)
Loss attributable to owners of the parent	(28,512)	(4,400)	(32,912)
Total comprehensive income attributable to owners of the parent	(28,512)	(4,400)	(32,912)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

36. Comparative figures and prior year adjustments (Continued)

	As previously reported RM'000	Effects of common control acquisition RM'000	As restated RM'000
Group			
2016			
Consolidated statement of cash flows			
Operating activities			
Loss before income tax	(28,512)	(4,400)	(32,912)
Adjustments for:			
Depreciation and amortisation expenses	1,690	185	1,875
Share-based payment expenses	1,023	–	1,023
Interest expenses	408	3,428	3,836
Interest income	(3)	(110)	(113)
Loss on disposal of plant and equipment	19	–	19
Write-down of inventories to net realisable value	255	–	255
Unrealised foreign exchange difference	407	20	427
Operating cash flows before working capital changes	(24,713)	(877)	(25,590)
Working capital changes:			
Inventories	(70)	(203)	(273)
Trade and other receivables	(314)	(2,028)	(2,342)
Prepayments	4,618	(1)	4,617
Trade and other payables	8,384	2,602	10,987
Net cash used in operating activities	(12,095)	(507)	(12,601)
Investing activities			
Additions to exploration and evaluation assets	–	(1,217)	(1,217)
Additions to mine properties	(958)	–	(958)
Interest received	3	110	113
Purchase of property, plant and equipment	(4,211)	(2,672)	(6,883)
Proceeds from disposal of plant and equipment	54	–	53
Net cash used in investing activities	(5,112)	(3,779)	(8,892)
Financing activities			
Interest paid	(13)	(2)	(15)
Proceeds from issuance of new ordinary shares	31,109	150	31,259
Share issue expenses	(7,451)	–	(7,451)
Repayment of finance lease obligations	(32)	(2)	(34)
Proceeds from issuance of redeemable convertible preference shares	–	5,970	5,970
Net cash from financing activities	23,613	6,116	29,729
Net change in cash and cash equivalents	6,406	1,830	8,236
Exchange difference on cash and cash equivalents	(70)	–	(70)
Cash and cash equivalents at beginning of financial year	1,155	2,325	3,480
Cash and cash equivalents at end of financial year	7,491	4,155	11,646

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

37. Events after the reporting period

Subsequent to 31 December 2017, the following events have taken place:

(i) The Company has entered into subscription agreement on 29 March 2018 to issue bond of S$1,500,000 (equivalent to RM4,500,000) ("Principal Amount") with subscription price at 100.00% of Principal Amount to third parties, together with 47,000,000 free transferable warrant carrying the right to subscribe for one new ordinary share in the capital of the Company with an exercise price of S$0.032. The bond, which will mature in March 2019, carries fixed interest of 20% per annum with interest payable semi-annually in advance and is supported by a deed of guarantee from a Director of the Company.

(ii) The Company has entered into subscription agreement on 29 March 2018 to issue bond of S$3,310,000 (equivalent to RM9,930,000) ("Principal Amount") with subscription price at 86.86% of Principal Amount to a third party, together with 90,000,000 free transferable warrant carrying the right to subscribe for one new ordinary share in the capital of the Company with an exercise price of S$0.032. The bond, which will mature in March 2019, carries fixed interest of 10% per annum with interest payable semi-annually in advance and is supported by a deed of guarantee from a Director of the Company.

38. Authorisation of financial statements

The statement of financial position of the Company as at 31 December 2017 and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2017 were authorised for issue in accordance with a Directors' resolution dated 9 April 2018.

INDEPENDENT
QUALIFIED PERSON'S REPORT (GOLD)

Optiro

Anchor Resources Limited
Independent Qualified Person's Report

J_2209

Principal Author:

Jason Froud
BSc Hons, MAusIMM, MAIG

Principal Reviewer:

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

January 2018

INDEPENDENT QUALIFIED PERSON'S REPORT (GOLD)

Optiro

Independent Qualified Person's Report

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

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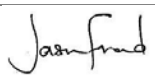
Anchor Resources Limited: 1

Principal Author:	Jason Froud BSc Hons (Geol), Grad Dip (Fin Mkts), MAusIMM, MAIG	Signature:	
		Date:	31 January 2018
Contributors:			
Principal Reviewer:	Christine Standing BSc Hons (Geol), MSc (Min Econs), MAusIMM, MAIG	Signature:	
		Date:	31 January 2018

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INDEPENDENT
QUALIFIED PERSON'S REPORT (GOLD)

Optiro

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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 Mine (the Project). Optiro understands that this Report will be used as a public document and appended to Anchor's year ending 31 December 2017 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 an 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 Mine 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 metasedimentary rocks 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

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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%.

AASB commenced mining tailings material in August 2015. Mining of the tailings material was temporarily halted in August 2016 with wet feed material presenting processing difficulties and low gold recoveries. As such, there was no mining of tailings material from August 2016 while plant and process flow modifications were made in preparation for processing in-situ mineralisation. The operational focus was switched to the in-situ mineralisation from August 2016. AASB commenced open pit mining of in-situ material in September 2016 with first ore crushed in October 2016. Open pit mining of in-situ material for the year 2017 is summarised in Table 1.1

In May 2017, AASB changed its mining strategy from open pit mining operations to underground mining due to high strip ratios and narrow mineralisation. This was implemented through a revenue share agreement with mining contractor Great Aims Resources Sdn Bhd with preparation for underground mining occurring from May 2017.

Table 1.1 Lubuk Mandi Mine in-situ mining operations for 2017

	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017
Waste mining (t)	22,929	47,603	30,826	12,639	0
Ore mining (t)	0	4,056	16,004	1,661	2,999
Gold grade (g/t)	0	1.80	0.25	1.53	0.72

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 2017, Optiro has depleted the 31 December 2016 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 1.2 and Table 1.3). Total Mineral Resources for the Lubuk Mandi Mine site are summarised in Table 1.4.

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Table 1.2 Lubuk Mandi Mine 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
31 December 2017 (unchanged from 2016)	Measured	-	-	-
	Indicated	1.2	0.73	27,700
	Inferred	0.1	0.83	2,500
	Total	**1.3**	**0.73**	**30,200**

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 1.3 Lubuk Mandi Mine 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
31 December 2016 (depleted)	Measured	-	-	-
	Indicated	1.5	1.45	69,900
	Inferred	0.3	1.01	9,700
	Total	**1.8**	**1.38**	**79,600**
	Reported production (2017)	0.02	0.65	500
31 December 2017 (depleted)	Measured	-	-	-
	Indicated	1.5	1.46	69,400
	Inferred	0.3	1.01	9,700
	Total	**1.8**	**1.39**	**79,100**
	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

Table 1.4 Total Mineral Resources summary (31 December 2017)

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	0%
	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**	**0%**
In-situ	Measured	-	-	-	-	-	-	
	Indicated	1.5	1.46	69,400	1.50	1.46	69,400	-1%
	Inferred	0.3	1.01	9,700	0.30	1.01	9,700	0%
	Total	**1.8**	**1.39**	**79,100**	**1.80**	**1.39**	**79,100**	**-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

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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 Mine (the Project). Optiro understands that this Report will be used as a public document and appended to Anchor's year ending 31 December 2017 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 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.

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 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 Mine.

Optiro visited the Lubuk Mandi Mine 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 project. Optiro did not visit for the year ending 2017 as limited work had occurred on site and there were no material changes at the time. 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.

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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 1 March 2018. 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. Mr Jason Froud and Optiro partners, directors, substantial shareholders and their associates (i) are independent of Anchor, its directors and substantial shareholders; (ii) do not have any interest, direct or indirect, in Anchor or its subsidiaries; and (iii) will not receive benefits other than the remuneration paid to Optiro in connection with this IQPR. 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.

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'

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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 Mine 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.

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Figure 3.1 Lubuk Mandi Mine 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.

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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 AASB'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

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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.

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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.

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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

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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).

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Table 3.1 Tenement details

Asset name/ country	Issuer's Interest	Development status	Licence expiry	Licence area (ha)	Type of mineral	Remarks
ML 1/2007 (Malaysia)	100%	Production	8/4/2022	95.03	Gold	Renewable every five years
ML 2/2007 (Malaysia)	100%	Production	5/3/2022	126.50	Gold	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 8 April 2022 (ML 1) and 5 March 2022 (ML 2) 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 8 April 2022, 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 8 April 2022 and further renewals may been applied for. Optiro has no reason to believe the licences will not be renewed. Furthermore, the OMS is valid till 8 April 2022 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 31 October 2019.

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. Under the terms of the agreement, AASB shall appoint a qualified mining engineer for the purpose of preparing a proposed ML renewal report

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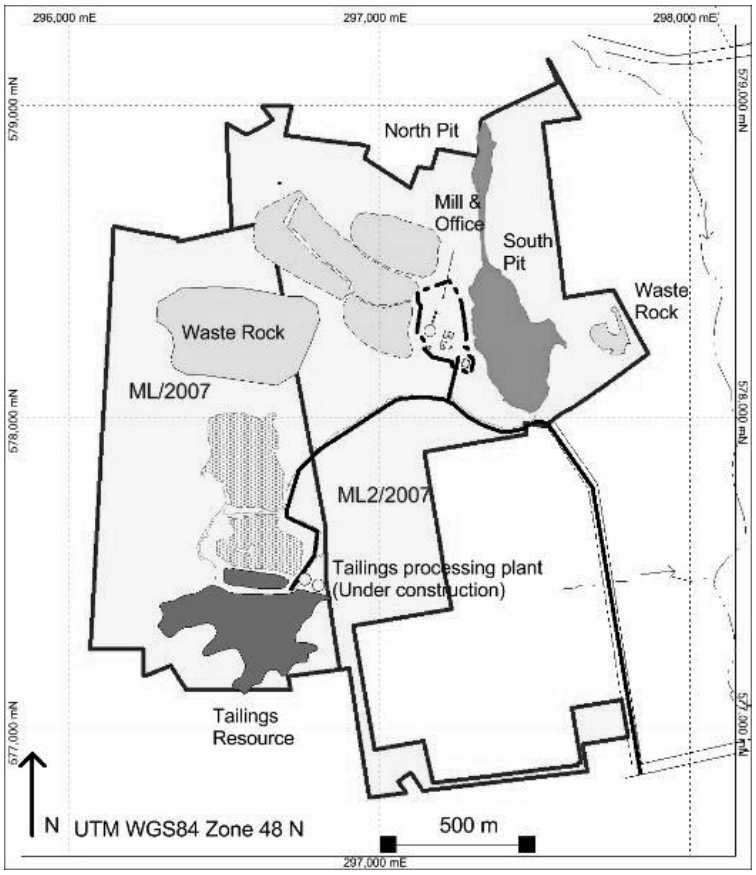
to be submitted to PMINT for registration. PMINT will manage all procedures for renewal application subject to the approval of the state authority.

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 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

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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).

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 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 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.

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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.

Table 4.1 Lubuk Mandi Mine 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 tailings material was treated from August 2015 through to December 2015. No processing occurred between January 2016 and March 2016 due to the monsoon season but was restarted again in April 2016. The processing focus changed to treatment of in-situ hard rock material which commenced in October 2016 and continued to May 2017. At this point, the mining focus was changed to underground mining due to high strip ratios and narrow mineralisation.

On 18 May 2017, Anchor announced AASB and Sinomine had mutually terminated their Co-operation Agreement. AASB and Sinomine agreed, inter alia, to release discharge each other from all claims and other actions arising from their previous Co-operation Agreement.

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Following the termination of the Co-operation Agreement, Anchor announced that AASB had on 18 May 2017 entered into a mining agreement (the Mining Agreement) with Great Aims Resources Sdn Bhd (GAR). Through the agreement, AASB engaged GAR on an exclusive basis to carry out gold mining works at the Lubuk Mandi Mine.

GAR was incorporated in Malaysia on 23 August 2013 and is an associated company of Fujian Zhongye Construction Project Co., Ltd, a company incorporated in the People's Republic of China which specialises in providing construction services for mine and tunnel infrastructure projects.

The scope of work under the Mining Agreement includes the provision by GAR of:

- underground gold mineral mining services through development of tunnels and/or shafts
- hard rock gold mineral mining and tailings processing services, based on the current and prospective gold Mineral Resources and Ore Reserves at the Lubuk Mandi Mine.

The works to be carried out by GAR under the Scope of the Mining Agreement include, inter alia:

- building and/or maintenance of underground development, processing facilities and offices at the Lubuk Mandi Mine
- management and supervision of gold mining works
- raising the existing tailings dam and constructing new tailings dams
- maintenance of the flood control facility and waste water treatment plant
- if necessary, modification of the existing gold processing facilities with the written permission of AASB.

Under the agreement, GAR is to bear all costs (whether operational or incidental) incurred in connection with the aforementioned works at the Lubuk Mandi Mine. In consideration of the services provided by GAR pursuant to the Mining Agreement, the revenue (net of all tributes and royalty payments) generated from sale of gold produced in connection with the Mining Agreement shall be distributed between GAR and AASB on a 65:35 percent basis. Additionally, AASB and GAR have agreed that GAR shall pay to AASB monthly payments representing GAR's 65% share of the aggregate tributes and royalties, respectively, payable in respect of any Revenue earned in that month, subject to a minimum payment by GAR of RM80,000 per month which shall be applied towards payment of the tributes (the GAR Minimum Contribution). The GAR Minimum Contribution shall be payable regardless of whether any revenue is earned in the relevant month and payment by GAR of the GAR Minimum Contribution shall commence from 1 August 2017.

The Mining Agreement shall take effect on the business day following the expiry of a three month period (comprising a two month grace period for preparatory works and one month takeover period) commencing from the date of the Mining Agreement. Unless the Lubuk Mandi Mine becomes, in the reasonable opinion of GAR, uneconomical, the Mining Agreement shall continue for a period of five years from the Commencement Date and may be extended thereafter for a further period of five years at the option of GAR.

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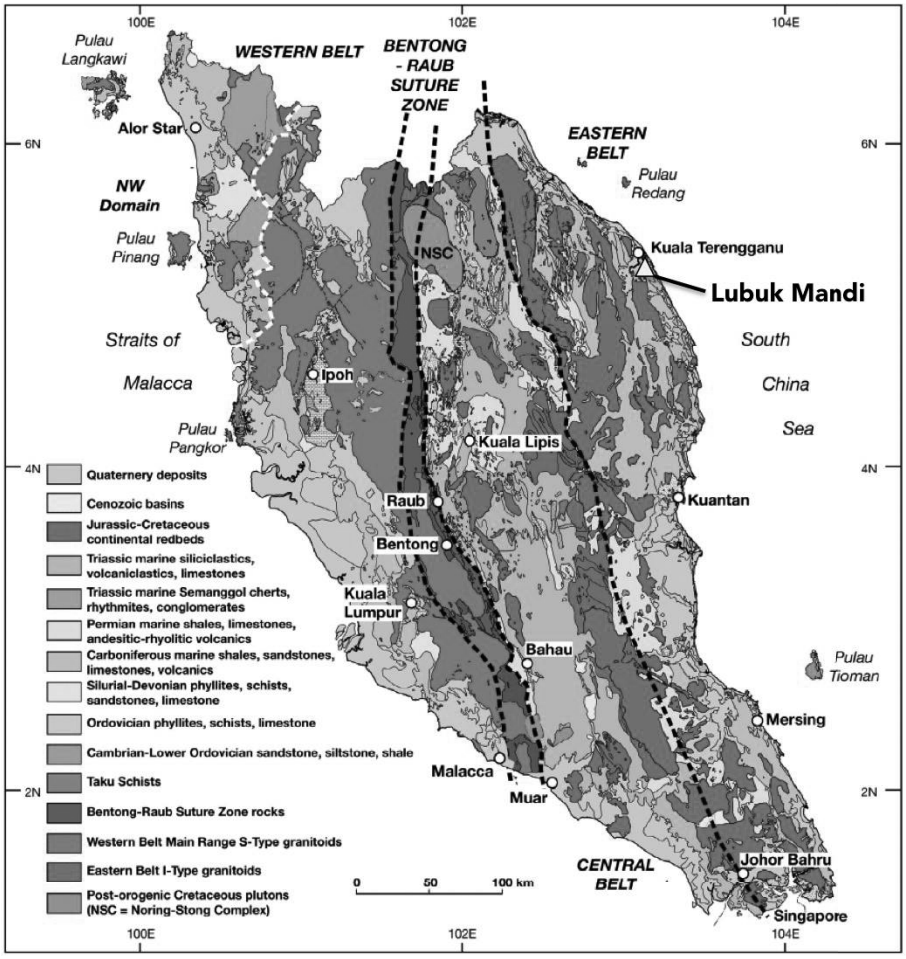
5. GEOLOGICAL SETTING

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 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

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mineralisation is associated with the granites that occur from central Thailand through Malaysia into Indonesia.

The Central Belt contains mainly Upper Carboniferous to Permian to Triassic shallow marine volcano-sedimentary successions that are characterised by thick basal limestone formations overlain by intercalated shale, mudstone, sandstones and pyroclastic volcanic rocks (mainly tuffs). There are late-Triassic granitoid to intermediate intrusives, but fewer when compared to the adjacent Western and Eastern Belts. Unconformably overlying this sequence are Jurassic to Cretaceous continental margin sediments (thick, cross-bedded sandstone with lesser conglomerate, shale-mudstone and volcanic rocks).

The Eastern Belt is comprised of poly-deformed Carboniferous to Triassic marine sedimentary and metamorphic basement rocks (phyllite, slate, shale, and limestone with lesser acid to intermediate volcanic rocks) intruded by Permian to Triassic gabbros, granites and granodiorites.

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 Mine is located within Gold Belt 4, which parallels the east coast of Peninsular Malaysia in the Eastern Belt.

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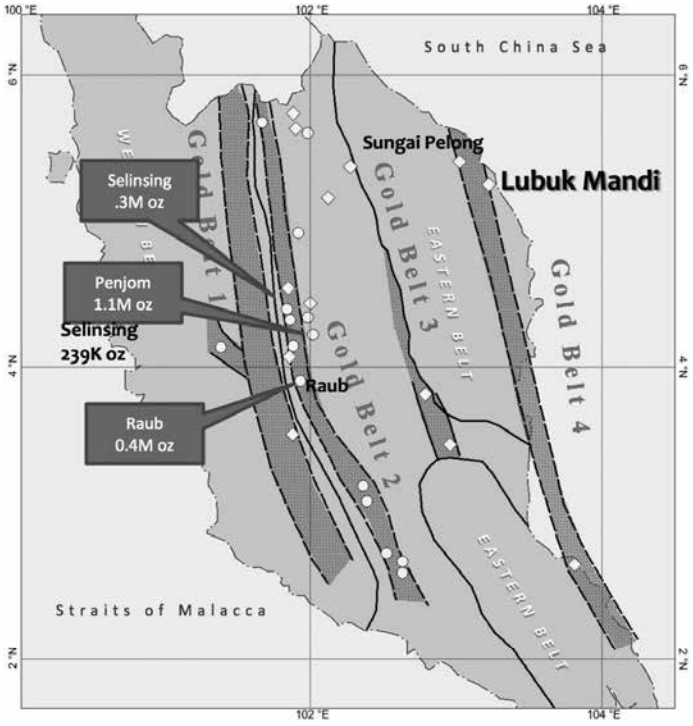
Figure 5.2 **Malaysian gold belts including Lubuk Mandi Mine (Source: GBM)**



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 the Lubuk Mandi Mine 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.

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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 the Lubuk Mandi Mine.

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 The Lubuk Mandi Mine 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 Mine 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 The Lubuk Mandi Mine 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.

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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 the Lubuk Mandi Mine**

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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.

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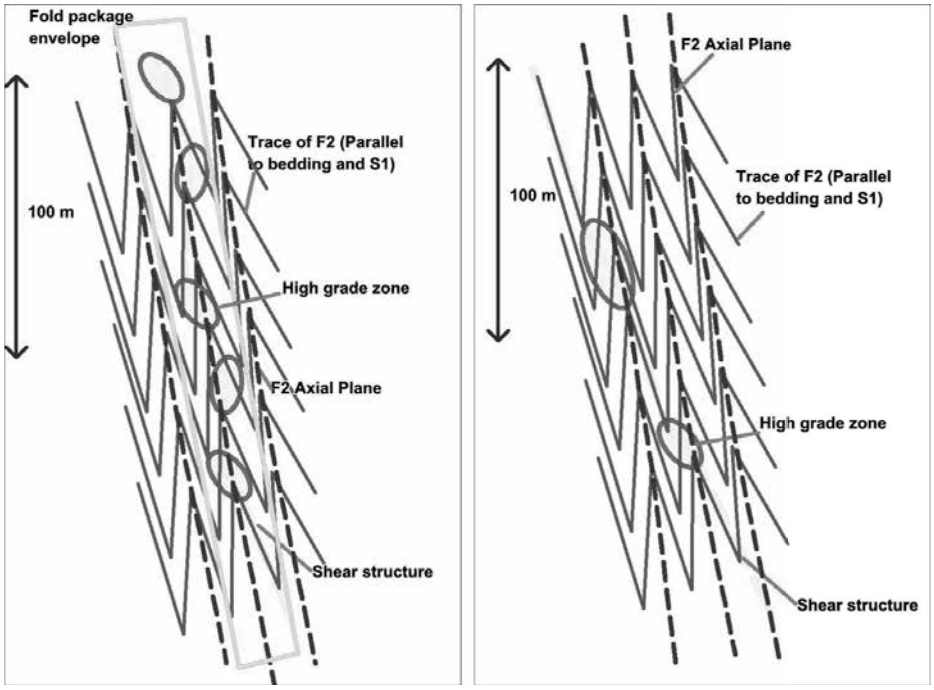
Figure 5.5 Alternative mineralisation focus models proposed for the Lubuk Mandi Mine (Source: GBM)
Model 1 (left): shear zone constrained to a fold package envelope defined by a single fold hinge
Model 2 (right): shearing crosses multiple axial planes as shear propagates up the eastern limb of the antiform



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

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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 the Lubuk Mandi Mine, 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.

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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 the Lubuk Mandi Mine. 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 the Lubuk Mandi Mine 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.

No exploration drilling was carried out in 2017.

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.

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Table 6.1 Lubuk Mandi Mine 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.

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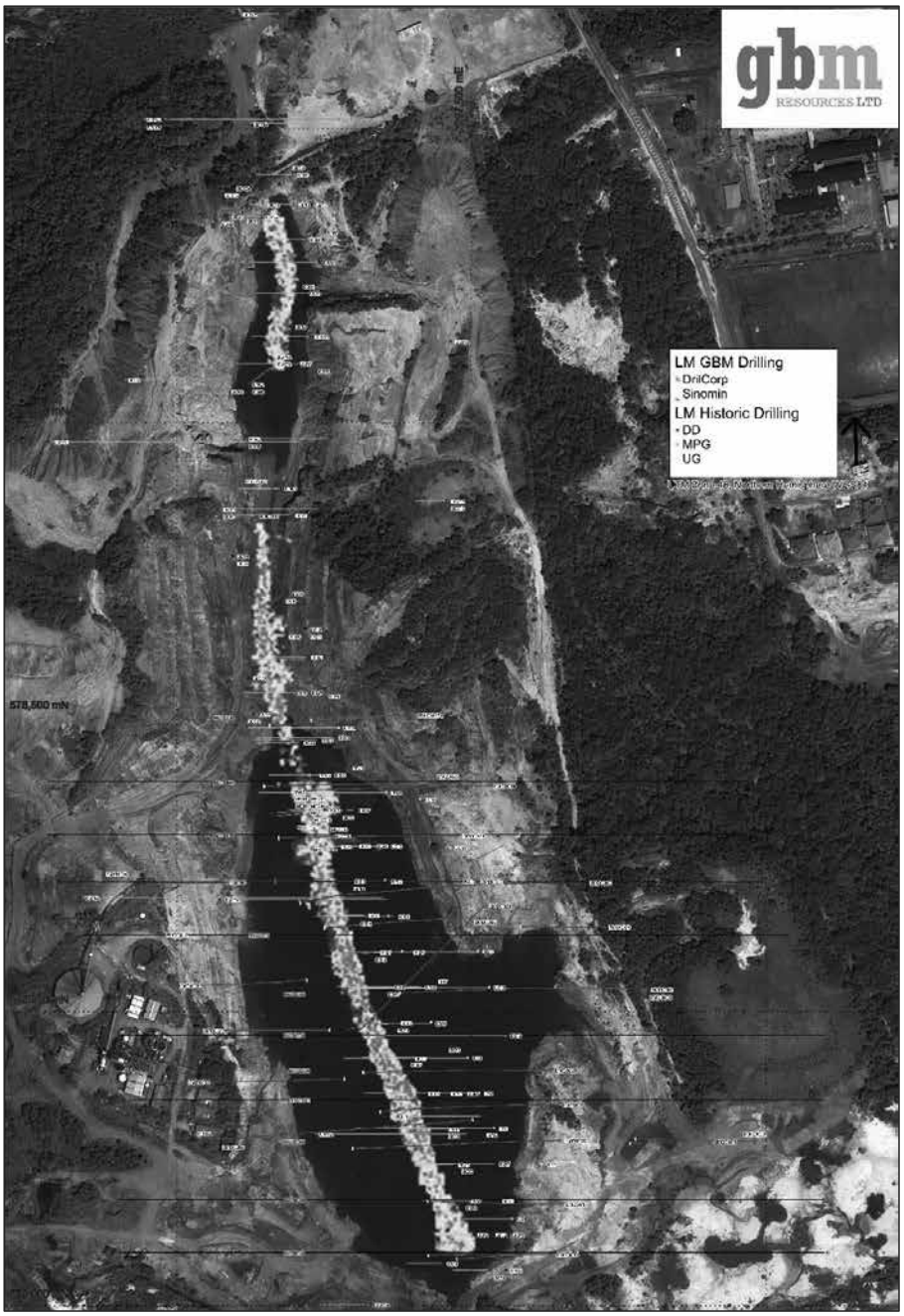
Figure 6.1 Lubuk Mandi Mine drillhole locations relative to gold mineralisation



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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 tp 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 (Aycel 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 Aycel Global Holdings Sdn Bhd (AGH). Geological logging was carried out on-site by AGH staff.

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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 (Aycel 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.

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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.

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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.

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Table 6.2 Database priority for various analysis methods

Element	Method	Priority
Gold	Screen fire	1
Gold	Fire assay	2
Gold	Cynanide 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:

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

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

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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

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(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.

No exploration drilling on the tailing material was carried out in 2017.

SAMPLE PREPARATION

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

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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 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.

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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 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 ±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 the Lubuk Mandi Mine. Based on the testwork completed, Normet prepared a processing design and a processing plant was subsequently

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built at site to treat the gold mineralisation mined from the open pit. Reports documenting this testwork have not been reviewed by Optiro.

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).

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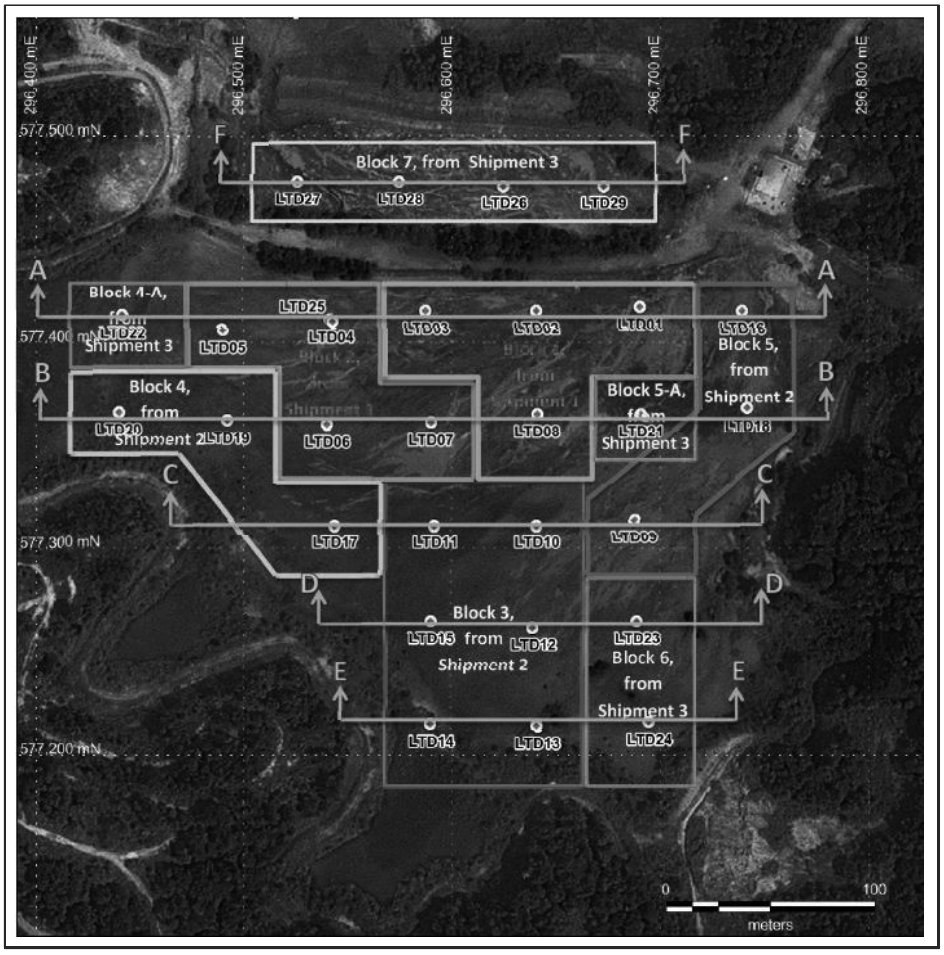
Figure 7.1 Drilling plan and basis for Lubuk Mandi Mine variability samples blending strategy (Source: Core)



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

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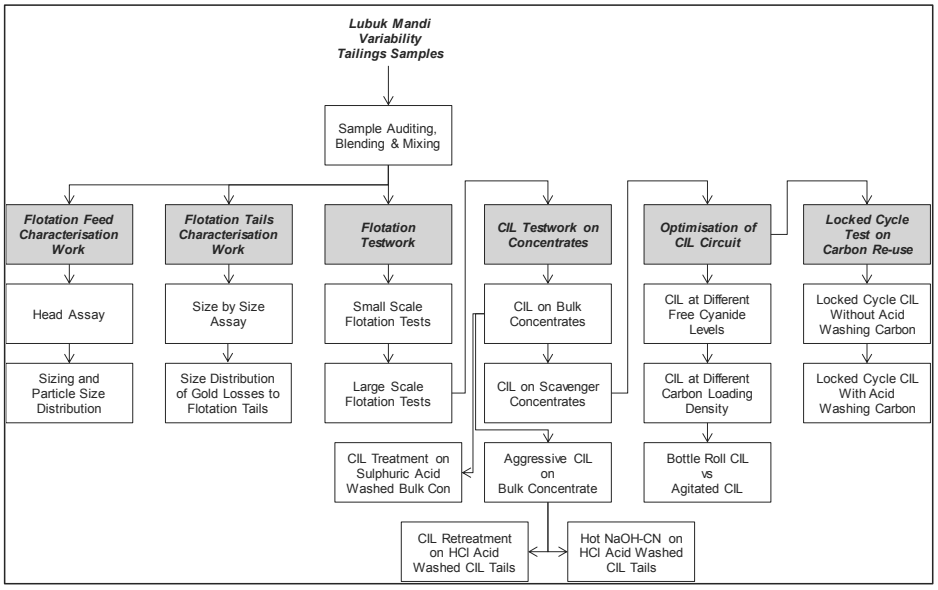
doré. The process was designed to use conventional and readily available equipment and technology.

The outline of the whole flowsheet development testwork programme carried out for the Lubuk Mandi Mine 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%.

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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 temporarily halted 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 at this time.

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 Mine 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 the Lubuk Mandi Mine in-situ mineralisation were 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 were reported as at 30 September 2015 and do not include mining depletion by AASB after 2015. Although silver has previously been produced from the Lubuk Mandi Mine operations it is considered immaterial and has not been estimated.

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Table 8.1 Lubuk Mandi Mine in-situ Mineral Resources as at 30 September 2015 (reported above a lower cut-off grade of 0.3 g/t gold and prior to mine depletion)

Category	Tonnes (Mt)	Gold grade (g/t)	Ounces gold
Measured	-	-	-
Indicated	1.5	1.46	70,500
Inferred	0.3	1.01	9,700
Total	**1.8**	**1.39**	**80,200**

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 Mine 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/m^3) 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.

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13. An inverse distance squared (ID^2) model and a cross-sectional model were used to check the grade and volumes reported.
14. A 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 Mine. 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 Mine 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 the Lubuk Mandi Mine 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 and do not include mining depletion by AASB after 2015. Although silver has previously been produced from the Lubuk Mandi Mine operations it is considered immaterial and has not been estimated.

Table 8.2 Lubuk Mandi Mine tailings Mineral Resources as at 30 September 2015 (reported above a lower cut-off grade of 0.4 g/t gold and prior to mine depletion)

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 Mine 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.

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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 ID^2 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 Mine. 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 2017, Optiro depleted the 31 December 2016 Mineral Resources based on reported 2017 production. There was no mining or processing of tailings material in 2017 and this Mineral Resource remains unchanged from 2016. For the in-situ material, Optiro 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 2018 onwards, AASB depletes its Mineral Resources 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 Mine site are summarised in Table 8.5.

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Table 8.3 Lubuk Mandi Mine 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
31 December 2017 (no change)	Measured	-	-	-
	Indicated	1.2	0.73	27,700
	Inferred	0.1	0.83	2,500
	Total	**1.3**	**0.73**	**30,200**

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 Mine 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
31 December 2016 (depleted)	Measured	-	-	-
	Indicated	1.5	1.45	69,900
	Inferred	0.3	1.01	9,700
	Total	**1.8**	**1.38**	**79,600**
	Reported production (2017)	0.02	0.65	500
31 December 2017 (depleted)	Measured	-	-	-
	Indicated	1.5	1.46	69,400
	Inferred	0.3	1.01	9,700
	Total	**1.8**	**1.39**	**79,100**
	Difference to 2016	-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

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	0%
	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**	**0%**
In-situ	Measured	-	-	-	-	-	-	
	Indicated	1.5	1.46	69,400	1.50	1.46	69,400	-1%
	Inferred	0.3	1.01	9,700	0.30	1.01	9,700	0%
	Total	**1.8**	**1.39**	**79,100**	**1.80**	**1.39**	**79,100**	**-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 2017.

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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 Mine 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 Mine gold mine in 1989.

The Lubuk Mandi 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 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

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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.

AASB commenced mining tailings material in August 2015. Mining of the tailings material was temporarily halted in August 2016 with wet feed material presenting processing difficulties and low gold recoveries. As such, there was no mining of tailings material from August 2016 while plant and process flow modifications were made in preparation for processing in-situ mineralisation. The operational focus was switched to the in-situ mineralisation from August 2016. AASB commenced open pit mining of in-situ material in September 2016 with first ore crushed in October 2016.

For 2018, AASB plan to supplement underground mining feed with material tailings material. Optiro notes that AASB plan to mine and stockpile the tailings material to allow it to dry prior to feeding to the process plant.

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 10.2.

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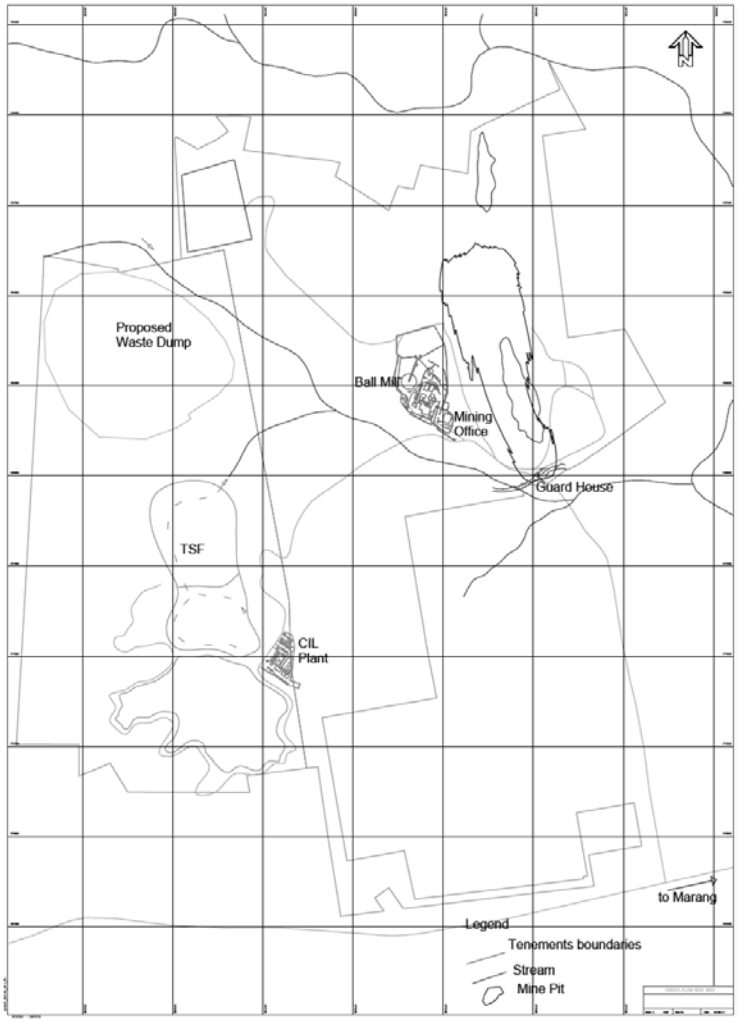
Figure 10.2 Site layout showing current and proposed operations



OPEN PIT MINING

Optiro understands that in-situ mining operations commenced in September 2016 with first ore crushed in October 2016. In 2017, mining of in-situ material from the open pit continued through to May 2017. The Company changed its mining strategy for in-situ material in May 2017 due to high strip ratios and narrow mineralisation. At this point, AASB elected to alter their mining method from open pit to underground mining. Monthly mining and grade control sampling is summarised in Table 10.1.

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Table 10.1 Lubuk Mandi Mine in-situ mining operations 2017

	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017
Waste mining (m^3)	22,929	47,603	30,826	12,639	0
Ore mining (m^3)	0	4,056	16,004	1,661	2,999
Gold grade (g/t)	0	1.80	0.25	1.53	0.72

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 monsoonal rains, and water was overflowing from the north pit to the main pit via the slot between the two pits.

Overflow water discharges from the main pit into the adjacent river (Sungai Anak Reng), which runs across the Project and along the southern boundary of the Project. At the start of 2017, the main (south) pit contained approximately 1,400 megalitres of water and north pit contained approximately 40 megalitres. At the start of 2017, the main pit was in the process of being dewatered by Sinomine with two pumps rated at 200 m^3 per hour. The water in the pits is acidic due to dissolved sulphides, with an approximate pH of 3.3, so it must either be neutralised by the addition of lime during discharge, or discharged in a controlled way during high rainfall events to ensure adequate dilution. AASB are required to monitor the river conditions to ensure compliance with environmental requirements.

Optiro understands that dewatering of the main pit continued through 2017 and at least 75% of the water had been pumped out to the Sungai Anak Reng by year end. A pontoon mounted 400kW diesel powered water pump (250 mm) is currently used for this purpose.

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.

Until its change in strategy in May 2017, the open-pit mining operation was carried out by Sinomine using conventional open-pit mining techniques and equipment typical for the region. All material required drilling and blasting for rock fragmentation. Three Hantu tip trucks and one hydraulic excavator were used for loading and haulage to the waste rock dumps and a ROM pad at the treatment plant.

Open pit ore mining was under the control of the site geologist who:

- ensured ore blocks are mark out and flagged correctly
- supervised the excavator operator on the excavation
- geologically mapped the mine exposure
- ensured that the excavation is to the accurate bench level using laser level equipment.

Trucks were counted to determine volume movements with the drivers directly informed on the destination of the material. During the excavation process, the supervising geologist instructed the

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excavator operator on how to excavate the particular block to be mined. The flags around ore blocks for excavation were considered a guideline and the geologist informed the operator whether what was dug was either ore or waste by visual identification based on mapping and knowledge of the mineralisation. The geologist/spotter instructed the operator to excavate to the accurate bench level as determine using the laser level. Truck drivers were 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 were 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 was 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 were 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 were sampled and assayed to provide mining control.

UNDERGROUND MINING

As announced by Anchor on 18 May 2017, AASB entered into a Mining Agreement with GAR to carry out underground mining at the Lubuk Mandi Mine. AASB made the decision to transition to underground mining due to the open pit mine strip ratio being prohibitively high and underground mining allowing minimal excavation of barren wall rock. GAR has commenced preparatory work and AASB expect full underground mining to commence between April and May 2018.

GAR has commenced development of decline and shaft facilities and associated infrastructure required for underground mining (Figure 10.3 and Figure 10.4). The main development comprises three development headings, namely:

- excavation of No. 1 decline near the southern end of the mine pit
- excavation of No. 2 decline near the northern end of the mine pit and excavation of connecting crosscuts and drives
- sinking of No. 3 shaft, a vertical shaft west of the approximate centre of the pit

The three developments comprise:

- No. 1 decline: a 2.6 by 2.6 m development bearing at 140°. Total length is 166 m at an incline of 25°. This is the first development to commence and will be used for ore haulage and emergency egress.
- No. 2 decline: a 2.5 by 2.5 m development bearing at 356°. Total length is 150 m at an incline of 25° and is be the second development to commence. This decline will be used for the transport of personnel, equipment and materials.
- No.3 shaft: a 3 m cross section vertical shaft to be sunk to a depth of 100 m after the completion of the previous decline development. This shaft will be used for mine dewatering, ore hoisting, escape of persons and ventilation airflow.

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Figure 10.3 Tunnel and Underground facilities in Lubuk Mandi Gold Mine

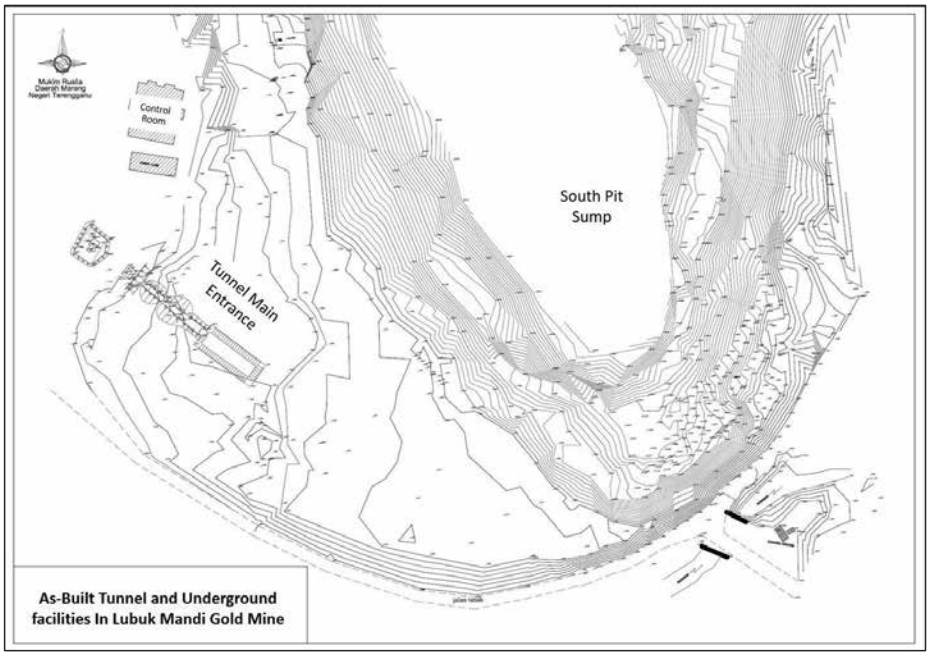
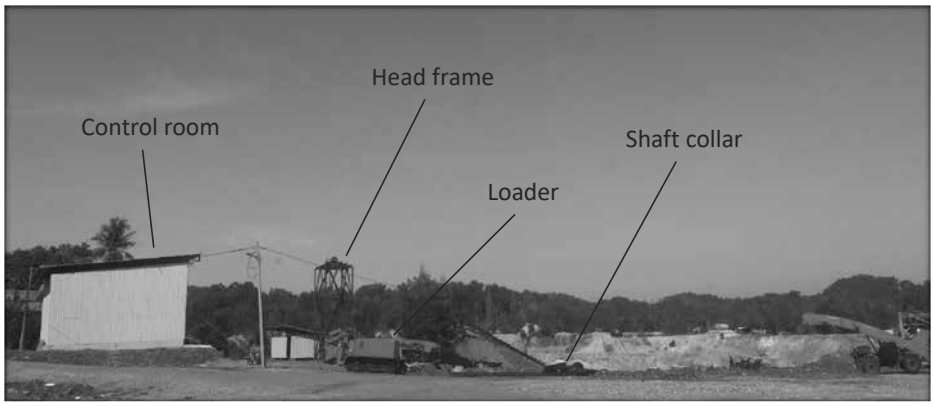


Figure 10.4 Services in place for underground development



The three developments are to be lined with concrete to ensure their integrity. They will also serve as carriers for mine services (water supply pipes, compressed air pipes and electric cables) fixed where these services do not get caught by passing traffic. The declines are equipped with rails for skips to run on and with steps and such that these personnel are away from the moving skips. The

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vertical shaft is provided with ladders for use by personnel such that they are not affected by the movement of skips.

Crosscuts and ore drives are to have a 2.5 by 2.5 m cross sections. In most instances, development goes through fresh metasedimentary rocks and the quartz-rich mineralisation, both of which are geotechnically competent. No ground support or other means of guarding against rock falls are considered necessary by AASB or GAR after the usual barring down of loose rock following blasting. In poor ground, backs and walls are to be lined with concrete. In less severe instances, rock bolts with or without wire meshing may be required.

The underground development will have rails laid on stone ballast on their floors for the use of cars and trams transporting ore, persons, equipment, materials, and, on occasions, barren rock. Horizontal development will be excavated with slight a upwards gradient in the direction of excavation to allow water to flow to sumps where it is pumped to the surface.

Underground mining procedures will be as following:

- drilling of 2 m long blast holes at the development face
- loading the blast holes with explosive emulsion and blasting accessories
- evacuation of all persons to the surface
- detonation of the explosive charges
- operation of the temporary ventilation system to disperse fumes generated by blasting
- post blast inspection for mis-fires and the implementation of procedures for dealing with misfires, if any
- barring down of any loose rock and making safe the backs and walls of blasted area
- with the use of a mechanical low-headroom loader, shovelling up the broken rock and loading it on to 1.5 m^3 capacity skips behind the loader
- once the skip is full, hoisting it to the surface where it automatically tips its load onto a waiting dump truck for disposal or onto a temporary stockpile where it awaits loading onto a dump truck
- extension of the rails, pipes, cables and ventilation
- repetition of the steps for the next mining cycle.

For the underground mining, two cycles are to be worked per day but it is planned to increase the number of cycles to three per day as soon as possible.

10.4. 2018 MINE PLAN

The 2018 mine plan considers a combination of underground (hard rock) mining and tailings reclaim to extract a total of 133,000 t at 1.77 g/t. This comprises:

- hard rock mining of 48,000 t at 3.5 g/t recovering free gold and gold in concentrate
- tailing reclaim of 85,000 t at 0.7 g/t recovering gold in concentrate.

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Tailing material is planned to be mined from approximately the end of March, stockpiled and allowed to dry. Tailings material is planned to be fed to the processing plant from May 2018 to July 2018 prior to the commencement of underground feed (see Section 11.4).

Current underground mine development is at approximately 70 m length with about 40 m vertical depth achieved. AASB plan that by April to May 2018, underground development will reach the deposit mineralisation achieving approximately 200 m length and a vertical depth of 90 to 100 m. Progress may be delayed if unanticipated excess ground water is intersected or the delivery of explosives is delayed due to security concerns. AASB should ensure appropriate mitigation plans are in place to mitigate this risk.

Mining of the underground mineralisation is expected from May 2018 onwards with crushing and stockpiling required prior to feeding underground material to the processing plant. Mining scale is expected to be in the order of 300 t per day whereas plant throughput will be approximately 600 t per day necessitating the need to build stockpiles to ensure continuous feed to the plant. AASB anticipate building approximately a 12,000 t stockpile from underground material prior to commencing underground feed to the processing plant.

Optiro notes that the underground mine plan is based on the 30 September 2015 Mineral Resource model. A formal Ore 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. Achieving production grades of 3.5 g/t gold should be achievable based on historic production figures but rigorous ore control will be required. Optiro recommends comprehensive reconciliation procedures are implemented to track forecast production against actual production to mitigate risks associated with the 2018 underground production.

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

Earthworks for the construction of a 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.

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Initial commissioning of the current 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 carried out modifications to the plant and completed further analysis. The modifications included the replacement of some plant components, the purchase and installation of additional equipment, and the relocation of some equipment. The plant was restarted towards the end of July 2015.

AASB commenced mining tailings material in August 2015. Mining of the tailings material was temporarily halted in August 2016 with wet feed material presenting processing difficulties and low gold recoveries. As such, there was no mining of tailings material from August 2016 while plant and process flow modifications were made in preparation for processing in-situ mineralisation. The operational focus was switched to the in-situ mineralisation from August 2016.

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 were modified (Figure 11.1 and Figure 11.2). The flotation cells were not being used during treatment of the in-situ material.

The current process plant remains unchanged from 2016 and 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

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450 kW Luonyong Zhongrong MQS2749 (2.7 m ø 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 STLB80) 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, this was not utilised during production in 2017. For 2017, gold recovery from in-situ material was only through gravity recovery means followed by mercury amalgam.

In-situ mineralisation was first treated from October 2016. Optiro notes that from January 2017 to May 2017, 19,881 tonnes at 0.47 g/t gold was processed (Table 11.1). Feed tonnes are based on loader bucket counts fed to the crusher at a nominal three tonnes per bucket. Gold recovery figures are based on gold recovered using mercury amalgam recovery methods on the shaking table concentrate followed by smelting and determination of gold purity.

Table 11.1 2017 in-situ processing summary

	Jan	Feb	Mar	Apr	May
Feed tonnes (grinding)	4,743	2,364	3,987	7,395	1,392
Gold grade (g/t)	0.61	0.32	0.57	0.46	0.08
Contained ounces	93.2	23.9	72.6	109.4	3.4
Recovery	33.7%	50.2%	53.3%	42.0%	113.5%
Amalgam (grams)	1974.0	748.0	2409.0	2854.5	241.5
Fine gold (grams)	1099.0	391.5	1405.0	1648.5	119.5
Purity	89.89%	89.55%	89.85%	91.67%	93.81%

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Figure 11.1: Comminution and gravity circuit process flow (source: AASB)

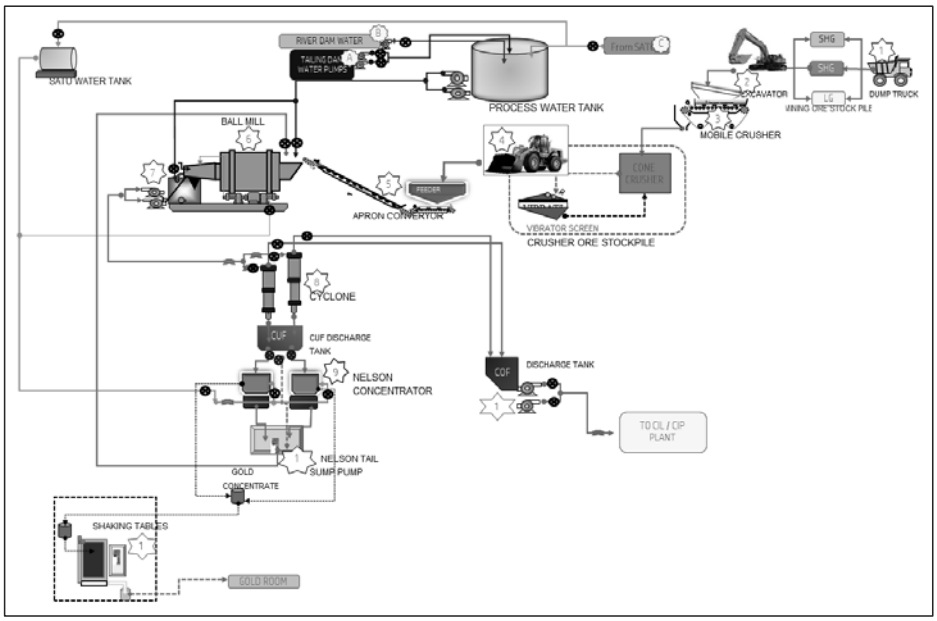

Figure 11.2: CIL circuit process flow (source: AASB)

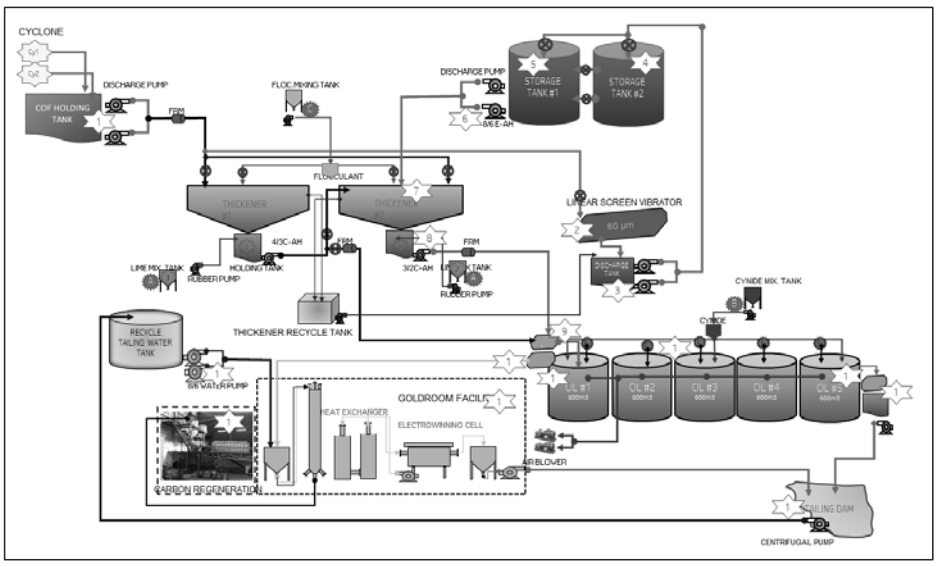

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Figure 11.3: Ball mill (top), Knelson concentrators (middle), shaking table (bottom)

With respect to processing of in-situ material in 2017, Optiro notes the following:

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- January: 4,743 dmt of hard rock material was milled with a grade of 0.61 g/t with 33.7% recovery. 1,099 g of fine gold was produced with a purity of 89.9 %. For the month, all gold was realised from the gravity circuit.
- February: 2,364 dmt of hard rock material was milled with a grade of 0.32 g/t with 50.2% recovery. 391 g of fine gold was produced with a purity of 89.6 %.
- March: 3,987 dmt of hard rock material was processed with a grade of 0.57 g/t with 53.3% recovery. A total of 2,409 g of amalgam was extracted using mercury and 1,405 grams of fine gold was produced with 89.9% of purity.
- April: 7,395 dmt of material was milled and treated through the gravity circuit with 42.0% gravity recovery and a head grade of 0.46 g/t. Total of fine gold of 1,648.5 g was extracted from 2854.5 g of amalgam with 91.7 % gold purity.
- May: Production was low due to machinery problem and low feed grade (0.08 g/t gold). 1,392 dmt was presented to the milling circuit. 241.5 g of mercury amalgam was extracted producing 119.5 g of fine gold with 93.8% purity. Deemed recovery was greater than 100% and is likely due to sampling issues and the low head grade.

11.4. 2018 PROCESSING SCHEDULE

As discussing in Section 10.4, the 2018 mine plan considers a combination of underground (hard rock) mining and tailings reclaim to extract a total of 133,000 t at 1.77 g/t. This comprises:

- Hard rock mining of 48,000 t at 3.5 g/t recovering free gold and gold in concentrate
- Tailing reclaim of 85,000 t at 0.7 g/t recovering gold in concentrate.

The mining production is forecast by AASB to enable the plant to recover approximately 182 kg of gold in 2018.

Optiro notes that in July 2017, GAR mobilised machinery for underground mining and completed additional work comprising:

- A successful 50 t per day ball milling and flotation pilot plant test carried out in January 2018 for tailings reprocessing showing a saleable concentrate of greater than 20 g/t gold could be achieved.
- Modification of the existing flotation plant with added equipment for commercial production including:
    - Relocation of the existing 600 t/d ball mill to the flotation plant area with work expected to be complete by March 2018.
    - Additional equipment purchases and installation for flotation recovery.

For the processing of material in 2018, the flotation circuit is to be re-commissioned. AASB expects the equipment purchases to be delivered to site around the end of March 2018 and the installation is expected to be completed by April 2018. Testing and plant commissioning will begin from May 2018 onwards. The additional equipment installation will suit both tailing and hard rock processing however hard rock processing and tailing will run alternately and not mixed. The process flow is illustrated in Figure 11.4.

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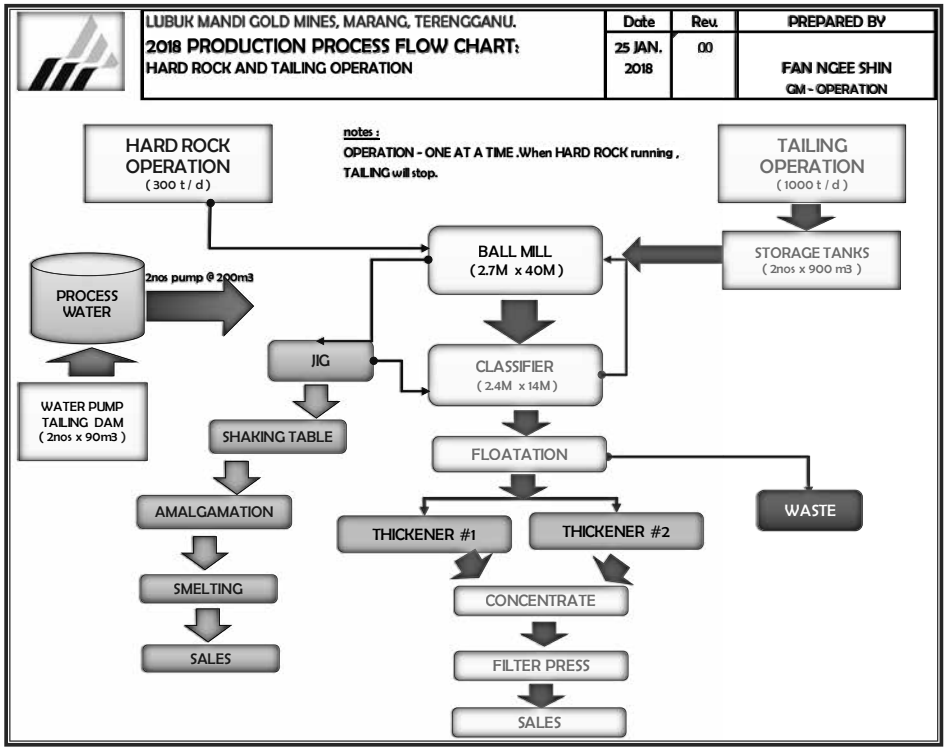
Figure 11.4: Process flow for 2018 production (source: AASB)



The underground production forecast for 2018 developed by the on-site mining manager is provided in Table 11.2. The production plan incorporates an allowance for stockpiling of underground ore prior to the commencement of processing underground material. The gravity tailings from the underground material will be processed through the flotation plant to recover a further 70% of the remaining gold into a gold concentrate for sale.

Table 11.2 2018 production monthly mine plan

	Jan to Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Tailings feed (kt)	-	18	20	22	12	12	12	12	25
Tailings grade (g/t)	-	0.7	0.7	0.7	1.9	1.9	1.9	1.9	0.7
Tailings recovery	-	70%	70%	70%	70%	70%	70%	70%	70%
Recovered gold (oz)	-	284	315	347	519	519	519	519	394
Underground feed (kt)					12	12	12	12	
Underground grade (g/t)					3.5	3.5	3.5	3.5	
Underground gravity recovery					45%	45%	45%	45%	
Recovered gold (oz)					608	608	608	608	
Total recovered gold (oz)		**284**	**315**	**347**	**1,126**	**1,126**	**1,126**	**1,126**	**394**

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Optiro notes that the ramp up in the processing of tailings material approaches the maximum tonnage throughput achieved when AASB were previously processing tailings material in 2015 and 2016. AASB and GAR will need to ensure the tailings material is sufficiently dry prior to presenting to the processing plant to ensure the tonnage forecast for tailings material is met. Furthermore, Optiro considers careful grade and geological control procedures will need to be in place to consistently achieve the forecast gold grades from the underground workings.

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

AASB has outsourced its underground mining crew to GAR. Total personnel with the underground mining and processing operations involves approximately 30 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:

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- 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 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 Mine 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.

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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 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.

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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.

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 2017. Anchor supplied Optiro with their 2018 forecast which has allowed for a process plant utilisation of 25 days per month, 24 hours per day. Ball mill feed will be approximately 500 t per day for hard rock material.

Optiro notes that the 2018 forecast expects a recovery of 2,430 ounces (76 kg) of gravity gold (45% recovery) and a further 3,410 ounces (106 kg) of flotation recovered gold (70% recovery from remainder) from 133,000 t of feed. Optiro considers the gravity recovery to be reasonable given previous plant performance but AASB must successfully stabilise plant feed and throughputs to achieve this. Optiro notes that there has been limited gold recovery through either CIL or flotation due to previous plant modifications. Gold recovery through flotation is yet to be demonstrated other than through the pilot plant test. Optiro considers the flotation recovery is achievable but again AASB will need to successfully stabilise their plant feed and throughput.

Under AASB's the agreement with GAR, GAR is to bear all costs (whether operational or incidental) incurred in connection with the works at the Lubuk Mandi Mine. In consideration of the services provided by GAR pursuant to the Mining Agreement, the revenue (net of all tributes and royalty payments) generated from sale of gold produced in connection with the Mining Agreement shall be distributed between GAR and AASB on a 65:35 percent basis. Additionally, AASB and GAR have agreed that GAR shall pay to AASB monthly payments representing GAR's 65% share of the aggregate tributes and royalties, respectively, payable in respect of any Revenue earned in that month, subject to a minimum payment by GAR of RM80,000 per month which shall be applied towards payment of the tributes. The GAR Minimum Contribution shall be payable regardless of whether any revenue is earned in the relevant month and payment by GAR of the GAR Minimum Contribution shall commence from 1 August 2017.

14.1. CAPITAL COSTS

Under the agreement with GAR, all capital cost are borne by GAR.

14.2. FORECAST OPERATING COSTS

Under the agreement with GAR, all operating cost are borne by GAR.

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15. CONCLUSIONS

The Lubuk Mandi Mine 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 AASB 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 31 December 2017, no Ore Reserves have been defined.

Optiro notes that AASB changed its mining strategy from open pit mining operations in 2017 due to high strip ratios and narrow mineralisation to underground mining through a revenue share agreement with contractor GAR. GAR is responsible for all future operating and capital costs in exchange for receiving 65% of revenue from treating the Lubuk Mandi Mine material. Optiro considers that careful ore control will be required to achieve forecast production grades and feed grades and throughput will need to be managed to achieve forecast recoveries. Comprehensive reconciliation procedures should be implemented to identify and mitigate any production or processing issues.

With the commencement of underground mining, Optiro recommends that for 2018 onwards, Anchor depletes their Mineral Resource based on end of month and end of year production surveys to ensure on-going accuracy in reporting Mineral Resources.

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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 sub-divided, 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

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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.

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Minerals Consultants & Advisors
(Company Members of AusIMM & CIM)

QUALIFIED PERSON'S REPORT

ANNUAL RESOURCE STATEMENT – as at 31 December 2017

Bukit Chetai and Bukit Machang Granite Quarries

District of Hulu Terengganu,
Terengganu Darul Iman, Malaysia

February 2018

Prepared for:

Anchor Resources Limited

Prepared By

Mr Paul Fowler
BSc, MSc, CGeol, CEng, FGS,
FIQ, RPE, FIMMM, MHKIE

Reviewed and Edited By

Mr Dominic Kot
BASc, MCF, MAusIMM, FGS

Rockhound Limited,
12A, Times Media Centre, 133 Wanchai Road,
Hong Kong. Tel: 852 2572-0122

RH Project 061

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Rockhound Limited
石 犬 有 限 公 司

Unit A, 12th Floor,
Times Media Centre,
133 Wanchai Road, Hong Kong.
Tel: (852) 2572 0122
Fax: (852) 2572 0899
Email: info@rockhoundasia.com
Website: www.rockhoundasia.com

Feb 21st 2018

The Board of Directors
Anchor Resources Limited
Block C, Level 3A, Unit 12,
Southgate Commercial Center,
Off Jalan Chan Sow Lin,
55200 Kuala Lumpur,
Malaysia.

Dear Sirs

Bukit Chetai and Bukit Machang Granite Quarries,
District of Hulu Terengganu, Terengganu, Malaysia
Updated Mineral Resource and Reserve Statement as at 31 December 2017
Qualified Person's Report

The licenses to operate the Bukit Chetai and Bukit Machang Quarries are held by GGTM Sdn. Bhd. (previously known as GGT Manufacturing Sdn Bhd ("GGTM")). GGTM was acquired by Anchor Resources Limited ("Anchor") in August 2017 as part of a Very Substantial Acquisition ("VSA") in accordance with the rules and regulations of the Singapore Stock Exchange ("SGX"). Quarrying at Bukit Chetai has already commenced with commercial production of granite dimension stone blocks whilst quarrying at Bukit Machang is planned for some time in the near future.

Anchor has requested Rockhound Limited ("RH") to carry out an updated Mineral Resource and Reserve statement, consistent with the requirements of Rule 1204 – Annual Reports – of the SGX-ST Listing Manual Section B: Rules of Catalist. RH prepared the Qualified Person's Report (QPR) for the VSA in 2017 ("QPR2017a") and this was included in the Circular accompanying the VSA. The Effective date of the Resource and Reserve Statement in QPR2017a was 31 January 2017.

Over the eleven month period from 31 January to 31 December 2017 the main focus of GGTM has been to create market awareness and sales penetration of the granite dimension stone products from the Quarry. In the meantime there has been no exploration and limited production activity with development focused on creating access, putting in infrastructure and opening up the site from the old quarry workings to create production platforms for the new circular saw purchased. Total excavation from 31 January to 31 December 2017 has

INDEPENDENT QUALIFIED PERSON'S REPORT (GRANITE)

been estimated at 2,172.80m^3 representing 0.002% of the total resources at the Quarry at 31 January 2017.

This QPR dated February 2018 ("QPR2017b") is prepared in support of the Anchor Annual Report for the financial year up to 31 December 2017. It has been provided to the Directors of Anchor in relation to the reporting of the Total Resources for inclusion in full or in part within the Annual Report and it should not be used or relied upon for any other purpose. In doing so the written consent of RH is required as to the form and context in which it appears.

RH is a Hong Kong based minerals advisory group, set up in 2006 to provide advice to listed companies, local firms and institutions. It performs industry studies for mining and quarrying companies, works with funds, financial institutions and natural resources firms. Studies include mineral resource/ore reserve compilations and audits, technical valuations, due diligence, independent expert reviews for acquisition and financing purposes, expert witness in litigation and assistance in negotiating mineral agreements and market analysis. Projects are mostly within the Asia Pacific Region including the PRC.

The Reporting Standard adopted for this Annual Resource Statement is the JORC Code 2012. The current Resource statement has been prepared by Paul Fowler who was the principal author for QPR2017a. He fulfills the requirements of an independent Qualified Person as defined by Catalist Rule 442 of the SGX. He also meets the requirements of a "Competent Person" as defined in the JORC Code and as such is taking responsibility for this Statement. Mr Dominic Kot has carried out the review for QPR2017b.

	Mineral Type	Gross Volume Attributable to License	Net Volume Attributable to Company	Change from QPR2017 (%)
Ore Reserves (million m^3)				
Proved	White Granite	57.42	57.42	-
	Green Granite	-	-	-
Probable	White Granite	3.90	3.90	-0.004
	Green Granite	3.07	3.07	-0.040
Total		**64.39**	**64.39**	**-0.002**
Mineral Resources (million m^3)				
Measured	White Granite	88.34	88.34	-
	Green Granite	-	-	-
Indicated	White Granite	6.00	6.00	-0.004
	Green Granite	4.72	4.72	-0.040
Total		**99.06**	**99.06**	**-0.002**

After review of the excavation works carried out on site over the last year RH is of the view that with only 0.002% of the total resources at the Quarry as at 31 January 2017 having been extracted that there is No Material Change and at the effective date of 31 December 2017 the Mineral Resources and Reserves are as summarized in the table above.

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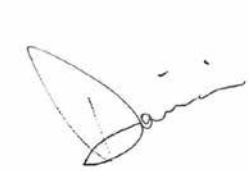
The Reserves are 64.39 million cubic metres ("m^3") and these are included in the Total Resources which are estimated at 99.06 million m^3.

RH has relied on the data, reports and information provided by GGTM; RH nevertheless has made such enquiries and exercised its judgement as it has deemed necessary and has no reasons to doubt the reliability of the data, reports and information which has been provided by GGTM.

Yours Faithfully
For Rockhound Ltd

Paul Fowler
Director



Dominic Kot
Review

INDEPENDENT QUALIFIED PERSON'S REPORT (GRANITE)

Bukit Chetai and Bukit Machang Granite Quarries, Hulu Terengganu, Terengganu, Malaysia
Qualified Person's Report

Feb 2018

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Bukit Chetai and Bukit Machang Granite Quarries,
Hulu Terengganu, Terengganu, Malaysia
Qualified Person's Report

February 2018

EXECUTIVE SUMMARY

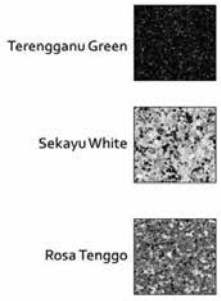
Rockhound Limited ("RH") was requested by Anchor Resources Limited ("Anchor") to submit a Qualified Person Report 2017 ("QPR2017b") on the Bukit Chetai and Bukit Machang Granite Quarries ("The Project") located south of Kuala Terengganu in Terengganu Province, Malaysia. The licenses to operate the Quarries are held by GGTM Sdn. Bhd. ("GGTM") (previously known as GGT Manufacturing Sdn. Bhd.), which is a wholly owned subsidiary of Anchor.

The purpose of QPR2017b is to provide an annual mineral resource and ore reserves update. This QPR2017b has been prepared in accordance with the SGX-ST Listing Rules. The granite resources and reserves are stated in accordance with the 2012 Edition of Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). QPR2017b follows on from the previous QPR ("QPR2017a"), also prepared by RH.

The granite at the Bukit Chetai Quarry is massive and homogenous over the whole Project area. It is intersected by green microgabbro dykes (termed Green Granite), one of which is estimated to be 30m wide. This dyke was the focus of the previous quarry operations. Development of the quarry by GGTM is focusing on the dyke and the immediately adjacent granite.

The Project sites are in an area of dense secondary forest with thick overburden and weathered granite above the fresh rock. Development of the quarry is top down in the 30m wide dyke with working platforms at 1.5m intervals. Either side of the dyke side slopes will be formed with side slopes with an average angle of 70^{o} to 80^{o}. Blocks are planned to have maximum dimensions of 2.5m length by 1.5m high by 1.5m wide and will be cut using circular saws and diamond wire saws.

There are three granite colour types at The Project;



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Terengganu Green (referenced 'TG') is a premium product and commands the highest selling price. Rosa Tenggo ('RT') is from Bukit Machang which will be quarried in the future.

The plan is that production of blocks will steadily rise to 9,000m^3 per month by FY2025 when the Quarry will be at full planned capacity with multiple working platforms. The intention is that the 35% of the volume of green granite blocks will be sold to local buyers (15%) and to the People's Republic of China (20%). The remainder of the blocks will either stay on site and be processed or outsourced for production of dimension stone products.

At 31 January 2017 the combined Proved and Probable Reserves at the Quarry of granite that can be extracted as dimension stone blocks is estimated at 64.39million cubic metres ("m^3"). These Reserves are included in the total Resources which are estimated at 99.06 million m^3. Reserves of green granite are 3.07Mnm^3 with Resources at 4.72Mnm^3. A Block Rate of 65% is assumed. The Resources are substantial and more than sufficient to meet the production planned over the 20 years of the lease. The Resources and Reserves Summary at 31 December 2017 is as follows;

Annual Resources and Reserves Summary at 31 December 2017

	Mineral Type	Gross Volume Attributable to License	Net Volume Attributable to Company	Change from QPR2017 (%)
Ore Reserves (million m^3)				
Proved	White Granite	57.42	57.42	-
	Green Granite			-
Probable	White Granite	3.90	3.90	-0.004
	Green Granite	3.07	3.07	-0.040
Total		**64.39**	**64.39**	**-0.002**
Mineral Resources (million m^3)				
Measured	White Granite	88.34	88.34	-
	Green Granite	-	-	-
Indicated	White Granite	6.00	6.00	-0.004
	Green Granite	4.72	4.72	-0.040
Total		**99.06**	**99.06**	**-0.002**

Over 2017 development at Bukit Chetai has been slow due to the challenges of opening up due to the thick vegetation and thick weathering. An estimated 2,173m^3 of green and white granite has been extracted representing 0.002% change compared to the Resources and Reserves at 31 January 2017. This change is insignificant and thus it can be reported that there is No Material Change in the year to 31 December 2017.

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Bukit Chetai and Bukit Machang Granite Quarries,
Hulu Terengganu, Terengganu, Malaysia
Qualified Person's Report

February 2018

1.0 INTRODUCTION

GGTM Sdn. Bhd. ("GGTM") (previously known as GGT Manufacturing Sdn. Bhd.) has been given the rights to explore, develop and extract granite from two properties centered on two hills – Bukit Chetai and Bukit Machang, both located in the state of Terengganu, Malaysia. The properties are inland and approximately 40km SSW of Kuala Terengganu ("KT") close to major north - south transport links in Malaysia.

GGTM is in the dimension stone business producing granite blocks, slabs and tiles. The blocks and slabs are then further processed to be used as floor tiles, wall tiles, countertops, headstones/gravestones, monumental stones, relief stone sculptures and for other architectural uses. Quarrying at Bukit Chetai commenced in 2017 whilst Bukit Machang will be quarried at a later date

GGTM was acquired in August 2017 by Anchor Resources Limited ("Anchor"), a company listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), as a Very Substantial Acquisition ("VSA"). The year end for Anchor is 31 December and in accordance with Rule 1204 of the Listing Manual Section B a Qualified Person's Report ("QPR") is required detailing activities over the reporting period and summarizing the Mineral Resources and Ore Reserves at the year end. The annual QPR must be in the format prescribed by Practice Note 4C of the Rules of Catalist.

GGTM is a company based in Kuala Lumpur ("KL"), whose business is quarry extraction of local dimension stone granites, contracting of architectural stone and interior fit-out. GGTM was incorporated in April 2010.

Figure 1-1; Previous extraction of dimension stone at Bukit Chetai with production of floor and wall tiles

Both Bukit Chetai and Bukit Machang have been quarried in the past (left photo in **Figure 1-1**) by others in small scale operations and the stone processed into dimension stone products (right photo in **Figure 1-1**) which have been used in high profile projects in

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Malaysia **(Figure 1-2**), as well as exported overseas. The dimension stone production has been driven by the massive nature of the rock and the unusually rich colour. There are three colours – green, white and pink.

Figure 1-2; Kuala Lumpur International Airport (KLIA)

1.1 Land Titles, Licenses and Agreements

All land in Malaysia is owned by the State and the beneficial owner of the land in which the Project is found is Lembaga Tabung Amanah Warisan Negeri Terengganu (LTAWNT), a State entity established by the Terengganu State Government on 12 November 1990 under the Terengganu Heritage Trust Fund Enactment, 1990. It is an investment arm of the Terengganu State Government which is authorized to venture into various business activities including mining.

The lease period on the land at Bukit Chetai is 30 years from 24 May 2007 to 23 May 2037. The Lease no. is HS (D) 978. At Bukit Machang the lease period ends on 30 June 2039. The asset details are shown in **Table 1-1**.

Table 1-1; Asset Details

Asset Name/ Country	Issuer's Interest	Development Status	Licence expiry date	Licence area	Type of mineral, oil & gas deposit	Remarks
Lot 4181, Bukit Chetai, Terengganu, Malaysia	100%	Industry - Quarry	23 May 2037	104.7669 ha	Granite	Lot 4181 was previously called temporary Lot PT 4161
Lots 60416 & 60417, Bukit Machang, Terengganu, Malaysia	100%	Industry - Quarry	31 Jan 2039	196.10ha	Granite	Lots 60416 & 60417 were previously called temporary Lots PT 7812 & 7813

Through an Agreement dated 27 October 2014 LTAWNT has appointed Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT") 'to carry out work in relation to quarrying operation, mining, production and sale of granite products and dimension granite' at both

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properties. The agreement allocates a period of 15 years from the date of the Agreement ('Period of the Agreement') and ending on 26 October 2029 to carry out the work. However PMINT can extend the Period according to its discretion subject to new conditions and whether PMINT has met with the Covenants and Conditions of the Agreement.

On 16 September 2015 PMINT in turn entered into a concession agreement with GGTM, 'a company that has experience and expertise to carry out business relating to quarry operation and mining', whereby they would carry out exploration and production of dimension stone. In accordance with the terms of this agreement GGTM are only able to operate the mine once they have submitted an Operational Mining Scheme ("OMS") to the Director of Mines ("DOM") for approval.

The license to operate is for 12 months and it is a requirement that each 12 months the license is renewed. The first OMS was approved on 17 January 2016. The second OMS was submitted in December 2016 following which the licensee was renewed for the period up to 2 April 2018.

The Propriety Mining License ("PML") is for a period of 10 years from 5 August 2008 to 4 August 2018 (**Table 1-2**) and given the proximity of the end date of the PML GGTM has already applied to renew the license through PMINT. They have been advised that the new license will only be issued within one month of the expiry date (ie not before 5 July 2018) and that there is no reason at this stage why it will not be renewed.

Table 1-2; Details of the Proprietary Mining License (PML)

Item	Proprietary Mining License Detail
Number	1/2008
Period	10 years (5 August 2008 – 4 August 2018)
Holder	Lembaga Tabung Amanah Warisan Negeri Terengganu (LTAWNT)
Appointed Contractor	Perbadanan Memajukan Iktisad Negeri Terengganu (PMINT)
Mine Operator	GGTM Sdn. Bhd.

An Environmental Impact Assessment ("EIA") for the Project was prepared in accordance with statutory requirements. This was approved on January 2017. One of the conditions of renewal of the OMS is that environmental performance meets the requirements set out in the EIA. Independent Specialist environmental consultant, Surawaki Environmental Sdn Bhd based in KT, has been appointed to monitor performance. To date the performance has met the required conditions.

1.2 Dimension Stone and Granite

Dimension stone as defined by the United States Geological Survey is natural rock material quarried for the purpose of obtaining blocks or slabs that meet specifications as to size

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(width, length and thickness) and shape. Colour, texture and pattern, and surface finish of the stone are also normal requirements. Other important criteria are durability (the time measure to endure and to maintain its essential and distinctive characteristics of strength), resistance to decay (such as from polishing) and appearance.

Quarries are the source of dimension stone. But, unlike conventional quarries where rock is extracted using explosives for aggregate production, rock taken from dimension stone quarries is separated by precise and delicate techniques to maintain the integrity and shape of the blocks extracted. Dimension stone quarries are also different because they are located in geological settings where the rock is massive and competent (ie not full of joints and cracks) and can be cut into large blocks.

Although a variety of igneous, metamorphic and sedimentary rocks are used as dimension stone, the principal rock types are granite, limestone, marble, sandstone and slate. Granite is an igneous rock whose origin is as a molten mass of hot liquid intruded from below in the earth's crust and cooled over geological time. In the dimension stone business, the commercial term "granite" has far wider coverage than the formal geological definition. It includes other rock types, such as syenite, gneiss, migmatites and gabbro.

1.3 Background to the GGTM Dimension Stone Operation

The Project involves production of dimension stone blocks and then selling these and/or processing them further into slabs and tiles. At both Bukit Chetai and Bukit Machang the rock that is to be quarried is granite. However, the granite outcrop is intruded by near vertical dykes of a green rock termed 'microgabbro' whose origin is also as a molten rock. Locally this is referred to as green granite even though it is of a different mineralogical composition to granite.

Excavation at Bukit Chetai started in 2017 although to date there has been limited production. The main focus is the extraction of the green granite as there is already market awareness that this is a premium dimension stone, and as such GGTM believe that with this advantage the business already has a solid foundation. During 2017 the marketing effort has been to build up market awareness and sales penetration of the granite dimension stone products from the Quarry.

On site this year, there has been opening up of the existing quarry face and also the development of a new quarry face in the green granite. New equipment has been purchased to facilitate this development. As the site is densely vegetated and has a thick overburden over fresh rock, development of working platforms has been slow hindered by the exceptionally heavy rain in 2017. Total excavation FY2017 has been 2,172m^3.

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By 31 December 2017 (the Effective Date – the date on which the Resource statement is made in this QPR), 7 benches had been formed at the new quarry face using a newly acquired circular saw, whilst other blocks have been produced at one of the old quarry faces using diamond wire saws. The standard block size is 2.5m (l) x 1.5m (w) x 0.75m (h) (approx. 2.81m^3) with bigger blocks up to 1.5m (h) (approx. 5.62m^3) produced on demand.

The plan is to gradually ramp up monthly production of blocks over the next 7 years to 9,000m^3 (108,000m^3 per year or per annum - "pa") by FY2025 and thereafter. It is planned that 20% of the blocks (mainly the bigger blocks) will be exported to China ("PRC"), 15% sold within Malaysia with the remainder processed further into tile slabs or small tiles (also called joggle pavers) although this mix may vary depending on what the marketing effort reveals. The intention is to generate minimal waste as the target markets identified by GGTM demand both small and large size blocks, whilst the methodology to process joggle pavers allow small off-cuts of slabs to be used, thereby maximizing the use of the granite.

Blocks cut into slabs and tiles on site will be processed at two facilities on site, one an existing facility left by the previous operator, and upgraded, and the other a new purpose built facility. The new facility will have the capability to produce in excess of 1,300m^2 of slabs per day when working at full capacity. Where demand cannot be met by on site processing, arrangements have already been made to outsource production.

Some small scale production of slabs and small tiles has started in the existing facility. Construction of the new facility has been delayed pending the administrative procedure to change the land status from agricultural to industrial use. Currently, with the new facility not yet operational, production of slabs and tiles are being outsourced to a plant in Ipoh.

Marketing has started in earnest and a general manager appointed dedicated to the marketing effort. Several LOIs, MOUs and Off-take agreements have been signed and GGTM is already supplying some projects. The fit-out contract at the 208 room Paya Bunga Square Hotel in KT, using stone products from Bukit Chetai, is nearing completion.

1.4 Aim and Scope of this QPR

The Board of Directors of Anchor has engaged Rockhound Limited ("RH") as their independent adviser to prepare a Qualified Person's Report ("QPR2017b") in connection with Anchor's Annual Report. RH also prepared a QPR (QPR2017a) in connection with the acquisition of GGTM by Anchor. QPR2017a was dated 31 March 2017 with the effective date of the Resource statement 31 January 2017.

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The reporting standard adopted in QPR2017b, as with QPR2017a, is the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition) (the "JORC Code") prepared by the **J**oint **O**re **R**eserves **C**ommittee of the AusIMM, the Australasian Institute of Geoscientists, and the Minerals Council of Australia.

As QPR2017a contained the first public statement of Resources and Reserves the report itself was thorough and comprehensive and contained forecasts and projections, as well as background information, projected schedules and capital and operating costs. Much of the background information including photographs, survey drawings and audited data were received pursuant to the VSA and is still relevant to QPR2017b.

Hence QPR2017b is based on technical reviews of project data and previous site visits and is thus a summary of what small changes there have been in the operation in the context of the annual resource statement. It is not considered necessary to repeat much of what was stated in QPR2017a. In QPR2017a Table 1 of the JORC Code was presented. Where there is no material change in the statement Table 1 is not required to be provided.

The effective date of QPR2017b is 31 December 2017 being the end of the financial year of Anchor. It has been prepared in accordance with the requirements of the SGX-ST in compliance with Rule 1204 – Annual Reports – of the SGX-ST listing Manual Section B: Rules of Catalist and Practice Note 4C Part 5 'Disclosure Requirements for Mineral, Oil and Gas Companies'.

1.5 Statement of Capability

RH is a Hong Kong based minerals advisory group, set up in 2006 to provide advice to listed companies, local firms and institutions. It is a corporate member of the Canadian Institute of Mining, Metallurgy and Petroleum and an organizational member of the AusIMM.

The Company performs industry studies for mining and quarrying companies, works with funds, financial institutions and natural resources firms. This includes mineral resource/ore reserve compilations and audits, property assessments and technical valuations, due diligence, independent expert reviews for acquisition and financing purposes, expert witness in litigation, project feasibility studies, assistance in negotiating mineral agreements and market analysis.

RH is also able to call upon experts in environmental work, computer modeling and engineering to assist on projects requiring such specific support. RH has no equity in any mining or quarrying project to ensure its independence – allowing conflict-free and objective recommendations on crucial issues.

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The principals of RH have occupied senior management roles in both public and private companies and have worked in the Asia Pacific Region for over 30 years as consultants, operators and clients. Since inception RH has completed projects involving independent technical reports, resource and reserve estimations, project valuations and due diligence studies, the majority being in the private sector.

The Project Manager and Qualified Person ("QP") for QPR2017b is Paul Fowler. He is the principal author with the review and editing by Dominic Kot. The backgrounds of Messrs Fowler and Kot are summarized as follows;

- **Paul FOWLER MBA, MSc. CGeol, CEng, FGS, FIQ, FIMMM, MHKIE, RPE(G)**

  Paul Fowler is Managing Director of RH. As a geologist he has more than 30 years' experience in the areas of exploration, operations, planning, resources and modelling. In the Quarry business he has over 25 years' working experience.

  With RH, of which he is also a founding partner, he has undertaken due diligence and provided technical and geological support for listed and private companies operating in Indonesia, the PRC and the Philippines. Projects have ranged from gold, base metals and iron ore to dimension stone, quarry products and industrial minerals.

  With regard to QPR2017b Paul Fowler fulfills the requirements of an Independent Qualified Person ("IQP") as defined by Catalist Rule 442 of the SGX. Under the JORC Code QP is defined as equivalent to "Competent Person".

- **Dominic KOT BASc. MCF, FGS, MAusIMM.**

  Mr Kot graduated with a Bachelor of Applied Science degree in Geological Engineering from the University of British Columbia. He has over ten years' experience in the mining and exploration sector dealing with various mineral projects. He holds a Master of Corporate Finance degree.

  Starting out as a field operator conducting geophysical surveys in Canada, he subsequently joined a Hong Kong private company and worked on an iron-titanium mineral project in Inner Mongolia, PRC. Subsequently Mr. Kot was involved in exploration and mining for lateritic nickel and placer gold mineral projects in the Philippines.

  He is currently a Technical Associate at RH and has responsibility as a team member for a diverse range of projects across Asia as well as business development.

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Between them Messrs Fowler and Kot have visited the Project site on three occasions. As part of the preparation of QPR2017a Mr Kot held in depth discussions with GGTM reviewing with senior management, budgets and forecasts for the period up to FY2026 and beyond together with other longer-term development plans.

1.6 Statement of Independence

Paul Fowler and RH partners, directors, substantial shareholders and their associates (i) are independent of Anchor, its directors and substantial shareholders (ii) do not have any interest, direct or indirect, in Anchor or its subsidiaries; and (iii) will not receive benefits other than the remuneration paid to RH in connection with QPR2017b.

1.7 Responsibility

RH has reviewed the resource and reserves estimate and have tabulated in QPR2017b the respective resources and reserves according to the comparable JORC Code categorization. It believes that what is reported and tabulated are reasonable and are in compliance with the JORC Code.

The current Resource statement has been prepared by Paul Fowler who was the principal author for the QPR2017a. He fulfills the requirements of an independent QP as defined by Catalist Rule 442 of the SGX. He is taking responsibility for this Statement.

In preparing QPR2017b, RH has not undertaken an audit of the data but has taken into account all relevant information supplied by GGTM and as such has relied on the data, reports and information provided. RH has nevertheless made such reasonable enquiries and exercised its judgment on the reasonable use of such information and has found no reason to doubt the accuracy or reliability of the data, reports and information provided by GGTM.

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2.0 PROPERTY DESCRIPTION

2.1 Location, Access and Infrastructure

Both Bukit Chetai and Bukit Machang are located in the state of Terengganu on the east side of Peninsular Malaysia. Bukit Chetai is approximately 44km SSW of the town centre of Kuala Terengganu (KT) and Bukit Machang is approximately 35km south. Bukit Chetai is about 13km WSW of Bukit Machang. **Figure 2-1** shows the location of the project areas. There are paved roads from KT to both sites. Kuala Lumpur (KL) is approximately 290km to the SW. The geographic locations are:

Table 2-1; Geographic Locations of both Quarries

Property	Latitude	Longitude
Bukit Chetai	N 04°57'34"	E 102°59'09"
Bukit Machang	N 05°00'32"	E 103°05'28"

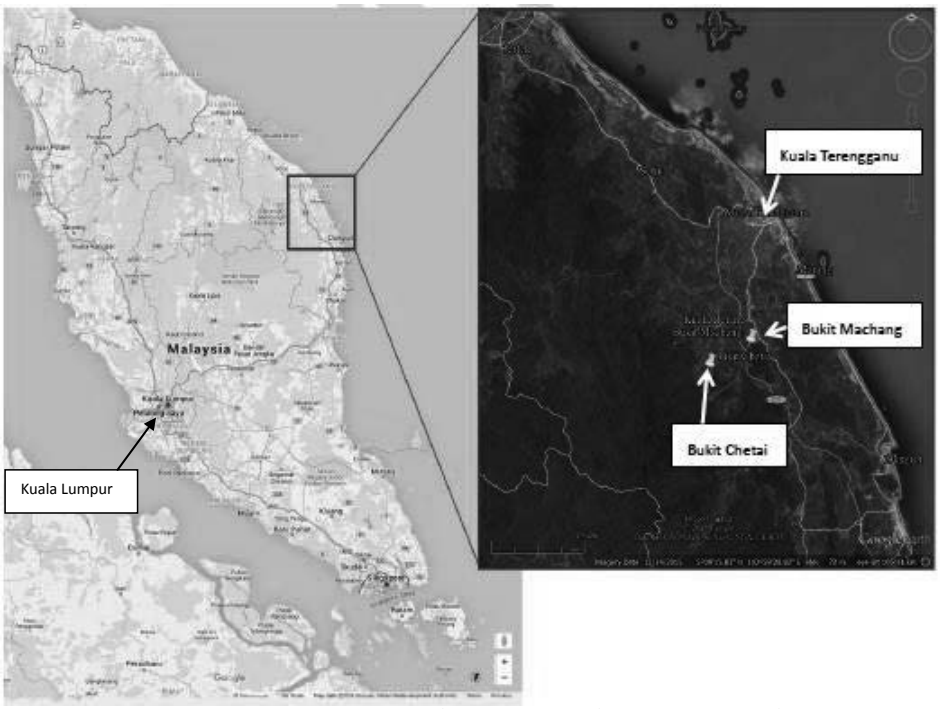

Figure 2-1; Map showing location of the project areas (Source: Google Earth)

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2.1.1 Bukit Chetai Site

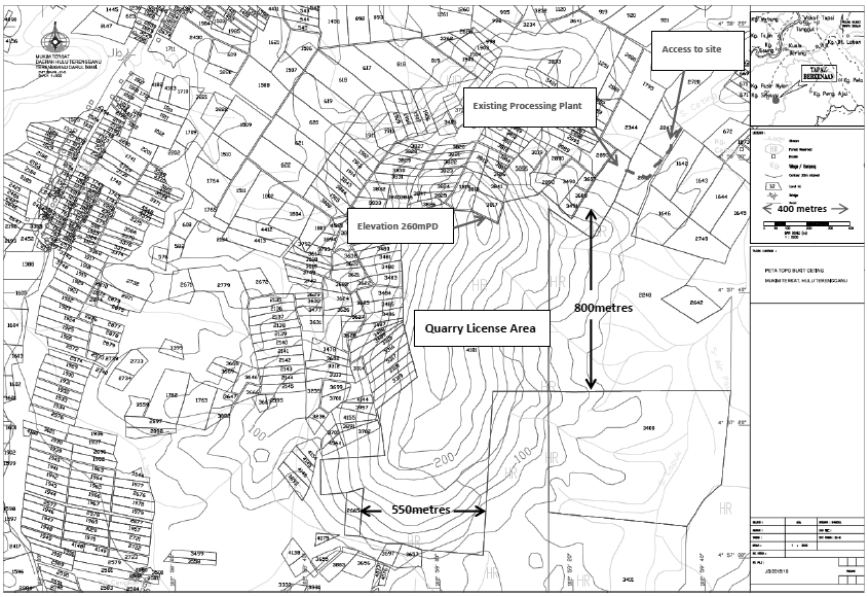

Figure 2-2; Bukit Chetai Site on Government Survey Plan

From the nearest paved road to the site at Bukit Chetai there is a 150m access road (see **Figures 2-2** and **2-3**) which has been partly paved with gravel. The national road network is close by (**Figures 2-4** and **2-5)**. The East Coast Expressway is 13km to the E. On site there are tracks from the previous quarry operation, albeit heavily eroded and overgrown in places. There are also old logging tracks which provide limited vehicular access. Over the last year GGTM has started to upgrade some of these.

Figure 2-3; Access road into site at junction of road to Kampong Ceting

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Hulu Terengganu, Terengganu, Malaysia
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February 2018

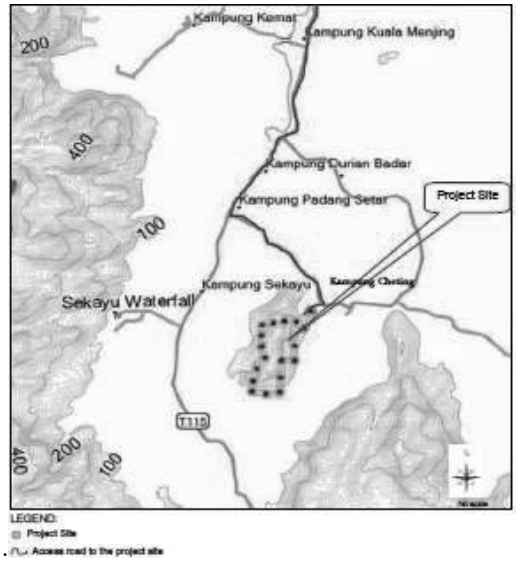

Figure 2-4; Local road network around Bukit Chetai

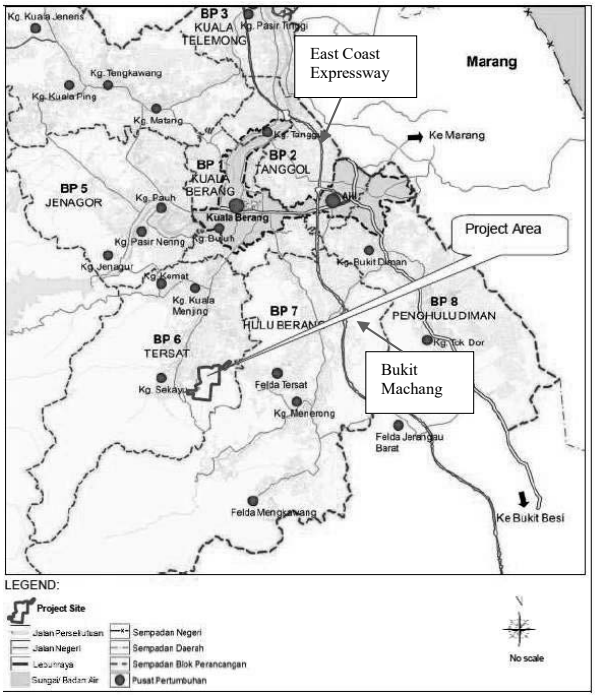

Figure 2-5; Bukit Chetai (Project Area) and Bukit Machang are close to East Coast Expressway

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There is limited power and water supply to the site but it will not be sufficient for the increased production and stone processing that is proposed. Now that works have started on site, arrangements are being made to supply electricity from the National Grid and water from Government mains. Ceting (a village or Kampong (kg) in the Malay language) **(Figure 2-4**), located 700m from the existing processing facility, already has electricity from the Grid and piped water from the Government main. Therefore extending the supply of both utilities to the Quarry area is a matter of planning - until then generators will be used to supply electricity. The new processing facility will have a water treatment system that will recycle water, so as to minimize the supply requirement from the Government mains.

2.1.2 Bukit Machang

At Bukit Machang there is a 300m length of dirt track from the nearest paved road which provided access in the past (see **Figure 2-6**). The nearest site boundary is midway up the hill and an old quarry working is on the hill above. With the jungle having grown back; there is no clear indication as to where was the access to these workings from below.

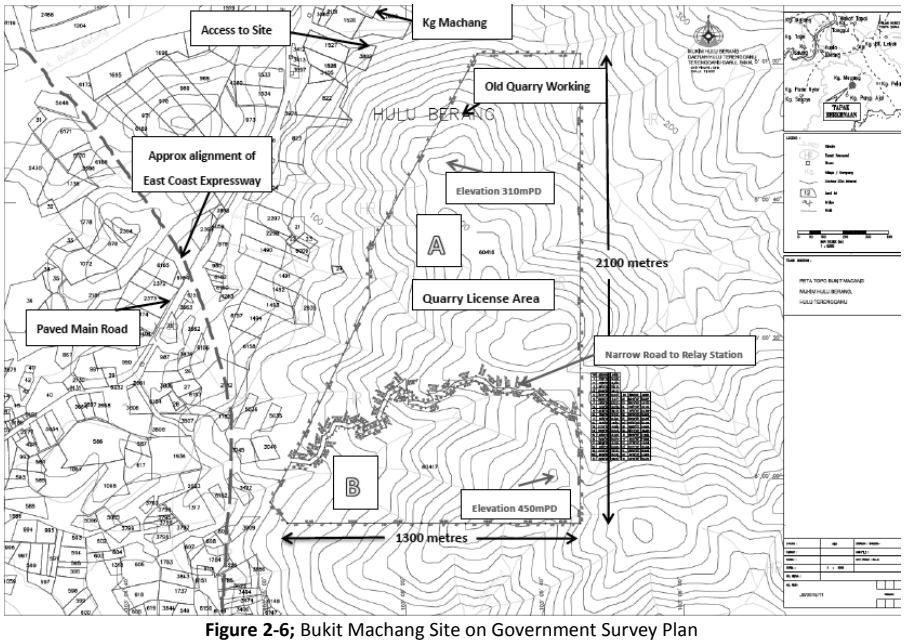

Figure 2-6; Bukit Machang Site on Government Survey Plan

Over the rest of Bukit Machang there is no other visible access apart from a narrow paved road – leading to a small satellite relay station - which separates the northern and southern portions of the site. At least 2km further to the north of the site there are several quarries

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operated by others which are extracting granite to be crushed as aggregate for use in concrete. Bukit Machang is well located with the East Coast Expressway passing close by. No works have been carried out at Bukit Machang during 2017.

2.2 Climate

The climate is tropical with ample sunshine, hot weather and significant rainfall. The monthly average temperature ranges from 26°C - 28°C with an annual average temperature of 26.7°C. Relative humidity remains at 68% - 79% year round. Total annual precipitation averages 2911mm. **Figure 2-7** below shows the monthly average of the climate data.

A dimension stone operation is not normally adversely impacted by climatic concerns except when there is heavy rain and access is steep, as this could result in the haulage of blocks and equipment being suspended for safety reasons. At both Bukit Chetai and Bukit Machang the thick overburden becomes very muddy when wet.

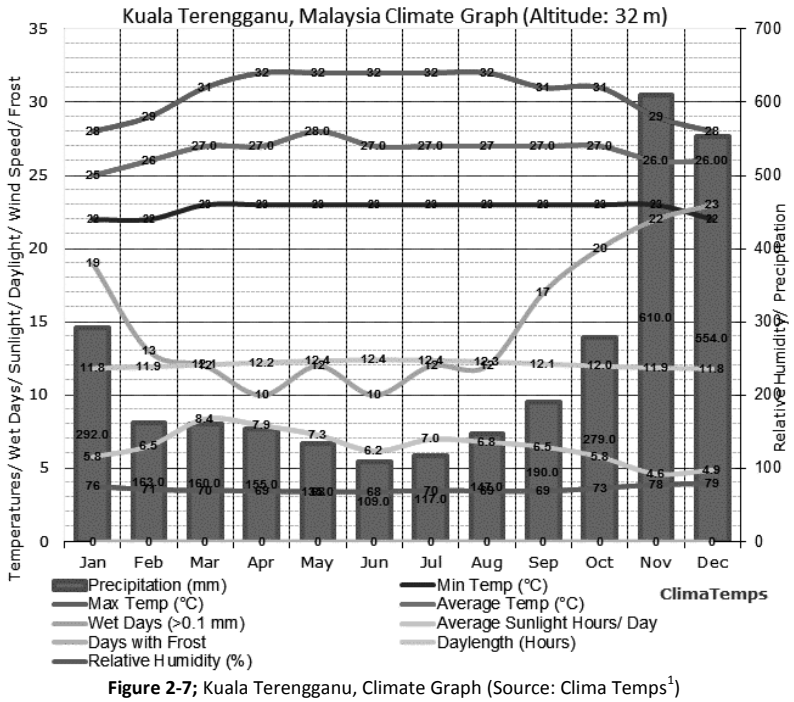

Figure 2-7; Kuala Terengganu, Climate Graph (Source: Clima Temps[1])

[1] http://www.terengganu.climatemps.com/

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2.3 Topography

The project areas are in a terrain of low rolling hills. The elevation at Bukit Chetai ranges from 35m to 269m above datum (0mpD) while Bukit Machang ranges from 75m to 470m above datum. **Figure 2-8** shows the typical landscape at Bukit Chetai whilst **Figure 2-9** shows the landscape of Bukit Machang. Both sites are similar in outlook and are large in area, respectively 104.8ha and 191ha. There is a thick soil cover to most of the site.

Both sites have a thick vegetation cover with large trees and a dense ground level undergrowth of shrubs and small trees. Both have been logged in the past, probably in the 1980s. There are remnants of the primary forest but mostly the vegetation is due to natural regrowth and it has resulted in a thick jungle with trees over 10m in height. The dense vegetation hides deep erosion gullies and boulder fields. The boulders are often very large, up to 5m to 6m along the maximum length.

Figure 2-8; Typical landscape at Bukit Chetai

At both sites there is a well-developed drainage system as seen on the survey plans (**Figures 2-2 and 2-6**). However, stream flow appears to be minimal outside the rainy season as the only catchment is from within each site and these catchment areas are small. The dense vegetation cover ensures that run-off is small. However, with opening up of the quarry, run-off is likely to increase and with it stream flow.

Both Bukit Chetai and Bukit Machang are surrounded by villages and many small private farming lots as can be seen in **Figures 2-2 and 2-6.** The land surrounding is categorized as being of mixed land use consisting of settlement areas, subsistence farming, aquaculture and forest. There are six major villages (ie Kampong – Kg) within this radius. Rubber and palm oil plantations are also present.

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Figure 2-9; The outlook of Bukit Machang

The environmental and social impacts are discussed further in Section 8 of this QPR. Environmentally both sites are categorized as disturbed lowland forest.

2.4 Ongoing License Obligations

Details of the Licenses and Agreements related to the Quarry operation are discussed in Section 1.1. On an annual basis GGTM is required to renew the operating license, the OMS, and on application it is also required to report on operating performance, including environmental matters and health and safety issues. The current OMS is valid to April 2018.

The scheme approval sets no limits on production but if there are modifications from any conditions set on the approval these are to be brought to the attention of the Quarry Inspector of the issuing authority in order for them to be endorsed. GGTM is also obliged on an ongoing basis to monitor any potential environmental impact in accordance with the approved Environmental Management Plan. Monitoring is carried out several times annually – as discussed further in Section 8.

2.5 History of Site

The site originally was covered in primary forest which was logged, probably in the 1980s. In 1989 a seismic report was commissioned by the Mineral Research Institute on both Bukit Chetai and Bukit Machang, with an objective to estimate overburden and rock quantity.

There appears to have been no follow up work or extraction resulting from this until 2008 when both properties were opened up to dimension stone quarrying. The resulting small scale operations ceased operation in 2013. At Bukit Chetai there were three quarry faces, and one at Bukit Machang. The existing face in the middle of the Bukit Chetai site (**Figure 3-4** by BCD 12) has been reopened in 2017, together with a new face above this (**Figure 5-1**).

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3.0 GEOLOGY OF QUARRIES

3.1 Regional Geology

The geology of Terengganu comprises a sedimentary sequence of Carboniferous age (300-360 Ma) intruded by granitoid rocks (respectively grey and pink on the attached map – **Figure 3-1**). Granitoid rocks have an extensive outcrop in Peninsular Malaysia.

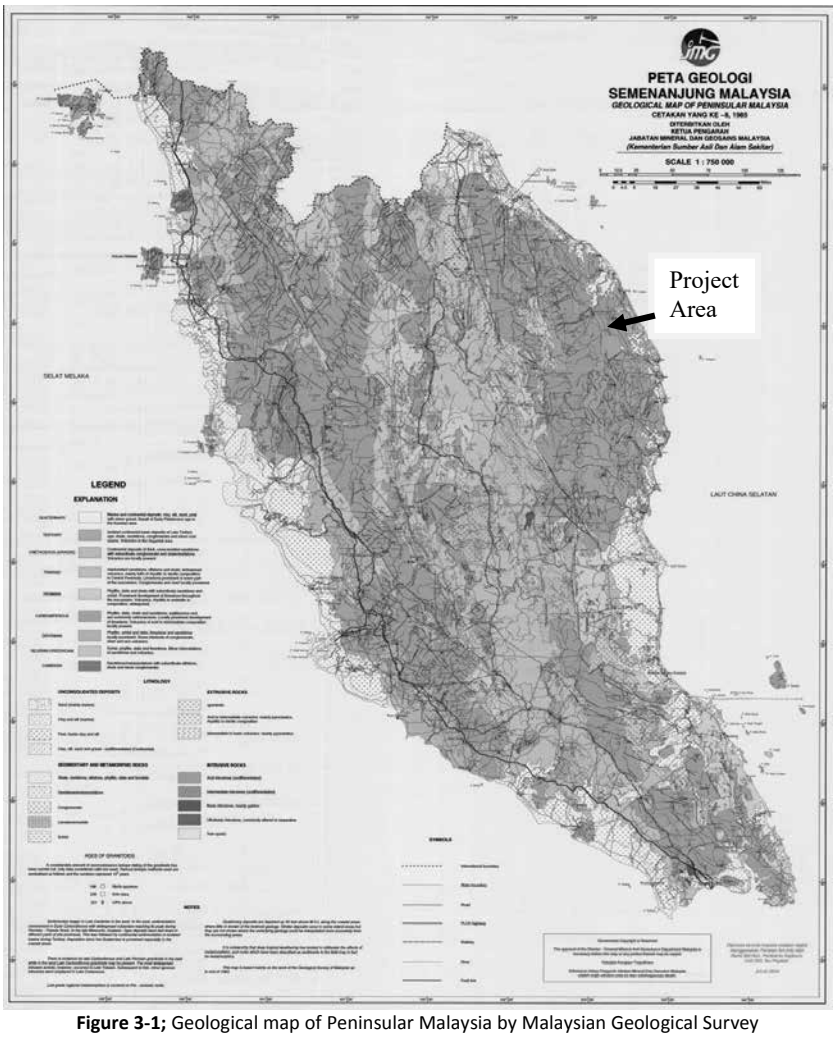

Figure 3-1; Geological map of Peninsular Malaysia by Malaysian Geological Survey

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The granites were emplaced at various times from the mid-Jurassic (179 Ma) to the late Cretaceous Period (79 Ma) as part of a huge batholith intrusion related to the closure of the Tethys Ocean in Permo-Triassic time (starting approximately 255 Ma). Dykes cut the rock sequence and these were intruded about 70 Ma most likely as some late stage activity in the earth movements related to the closure. The area is not known to be tectonically active.

3.2 Geological Background

There are no published geological maps specifically of either Bukit Chetai or Bukit Machang. But local geological maps show both to be underlain by granitoid rocks **(Figure 3-2).** The sites are within Sheet 49 – Bukit Besi – of the New Series L 7010 Geological Mapping Sheets of Peninsular Malaysia.

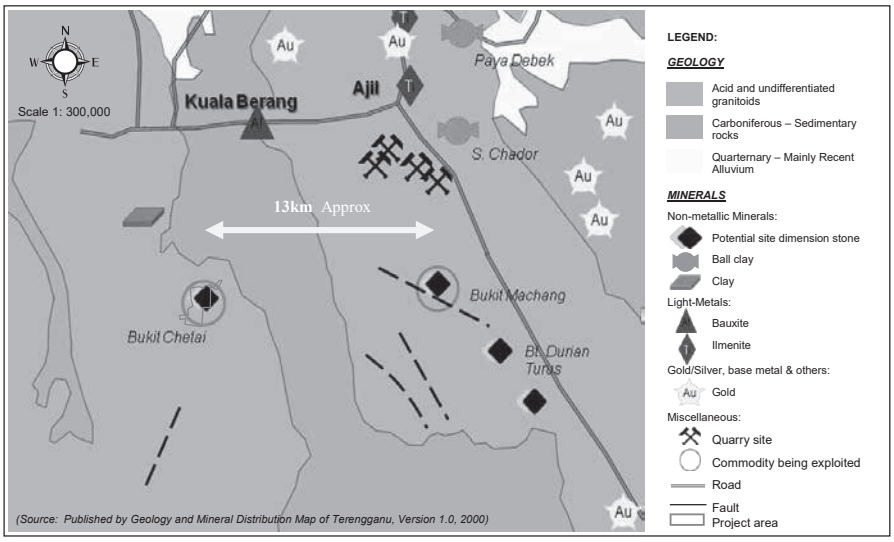

Figure 3-2; Geology and mineral distribution map in the vicinity of the Project sites

The geological structure of the area is unclear and the thick vegetation cover makes interpretation difficult. A Nov 2001 report (Geology and Mineral Resources of the Gunung Gajah Terom Area, Terengganu) on mapping sheet 48 (immediately to the west of sheet 49) states that the regional lineaments strike NE to ENE and ESE to SE. These trends can in fact be seen in the shape of the reservoir for Kenyir dam to the NW of the Project sites.

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From field inspection granite was seen to be present throughout both sites but there is limited exposure to allow the geology to be mapped in sufficient detail. However one observation from the inspection was that on appearance the granite at Bukit Chetai is light grey whilst at Bukit Machang it is pinker in colour - suggesting a slight difference in mineralogical composition.

It is not clear as to why the Project areas were first identified as sites for dimension stone but it is suspected that when the land was cleared during logging, the nature of the bedrock, including the presence of a large dark green dyke, became apparent. This dyke became the focus of quarrying activity (**Figure 3-3**) by the previous operator at Bukit Chetai and is the same green rock that is the focus of GGTM developing their business.

Figure 3-3; Old quarry face with dyke in the foreground

As is typical of granite terrains in a tropical environment there has been significant chemical weathering of the bedrock at both sites resulting in thick overburden development, and what outcrop/bedrock that is exposed is severely weathered, with exfoliation. A seismic survey carried out in 1989 over small areas at both sites estimated overburden to be on average 23m to 24.5m in thickness with up to an estimated 5m of weathered and fractured rock above fresh rock.

3.3 Bukit Chetai Geology

In order to investigate the geology at Bukit Chetai, across the site and with depth, an exploration program was carried out over the first half of 2016 involving 2,615m of drilling taken from 15 boreholes drilled to depths of up to 285m. The purpose of this Ground Investigation ("GI") was twofold (i) to assess the quality of the granite and its suitability as a

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dimension stone and (ii) to determine the granite resources present and to estimate a quantity that would be made in accordance with the JORC Code.

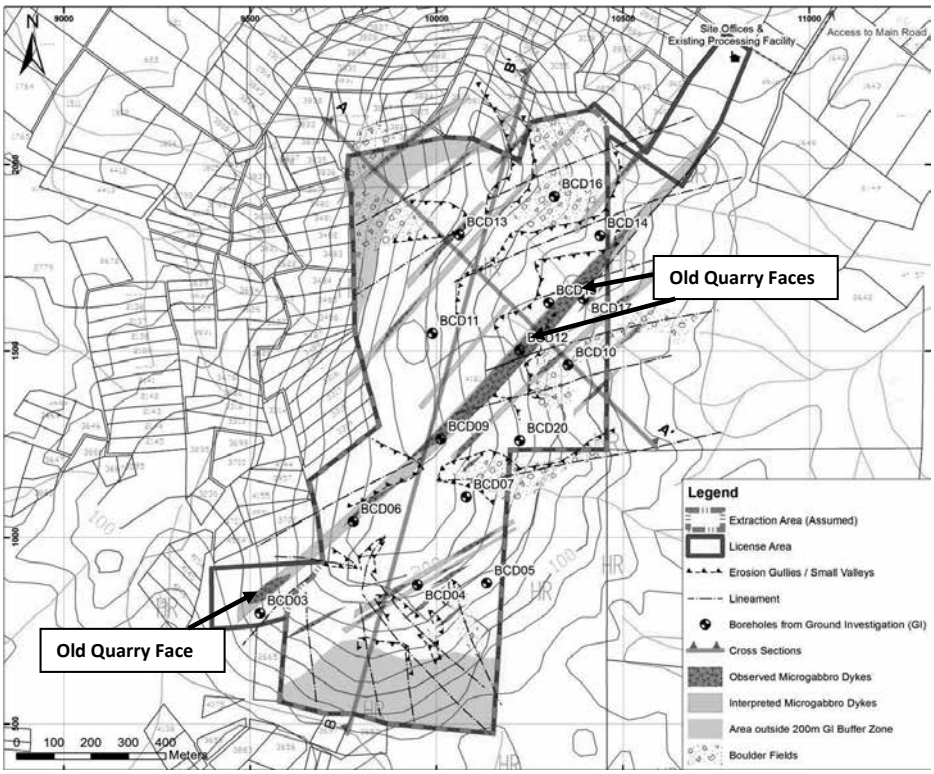

Figure 3-4; Plan showing borehole locations and geology.
(For Sections see Figure 3-5)

The exploration program showed that Bukit Chetai is underlain by light grey granite traversed by NW – SW trending green to dark green dykes which have intruded the granite bedrock **(Figure 3-4).** These green dykes have been called granite but in fact geologically they are classified as microgabbro - a rock that has a different mineral composition to granite. They appear to be dipping to the NW.

The widest dyke is measured at 30m at two of the working faces of the old quarry and it is suspected that there are narrower dykes traversing the site on the basis of what was interpreted from boreholes, seen in the boulder fields and along some access tracks where green boulders were found in the weathering profile. The interpretation of the dyke swarm across the site is seen in the sections in **Figure 3- 5.**

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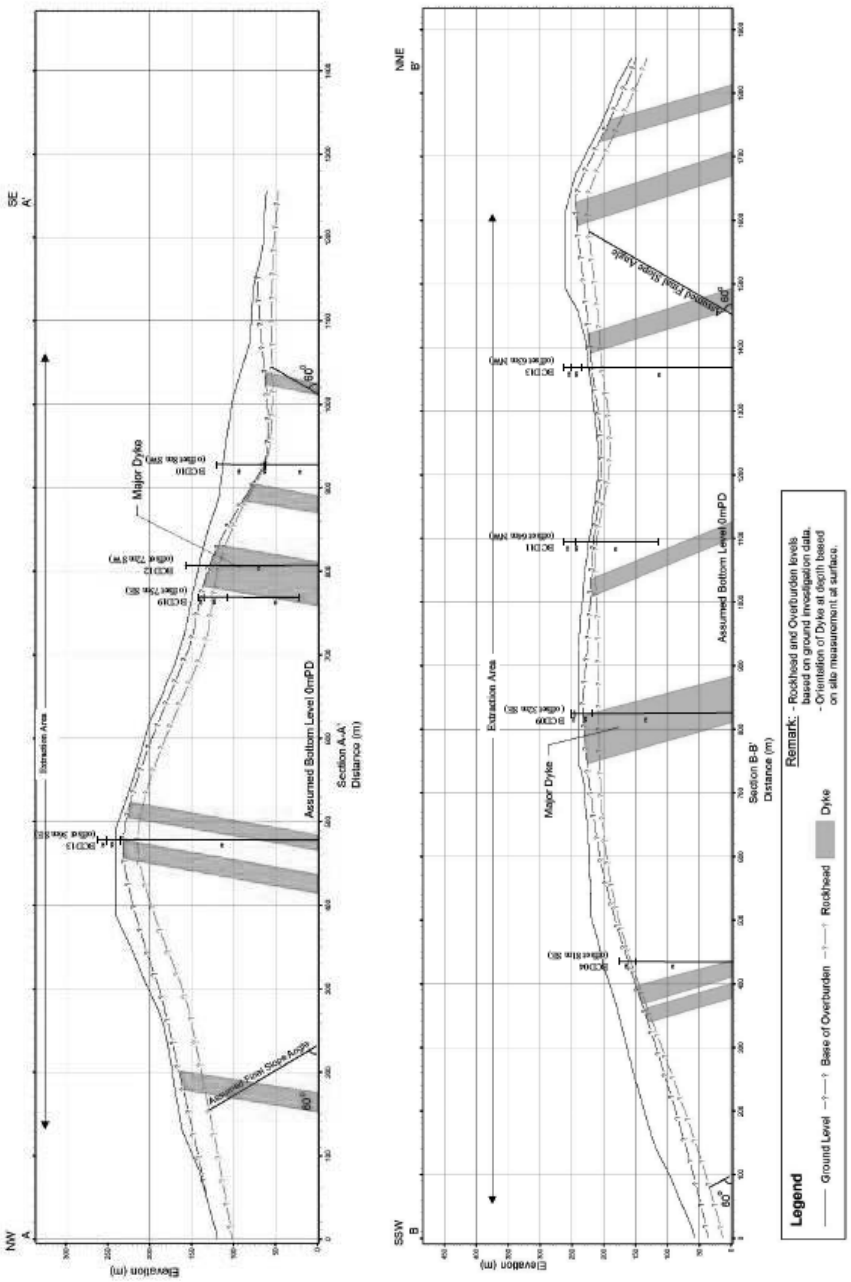

Figure 3-5; Geological sections across the site
(see Figure 3-4 for section locations) - note also borehole locations are offset)

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Figure 3-5 superimposes the nearest boreholes to the section line (**Figure 3-4** shows their location). These are offset by up to 75m which is why they often appear at different levels compared to the adjacent ground.

The contact between the granite and the dyke is very pronounced and well defined (**Figure 3-6**) with very little alteration of the granite host rock. The contact as recorded in the boreholes was seen to vary between 45^{o} and 80^{o}, but in the vicinity of the old quarry working near drill hole BCD12 (**Figure 3-4**) it was near vertical. North of Bukit Machang, in the aggregate producing quarries, dykes were seen to be near vertical.

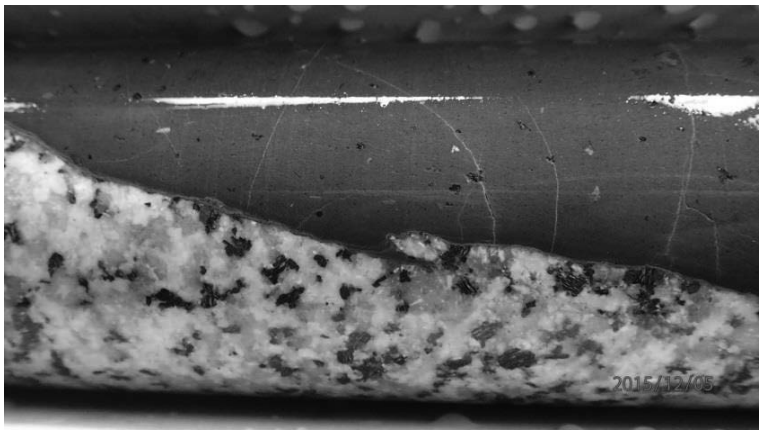

Figure 3-6; Well defined and sharp contact between granite host rock and dyke

Regarding the dyke thickness RH relies on measurements taken at three locations where there are old quarry workings and in each 30m was measured. Given the geological nature of the dyke intrusions it would not be unreasonable to assume that the dyke maintains this thickness with depth, albeit locally they may also 'pinch and swell' and possibly spilt.

The geological map **(Figure 3-4)** is based on field mapping and interpretation from boreholes. Given the thick overburden, access limitations and other discrepancies the exact positions of the interface between the dykes and white granite country rock could not be determined with preciseness. The accuracy of the geological map should therefore be considered somewhat schematic to convey the geological outcrop pattern.

Overburden was seen to be up to 20m thick and weathered rock 5m. The green granite tends to have boulders in the weathering profile whereas the white granite appears to grade gradually from being completely decomposed to fresh rock. The boulders generally comprise fresh rock and can be used as dimension stone.

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A discussion of the findings of the 2016 GI is presented in detail in QPR2017a. Core boxes (**Figures 3-7**) are retained on site and kept in a secure container located adjacent to the existing processing facility.

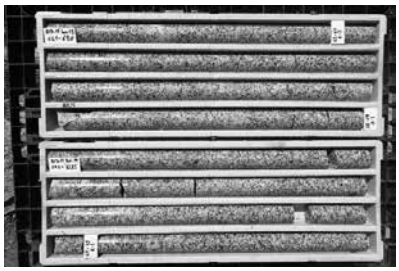

Figure 3-7; Core stored in plastic boxes (one metre long) and properly labelled put into storage on site

3.4 Bukit Machang Geology

The geology of Bukit Machang has not been investigated in any detail but the old quarry working was visited (see **Figure 2-6** for location) and visibly the massive nature of the rock exposed looked very similar to what is found at Bukit Chetai. Abandoned stone blocks cut in the Quarry show massive coarse grained granite which is eminently suitable as a dimension stone.

Further to the north, 2km away along the northern boundary of the site, green dykes were also seen in the working face of the aggregate producing quarry visited although these were not seen to be as wide as the one at Bukit Chetai.

3.5 Conclusions

The geology of The Project has been investigated in detail from a GI comprising boreholes, on site mapping, sampling and testing of rock core and grab sample fragments taken from the site. The rock at Bukit Chetai is a massive white to light grey granite intruded by NE-SW trending dykes. Both the dyke rock and the white granite rock are massive.

The dykes appear to be dipping at high angles to the NW and there is one large dyke of 30m width which has become the focus of quarrying by GGTM. A new quarry face opened up has shown the dyke to be wider than 30m. On the basis of on-site measurements, mapping and knowing the geological nature of the dyke intrusions, it is expected that the width of the dyke will be maintained with depth.

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4.0 SUITABILITY OF GRANITE RESOURCE AS A DIMENSION STONE

The geological database on the granite and reviewed in this QPR, is based on the results of core samples taken from boreholes drilled as part of the 2016 GI (Section 3.3). Testing and analysis was carried out at recognized laboratories in both Malaysia and the PRC. **Table 4-1** summarizes the geological database:

Table 4-1; Database of Information used in this QPR

Item	**Quantities**		
Numbers of Boreholes	15 Nos		
Total Length of Drilling	2615.50m		
Core Samples from Boreholes – Total Tests		**Green Granite**	**White Granite**
Petrographic Analysis	22 Nos	11 Nos	11 Nos
Unconfined Compressive Strength	54 Nos	17 Nos	37 Nos
Bulk Density	54 Nos	17 Nos	37 Nos
Water Absorption	41 Nos	17 Nos	24 Nos
Radioactivity Measurements	6 Nos	3 Nos	3 Nos
Slab Samples – Nos of Tests			
Flexural Strength	8 Nos	5 Nos	3 Nos
Modulus of Rupture	8 Nos	4 Nos	4 Nos
Abrasion Resistance	10 Nos	5 Nos	5 Nos
Hardness Test (Shore)	2 Nos	1 Nos	1 Nos

Nos – Numbers; **m** – metres

Granite is a rather homogenous rock; its physical properties are not likely to change dramatically over a small distance, except perhaps at weathered zones and fractured zones. The sample testing programme was therefore designed to see if there was any variation with depth and across the site. From observation both the green and white granite showed no obvious variation. Details of the testing programme are shown in Appendix II of QPR 2017a**.**

4.1 Specification for Granite Dimension Stone

There are a number of institutions worldwide which set standards for dimension stone. Of these the American and the European standards are the most well-known internationally.

Table 4-2; ASTM C615 – 03 Standard Specifications for Granite Dimension Stone

Physical Property	Requirements	Test Method(s)
Absorption by weight, max, %	0.40	C97
Density, min, (kg/m^3)	2.560	C97
Compressive strength, min (MPa)	131	C170
Modulus of rupture, min (MPa)	10.34	C99
Abrasion resistance, min, hardness	25	C241 / C1353
Flexural strength, min (MPa)	8.27	C880

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There are also different standards for different end uses and stone types. American standard ASTM C-615-03 sets out the material specifications for granite dimension stone. **Table 4-2** lists the test methods applicable to granite dimension stone together with the specification requirements. The individual tests to establish these properties are described by other ASTM Standards (eg - Abrasion Resistance is ASTM C-241).

Architects and engineers may also have requirements on properties specific to a project and therefore **Table 4-2** may be considered a basic reference in terms of ultimate end use. Typically dimension stone is cut into slabs and tiles for use on floors and on walls. It may also be used as a sculptured or cut stone for specific purposes. Granite is popular as a kitchen table top.

4.2 Colour and Texture of the Granite Resource as Blocks for Slab and Tile Manufacture

Colour and texture are the two most important parameters for evaluating the aesthetic quality of a rock for dimension stone production. Bukit Chetai has two colours (green and white) and Bukit Machang has one colour (pink). GGTM refers to these three types by their marketing names **(Figure 4-1)** which are:

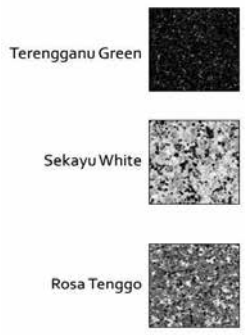

Figure 4-1; Colour and Texture of the three granite stone products (Source: GGTM)

The rock from Bukit Chetai is Terengganu Green ("TG" in this report) and Sekayu White ('SW') whilst the pink coloured rock from Bukit Machang is named Rosa Tenggo ('RT'). This QPR essentially concerns Bukit Chetai but for reference discussion on RT is included as there is inventory of RT blocks and tiles from the previous operation, which GGTM has permission to market and sell.

The colour variation of both the green and white granites is very consistent as reflected by mineral composition determined from the petrographic examination, where samples examined were taken from various boreholes across the site and with depth.

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The petrographic examination also showed that the SW contains no deleterious minerals which would otherwise provide some constraint to where it can be used. In contrast TG contains small amounts of iron bearing minerals - pyrite, magnetite and hematite, which on weathering could possibly generate 'rust' stains. Despite this GGTM advises that staining has never been an issue.

4.3 Physical and Mechanical Properties of the Granite from Bukit Chetai

A large number of tests were carried out on core taken from the boreholes. As can be seen **(Table 4-3)** the granite meets all the ASTM requirements for use as a dimension stone.

Table 4-3; Test results on samples of granite from Bukit Chetai

Physical Property	Requirement	Green Granite	White Granite
Water Absorption by weight, max, %	0.40	0.06 to 0.15 (41)	0.04 to 0.16 (41)
Density, min, (kg/m^3)	2.560	2.667 to 2.973 (54)	2.655 to 2.768 (54)
Compressive strength, min (MPa)	131	160.6 to 223.2 (54)	126.1 to 196.4 (54)
Mechanical Property	**Requirement**	**Green Granite**	**White Granite**
Modulus of rupture, min (MPa)	10.34	36.5 to 45.6 (4)	27.9 to 29.5 (4)
Abrasion resistance, min, hardness	25	Ave 42.84(5)	Ave 51.07 (5)
Flexural strength, min (MPa)	8.27	19.2 to 26.5 (5)	15.0 to 18.4 (3)
Hardness (Shore)		87 (1)	104 (1)

(Brackets represent the number of tests carried out for each material type)

The mechanical properties were tested on samples of slabs which had been processed on site by the previous operator and kept in stock (see photo with **Figure 1-1**). These samples were selected by RH and GGTM during a site visit in April 2016.

No tests were carried out on the granites from Bukit Machang in the 2016 GI apart from flexural strength. However, the results of tests carried out on samples in 2009 show that the RT granite also meets all the specification requirements for dimension stone.

Whilst all the granites meet the ASTM specification requirements for dimension stone the green granite (ie TG) is seen to have more superior physical and mechanical properties - for example higher strength, hardness and density - compared to the SW and RT granites, both of which have very similar properties.

4.4 Radioactivity of the Granite

Dimension stone is tested for radioactivity to ensure there are no health issues related to production, sale and ultimately for when it is in place in its particular end use. Granite contains uranium and thorium isotopes and at high concentrations gives off radon gas.

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To test for radioactivity samples were sent to a PRC laboratory accredited in these tests. The National Standard for Construction Material in the PRC (GB6566-2001) classifies construction materials into Classes A, B or C. Construction material with IRa < 1.0 and Ir < 1.3 is classified as Class A which means there is unrestricted use. Classes B and C have more restricted use with Class C having the most restriction.

Table 4-4; Radioactivity Tests carried out according to GB standards

Borehole	Depth (mbgl)	IRa	Ir
Green Granite			
BCD12	158.50	<0.10	0.10
BCD17	20.50	<0.10	0.10
BCD 17	101.40	<0.10	0.10
White Granite			
BCD4	170.70	0.70	1.20
BCD9	116.70	0.70	1.30
BCD16	158.60	0.60	1.00

The results (**Table 4-4**) show that the granite satisfies the radioactivity requirements of a Class A construction material which means there is no restriction for its production, sale and utilization. Only Class A stone can be used indoors. It is noted that the TG is non-radioactive and therefore has unrestricted usage as a dimension stone product in the PRC.

These radioactivity levels also fall within the European Union's acceptable limit range based on the European Commission Radiation Protection Report 112.

4.5 Massiveness

In terms of suitability as dimension stone the measure is massiveness. The more massive the rock the larger blocks that can be extracted, waste is minimized and from a commercial viewpoint the unit selling price per m^3 is higher. In QPR2017a an analysis of joint spacing showed that in the white granite (ie SW) the average spacing ranged from 1.80m to 28.50m whilst in the green dyke rock (ie TG) it was 1.48m to >19.00m. Given that GGTM is targeting cuboid blocks of up to 1.5m along the longest side this would suggest that dimension stone blocks can be excavated with high block rates.

4.6 Conclusion

The granites from Bukit Chetai satisfy the minimum requirements on all tests used to assess the acceptability of a natural stone to be used as a dimension stone. It can have unrestricted usage.

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5.0 QUARRY OPERATION AT THE BUKIT CHETAI GRANITE QUARRY IN FY2017

On site there has been opening up of the existing quarry face and also the development of a new quarry face along the green granite dyke (ie the TG rock). As the site is densely vegetated and has a thick overburden over fresh rock, development of working platforms has been slower than anticipated hindered by the exceptionally heavy rain in 2017. Total excavation for FY2017 as reproduced from Company's record is summarized in **Table 5-1**.

Table 5-1; Excavation Details over Year to 31 December 2017

	Excavation			Blocks Production			Block Rate		
Month	TG (m^3)	SW (m^3)	Total (m^3)	TG (m^3)	SW (m^3)	Total (m^3)	TG (%)	SW (%)	Total (%)
Feb	-	-	-	-	-	-	-	-	
Mar	-	-	-	-	-	-	-	-	
Apr	-	-	-	-	-	-	-	-	
May	-	-	-	-	-	-	-	-	
Jun	-	-	-	-	-	-	-	-	
Jul	-	-	-	-	-	-	-	-	
Aug	132.30	18.90	151.20	5.20	18.00	23.20	3.93	95.24	15.34
Sep	266.49	35.91	302.40	-	34.00	34.00	0.00	94.68	11.24
Oct	622.30	88.90	711.20	-	72.40	72.40	0.00	81.44	10.18
Nov	392.00	56.00	448.00	20.17	-	20.17	5.14	0.00	4.50
Dec	490.00	70.00	560.00	20.17	-	20.17	4.12	0.00	3.60
Totals	**1903.09**	**269.71**	**2172.80**	**45.53**	**124.40**	**169.94**	**2.39**	**46.12**	**5.73**

By 31 December 2017 (the Effective Date – the date on which the Resource statement is made in this QPR), 7 benches had been formed at the new quarry face using a newly acquired circular saw, and some other blocks has been produced at one of the old working faces using diamond wire saws. The new quarry face is above and to the west of the old working faces. The overall development of working faces can be seen in **Figures 5-1** and **5-2**.

To facilitate the development, capital expenditure was spent to acquire the following equipment over the year;

1. Air Compressors - 3Nos
2. Double blade circular saw quarry machine – 1Nos
3. Derrick Crane – 2Nos
4. Pneumatic Rock Drills – 3 Nos
5. Excavator Sumitomo - Short Arm – 1Nos
6. Truck for transporting blocks - 1Nos

To date the block rate for TG has been very low. This is because, over the year, excavation

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has been near surface where the rock is more susceptible to weathering. This is not unexpected. In comparison the white granite (ie SW rock) is less weathered and thus the block rate is higher, albeit it is still low. This differential in weathering is also seen on other exposed surface and boulders. With depth the rock becomes less susceptible to weathering and the block rates are expected to increase.

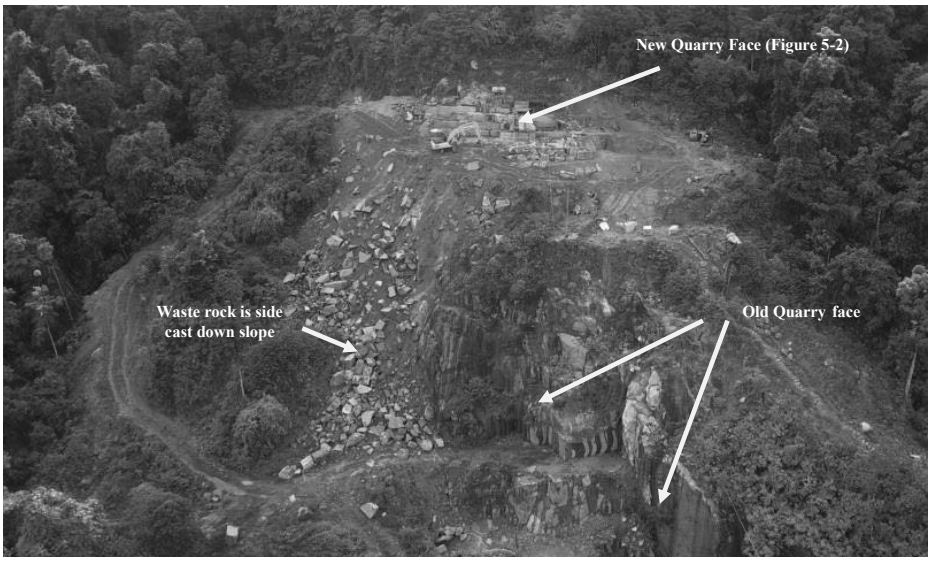

Figure 5-1; On site development activities (note waste rock is side cast to be collected and disposed)

Figure 5-2; New quarry faces developed for utilization of circular saw

There are some massive boulders, both TG and SW, on site. GGTM is also utilizing these boulders to make blocks for sale. **Figure 5-3** shows the typical size of the boulders on site. Although they may look highly weathered, the rock is sound and solid as can be seen on the fresh surfaces as shown in **Figure 5-4**.

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Figure 5-3; Typical size of boulders found on site

Figure 5-4; Fresh surface of the boulders' exposed

These massive boulders are first cut into a more manageable size as shown in **Figure 5-5** and then further trimmed into a more regular shape before selling it, or sending it out, for processing.

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Hulu Terengganu, Terengganu, Malaysia
Qualified Person's Report

February 2018

Figure 5-5; Boulders of TG rock to be trimmed down at the existing processing facility on site

GGTM is also processing material left on site from the previous operation. These have been trimmed to meaningful block sizes and sent to a contractor in Ipoh to be cut into slabs for sale. During the year, 31.32m^3 of TG blocks and 88.84m^3 of SW blocks were processed into slabs with area; 1,034.45m^2 of TG and 2,406.20m^2 of SW; the conversion rate for TG and SW was 1m^3 to 33m^2 and 1m^3 to 27m^2 respectively.

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6.0 RESOURCES AND RESERVE STATEMENT

6.1 Mineral Resource Changes

The changes in mineral resource for the period FY2017 were due to quarry excavation activities and are summarized in **Table 6-1** below;

Table 6-1; Resource Statement Changes (million m^3)

	Mineral Type	As of 31/1/2017	Excavation in FY2017	As of 31/12/2017	Changes
Measured	White Granite	88.34	-	88.34	-
	Green Granite	-	-	-	-
Indicated	White Granite	6.00	0.0002	6.00	-0.004%
	Green Granite	4.72	0.0019	4.72	-0.040%
Total		**99.06**	**0.0022**	**99.06**	**-0.002%**

It should be noted that this resource statement is a measure of the total volume but not all of this will be recovered as operational losses are inevitable. The percentage change over the year to 31 December 2017 has been insignificant to change the mineral resources stated previously.

6.2 Reserve Statement Changes

After taking into account the issues of waste and a 65% Block rate estimated for the Resource as whole the Measured and Indicated marble resources can be converted to Reserves which include both Proved and Probable Reserves. The changes in reserve statement for the period FY2017 are shown below in **Table 6-2**.

Table 6-2; Reserves Statement Changes (million m^3)

	Mineral Type	As of 31/1/2017	Excavation in FY2017	As of 31/12/2017	Changes
Proved	White Granite	57.42	-	57.42	-
	Green Granite	-	-	-	-
Probable	White Granite	3.90	0.0002	3.90	-0.004%
	Green Granite	3.07	0.0012	3.07	-0.040%
Total		**64.39**	**0.0014**	**64.39**	**-0.002%**

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6.3 Statement of Resources and Reserves

The summary of statements of reserves and resources for Bukit Chetai at 31 December 2017 is presented in **Table 6-3** below:

Table 6-3; Summary of Statements of Reserves and Resources at Bukit Chetai at 31 December 2017 (million m^3)

	Mineral Type	Gross Volume Attributable to License	Net Volume Attributable to Company	Change from QPR2017a (%)
Ore Reserves (million m^3)				
Proved	White Granite	57.42	57.42	-
	Green Granite	-	-	-
Probable	White Granite	3.90	3.90	-0.004
	Green Granite	3.07	3.07	-0.040
Total		**64.39**	**64.39**	**-0.002**
Mineral Resources (million m^3)				
Measured	White Granite	88.34	88.34	-
	Green Granite	-	-	-
Indicated	White Granite	6.00	6.00	-0.004
	Green Granite	4.72	4.72	-0.040
Total		**99.06**	**99.06**	**-0.002**

The percentage change is so small that it does not warrant changing the quantities estimated as of 31 January 2017 and as reported in QPR2017a.

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7.0 FINANCIAL REVIEW AND MARKETING

GGTM is a relatively simple business venture, with essentially one ongoing operation - ie the Bukit Chetai Granite Quarry. However, sales and marketing represents a major obligation in order to raise awareness to the products and to establish a foothold in the market.

A detailed financial analysis of the operation and marketing was included in Section 10.0 of QPR2017a. The analysis was based on the capital and operating costs, the production schedule and the selling prices of each of the products assuming a 20 year time frame, consistent with the term of the lease on the land which ends in May 2037. As there has been very little change in the basis for the analysis, and there has been a relatively small amount of sales and development in 2017, it is not proposed to reproduce this in QPR2017b as much of what is stated still applies.

The success of the dimension stone business depends on demand and thus a commitment to the marketing effort - ie the creation of market awareness and acceptance of the products – is vital. GGTM has already set up a marketing team headed by a new Director of Sales and Marketing and has secured firm sales, off-take agreements and signed LOIs/MOUs with potential buyers and end users. However, because of the long lead times in many projects which would use dimension stone products, GGTM has taken a cautious view on market achievement with a gradual step in the near term to ensure no excessive production and large inventories.

7.1 Financial Analysis

Based on (i) marketing information (ii) selling prices already agreed on secured orders and (iii) in LOIs/MOUs; GGTM has assumed in the analysis the selling price of each of its products to be as stated in **Table 7-1**. The limited sales to date have supported this.

Table 7-1; Selling prices estimated by Company

Product	Selling Price (Ex-Works)
Terengganu Green (TG)	
TG – Block	RM1,500 / m^3
TG – Slab	RM265 / m^2
TG – Small Tile	RM44 / m^2
Sekayu White (SW)	
SW – Block	RM850 / m^3
SW – Slab	RM157 / m^2

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The marketing effort will focus on the TG products which are able to command the higher prices because of its unique colour and pattern. Previously it had been assumed that there would less demand for SW products but recent marketing has revealed interest from the PRC as the curb on new dimension projects has meant that the supply of local stone with this type of texture would be insufficient to meet demand.

Apart from the financial obligations of GGTM through its operating costs and capital expenditure the tax obligations and Malaysian Government charges are also significant. For 'The Project' the payments to the State by Agreement are based on;

- A **Tribute** of RM132/m^3 of white or pink granite blocks (ie respectively SW and RT) or RM4.40/m^2 of stone tiles with payments based on the sale of blocks and tiles.
- A **Tribute** of RM220/m^3 of green granite (ie TG) blocks or RM7.33/m^2 of stone tiles with payments based on the sale of blocks and tiles.
- A **yearly rental** of the site of RM30,090.15 of which the first five years (ie RM 150,450.95) was paid in advance at the signing of the Concession Agreement.

Tribute payments are to be made on a monthly basis with the amount not being less than RM10,000 per month ("Minimum Payment"). However, the tribute only becomes due when the granite blocks or slabs are taken from the quarry or block-yard out to the market.

GGTM's business has operated using the same cost structure and principles since commencement of operations and as of 31 December 2017 there are no tax liabilities, borrowings or other interest bearing liabilities outstanding.

7.2 Sales and Marketing

The main target market for the GGTM dimension stone is Malaysia with the PRC being a secondary market. At the same time, GGTM are also marketing, through several sales channels, to Singapore, Hong Kong and part of the ASEAN Region (via the Singapore sales channel). As the business builds and the stone brands become established the aim is that sales can be extended to Thailand, Indonesia and also the Middle East. The three brands being marketed by GGTM are seen in **Figure 7-1**.

The development of the business will be built on the **Terengganu Green (TG)** as this is perceived to be unique with no other stone with similar colour and texture apparently available on the market. Preliminary marketing by GGTM supports this assumption.

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The development of the market for **Sekayu White (SW)** – ie the White Granite – will be secondary but marketing of this stone will also be required as extraction of this is necessary to get the maximum yield of TG. Furthermore, with limited inventory space, sales of SW will be vital to the business. In fact recent market information on the PRC market suggests that demand for SW may be much higher than originally anticipated as dimension stone quarries in similar rock will have to close down for environmental reasons, creating a potential supply shortage.

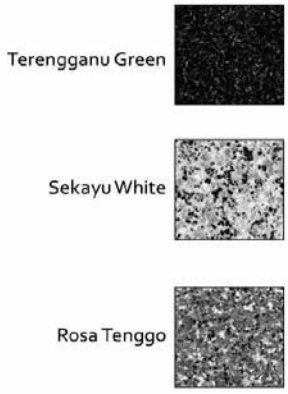

Figure 7-1; Colours and patterns of the products

As GGTM dimension stone gets a further foothold in the market they will then consider developing Bukit Machang and the production of the Pink Granite – **Rosa Tenggo (RT).** In the meantime if the market for RT is seen to pick up there is still material left on site from the previous quarry operation to be processed as the opportunity arises.

Whilst GGTM are essentially new entrants to the market they already have a 'head start' as;

1. The previous operator of the Quarry was a company, known to some of the shareholders of GGTM. **There is therefore a familiarity with the quarry business in Terengganu**.
2. **TG, SW and RT have been supplied to other projects** in KT, where the local Government are very supportive of local products.
3. In the case of TG major high profile Projects in Malaysia have used the stone, including KLIA (**Figure 1-2**) and the Petronas Twin Towers in KL,– **therefore there is already market awareness.**
4. GGTM is involved in interior fit out and is thus **familiar with the requirements for the end use of architectural stone,** and as such

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5. GGTM has **worked closely with reputable developers** of high-value property developments

6. Preliminary marketing suggests that **TG is unique in terms of colour and texture**.

The dimension stone business is built on the nature and texture of stone, the quality control and security of supply. However, whether a product is successful depends on the particular requirements and desires of the end user, not on the industry as a whole. Of course if there is no construction then there will be no demand.

In both Malaysia and the PRC there is still a buoyant construction industry with a demand for granite dimension stone as it is hard wearing and resistant to weathering. Sectors include:

- Developers – commercial, residential and integrated projects
- General and specialist contractors
- Commercial building owners – malls, hotels, condominiums
- Parks – hardscape as well as decorative sculptures
- Religious buildings – mosques, churches, temples
- Temples - statues, relief sculptures
- Religious Institutions –, Tombstones, headstone, monuments.
- Marine Structures - Armour walls, sea breakers (in form of blocks)
- Building Structures - Wall, column and beam claddings – internal and external
- Floor pavings – internal and external. Hardscapes.
- Home Uses - Counter tops, table tops
- Road Furniture - Road curbs, Footpaths

However, granites contain radioactive elements and to avoid health issues there are very specific guidelines on the limits of radioactivity emissions allowed before the slabs and tiles are allowed to be used without restrictions. Both TG and SW had been tested and found to be within the guidelines (Section 4.4 of QPR2107b) and can be used without any restriction.

7.3 Marketing Plan

The plan is to market the sale and distribution of TG via the following channels:

- Direct block sales to the PRC – this is done mainly to retain a presence in the PRC market. The GGTM target is that 20% of production by volume is sold to PRC.

- Direct sales of small blocks and slabs into Malaysia and neighbouring countries e.g. Singapore, Thailand and Indonesia. The TG product is well suited for the Malaysian

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market as green is linked to the Islamic religion. As for sales into Singapore, Thailand and Indonesia, GGTM has already begun receiving enquiries from potential customers.

- Direct and Indirect sales of small blocks to the tombstone industry. TG has a rich dark hue which makes it suitable as a base for tombstone engraving. Although GGTM does not sell directly to end users or to retail customers in this Sector, it does supply to well-known distributors and wholesalers in Malaysia, as well as PRC.

- Direct sales of pavers to the renovators and contractors – these are the small tiles (termed joggle pavers) that are cut from slab waste. There is a growing popularity in construction projects to use such pavers as decorative tiling for outdoor areas.

- Sale via wholesalers and distributors. GGTM will continue to work with its current network of distributors to widen its market base and reach out to new customers and meet differing needs within the markets of Malaysia, PRC and SE Asia.

- GGTM itself has a team that provides consultancy and design services for retrofitting and renovation of commercial (offices, hotels, dining establishments, mosques), residential housing, integrated projects and condominiums projects.

- Working as a 'one stop' operator - Rather than compete on a pricing platform only, GGTM will work with developers and project owners to create a vision for a project which extends to retrofitting and renovating.

GGTM will **compete directly with Chinese based** suppliers of green coloured granite – GGTM intends to put to good advantage its lower costs of production and holds the advantage of the TG granite being naturally dark green coloured.

GGTM also has a strong outreach especially in its home market of Malaysia and also the state of Terangganu. In brief the **3 key limbs of its marketing strategy** for TG products are:

1. Competitive pricing and naturally dark green coloured
2. Reliable delivery and ability to match supply at the appropriate time to end users
3. Tout it as a unique Malaysian product that supports the use of local products for projects within Malaysia.

A significant financial provision has been made (on average ~8% of the Sales Revenue) has been made for **Sales and Marketing**. This is because it represents a major obligation of GGTM in order to raise awareness to the products and to establish a foothold in the market. Without this, the success of the business will be in doubt.

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To ensure the above is carried out in a sustained fashion, GGTM has enlisted the assistance of experienced sales and operational personnel to build up a dedicated **sales team** that can work towards projecting the demand and popularity for TG products. A new deputy director was appointed on 1st December 2017. This all the more important because the industry forecasts on building projects which will utilize the dimension stone products is somewhat difficult to predict, as there appears to be no reliable statistics on trends.

There is, at present, no organization in Malaysia that compiles information simply about the usage of dimension stone. To estimate the projected volume of usage, GGTM track current projects and near future projects from publicly published information or from industry feedback. Notable Projects identified are covered in Section 7.4 of QPR.

7.4 Recent Marketing Insights

GGTM continues to increase customer and market exposure of products by attending industry forums, trade fairs and exhibitions. In 2018 GGTM plan to join more Stone Fairs, to showcase their products and from this expect some orders from the USA, Europe and Middle East DIY (thin tile) markets.

AII sales in the PRC are currently carried out through Shuangwei Creative Stones (Xiamen) Co.,Ltd. Their appointment as China distributor took place on 1 January 2018 and their brief is not only to expand the PRC market business but also into other overseas markets such as USA, Europe, Middle East and Myanmar.

At the same time, GGTM has been communicating and engaging with industry participants in various sectors as listed on page 36 of this document. The marketing team is currently working closely with a local contractor and developer for supplying slab tiles and thin tiles for commercial buildings and residential projects.

There are also a large number of notable projects coming up in the near term with a requirement for dimension stone. These include:

- **Putrajaya Office Developments**
- **High Speed Railway (HSR) to connect Kuala Lumpur to Singapore**
- **East Coast Rail Line (ECRL)**
- **Penang** - includes development of residential, medical and commercial buildings.
- **Johor** - The ongoing development of the Iskandar project and various other projects.
- **The next two (2) MRT lines in KL**
- **KT City Centre (KTCC)** – 6 centers of development.

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A comprehensive list and description of these projects can be found in QPR 2017a.

There is no guarantee that architects, interior designers and other end users will look favorably on TG, as well as SW and RT, but with dedicated implementation of the 3 key limbs of the marketing strategy then there is a strong chance that GGTM can build up its position in the market and meet its sales targets over the next 5 years. Then it will be then ready with a secure market position for the following 5 years, and thereafter.

7.5 Conclusions on Marketing

The year to 31 December 2017 has seen no material change in the sales and marketing strategy. GGTM has adopted a cautious approach as development in the quarry and the production of blocks has been slower than anticipated. However, with the recruitment of a new deputy director of marketing on 1 December 2017 the marketing function will take on a much more proactive focus. TG products will be the main focus although recent marketing has suggested that demand for SW granite in the PRC is expected to increase.

The key marketing strategy is to sell blocks through direct sales and to sell both blocks and finished products by direct sales, via wholesalers and distributors. However, whilst there is some uncertainty as to the size of the market it does seem sustainable with big projects starting up, and in many cases being partly government funded there is a good chance that GGTM products, as local products, will be seen favorably. Having a few larger projects on hand will provide the foundation and comfort for bidding on other projects and due reference to other developers/end users/designers that the GGTM stone products have the right qualities for high value projects.

There is material of TG and SW (also RT), left by the previous operators, being processed and sold as a gentle start up to create market awareness of the products and GGTM. However, this is relatively small scale, but nonetheless GGTM looks to be well placed when larger volumes of dimension stone will start being processed during 2018. GGTM already has orders in place and agreements with a number of distributors and wholesalers.

GGTM will join Stone Fairs, to showcase their products and from this expect some orders from the USA, Europe and Middle East DIY (thin tile) markets. AII sales in the PRC are currently carried out through Shuangwei Creative Stones (Xiamen) Co.,Ltd. Their appointment as China distributor took place on 1 January 2018.

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8.0 ENVIRONMENTAL and SOCIAL MANAGEMENT

8.1 Statutory Requirements

The Project falls under "**First Schedule, item 19 – Quarrying of Rock Material**" of the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment ("EIA")) Order 2015 and is subject to Section 34A of the Environmental Quality Act, 1974 (Act 127), which requires the submission of an EIA Report for the approval of the Director General of the Department of Environment ("DOE") before the Project commences. The Bukit Chetai Granite Quarry qualifies as a "Prescribed Activity" as there are settlements within 3km of the site.

Accordingly an EIA was prepared on behalf of GGTM in November 2016 by Surawaki Environmental Sdn Bhd, specialist environmental consultants based in KT. RH had the opportunity to review the EIA and found it to be comprehensive and detailed, having evaluated the impacts of the Project and providing an Environmental Management Plan (EMP). Approval of the EIA was given by the DOE in a letter dated 8 January 2017 (the "EIA Approval Letter") subject to compliance with certain conditions (the "Approval Conditions"). The EIA has focused on Bukit Chetai as this site is being quarried first.

The Approval Conditions include:

- monitoring on a regular basis and to report the results to ensure compliance,
- appointing an Environment Officer to be fully responsible for matters related to environmental management and implementation,
- installation of a rain gauge, and if rainfall exceeds 12.5mm in 24 hours areas where erosion control measures have been constructed, these are to be inspected and the findings recorded,
- provision of toilet facilities at workers camp installed to the required specification,
- written notification before there is installation/construction of any combustion equipment – GGTM initially will have one generator on site rising to five,
- no burning of stripped vegetation is permitted,
- copy of the EIA Approval Letter to be displayed at the site office.

Each year when the OMS (- ie the quarry permit) is renewed it is a requirement that environmental performance is reported as part of the renewal application - the application being prepared by independent consultants. The current OMS is valid until April 2018. Surawaki Environmental Sdn Bhd, the same consultant who carried out the EIA, have been appointed consultant to review environmental performance.

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8.2 Existing Environment at Bukit Chetai

Bukit Chetai is a hill approximately 2km long by 750m wide in "rolling" hilly terrain. The highest point is 269mPD and the lowest 35mPD.

There is a thick soil cover which is typical of the weathering of granite in a tropical environment. As such the hill has a dense vegetation cover, thick undergrowth and trees as tall as 20m in height. The dense vegetation **(Figure 8-1)** hides steep hillslopes, deep erosion gullies and boulder fields. The vegetation has developed naturally after the primary rain forest was logged an estimated 20 to 30 years ago. There are a few overgrown tracks from that time. The EIA classified Bukit Chetai as disturbed lowland forest.

There is no farming on the land and the nearest village is at Kg Ceting 700m to the east of the site **(Figure 8-2).** Animals are commonly seen on the site - mostly monkeys and wild boar. Cattle graze in the fields outside.

Figure 8-1; Dense undergrowth and tall trees

The climate is equatorial which is characterized by warm and humid weather all year round. The mean daily temperature is 26.5^{o}C and the mean annual rainfall was 2813.3mm per year from 2005 to 2015 with most rain in the wet season from November to January **(Figure 2-7)**. There are no permanent streams across the site and the nearest river is Sungei (Sg) Ceting located to the north east of the site **(Figure 8-2**).

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Bukit Chetai and Bukit Machang Granite Quarries,
Hulu Terengganu, Terengganu, Malaysia
Qualified Person's Report

February 2018

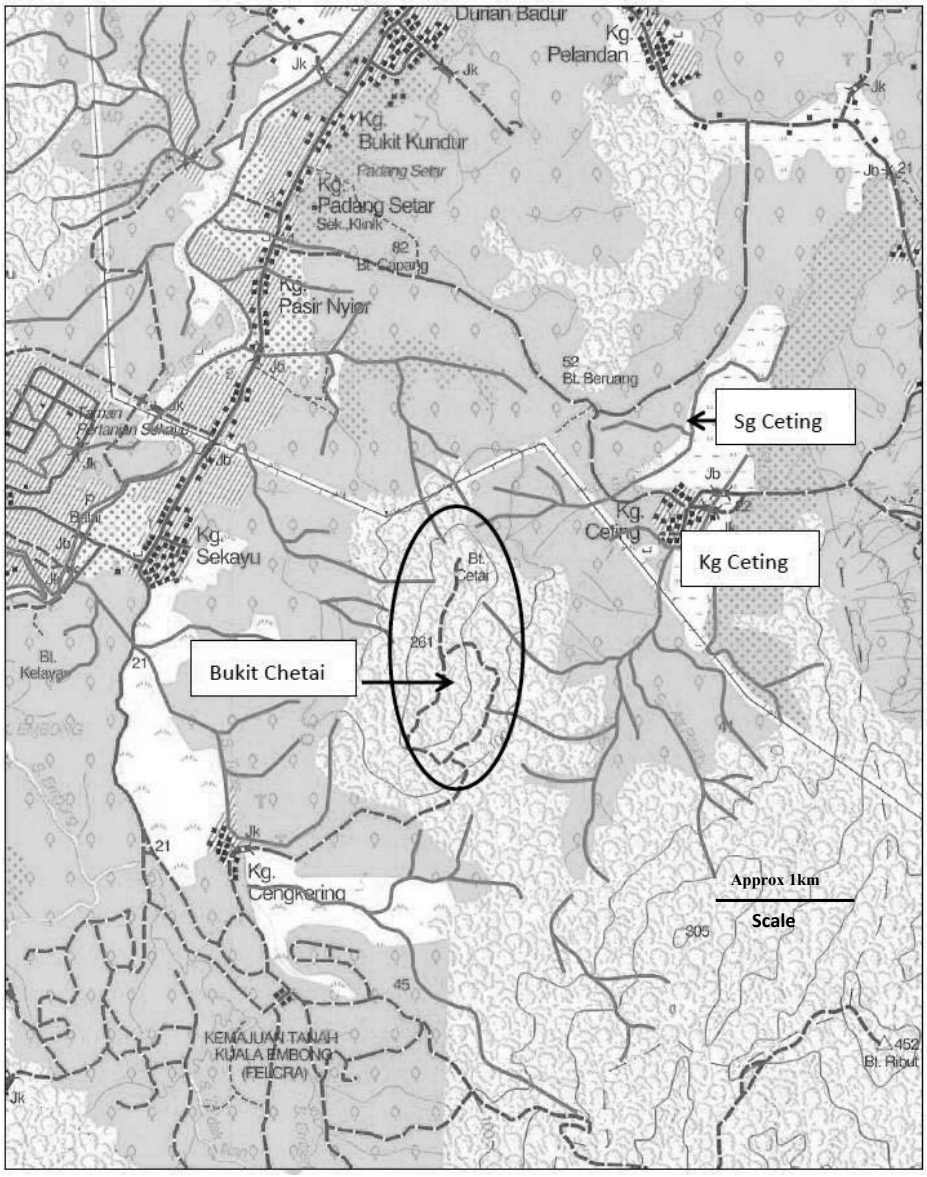

Figure 8-2; Environment in and around Bukit Chetai
(note Bukit Chetai is in forest and is surrounded by plantations shown as dark green)

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8.3 Environmental Impact

The effects on the environment from quarrying arise during:

- **Development**; clearance of vegetation, any overburden removal, construction of access, any blasting to form production platforms, building and infrastructure construction such as offices, workshops, living quarters and processing facilities. Environmental effects arise from air pollution, surface run-off, generation of waste as well as issues related to workers occupational health and safety.

- **Operations;** cutting of granite blocks and haulage, removal of loose rock fragments and broken blocks downslope, dust, vibration and noise from these activities. Ongoing modification of surface run-off features. Noise and air quality impacts from the operation of the existing processing facility. General site activities such as movement of site vehicles, activities related to storage and loading of blocks to be sent to markets.

As there has been little quarry development to date (**Figure 5-1)** - mostly confined to the centre of the Quarry area **-** there have no significant impacts to the environment reported to GGTM. Construction of the new processing plant is also on hold until the change in land status is formalized.

Air and noise impacts have been insignificant in the area opened up to create the new quarry face and two settlement ponds have been constructed with drainage channels constructed directing rainwater into them. After desludging the water is then recycled for use to keep dust down on haul roads or discharged as clean water outside the site.

In the future as the quarry will be mainly worked from NE to SW, moving away from the Kg Ceting, the environmental impacts will be further reduced.

8.3.1 Ecological (Biological) Environment

In the EIA both flora and fauna were classified according to the IUCN Red Lists which evaluates the status for classifying species at high risk of global extinction. None of the species identified on the site are considered endangered. The conclusion drawn in the EIA is that whilst the alteration of the habitat is deemed unavoidable, with proper planning and work phasing to avoid massive clearance at one time, the inevitable changes are acceptable.

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8.3.2 Social (Human) Environment

Within a 5 km radius, the existing development surrounding the Project site is categorized as mixed land use consisting of settlement area, agricultural and aquaculture areas and forest. There are about six (6) major villages within this radius. Most residents are Malay communities. The project is expected to bring about development to the region - providing job opportunities and improving infrastructure and facilities.

8.4 Mitigation Measures to be Implemented by GGTM

There are standard measures that most quarry operators will implement to mitigate impact. These include;

- **Dust Mitigation;** measures comprise use of water with drilling, cutting and sawing activities; and water trucks to spray access roads and stockpile areas during dry periods. Workers wear masks as personal protection from dust.

- **Noise Control;** methods of control include silencers, use of absorbing materials, Containing noisy activities behind topographic or vegetation barriers to create a buffer. Workers wear ear muffs or ear plugs for noise affected activities.

- **Control of Surface Water Run-Off;** construction of proper drainage system, silt traps at locations where water discharge from the site is taking place. Construction of sumps as necessary to collect rainwater with use of water for operational activities and recycling where possible.

- **Ongoing Review of Measures in Place;** as the Quarry develops the environmental measures in place would expect to be modified and improved.

8.5 Environmental Management and Monitoring

The EMP proposed in the EIA for the Project covers all phases of the project including planning, development, operational and abandonment phases. The plan is considered as a tool for a better environmental management programme that provides the necessary and related control measures and guidelines.

Implementation of this plan will minimize the environmental issues that might occur. GGTM has encapsulated the EMP in its own handbook "Health, Safety & Environmental (HSE) Policies and Procedures".

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There will also be an Environmental Quality Monitoring Programme (EQM) to comply with the "Approval Conditions" of the EIA with reporting by independent consultants as follows:

- quarterly in respect of water quality
- monthly in respect of Total Suspended Solids (TSS) and turbidity in water quality at silt traps;
- quarterly in respect of air quality;
- quarterly in respect of noise;

In terms of environmental audit and compliance the Government has introduced the requirement to carry out an Environmental Audit in Section 33A, Environmental Quality Act (EQA) 1974 (Amendment 1996). The act requires that the environmental audit and review be carried out based on:

- the compliance status to environmental regulatory requirements,
- the environmental management system,
- the overall environmental risk of the premises.

To meet this requirement the proposal is to carry out a review once every six (6) months to observe any drastic changes in the environmental elements. GGTM consultants, Surawaki Environmental Sdn Bhd, are currently preparing the EMP and on approval by the DOE will commence the EQM.

8.6 Rehabilitation and Abandonment

In Malaysia requirements for restoration, reclamation and rehabilitation are not clearly defined either legally or administratively. This is because most quarries have a long anticipated life, which makes it difficult to determine a precise after use. There is also no specific provision in the National Land Code. Under the EIA "Approval Conditions" a closure plan is required to be submitted for approval not later than six months before the Project is expected to be terminated or abandoned.

The landform currently present will be removed as part of the quarry operation and the landscape will be fundamentally different. Any final slopes will be cut to a geotechnically safe angle and vegetated. As a mitigation measure GGTM has undertaken to rehabilitate the Quarry on an ongoing basis, concurrently with the quarrying operation. Areas quarried out will be backfilled with waste materials as appropriate and soil to restore the natural landforms where possible.

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A drainage system will be installed such that the new landform would retain sufficient water for plant growth, reduce the risk of erosion and prevent unwanted waterlogging.

8.7 Social Management

GGTM has stated that whilst it will engage skilled workers from outside Terengganu, its policy is also to ensure that the quarry operation provides social and economic benefits to the local communities. To this effect local people will be employed on an as-need basis and trained for specific tasks as the quarry operation develops.

8.8 Conclusions

Any quarry operation will have an impact on the environment and local communities. An EIA was carried out at Bukit Chetai by recognized consultants in accordance with statutory requirements. The EIA was comprehensive and found no significant adverse impacts.

GGTM has undertaken to carry out its quarry operations to high standards and implement proper mitigation measures and working procedures. A proper management plan (ie the EMP) is to be monitored by independent consultants is being prepared.

In the long term the Quarry will significantly change the landscape and it is important that the land is not sterilized for future use. The rehabilitation plan for when the quarry is closed, which will be developed in due course, will leave the land with adjacent slopes and landforms stable and properly vegetated to suit the surrounding environment.

The local community will benefit from the presence of the Quarry. There will be employment generated and there are local businesses such as transport contractors that will also benefit. The local community also provides knowledge of local practices, customs and the environment. In addition and importantly, there will be revenue to the State through royalties and through export earnings.

To date there has been little development and the construction of the new processing plant is on hold until the change in land status is formalized. Air and noise impacts have been insignificant in the area opened up to create the new quarry face and two settlement ponds have been constructed with drainage channels constructed directing rainwater into them. After desludging the water is then recycled for use to keep dust down on haul roads or discharged as clean water outside the site.

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9.0 CONCLUSIONS AND RECOMMENDATIONS

- The Bukit Chetai and Bukit Machang Granite Quarries are located 35-40km south of KT, in Terengganu Province, Malaysia. They are located in dense forest in a lowland hilly terrain. Both have been worked in the past as small scale operations.

- Commercial extraction commenced in mid-2017 at Bukit Chetai with Dimension Stone Blocks the main product and Malaysia and the PRC as target markets. These blocks will then be cut into slabs and further processed into a number of end uses, but primarily for tiles and cladding. There are two granite colour types (green and white) and the Dimension Stone Blocks are sold on the basis of these colours with green the premium product. Extraction at Bukit Machang will take place at a later time.

- The plan is that larger blocks will be exported off site whilst smaller blocks will be cut and processed on site. An area for a new processing facility on site has been allocated but construction is on hold whilst some land title issues are resolved. In the meantime processing is outsourced. Granite pieces and waste retained on site will be either be cut into small tiles at a processing facility on site or sold to be crushed into aggregate.

- Bukit Chetai Quarry is operated by GGTM Sdn Bhd ("GGTM") which is a wholly owned subsidiary of Anchor Resources Limited ("Anchor"), a listed company on the Catalist Board of the SGX. GGTM was acquired by Anchor in August 2017 as a VSA. The land has been allocated for mining of granite products until May 2037 with the Quarry Permit to be reapplied and renewed each year.

- The VSA required a Qualified Person's Report ("QPR") and this became a public document issued with the Prospectus for the VSA dated July 2017. QPR2017a was comprehensive and covered both technical and commercial matters. The effective date was 31 March 2017 and the total mineral resources of both green and white granite estimated under the JORC code was 99.06Mm^3 of which 64.39Mm^3 were proved and probable Ore Reserves. Respectively the green granite was 4.72Mnm^3 and 3.07Mnm^3. The Block rate estimated was 65%.

- Over the year to 31 December 2017 an estimated 2,173m^3 of rock has been extracted and 170m3 of blocks extracted. Blocks have also been produced from boulders rather than bedrock. Old material extracted by, and inherited from, the previous operation has also been taken for processing. Development of the Quarry has been slower than anticipated due to heavy rain in the year and the logistics of removing the dense vegetation cover, thick overburden and weathered rock in the target locations.

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- The excavation last year up to 31 December 2017 has represented about 0.002% of the total resources. This is minimal and as such it can be reported that there is no material change in the resources at the Quarry. There has also been no change in the business approach and likewise this represents no material change.

- A major focus this year has been to increase the awareness of the granite products in the PRC and Malaysia. A new deputy director of marketing has been appointed and a team dedicated to marketing increasing the awareness of the product has been formed. Relevant trade fairs have been attended and in the PRC Shuangwei Creative Stones (Xiamen) Co. Ltd. have been appointed as distributor.

- There has been no complaint on environmental performance. An EMPbis currently being prepared by independent consultants for approval by the DOE.

9.1 Recommendation

It is recommended that the annual resource statement effective 31 December 2017 is reported in GGTM Annual Report to shareholders in tabular form as shown below:

Table 9-1; Statements of Reserves and Resources

	Mineral Type	Gross Volume Attributable to License	Net Volume Attributable to Company	Change from QPR2017 (%)
Ore Reserves (million m^3)				
Proved	White Granite	57.42	57.42	-
	Green Granite	-	-	-
Probable	White Granite	3.90	3.90	-0.004
	Green Granite	3.07	3.07	-0.040
Total		**64.39**	**64.39**	**-0.002**
Mineral Resources (million m^3)				
Measured	White Granite	88.34	88.34	-
	Green Granite	-	-	-
Indicated	White Granite	6.00	6.00	-0.004
	Green Granite	4.72	4.72	-0.040
Total		**99.06**	**99.06**	**-0.002**

There has been 'No Material Change" in both the total resources at the Quarry and in the way that the business is being run. The percentage changes are insignificant.

The Reporting Standard adopted for this Annual Resource Statement is the JORC Code 2012. This has been prepared by Paul Fowler who was the principal author of the QPR for the VSA.

STATISTICS OF SHAREHOLDINGS

AS AT 26 MARCH 2018

Number of shares issued	:	1,038,448,355
Class of Equity Security	:	Ordinary shares
Voting Rights of Ordinary Shareholders	:	1 vote for each ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 – 99	5	0.50	242	0.00
100 – 1,000	50	5.02	38,475	0.00
1,001 – 10,000	54	5.42	389,400	0.04
10,001 – 1,000,000	837	84.04	132,587,598	12.77
1,000,001 and above	50	5.02	905,432,640	87.19
Total	**996**	**100.00**	**1,038,448,355**	**100.00**

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 26 March 2018, approximately 30.88% of the issued ordinary shares of the Company was 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	Lim Chiau Woei	306,263,319	29.49
2	Luminor Pacific Fund 1 Ltd.	213,651,724	20.57
3	WA Consolidated Private Limited	115,415,862	11.11
4	Koh Ah Luan	82,554,886	7.95
5	Well-Cept Equity Partners Sdn. Bhd.	21,365,172	2.06
6	Chan Soo Chee	16,596,665	1.60
7	UOB Kay Hian Pte Ltd	15,402,644	1.48
8	Maybank Kim Eng Securities Pte Ltd	12,108,112	1.16
9	OCBC Securities Private Ltd	11,801,800	1.14
10	RHB Securities Singapore Pte Ltd	9,434,846	0.91
11	Tan Beng Kiat	6,505,195	0.63
12	Phillip Securities Pte Ltd	6,456,200	0.62
13	Vincent Gan	5,867,381	0.56
14	Aw Guan Hong	5,469,000	0.53
15	Sim Beng Huat Henry	4,500,971	0.43
16	DBS Nominees Pte Ltd	4,230,000	0.41
17	Chin Tyng Lei	4,122,315	0.40
18	Cheng Ye	3,900,000	0.38
19	Chan Koon Mong	3,496,625	0.34
20	CGS-CIMB Securities (S) Pte Ltd	3,210,067	0.31
	Total:	**852,352,784**	**82.08**

STATISTICS OF SHAREHOLDINGS

AS AT 26 MARCH 2018

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 26 MARCH 2018

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Lim Chiau Woei[1]	306,263,319	29.49	115,415,862	11.1
Luminor Pacific Fund 1 Ltd.	213,651,724	20.57	–	–
WA Consolidated Private Limited	115,415,862	11.11	–	–
Koh Ah Luan	82,554,886	7.95	–	–

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

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 Monday, 30 April 2018 at 11.00 a.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 for the financial year ended 31 December 2017 and the Statement of Financial Position of the Company as at 31 December 2017 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Chan Koon Mong, a Director retiring pursuant to Article 114 of the Company's Constitution.
[See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Ms. Ch'ng Li-Ling, a Director retiring pursuant to Article 114 of the Company's Constitution.
[See Explanatory Note (ii)] **(Resolution 3)**

4. To re-elect Dr. Foo Fatt Kah, a Director retiring pursuant to Article 118 of the Company's Constitution.
[See Explanatory Note (iii)] **(Resolution 4)**

5. To approve the payment of Directors' Fees of S$159,167 for the financial year ending 31 December 2018, 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 Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rule**") 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 and subsidiary holdings 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 and subsidiary holdings 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 and subsidiary holdings of the Company shall be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings 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 Catalist Rules; 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 Catalist Rules 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 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." **(Resolution 7)**
[See Explanatory Note (iv)]

9. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO THE ANCHOR RESOURCES EMPLOYEE PERFORMANCE SHARE PLAN**

That approval be and is hereby given to the Directors of the Company to allot and issue 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 Anchor Resources 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 and subsidiary holdings of the Company from time to time. **(Resolution 8)**
[See Explanatory Note (v)]

By Order of the Board

Low Wee Siong
Tan Swee Gek
Joint Company Secretaries

Date: 13 April 2018
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Chan Koon Mong, upon re-election as Director of the Company, will remain as an Executive Director of the Company.

(ii) Ms. Ch'ng Li-Ling, upon re-election as Director of the Company, will remain as the Chairman of the Nominating Committee, a member of the Remuneration Committee and Audit Committee. Ms. Ch'ng Li-Ling is an Independent Director of the Company. The Board considers Ms. Ch'ng Li-Ling to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(iii) Dr. Foo Fatt Kah, upon re-election as a Director of the Company, will remain as a Non-Executive Director of the Company.

(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 and subsidiary holdings 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 and subsidiary holdings of the Company will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings 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 Catalist Rules; 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 upon 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 AGM 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.

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. *A relevant intermediary may appoint more than two proxies to attend the AGM (please refer to the notes below for the definition of "relevant intermediary").*
2. *This Proxy Form is not valid for use by investors who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme 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 at the AGM to be held at Sheraton Tower Hotel, Level 3, Turquoise Room, on Monday, 30 April 2018 at 11.00 a.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.

All resolutions put to vote at the AGM shall be decided by poll.

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	Adoption of the Directors' Statement and the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2017 and the Statement of Financial Position of the Company as at 31 December 2017 together with the Independent Auditors' Report thereon **(Resolution 1)**		
2.	Re-election of Mr. Chan Koon Mong as a Director of the Company **(Resolution 2)**		
3.	Re-election of Ms. Ch'ng Li-Ling as a Director of the Company **(Resolution 3)**		
4.	Re-election of Dr. Foo Fatt Kah as a Director of the Company **(Resolution 4)**		
5.	Payment of Directors' Fees of S$159,167 for the financial year ending 31 December 2018, 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 Anchor Resources Employee Performance Share Plan **(Resolution 8)**		

* If you wish to exercise all your votes, please indicate your vote "For" or "Against" with a tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

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.

* 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 AGM dated 13 April 2018.

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ANCHOR RESOURCES LIMITED

(Company Registration Number 201531549N)
(Incorporated in the Republic of Singapore on 12 August 2015)