BLUMONT
博诺有限公司

ANNUAL REPORT 2016

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CORPORATE INFORMATION

BOARD COMPOSITION

- **Board of Directors**
  Executive Director:
  Ng Kim Huatt
  Independent Directors:
  Calvin Lim Huan Kim
  (Lead Independent Director)
  Tan Gim Kang, Arran
  Aris Muhammad Rizal
  Non-Independent Director:
  Alan Chin Yu

- **Audit Committee**
  Calvin Lim Huan Kim
  (Chairman)
  Tan Gim Kang, Arran
  Aris Muhammad Rizal
  Alan Chin Yu

- **Remuneration and Compensation Committee**
  Calvin Lim Huan Kim
  (Chairman)
  Tan Gim Kang, Arran
  Aris Muhammad Rizal
  Alan Chin Yu

- **Nominating Committee**
  Tan Gim Kang, Arran
  (Chairman)
  Calvin Lim Huan Kim
  Aris Muhammad Rizal
  Alan Chin Yu

COMPANY SECRETARY

Shirley Lim Guat Hua

REGISTRAR

Intertrust Singapore Corporate Services Pte. Ltd.
77 Robinson Road
#13-00 Robinson 77
Singapore 068896

AUDITORS

Moore Stephens LLP
Public Accountants
and Chartered Accountants
10 Anson Road, #29-15
International Plaza
Singapore 079903

Audit Partner in charge
(appointment since year 2012)
Mr. Ng Chiou Gee Willy

REGISTERED OFFICE

298 Tiong Bahru Road
#11-03 Central Plaza
Singapore 168730
Tel : (65) 6332 9488
Fax : (65) 6332 9489

OPERATING SUBSIDIARIES

- **Singapore**
  G1 Investments Pte. Ltd.
  Tria Holdings Pte. Ltd.
  Asphere Holdings Pte. Ltd.
  Phelago Holdings Pte. Ltd.
  (struck off on 9 March 2017)
  Adroit Innovations Investment Pte Ltd
  Blumont Copper Pte. Ltd.

  298 Tiong Bahru Road
  #11-03 Central Plaza
  Singapore 168730

- **Malaysia**
  Raintree Rock Sdn. Bhd.
  Trackplus Sdn Bhd

  No. 177-3, 3rd Floor,
  Jalan Sarjana
  Taman Connaught, Cheras
  56000 Kuala Lumpur
  Malaysia

  Gemisuria Corporation Sdn Bhd

  1st Floor, Lot 13
  K.K. Chinese Chamber of Commerce
  Kampong Air PO Box 11849
  88000 Kota Kinabalu
  Sabah, Malaysia

- **Indonesia**
  PT Rel-ion Sterilization Services

  Kampung Meriuk RT.002 / RW.002 Gandamekar
  Cibitung
  Cikarang Barat 17520
  Indonesia

- **British Virgin Islands**
  Powerlite Ventures Limited

  c/o 298 Tiong Bahru Road
  #11-03 Central Plaza
  Singapore 168730

PRINCIPAL BANKERS

DBS Bank Ltd Singapore
12 Marina Boulevard Level 3
Marina Bay Financial Centre
Tower 3
Singapore 018982

BOARD OF DIRECTORS

MR. NG KIM HUATT

EXECUTIVE DIRECTOR

Mr. Ng Kim Huatt was re-designated as Executive Director of the Group since 19 July 2014, having been its Independent Non-Executive Director since 23 April 2014. He has 40 years of experience in the entire spectrum of the property and building industry as a professional civil engineer. He has also related experience in the oil and gas industry during his tenure in East Malaysia. Mr. Ng had a unique career spanning 10 countries in 3 continents after graduating from the University of Canterbury with a Bachelor in Engineering (Civil) in 1977.

MR. CALVIN LIM HUAN KIM

LEAD INDEPENDENT DIRECTOR

Mr. Lim Huan Kim was appointed as Independent Non-Executive Director since 15 March 2004. He is the Chairman of the Audit Committee and Remuneration Committee and a member of Nominating Committee and Compensation Committee. He was the Managing Director of a major European multinational corporation in the specialty chemicals business. He also has extensive experience in financial matters as part of his job function as a Managing Director. He graduated with a Bachelor of Science in Chemical Engineering from the California State University Pomona in 1985.

MR. TAN GIM KANG, ARRAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Tan Gim Kang Arran was appointed as Independent Non-Executive Director since 30 May 2014. He is the Chairman of the Nominating Committee and member of Audit Committee, Remuneration Committee and Compensation Committee. He has vast experience in the general civil and structural engineering, project management, construction management and traffic engineering and carpark management industry. Mr. Tan holds a Bachelor of Engineering (Civil) from the University of Canterbury in 1986.

MR. ARIS MUHAMMAD RIZAL

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Aris Muhammad Rizal was appointed as Independent Non-Executive Director, member of Audit Committee, Nominating Committee, Remuneration Committee and Compensation Committee since 10 October 2014. He holds a Bachelor of Engineering (Geological) from the University of Padjadjaran, Indonesia and is currently the Operational Manager at PT. Denichi Amina Selaras which is an Indonesian private company holding iron ore mining interests in Aie Dingin, West Sumatra, Indonesia which undertakes a wide array of activities including exploration.

MR. ALAN CHIN YU

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Alan Chin Yu was appointed as Non-Independent Non-Executive Director since 8 June 2016. He is appointed as member of Nominating Committee, Remuneration Committee and Compensation Committee on 21 September 2016 and a member of Audit Committee since 2 March 2017. Mr. Yu has been in public practice as a tax agent and management consultant from 1993 in Malaysia and from 2003 in Australia, firstly as Alan Yu & Co, Chartered Accountants and subsequently in 2013 as Maven Equity Pty Ltd, Chartered Accountants. He graduated in 1981 with a Bachelor of Commerce Degree in Accounting and Economics from the University of Western Australia and qualified as a Chartered Accountant in 1984. He is the executive director and shareholder of Maven Equity Pty Ltd, Chartered Accountants.

EXECUTIVE DIRECTOR'S STATEMENT

Dear Fellow Shareholders,
On behalf of the Board of Directors of Blumont Group Ltd. ("**Blumont**" together with its subsidiaries, the "**Group**"), I would like to present and report on the Group's financial results and activities for the year which ended 31 December 2016.

The worst is over for Blumont.

2016 has been an eventful year and it has been a year of turnaround for the Group with the settlement of our debt of US$29.37 million (equivalent to S$41.52 million).

Our sincere gratitude to all our shareholders in making this happen, voting in favour of the Debt Conversion and Settlement in our recent EGM on 22 November 2016.

THE PAST YEAR 2016

This has been a year of consolidation and more significantly, the crossing of a milestone with the settlement of our entire borrowings in a single blow, erasing years of losses along with it.

We have been put on watch-list by Singapore Exchange Securities Trading Limited ("**SGX-ST**") pursuant to Rule 1311(1), for the 3 consecutive years of losses with effect from 3 June 2016. The Group had recorded a net profit for the financial year ended 31 December 2016 and the Group intends to apply to SGX for its removal from the watch-list.

We have had assets disposals, trimming off losses and debt repayment for the whole of last year.

THE FUTURE AHEAD

The past burden is well behind us with the debt resolution.

We shall now embark on a post consolidation mode and onto an expansionary one for the year 2017 and beyond.

Blumont is now on a clean slate albeit small in size but with nimble potentials.

We are left with the core business of Sterilisation with good recurring income and profits.

Property and Mineral and Energy Resources are still within the Group operating business, augmenting it.

With these 3 major businesses, we shall be engaging onto the next level of business expansion without the caveat of negative drag down from borrowing costs and sinking commodity and mining stock prices.

All in all, we shall look forward towards more positive streaks of profits and financial results in the coming years.

EXECUTIVE DIRECTOR'S STATEMENT

FINANCIAL REVIEW

After three years of loss making, the Group had recorded a net profit for the year of S$5.42 million for the financial year ended 31 December 2016 ("**FY2016**"), which was mainly attributed by the repayment of loan and relevant expenses of loan during the financial year in accordance with the settlement agreement entered with Wintercrest Advisors LLC, on 4 April 2016 ("**Settlement Agreement**").

The 'Other gains – net' of S$8.74 million for the FY2016 as compared to 'Other losses – net' of S$8.43 million for the financial year ended 31 December 2015 ("**FY2015**"). These were mainly due to the gain on disposal of its financial assets, available-for-sale of S$6.33 million (FY2015: S$0.50 million) gain on disposal of investment in an associate of S$1.77 million (2015: Nil) in relation to the Settlement Agreement in the Mineral and Energy Resources business.

In addition, the reduced expenses and losses for the Group in FY2016 mainly resulted from the repayment of loan and relevant expenses in accordance with the Settlement Agreement contributed to the net profit for the year as follows:

(a) decrease in impairment loss on financial assets, available-for sale of from S$5.89 million in FY2015 to S$0.11 million in FY2016;

(b) decrease in administration fees from S$3.51 million incurred in FY2015 to nil in FY2016;

(c) decrease in extension fees from S$0.57 million in FY2015 to nil in FY2016; and

(d) decrease in the interest expenses on the loan from S$3.86 million in FY2015 to nil in FY2016.

The cash and bank balances decreased by S$1.52 million or 75% from S$2.02 million as at 31 December 2015 to S$0.50 million as at 31 December 2016. The decrease in Group's cash and bank balances was mainly contributed by repayment of outstanding professional legal fees arrangement, dividend paid to non-controlling interest of subsidiary and releasing of outstanding payment to its investee pertaining to take up deed entered into in 2014 during the financial year.

Net assets value per ordinary share as at 31 December 2016 was 0.02 cents (31 December 2015: net liabilities value of 0.40 cents) based on issued share capital of 27,525,762,183 (31 December 2015: 4,514,224,998).

FOOTNOTE AND APPRECIATION

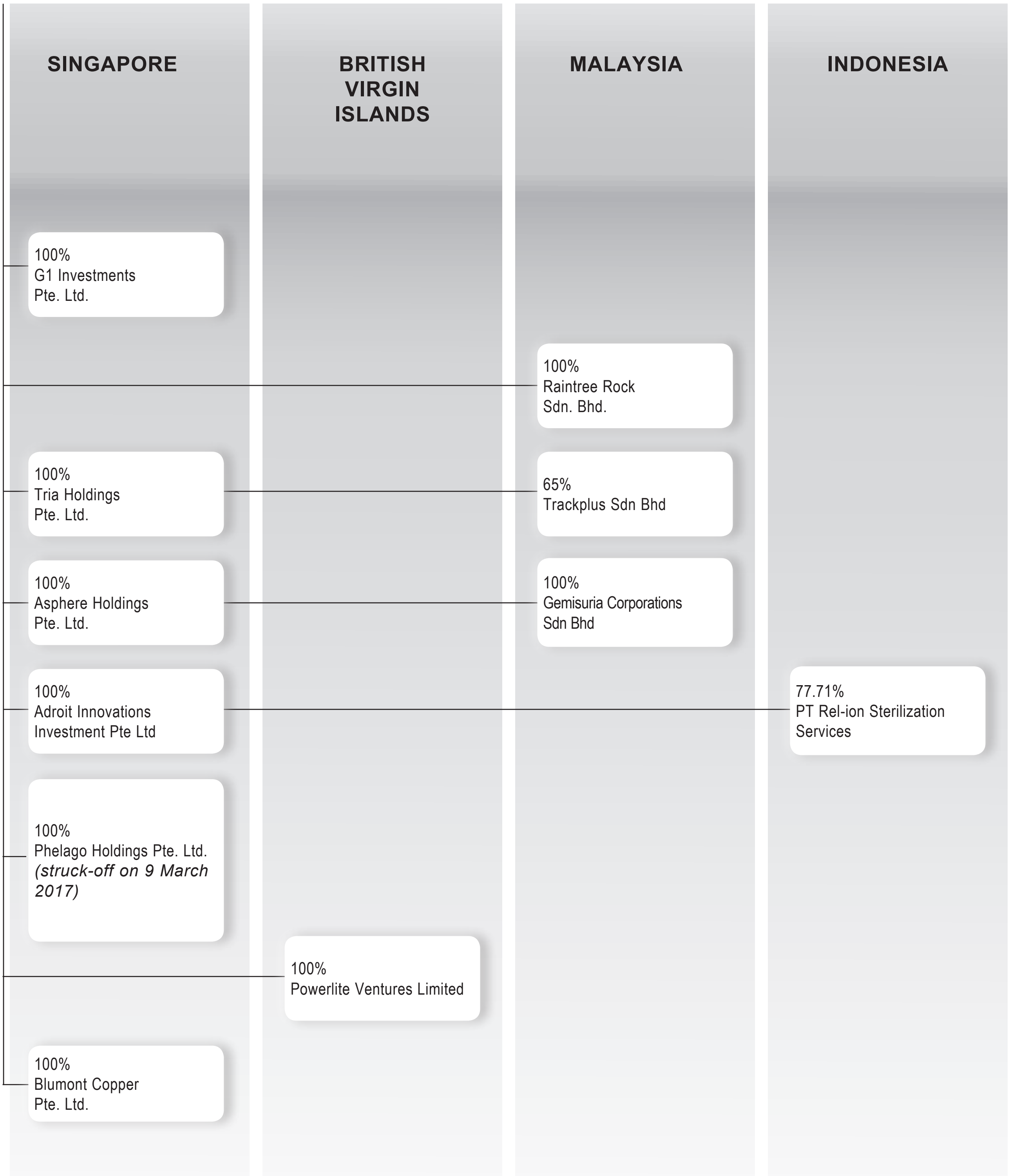
On behalf of the Board and Management Team, I would like to convey once again, our sincere appreciation to our Shareholders, for maintaining the support and confidence in the Group, throughout the past year.

We shall again look forward to your continued support and trust towards a better future, for Blumont in the years to come.

NG KIM HUATT
Executive Director

GROUP STRUCTURE

BLUMONT
博诺有限公司



MISSION STATEMENT AND MANAGEMENT TEAM

MISSION STATEMENT

To continue to re-engineer Blumont Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") into a niche strategic investor in businesses with the global market in mind, that can generate opportunities, scalability and growth for the Group.

MANAGEMENT TEAM

SINGAPORE

MR. NG KIM HUATT

Executive Director of Blumont Group Ltd.

Mr. Ng is responsible for the overall corporate direction, strategic planning and the daily management of the Group.

MALAYSIA

MR. TONY LIM FONG CHUNG

Director of Gemisuria Corporation Sdn Bhd

Mr. Tony Lim is responsible for the overall operational aspects and day-to-day management of Gemisuria Corporation Sdn Bhd. He holds a degree in Accountancy from Macquarie University, Australia (1988) and has more than 15 years working experience in the property development industry in Sydney, Australia and Malaysia.

INDONESIA

MR. YUSMAN, SH

Managing Director of PT Rel-ion Sterilization Services

Mr. Yusman is responsible for the overall operational aspects and day-to-day management of PT Rel-ion Sterilization Services. He holds a degree in Law from the University of Tanjungpura, West Kalimantan, Indonesia.

AUDITED FINANCIAL YEAR END SUMMARY

The Group

Consolidated Statement of Comprehensive Income – S$	**31 December 2016 12 months**	**31 December 2015 12 months**
Operating Revenue	3,707,826	3,639,643
Other Gains/(Losses) – net	8,736,195	(8,434,159)
Total Expenses	(6,617,142)	(23,720,543)
Income Tax Expense	(406,655)	(449,277)
Total Profit/(Losses): The Group	5,420,224	(28,964,336)
– Non-Controlling Interests	462,944	596,640
– Owners of the Company	4,957,280	(29,560,976)

The Group

Statements of Financial Position – S$	**31 December 2016**	**31 December 2015**
Total Assets	12,725,298	31,715,508
Total Liabilities	(4,888,142)	(45,808,510)
Net Assets/(Liabilities)	7,837,156	(14,093,002)
Intangible Assets	–	–
Net Tangible Assets/(Liabilities) – The Group	7,837,156	(14,093,002)
Equity: The Group	7,837,156	(14,093,002)
– Non-Controlling Interests	2,739,805	4,075,761
– Owners of the Company	5,097,351	(18,168,763)

Owners of the Company

Per Share Computation	**31 December 2016**	**31 December 2015**
Number of Shares	27,525,762,183	4,514,224,998
Net Assets/(Liabilities) Value per Share – in cents	0.02	(0.40)
Net Tangible Assets/(Liabilities) per Share – in cents	0.02	(0.40)
Weighted Average Number of Shares	6,840,527,937	3,619,936,142
Profit/(Loss) per Share – in cents	0.07	(0.82)

The Group

Ratio Computation	**31 December 2016**	**31 December 2015**
Return on Assets	43%	-91%
Return on Equity	69%	206%

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

Blumont Group Ltd. (the "**Company**" and together with one of its subsidiaries (namely, Powerlite Ventures Limited), the "**Group**") holds investments in companies in the business of exploration, exploitation, development and production of mineral and energy resources. The Group presently does not have any direct interest in tenements and its investment in the mineral and energy resources segment is limited to minority stakes in various investee companies. As such, the Group does not directly undertake any exploration, development or production activities.

A summary of the Group's existing investments in the mineral and energy resources investee companies for the financial year ended 31 December 2016 and up to 27 March 2017 is set out below. Information on the investee companies (including their respective exploration, development and/or production activities, and reserves and resources of tenements) is based on publicly available information.

Investee Company	Blumont's interest as at 31 December 2016	Resource Type/ Location	Project Development Stage/Resource Classification
Cokal Limited[1][2]	0% (10.13% held in trust for Wintercrest)	Coking coal/Indonesia, Tanzania, Mozambique	BBM Project: Exploration and project planning stage; Measured, Indicated and Inferred Mineral Resources Other tenements: Exploration stage
Powerlite Ventures Limited[1][3]	0% (24.39% held in trust for Wintercrest)	Uranium/USA, Central Asia	Exploration and development stage Dewey Burdock Project: Estimated Indicated and Inferred Mineral Resources Centennial Project: Indicated and Inferred Mineral Resources Aladdin Project: Indicated and Inferred Mineral Resources UrAsia (Kyzyl Ompul Licence): Inferred Mineral Resource
Elysium Resources Limited[1][4]	0.70%	Copper, gold/Australia, Indonesia	Burraga Project: Measured, Indicated and Inferred Resources Other tenements: Exploration stage
Celsius Coal Limited[1]	0% (disposed w.e.f. 25 November 2016)	Nickel/Western Australia	Exploration and project planning stage

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

Kidman Resources Limited[(1)]	0% (disposed w.e.f. 25 November 2016)	Gold, Copper, silver, lead, zinc, lithium/ Australia	Production and exploration stage Mt Holland Project: Measured, Indicated and Inferred Mineral Resource Burbanks Gold Mine: Development and production stage; Indicated and Inferred Mineral Resource Home of Bullion Project: Inferred and Indicated Mineral Resources Gunga West Deposit: Indicated and Inferred Mineral Resource Other tenements: Exploration stage
Genesis Resources Limited[(1)]	0% (disposed w.e.f. 25 November 2016)	Gold, iron, manganese, uranium, copper-zinc-silver/The Republic of Macedonia, Australia	Plavica Project: Indicated and Inferred Mineral Resource Other tenements: Exploration stage
Merlin Diamonds Limited[(1)]	0% (disposed w.e.f. 25 November 2016)	Diamonds/Australia	Merlin Project: Development and production stage; Indicated and Inferred Mineral Resources Other tenements: Exploration stage

Notes:

(1) As disclosed in the Company's circular to shareholders dated 13 October 2016, the Company and Wintercrest Advisors LLC ("**Wintercrest**") entered into a settlement agreement pursuant to which, amongst other things, the Company agreed to transfer to Wintercrest its shares/interest in (i) Cokal Limited, (ii) Azarga Uranium Corp., (iii) Genesis Resources Limited, (iv) Kidman Resources Limited, (v) Merlin Diamonds Limited, (vi) Elysium Resources Limited, and (vii) Celsius Coal Limited as part settlement of the total outstanding amount owed and payable by the Company to Wintercrest (the "**Disposals**"). The Disposals were approved by the Company's shareholders on 22 November 2016. Settlement of the total outstanding amount owed by the Company to Wintercrest had taken effect on 25 November 2016. As at 27 March 2017, other than the Company's shares in Cokal Limited and Azarga Uranium Corp. (which are held by the Company in trust for Wintercrest), all the shares in the investee companies have been legally transferred to Wintercrest.

(2) As at 27 March 2017, the Company holds the shares in Cokal Limited as bare trustee upon trust for Wintercrest until their actual transfer.

(3) The Company's shareholding in Azarga Uranium Corp. is held by Powerlite Ventures Limited, a 100% owned subsidiary of the Company. As at 31 December 2016, Powerlite Ventures Limited holds 18,053,810 ordinary shares in Azarga Uranium Corp. (representing approximately 24.15% of Azarga Uranium Corp.'s total issued share capital as at 31 December 2016). Azarga Uranium Corp. holds 100% of the total issued share capital of Azarga Resources Limited. Azarga Uranium Corp. and Azarga Resources Limited in turn hold various investments in uranium assets. As at 27 March 2017, the Company holds the shares in Azarga Uranium Corp. as bare trustee upon trust for Wintercrest until their actual transfer.

(4) The Group continues to hold an approximate 0.70% interest in Elysium Resources Limited after completion of the Disposal of an approximate 1.13% interest in the capital of Elysium Resources Limited.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

COAL

COKAL LIMITED

As at 31 December 2016, the Company holds in trust for Wintercrest, an approximate 10.13%[1] stake in Cokal Limited ("**Cokal**"), an Australian Securities Exchange ("**ASX**")-listed company with the objective of becoming a metallurgical coal producer with a global presence. Cokal currently has interests in four projects in Central Kalimantan (namely, PT Anugerah Alam Katingan, PT Bumi Barito Mineral, PT Borneo Bara Prima and PT Tambang Benua Alam Raya) and one project (which holds three exploration licences) in West Kalimantan, Indonesia (namely, PT Silangkop Nusa Raya) considered prospective for metallurgical coal. Cokal has also signed a joint venture with Tanzoz Resource Company Limited to explore for coal in Tanzania and a cooperation agreement with Mozambique Government Mining Corporation, EMEM, to explore for coking coal in the emerging coal province of Mozambique.

On 21 March 2016, Cokal announced the completion of the sale of its 75% interest in PT Anugerah Alam Manuhing ("**AAM**") to PT Prime Star Indonesia, an Indonesian company owning the tenements adjacent to AAM. Cokal considered AAM a non-core tenement located a considerable distance west, in another geological formation, from Cokal's main tenements located in Central Kalimantan. In Cokal's quarterly report for the three months ended 30 September 2016, Cokal announced that the purchaser of AAM had asked for a different corporate entity to be used from that previously reported, namely PT Jinantra Karya Raya.

In Cokal's quarterly report for the three months ended 31 December 2016, Cokal announced the completion of the sale of its 75% interest in both PT Silangkop Nusa Raya ("**SNR**") and PT Ketungau Nusa Raya ("**KNR**") to PT Prime Star Indonesia, an Indonesian company which previously acquired AAM. Cokal considered SNR and KNR as non-core tenements as they are located a considerable distance in West Kalimantan.

The Company had also committed to a facility of up to US$8 million in cash advance to Cokal, of which US$3.4 million had been drawn down as at 27 March 2017. In connection with the Disposal, the Company's obligations under the outstanding loan facility of US$4.6 million have been transferred to Wintercrest.

(i) BBM Project

The planned drilling and detailed engineering plans for Cokal's 60% owned flagship Bumi Barito Mineral project (the "**BBM Project**") located at Upper Barito Coal Basin, Regency of Murung Raya, Central Kalimantan, Indonesia, is currently in the exploration and project planning stage.

The BBM Project's Production Izin Usaha Pertambangan ("**IUP**") covers an area of 14,980 hectares, and has received all the necessary regulatory approvals, including the Forestry Department; the IPPKH (Forestry Permit) allows for the construction and operation of the port, haul road and initial mine development areas for Cokal's initial mine plan of 2 million tonnes per annum ("**Mtpa**") of premium coking coal from the BBM Project.

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[1] As at 27 March 2017, the Company holds the shares in Cokal Limited as bare trustee upon trust for Wintercrest until their actual transfer.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

Geological activity: Updated JORC Resource Statement

On 29 April 2016, Cokal announced the release of an updated coal resource restatement for the eastern portion of the BBM Project.

Since the January 2015 coal resource report, no further exploration activity was conducted in the field. The total resource estimate (266.6 MT) therefore remained unchanged, comprising 19.5 million tonnes ("**MT**") Measured, 23.1 MT Indicated and 224 MT Inferred coal resources, in accordance with the 2012 Edition of the JORC Code. The coal resource has been confirmed as a metallurgical coal from analyses conducted in an Australian laboratory, and is comprised of 90% coking coal and 10% pulverised coal injection ("**PCI**") coal.

The information in the report relating to mineral resources is based on information compiled by Yoga Suryanegara (a full time employee of Cokal), who is a Competent Person (as defined in the JORC Code 2012 Edition) and a member of the Australasian Institute of Mining and Metallurgy. The information in the report relating to exploration results is based on information compiled by Patrick Hanna, who is a Competent Person (as defined in the JORC Code 2012 Edition), a fellow of the Australasian Institute of Mining and Metallurgy and also a consultant (through Hanna Consulting Limited) to Cokal.

This updated report demonstrated that after further review of the analytical results for Seams B, C and D outcrop samples, both coking coal and PCI are suitable for direct-to-ship extraction due to the very low ash content of the three seams.

Due to the reliable representative sampling from the outcrop channel samples, the B, C and D Seams displayed consistent low ash contents of between 2% and 7% with the average around 4%. This result is in contrast to the higher ash contents recorded in the nearby borehole samples which are considered to be most likely highly contaminated by the use of drill muds and non-coal material which collapsed in the borehole from above the seams. It is believed that this contamination resulted in the anomalously high ash results for the core samples.

It can be demonstrated that the BBM Project can produce premium quality PCI and coking coals. The PCI product has low ash (generally between 3% and 7%) as well as low volatiles (generally below 10%). The high calorific value (7,500 to 8,200 Kcal/Kg), together with the low sulphur (0.4%) and ultra-low phosphorous (0.005%), make this PCI coal a very attractive premium product in the Asian PCI markets, particularly Vietnam.

Similarly, the majority (95%) of the coking coals in the BBM Project have premium qualities, including low ash, low sulphur and ultra-low phosphorous. In the case of Seams B, C and D, the raw ash of the coal in situ ranges from 3% to 7% with a coke swelling index (CSN) of 9. The volatiles are generally low (18% to 20%) which is ideal for most Asian steel producers, particularly in China.

The BBM Project coal resource includes resources which have the potential to be economically extracted using both open pit and underground mining methods.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

The coal seams are generally thicker than 1 m and the roof predominantly consists of very hard sandstone (up to 95 Megapascals (MPa)) while the immediate 1 m to 2 m of roof consists generally of a competent siltstone. This combination is ideal for extraction of the deeper coal resources using underground methods such as thin-seam longwall mining.

The coal resources for the BBM Project had been estimated in accordance with the 2012 version of the JORC Code. The area covered by the current coal resource estimate is 30% of the total area of the BBM Production IUP tenement licence.

Details of the JORC Report was reported in the previous ASX announcement dated 29 January 2015.

Geological activity: BBM Project Scoping Study

As the remainder of the inferred coal resources for Seams D and J are considered amenable to modern underground mining extraction methods, Cokal had compiled a scoping study report which outlines the concept and rationalisation of a proposed underground mine plan for the East Block of the BBM Project. This study was part of the BBM Project's 2016 updated coal resources report. On 30 September 2016, Cokal announced the completion of the scoping study for the BBM Project.

The scoping study has identified the potential for four large underground mining blocks utilising the longwall method of extraction of both the D and J Seams. The seam height of the D Seam averages 1.5 m to 1.4 m while the J Seam varies from 1.25 m to 1.3 m and the roof predominantly consists of very hard sandstone (up to 95 Megapascals (MPA)) while the immediate 1 m to 2 m of roof consists generally of competent siltstone. This combination is ideal for extraction of the deeper coal resources using underground methods such as thin-seam longwall mining. The overall underground mining height variation is generally from 1.25 m to 1.3 m. These seam heights are similar to those extracted at the two highest performing longwall plow operations in the world, being Bogdanka Mine in Poland and Pinnacle in the United States of America ("**USA**").

The inferred coal resources in the underground mine area have been confirmed as primarily coking coal from analyses conducted in an Australian laboratory. These two seams are currently delineated by inferred resources totaling 67 MT within the underground mining area in the eastern portion of the BBM Project tenement.

In this study, the mine was proposed to use three continuous miner development units prior and a built-for-purpose longwall plow. Similar (but deeper) mining conditions using longwall plows include Bogdanka Mine (more than 5 Mtpa) in Poland and Pinnacle (more than 2.5 Mtpa) in the USA. The highwall punch mine configuration and shallow nature of the inferred resources meant longwall output is not constrained by outbye coal clearance systems as was experienced in similar plow operations installed in existing older mines.

Sensitivity analysis indicated that the underground extraction of premium quality coking coal at the BBM Project could be highly competitive in the marketplace. The scoping study was conducted in accordance with the JORC Code (2012 Edition). However, due to the restrictions imposed by the ASX on "forward statements" including production targets, OPEX (operating expenditure) and

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

CAPEX (capital expenditure) estimates and NPV (net present value) valuations for scoping studies, Cokal was not able to provide any of those estimates in a public statement.

The outcome of this scoping study was the recommendation that the BBM Project be advanced through to a pre-feasibility study.

It must be noted that this scoping study was based on inferred coal resources, and is not sufficient to support estimation of ore reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realised.

Cokal is preparing a submission regarding the BBM Project to the Indonesian Government for its consideration in granting the BBM Project the maximum foreign ownership (70%) for the life of the mine. The reduced divestment requirements were introduced by the Indonesian Government as an incentive to encourage the future development of underground coal development under GR 77/2014, enacted on 14 October 2014.

Mining activity: BBM Project Definitive Feasibility Study Update

On 4 October 2016, Cokal announced that it had engaged consultants PT Resindo Resources ("**Resindo**") to update the BBM Project definitive feasibility study ("**DFS**") which was originally completed in 2014, using current costs and pricing to determine savings in CAPEX (capital expenditure) and OPEX (operating expenditure).

On 2 November 2016, Cokal announced that the recently completed update of the DFS conducted by Resindo indicated significant reduction in capital and operating costs for the BBM Project. Together with the recent increase in coking coal pricing and its proximity to the growing Asian markets, the BBM Project has become an attractive investment opportunity.

Since the Base DFS was completed in 2014, Cokal has continued to complete a number of engineering studies and reviews such as geotechnical and hydrology and contractor negotiations. These resulted in some scope changes and costing refinements, none of which materially impacted the base estimate but improved the accuracy of the estimate. The two key factors affecting costs which have changed from the Base DFS are the foreign exchange (USD: IDR) forecast and the fluctuations in the price of fuel.

Forex between USD and IDR is based on www.tradingeconomics.com analysts forecast predicted on 17 October 2016. This source's Forex estimate in Q3 of 2017 is US$1: IDR13,497. This forecast is considered to be a best case position. However, a conservative approach has been adopted by Resindo, downgrading this Forex prediction rate to US$1: IDR13,000 for the DFS update. No variance or escalation has been applied over the project period.

Highlights of the update to the DFS are as follows:

- The DFS update has continued to show that the BBM Project's coal mine and associated transport system can be developed as a low cost operation with moderate to medium range operating cost:

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    - The DFS update maintained the development as a 2 Mtpa open cut mining operation over 10 years. The BBM Project's relatively low ash, low volatile, low sulphur, ultra-low phosphorus coking coal would command a high value as a blending feed in the premium coking coal market.

- Capital cost has fallen by 10.3% to US$68 million (Base DFS was US$75 million).

- The already low cash operating costs (excluding royalties of 7%) unit rates have fallen 15.5% to:

    - Year 1 average US$58/tonne (Base DFS was US$65/tonne).

    - First 5 years average US$70/tonne (Base DFS was US$82/tonne).

    - Life of mine average US$82/tonne (Base DFS was US$97/tonne).

- The production and investment profiles are phased for:

    - Initial start-up capital US$47 million (Base DFS was US$50 million).

    - After start-up: Enhancement capital US$21 million (Base DFS was US$25 million).

        - Expand blending operations at the intermediate port of Kelanis.

        - Increase coal handling capability for the higher ash pits.

- Initial construction is expected to take approximately 12 months, with first production from the BBM Project scheduled for the first quarter of 2017 after construction is completed.

The total estimated development capital required for the BBM Project to deliver a production rate of 2 Mpta product, including developing a Coal Handling Preparation Plant, a haulage road and all necessary transport and site infrastructure is now US$68 million. This assumes that mining, barging and hauling equipment will be provided by the respective contractors. These equipment cost are therefore included in the operating costs and do not form part of the capital estimate.

Operating costs have been estimated by Resindo on the basis that mining, hauling and barging equipment are being supplied by contractors. The study estimates an average Free on Board cost of US$82/tonne of coal produced over the life of the mine. The estimated operating costs are real (not adjusted for inflation) and exclude royalties.

With the spot price of coking coal continuing to rise, and the quarterly contract benchmark pricing for premium coking coal recently settled at US$200/tonne, it was expected that the long-term pricing of coking coal will be adjusted upwards in response to this pricing fluctuation. The spot price of PCI coal has also risen significantly from US$70/tonne in 2015 to the spot price of US$147/tonne in 2016 (Coal Trader International, 27 October 2016).

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Environmental activity

As announced by Cokal in its quarterly report for the three months ended 31 December 2016, the wet season appeared to have commenced early which led to minimal burning off and haze in this region. This early, consistent rain meant that the BBM Project's revegetation is progressing very well with both cover crops and trees and is requiring minimal maintenance and replanting of any infertile or failed areas. The BBM Project's revegetation of areas affected by exploration activity is now 100% complete. Over 15,000 seedlings have been planted along access roads and on drill sites, comprising of some 5,000 tress and some 10,000 ground cover. Storage of waste material including waste oil, oil filters, mechanical parts and other industrial waste on site was at a very low level and complied with the maximum statutory holding period of waste on site at all times.

BBM Project Production Approval Advances

Following the issue of the "Borrow To Use Forestry Permit – Operation Production" (the "Ijin Pinjam Pakai Kawasan Hutan – Operasi Produksi") ("**IPPKH-OP**") which allows for the BBM Project to start construction and mining, the BBM Project has commenced activities associated with the compulsory rehabilitation of an area of damaged forest near the BBM Project minesite. These activities include community review and discussion with regard to rehabilitation and formulation of a rehabilitation budget and programme. The other main obligation for the BBM Project's IPPKH-OP is the assessment of the non-taxable payment for actual use of forest area.

BBM Project West Block Exploration IPPKH Extension

Since the issue of the Borrow to Use Permit – Exploitation for the Eastern Block, Cokal has proceeded with the application for a Borrow to Use Permit – Exploitation for the Western Block of the BBM Project, and this application is currently with Planology Department at the Ministry of Environment and Forestry.

The other tenements of Cokal are in the exploration stage.

(ii) BBP Project

PT Borneo Bara Prima ("**BBP**") is 60% held by Cokal. The BBP project is located in the North Barito Basin and covers 13,000 ha. Exploration activities to date have comprised an initial reconnaissance mapping programme which has identified the presence of multiple coal seams from outcrops. Initial laboratory results indicate that coal from the southern part of the BBP Project is suitable for the pulverised coal injection (PCI) and anthracite markets and is a bright coal with a low in-situ ash, low sulphur content, ultra-low phosphorous and high energy. During the twelve months ended 31 December 2016, no exploration activity was conducted.

The IUP production/operation (mining lease) licence has been signed by the Murung Raya Bupati and forwarded to the Provincial Mines Department for issue. This is part of the process whereby IUP's throughout Indonesia are being centralised to the Provincial Mines Departments. As announced in Cokal's quarterly report for the three months ended 30 June 2016, Cokal was expecting the issue of the IUP Operation in Q3 2016. There is a slight delay due to the

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relinquishment of authority and responsibility from Regency level to Provincial level. This process is expected to be totally completed by Q4 2016. There has not been any further updates in Cokal's subsequent quarterly reports.

Cokal has submitted its application for the Clean and Clear Certificate Exploration from the Director General of the National Mines & Energy Department formalising the previous award of Clean and Clear status.

As announced in Cokal's November 2016 Investor Presentation, the Exploration Forestry Permit (IPPKH) for the BBP project has been granted.

(iii) *TBAR Project*

Cokal had entered into an agreement to acquire 75% of the shares in PT Tambang Benua Alam Raya which owns an exploration licence covering an area of approximately 18,850 hectares (the "**TBAR Project**"). The TBAR Project is listed on the "Clean and Clear" list issued by the Directorate General of Mineral and Mining, Central Jakarta on 23 January 2013, with over 80% of the tenement lease being either production or limited production forestry lease (that is, it is available for exploration subject to the issuance of an exploration forestry permit). The TBAR Project lies to the southeast of the BBM Project tenement. The proposed haul road from the BBM Project to the barge loading port passes through the TBAR Project tenement.

Cokal continues to progress the Exploration Forestry Permit for the TBAR Project with the Central Kalimantan Provincial Government. Cokal is also currently preparing technical documents in support of an application for the Exploration IUP license to be upgraded to a Production and Operation IUP (equivalent to a mining license). The technical documents include an exploration report, mine scoping study and an environment impact analysis report.

As at 31 December 2016, Cokal's exploration mapping program has defined significant coal potential across the entire tenement of the TBAR Project. Based on the data collected from these activities, 69 coal outcrops ranging from 0.15 m to 1.90 m have been identified. The coal seams in the TBAR Project have been identified as the B, C, D and J seams which were delineated in the adjacent BBM Project. The J Seam coal outcrop was mapped along 13 km of strike length, while the B, C and D Seams were mapped along 16 km of strike length. The outcrop strike lengths are interpreted to be more extensive than that at the BBM Project and indicate the potential for a much larger resource of shallow open cut coking coal in the TBAR Project than that delineated at the BBM Project.

Based on the digital topographic data of the TBAR Project, which has been sourced from a high-resolution Light Detection and Ranging (LIDAR) survey, the physiography of the TBAR Project tenement comprises of flat or undulating ground to the southwest, and steeply rugged hills in the remaining areas. In general the surface topography ranges from about 50 m to 400 m above MSL. The area is incised by a north-north easterly trending creek system.

Cokal has been conducting the geological survey mapping of the TBAR Project since May 2013. Detail mapping has been conducted in the central, northern and eastern parts of the lease. The

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objective of the surface mapping was to observe the dips and strikes of coal and non-coal outcrops of the Haloq Sandstone in order to delineate the regional structural setting and the existence of near surface coal occurrences, and to correlate coal seam outcrops with that of the stratigraphic sequence delineated in the adjacent BBM Project tenement.

A large number of occurrences of coal seams were identified and found to be of variable thickness. Generally the coal outcrops were found to be composed of bright coal bands, with minor thin carbonaceous mudstones and shale partings. The outcrops were observed in creeks and valleys throughout the TBAR Project tenement.

From the mapping completed to date, a total of 69 coal outcrops have been identified in the central, northern and western parts of the TBAR Project. This abundance of coal outcrops indicates that the TBAR Project has the potential to contain a large exploration target of coal in the Haloq Sandstone Formation which is considered to consist primarily of metallurgical grade coal.

The structural setting of the area is characterised by E-W to NE-SW bedding, dipping to the north and east-northeast respectively. Borehole data in the eastern part of the BBM Project, close to the TBAR Project, indicates that there are at least nine coal seams in the BBM Project area. These seams are readily correlated from boreholes throughout the eastern part of the BBM Project tenement area and have been identified alphabetically starting from Seam A at the base of the stratigraphy, up to Seam J.

The distribution of outcrop data in TBAR Project indicates that there are between four to ten significant coal seam layers with thickness ranging from 0.2 m to 1.9 m. The coal itself is often described as “bright” or “bright with minor dull bands” due to its high vitrinite content. The coal is soft (generally with HGI >90) and easily broken.

From the outcrop mapping in the TBAR Project and the structural geology delineated in the BBM Project from exploration drilling, it is interpreted that the coal seams in the TBAR Project form a synclinal feature such that the same coal seams outcrop in the south-eastern part of the BBM Project. The axis of the syncline is essentially east-west. It is also interpreted that the Sintang Intrusive may occur within the TBAR Project area.

Thirty-five coal samples were recovered from outcrop and sealed in plastic sample bags. The samples were analysed in a local coal laboratory whilst ten check samples were also analysed at the ALS Coal Laboratory in Brisbane, Australia. The results from ALS confirmed that the analyses from the local laboratory were consistent with the standards used in certified Australian laboratories.

Although the outcrop samples were oxidised thus giving a range of Swelling Index (CSN) from 0 to 9, the fact that the Volatile Matter content ranges from 17% to 22%, indicates the coal in the TBAR Project is consistent with that of the coking properties of the coals in the BBM Project.

From outcrop analysis conducted up to 31 December 2016, it is expected that all coal found in the TBAR Project area will be primarily coking coal. A summary of the in-situ coal quality results indicate generally the coal has minimum impurities including low-medium ash, low sulphur and

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ultra-low phosphorus as well as possessing very favourable metallurgical attributes sought after by steel makers in many countries.

The TBAR Project's coal deposit comprises of multiple coal seams with long strike lengths (more than 15 km) and which have the potential to be economically extracted using both open pit and underground mining methods. The strata in the TBAR Project appears to be very similar to the adjacent BBM Project's deposit where the coal seams are generally thicker than 1 m and the roof predominantly consists of very hard sandstone (up to 95 MPa) while the immediate 1 m to 2 m of roof consists generally of a competent siltstone. This condition is ideal for extraction of the deeper coal resources using underground methods such as thin seam longwall mining.

Further mapping is likely to improve the potential of the coal resources in the TBAR Project. It is expected that a comprehensive drilling exploration program will define a significant coal resource in the TBAR Project in accordance with the JORC Code, as was achieved in the adjacent BBM Project.

Cokal is confident it can develop a low cost metallurgical coal project in the TBAR Project.

(iv) AAK Project

Cokal has a 75% share of the Anugerah Alam Katingan (“**AAK**”) Project located in Central, Kalimantan, Indonesia. The AAK Project area consists of 5,000 hectares.

As announced in Cokal's quarterly activities report for the three-months period ended 31 December 2016, applications for the Exploration Forestry Permit and Clean and Clear Certificate continue to be processed.

Following the official handover letter dated 12 January 2016, the AAK IUP is currently on an 'on-hold' status by the Provincial Police Department (Polda Kalteng). It is being decided by police following their investigations regarding certain AAK ownership dispute issues. Cokal has said that it is an aggrieved party and will await the outcome of the police investigation into a period predating Cokal's interest in the AAK Project.

(v) AAM Project

On 21 March 2016, Cokal announced the completion of the sale of its 75% interest in AAM for US$150,000 to PT Prime Star Indonesia, an Indonesian company owning the tenements adjacent to AAM. Cokal considered AAM a non-core tenement located a considerable distance west, in another geological formation, from Cokal's main tenements located in Central Kalimantan. In Cokal's quarterly report for the three months ended 30 September 2016, Cokal announced that the purchaser of AAM had asked for a different corporate entity to be used from that previously reported, namely PT Jinantra Karya Raya.

Whilst it was believed that the AAM Project contains high calorific value thermal coal, there was less confidence of any discovery of metallurgical coal, the core focus for Cokal. It was therefore considered appropriate in the climate to realise the value of AAM, reduce ongoing liabilities and to use the funds for working capital while the board of Cokal pursues the funding options.

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Cokal is considered by many as having extensive experience, built up over the past five years, in working within the Indonesian mining regulatory process. This is evident as Cokal's BBM Project is the only mining project to be issued a new Production Forestry Borrow and Use Permit (IPPKH) approval since the new process was announced by the Indonesian Government on 26 January 2016. Consequently, PT Jinantra Karya Raya has employed Cokal to provide non-exclusive consulting services on a retainer basis. The retainer is for US$400,000 and expired on 12 June 2016.

(vi) SNR and KNR Projects

For the quarters ended 31 March 2016, 30 June 2016 and 30 September 2016 respectively, applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificate for the SNR Project and the KNR Project continued to be processed.

In September 2016, Cokal sold its 75% interest in (a) SNR, which owns three exploration licenses and (b) KNR, which owns two exploration licenses, for US$120,000 to PT Prime Star Indonesia, an Indonesian company which previously acquired AAM. The SNR Project and KNR Project are both located in West Kalimantan, Indonesia. The SNR Project covers a total area of approximately 11,750 hectares and the KNR Project covers a total area of 4,300 hectares. The sale was completed during the quarter ended 31 December 2016.

URANIUM

POWERLITE VENTURES LIMITED

Powerlite Ventures Limited ("**Powerlite**") is a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. Powerlite's sole investment is in Azarga Uranium Corp. ("**Azarga Uranium**") (formerly known as Powertech Uranium Corp.)[2]. Azarga Uranium's investments are currently in the exploration and development stage. Azarga Uranium is a Vancouver-based integrated uranium exploration and development company listed on the Toronto Stock Exchange (TSX Code: AZZ) and the Frankfurt Stock Exchange (FSE Code: P8AA).

The sole director of Powerlite is Ng Kim Huatt, the Company's Executive Director. Save as disclosed, none of the Company, the Directors, the Controlling Shareholders of the Company, or their respective Associates are related to the Directors or Controlling Shareholders of Powerlite. With effect from 22 November 2016, Ng Kim Huatt resigned as a non-executive director in Azarga Uranium. Save as disclosed and save through the Company's shareholding in Powerlite, none of the Company, the Directors, the Controlling Shareholders of the Company, or their respective Associates are related to the directors or Controlling Shareholders of Azarga Uranium.

On 22 May 2013, Powerlite entered into a convertible note deed with Azarga Resources Limited ("**Azarga Resources**") (the "**Azarga Resources Convertible Note Deed**") pursuant to which Powerlite agreed to make available to Azarga Resources a facility for the sum of up to US$15.00 million (the "**Azarga**

[2] As at 27 March 2017, the Company holds the shares in Azarga Uranium as bare trustee upon trust for Wintercrest until their actual transfer.

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Resources Facility") for the period up till 22 May 2023. Following amendments to the Azarga Resources Convertible Note Deed on 28 August 2013 and 28 February 2014, the Azarga Resources Facility has been increased to US$26.00 million. The Azarga Resources Facility is subject to draw down by Azarga Resources. The additional Azarga Resources Facility of US$5.0 million is only available for draw down in the year 2015 and may only be undertaken subject to mutual agreement between Powerlite and Azarga Resources. US$18.0 million (approximately S$22.7 million) has been drawn down by Azarga Resources from the Azarga Resources Facility.

On 29 October 2014, Azarga Uranium acquired all of the issued and outstanding shares of Azarga Resources in exchange for shares of Azarga Uranium, on an exchange ratio of 3.65 Azarga Uranium shares for each Azarga Resources share to create a merged entity called Azarga Uranium Corp. (the "**Azarga Reverse Takeover**"). Azarga Uranium also completed (a) a consolidation of its outstanding common shares on the basis of one post-consolidation Azarga Uranium share for 10 pre-consolidation Azarga Uranium shares (the "**Azarga Uranium Consolidation**"); and (b) a private placement of its shares for gross proceeds of C$5.0 million (the "**Azarga Uranium Placement**"). Powertech Uranium Corp. was renamed to Azarga Uranium Corp.

Pursuant to the terms of the Azarga Reverse Takeover and a transaction support agreement amongst Azarga Resources, Azarga Uranium and Powerlite, Powerlite received 18,053,810 ordinary shares in the capital of Azarga Uranium, representing approximately 30.39% of the existing issued share capital of Azarga Uranium as at 30 October 2014 (the date of allotment). The transaction support agreement was entered into amongst Azarga Resources, Azarga Uranium and Powerlite, pursuant to which Powerlite consented to the Azarga Reverse Takeover and the sale of Powerlite's shares in Azarga Resources to Azarga Uranium. Of the 18,053,810 Azarga Uranium shares issued to Powerlite, 25% are subject to escrow restrictions for 12 months and the remaining 75% are subject to escrow restrictions for two years.

Concurrent with the closing of the Azarga Reverse Takeover and the Azarga Uranium Consolidation, Azarga Uranium completed a private placement financing for gross proceeds of approximately C$5 million through the issuance of 8,338,134 units, each unit consisting of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of C$1.00 per share until 28 October 2016. In August 2015, Azarga Uranium further issued 928,581 common shares to settle trade and other payables.

Azarga Uranium controls uranium properties located in the USA and in the Kyrgyz Republic. Azarga Uranium's Dewey Burdock Project, located in South Dakota, is Azarga Uranium's initial development priority. Azarga Uranium also owns the Centennial Project in Colorado, the Aladdin Deposit in Wyoming, two uranium exploration properties in Wyoming and 70% of the Kyzyl Ompul Project in the Kyrgyz Republic.

(i) *The Dewey Burdock Project (100% interest) – South Dakota, USA*

The Dewey Burdock Project is an in-situ recovery ("**ISR**") uranium project located in the Edgemont uranium district in South Dakota, USA. Through property purchase agreements, mining leases and/or mining claims, the Dewey Burdock Project is comprised of approximately 13,160 surface acres and 17,420 net mineral acres. The Dewey Burdock Project is Azarga Uranium's initial development priority. Azarga Uranium has received the United States Nuclear Regulatory Commission ("**NRC**")

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licence for the Dewey Burdock Project and the United States Atomic Safety and Licensing Board (“**ASLB**”) ruling.

In April 2015, Azarga Uranium filed an updated National Instrument 43-101 (“**NI 43-101**”) compliant independent resource estimate and preliminary economic assessment (“**PEA**”) for the Dewey Burdock Project prepared by TREC, Inc. and Rough Stock Mining Services (the “**Dewey Burdock PEA**”) with an effective date of 29 January 2015. The Dewey Burdock Project contains measured uranium resources of 4,122,000 pounds at 0.33% U_3O_8 and indicated uranium resources of 4,460,000 pounds at 0.21% U_3O_8 at a 0.5 grade-thickness (“**GT**”) cut-off and inferred uranium resources of 3,528,000 pounds at 0.05% U_3O_8 at a 0.2 GT cut-off in the ISR mineral resource estimate. The mineral resource estimate includes an additional 940,000 pounds of non-ISR (located above the water table) inferred resources at 0.17% U_3O_8. The non-ISR resources are not included in the resources presented in the economic analysis of the Dewey Burdock PEA.

Details of the assumptions and parameters used with respect to the Dewey Burdock PEA, including information on data verification, are set out in the Dewey Burdock Technical Report dated 21 April 2015, a copy of which is available under Azarga Uranium's profile at www.sedar.com. The Dewey Burdock PEA is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves. There is no certainty that the Dewey Burdock PEA will be realised. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Dewey Burdock PEA resulted in a pre-federal income tax net present value of US$149.4 million at a discount rate of 8% and an internal rate of return of 67% compared to a post-federal income tax net present value of US$113.8 million at a discount rate of 8% and an internal rate of return of 57%. The Dewey Burdock PEA post-federal income tax calculations do not include a corporate level assessment of federal income tax liabilities; taxes have only been calculated at the Dewey Burdock Project level. The estimate of federal income tax at the corporate level is subject to a number of additional considerations that have not been factored in when calculating federal taxes at the project level, including but not limited to, the capital structure to finance the Dewey Burdock Project, which has not yet been determined and loss carry forwards available at the corporate level.

The Dewey Burdock PEA assumed uranium prices of US$65/lb U_3O_8, cash operating costs of US$18.86/lb U3O8 and initial capital expenditures of US$27.0 million. Total cash operating costs and capital expenditures are assumed to be US$35.66/lb U_3O_8 (pre-federal income tax). Over its 16-year mine life, the Dewey Burdock Project is forecast to produce 9.7 million lbs of U_3O_8 with a pay-back period in the third quarter of the second year of production. The estimated federal income tax is equal to US$6.53/lb of estimated U_3O_8 production.

Regulatory and Licensing

Azarga Uranium's immediate objective is to obtain the necessary permits and licenses to advance the Dewey Burdock Project to the construction phase. Azarga Uranium has embarked on a process to consider project-financing options for the Dewey Burdock Project, with a view to having a funding solution in place concurrent with the finalisation of permits.

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The NRC issued the final Supplemental Environment Impact Statement (“**SEIS**”) for the Dewey Burdock Project in the first quarter of 2014. The Section 106 programmatic agreement (“**PA**”) was executed on 7 April 2014 by the Advisory Council on Historic Preservation, the NRC, the South Dakota State Historic Preservation Office and the Bureau of Land Management (“**BLM**”). Subsequent to the PA being executed, the NRC issued a final Safety Evaluation Report and the Dewey Burdock Project received its Source and Byproduct Materials License SUA-1600 (an operating license) on 8 April 2014, covering 10,580 acres. Azarga Uranium controls the mineral and surface rights for the entire area pertaining to the NRC license.

In August 2014, the evidentiary hearing was held with the ASLB in regards to the limited contentions raised with respect to the Dewey Burdock Project. These ASLB hearings are normal practice and are undertaken after the NRC license has been granted to determine whether or not the NRC staff has considered all issues related to the NRC license. In April 2015, the ASLB ruled on seven contentions raised by the consolidated intervenors and the Oglala Sioux Tribe (collectively, the “**Intervenors**”) regarding the NRC license for the Dewey Burdock Project. For five contentions, including those related to groundwater usage, groundwater quality, ability to contain fluid migration, mitigation measures, and connected actions, the ASLB ruled in favour of NRC staff and Azarga Uranium. For the remaining two contentions, which relate to identification and protection of historic and cultural resources, the ASLB requested additional consultation between the NRC staff and the Oglala Sioux Tribe. It also ruled inadmissible two new contentions that were filed by the Intervenors after the evidentiary hearing.

The NRC license continues to remain in good standing. The ASLB has decided to retain jurisdiction of the two contentions pertaining to identification and protection of historic and cultural resources and has asked for monthly status reports from the NRC staff until the outstanding issues are addressed. Azarga Uranium is facilitating this process to the fullest extent possible.

Azarga Uranium and the NRC staff filed petitions to the NRC Commission for review of the ASLB ruling on the identification and protection of historic and cultural resources. The Intervenors also filed petitions for review covering most of the contentions heard by the ASLB. Azarga Uranium filed responses to each of the petitions for review submitted by the Intervenors to the NRC Commission. The NRC staff filed responses supporting Azarga Uranium's petition and opposing the Intervenors' petitions, while of the Intervenors, only the Oglala Sioux Tribe filed a response to Azarga Uranium and NRC staff petitions for review within the assigned timeframe. On 21 September 2015, all parties received a response from the NRC Commission indicating that the above filings are still being reviewed. In March 2016, Azarga Uranium requested a status report from the NRC Commission requesting an update on the above filings that are currently under review. As at 30 September 2016, Azarga Uranium has not received a response; however, Azarga Uranium anticipates a decision from the NRC Commission in the near-term based on information available. However, due to the lack of mandated regulatory timelines, timing may be subject to change.

Azarga Uranium continues to be in compliance with the existing conditions of the NRC license and other permitting/licensing requirements. Prior to commencing construction and operations at the Dewey Burdock Project, Azarga Uranium requires regulatory approvals from two major agencies, the Environmental Protection Agency (“**EPA**”) and the South Dakota Department of Environment and Natural Resources (“**DENR**”). These approvals include the Class III and Class V underground injection control (“**UIC**”) permits from the EPA and three state permits to be

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issued by the South Dakota DENR. Additional requirements that need to be addressed prior to commencing construction and operations at the Dewey Burdock Project include the satisfaction of pre-operational conditions under the NRC license and the development and implementation of mitigation plans for protection of cultural resources under the PA, including resolution of the outstanding consultation with the Oglala Sioux Tribe.

The EPA continues to work on the draft Class III and Class V UIC permits and Azarga Uranium currently anticipates receiving the draft Class III and Class V UIC permits in the near term based on information available. However, due to the lack of mandated regulatory timelines, the dates may be subject to change. Subsequent to the draft Class III and Class V UIC permits being issued to Azarga Uranium, the public will have an opportunity to comment on the draft Class III and Class V UIC permits in advance of the final permits being issued.

Azarga Uranium submitted applications to the South Dakota DENR in 2012 for its Groundwater Disposal Plan ("**GDP**"), Water Rights ("**WR**") and Large Scale Mine Plan ("**LSM**") permits. All permit applications have been deemed complete and have been recommended for conditional approval by the DENR staff. The GDP and WR permits are subject to hearing with public participation. The hearing commenced on 28 October 2013 and continued through 25 November 2013, at which point it was determined that the hearing will resume once the NRC and EPA have ruled and set the federal surety.

The LSM permit has been finalised subject to continuation of a hearing before the Board of Minerals and Environment, which commenced the week of 23 September 2013 and continued through 5 November 2013, at which point it was determined that the hearing will resume once the NRC and EPA have ruled and set the federal surety. Subject to improved market conditions, Azarga Uranium plans to re-commence the regulatory process with the South Dakota DENR once the EPA final permits have been issued.

On 8 July 2014, the Bureau of Land Management ("**BLM**") requested additional information on Azarga Uranium's plan of operations for the Dewey Burdock Project. Azarga Uranium submitted the requested information and anticipates that the BLM will approve the plan of operations subsequent to the successful resolution of the two remaining contentions on the NRC license, at which point it is also anticipated that the BLM will prepare an environmental assessment and issue its Record of Decision.

(ii) Centennial Project (100% interest) – Colorado, USA

The Centennial Project is located in the western part of Weld County in northeastern Colorado, USA. Through property purchase and/or lease agreements, the Centennial Project is comprised of approximately 1,485 acres of surface rights and approximately 6,540 acres of mineral rights.

Historical exploration work included drilling, recovery tests, water well tests and environmental studies. At the request of the Colorado Division of Reclamation, Mining and Safety, Azarga Uranium prepared and submitted an updated Site Characterization Plan in April 2009. All the required environmental surveys and studies have been completed and the draft reports have been received. Azarga Uranium completed its application to the EPA for a Class I UIC permit in

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November 2010. In December 2010, the EPA informed Azarga Uranium that the application was deemed complete. The majority of the major mine permit applications for the Centennial Project have not been prepared or submitted as at 30 September 2016.

In August 2010, a NI 43-101 compliant independent PEA (the "**Centennial PEA**") was prepared by SRK Consulting (U.S.), Inc. and Lyntek Incorporated with an effective date of 2 June 2010. The Centennial PEA indicated that the Centennial Project can be developed using the ISR method and resulted in a pre-tax net present value of US$51.8 million at a discount rate of 8% and an internal rate of return of 18%. The Centennial PEA assumed uranium prices of US$65/lb U_3O_8, cash operating costs of US$34.95/lb U_3O_8 and capital costs of US$71.1 million. The Centennial PEA included indicated uranium resources of 10,371,571 pounds at 0.09% U_3O_8 and inferred uranium resources of 2,325,514 pounds at 0.09% U_3O_8 at a 0.20 GT cut-off and annual production of 700,000 lbs per annum, which resulted in a 14-year mine life.

Details of the assumptions and parameters used with respect to the Centennial PEA, including information on data verification, are set out in the Centennial PEA dated 6 August 2010, a copy of which is available under Azarga Uranium's profile at www.sedar.com. The Centennial PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves. There is no certainty that the Centennial PEA will be realised. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Subsequent to the Centennial PEA being completed, certain lease agreements with respect to the Centennial Project were not renewed and certain parcels of redundant land at the Centennial Project were sold; however, the impact to the Centennial PEA is immaterial.

As at 30 September 2016, Azarga Uranium continues to analyse development scenarios for the Centennial Project in order to maximise the value that can be extracted from this project.

(iii) Aladdin Project (100% interest) – Wyoming, USA

The Aladdin Project is comprised of approximately 6,570 acres of surface rights and 6,000 acres of mineral rights located in Wyoming along the Wyoming/South Dakota border on the northwestern flank of the Black Hills Uplift, within sandstones of the Lower Cretaceous-age Inyan Kara Group. The Aladdin Project is approximately 80 miles northwest of the Dewey Burdock Project. Uranium resources at the Aladdin Project deposit have developed within the same host rocks that contain the Dewey Burdock Project uranium resources.

In June 2012, Azarga Uranium completed a NI 43-101-compliant technical report for the Aladdin Project, with an effective date of 21 June 2012, describing the results of Azarga Uranium's confirmation drilling program and continued evaluation of the historic exploration drilling data from the Teton Exploration Company. The Aladdin Project contains indicated uranium resources of 1,038,023 pounds at 0.111% U_3O_8 and inferred uranium resources of 101,255 pounds at 0.119% U_3O_8 at a 0.20 GT cut-off. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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In addition, using the same cut-off, the quantity of mineralisation for the exploration target was determined to be 5.0 to 11.0 million pounds of uranium, averaging 0.11% – 0.12% U_3O_8. In over 80% of the project area, the density of exploration drilling is light and insufficient to calculate resources. In these lightly explored areas, there is sufficient drill hole control for subsurface geochemical mapping and thirteen mineralised trends were identified. This estimation used a range of i) mineralised trend lengths, ii) widths of mineralisation and iii) grades of mineralisation. The grade and quantity of this exploration target is conceptual in nature and there has been insufficient exploration work performed with respect to the exploration target to define a NI 43-101 compliant resource. It is uncertain whether further exploration of the exploration target will result in the delineation of a NI 43-101 compliant resource.

Details of the assumptions and parameters used with respect to the Aladdin NI 43-101 Technical Report, including quality estimates and information on data verification, are available under the Azarga Uranium's profile on SEDAR at www.sedar.com.

Subsequent to the NI 43-101 compliant technical report being completed, certain lease agreements/claims were not renewed; however, the impact to the Aladdin Report is immaterial.

As at 30 September 2016, Azarga Uranium is currently evaluating the Aladdin Project deposit in order to determine how to maximise the value that can be extracted from this project.

(iv) Kyzyl Ompul Project (70% interest) – Kyrgyz Republic

The uranium deposit/prospects of the Kyzyl Ompul Project are located in the Kyrgyz Republic, approximately 125 km east of the capital of Bishkek. More specifically, the Kyzyl Ompul Project is located in the Kochkor region of the Maryn Oblast and the Issyk-Kul region of the Issyk-Kul Oblast. The Kyzyl Ompul Project is 100% owned and operated by UrAsia in Kyrgyzstan LLC ("**UrAsia**") in which Azarga Uranium has a 70% interest, and consists of one exploration licence with an area of 42,379 hectares. The licence is valid until 31 December 2020 and permits exploration for uranium.

The Kyzyl Ompul Project has been explored since the 1950s for uranium, with most historic exploration occurring during the 1950s and 1960s. This historic exploration identified a number of hydrothermal and placer uranium prospects within the Kyzyl Ompul Project. In total, five hydrothermal uranium prospects and five placer uranium prospects were identified.

The Kok Moinok deposit, the most advanced of the hydrothermal deposits, was discovered in 1953. From 1953 to 1957, 144 holes were drilled on a grid of 50m x 50m. Soviet classified C1 and C2 reserves were calculated using the information obtained from these drill holes. Additional drilling was completed from 1958 to 1969 on a 200m x 200m grid attempting to identify further extensions of the uranium prospects.

Further exploration was undertaken by UrAsia from 2005 to 2008, with the aim to confirm the hydrothermal uranium mineralisation and placer uranium mineralisation by targeting previously identified uranium deposits and prospects. The exploration program during this period included traverses, geological mapping ($80km^2$), trenching ($4,300m^3$), soil gas radon emanation surveys (60 readings), geophysical surveys and the collection of 84 hydrogeological samples for radon assays, 7,458 channel samples, 455 rock chip samples and 28 crushed samples.

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In 2012, a more extensive exploration program commenced. In 2012 and 2013, Azarga Uranium completed nine drill holes for approximately 2,275 m at the Sai Bezvodniy hydrothermal prospect, 40 drill holes at the Tash Bulak placer prospect, 31 drill holes at the Backe placer prospect and 9 drill holes at the Tunduk placer prospect. Azarga Uranium also completed 17 drill holes for approximately 4,345 m at the Kok Moinok deposit. The 2012 and 2013 drilling program was designed to twin a selection of historic drill holes to confirm mineralised intervals and uranium grades in those mineralised intervals as well as confirm the geological and mineralogical understanding of the Kyzyl Ompul Project.

In April 2014, Ravensgate Mining Industry Consultants ("**Ravensgate**") prepared a maiden NI 43-101 compliant independent resource estimate for the Kok Moinok deposit located within the Kyzyl Ompul Project. Ravensgate estimated that the Kok Moinok deposit contained inferred uranium resources of 7.51 million pounds at 225.2 parts per million U_3O_8 using a cut-off of 100 parts per million as at 31 December 2013, the effective date of the resource estimate. Details of the assumptions and parameters used for the resource estimate at Kyzyl Ompul, including information on data verification, are set out in the Kyzyl Ompul Technical Report dated 14 April 2014, a copy of which is available under Azarga Uranium's profile at www.sedar.com. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

In 2015, Azarga Uranium conducted desktop studies for the Kyzyl Ompul Project in order to apply for an extension of the exploration license. The Kyzyl Ompul Project exploration license was successfully extended until 31 December 2020. In 2016, Azarga Uranium continues to conduct additional desktop studies for the Kyzyl Ompul Project, in order to conserve Azarga Uranium's financial resources.

(v) Other Investments

Uranium Resources, Inc.

On 9 November 2015, Uranium Resources, Inc. ("**URI**") merged with Anatolia Energy Limited. URI is listed on the NASDAQ (NASDAQ: URRE). URI owns a diverse portfolio of uranium and lithium holdings in the USA and advanced exploration and development projects in the central Anatolian region of Turkey, including the Temrezli Uranium Project. Please refer to the URI website at www.uraniumresources.com for additional details.

Western Uranium Corporation

On 16 September 2015, Western Uranium Corporation ("**Western Uranium**") merged with Black Range Minerals Limited. Western Uranium is listed on the Canadian Securities Exchange (CSE: WUC). In the second quarter of 2016, Azarga Uranium disposed of its remaining interest in Western Uranium.

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COPPER AND GOLD DEPOSITS IN AUSTRALIA AND INDONESIA

ELYSIUM RESOURCES LIMITED

As at 31 December 2016, the Company has an approximate 0.70% stake in Elysium Resources Limited ("**Elysium**"), a company incorporated in Australia whose shares are listed and quoted for trading on the ASX (ASX Code: EYM).

Elysium is currently at the exploration and project planning stage. It is focused on the 100% owned Burraga Copper-Gold Project located 60 km south of Bathurst in the Central West of New South Wales, Australia and centered over the historic Lloyds mine.

(i) Burraga Project (Australia)

The Burraga Project consists of three exploration licences and one exploration licence application covering a total area of approximately 221 sq km, held through Elysium's wholly-owned subsidiary Burraga Copper Limited. The three exploration licences include the historic Lloyds copper mine, the Hackney's Creek gold deposit and the Lucky Draw gold mine, all of which in the past produced copper and gold.

As announced by Elysium in its quarterly activities report for the three-months period ended 31 December 2016, Elysium plans to, during the first half 2017, undertake a reverse circulation ("**RC**") drilling programme at the Burraga Copper Project and commence and exploration drilling on its gold tenements. Approximately 3,000 m of RC drilling has been designed with permitting, land access agreement and drill tenders well advanced. Elysium is also actively seeking potential new project opportunities. As part of this process, Elysium is reviewing a number of potential resource and exploration projects. Discussions are incomplete and subject to final negotiation and agreement on terms and consideration, including due diligence.

Elysium's wholly-owned copper project is centred on the former Lloyds copper mine near Burraga in New South Wales. Due to the distraction of corporate activities and the resignations of the technical director and project manager, exploration during the half year ended 31 December 2016 has been dominated by a complete external review of the project and re-establishment of technical and exploration capacity.

The review has identified resource extension targets around the current Lloyd's resource as well as extensional targets around the gold resource at the Hackney's Creek gold target. Further work has identified additional gold and polymetallic targets across the portfolio for which land access agreements are being pursued. Salient results from the review were released to the market on 11 November 2016 as Elysium's update presentation.

Environmental Impact Study

Elysium has re-employed Endure Consulting Pty Ltd who have started working on the outstanding components of the environmental impact study ("**EIS**") which is scheduled to be completed during the first half 2017. Completion of the EIS is a key component in obtaining the mining licence

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required to commence production at the Burraga Copper Project. As set out in Elysium's interim financial statements for the half year ended 31 December 2016, Endure Consulting Pty Ltd advise:

- An air emissions inventory along with preliminary modelling has been completed based upon an agreed set of project assumptions. The initial results of the air assessment (which is 80% complete) are promising with proposed management and mitigation measures that are typical for a mining project.

- The noise and vibration assessment is well progressed (60%) and updated files regarding the topography, which is a critical input to the assessment, have been received.

- We are liaising with DPE regarding the expiry of the Environmental Assessment Requirements and seeking their guidance on how to proceed. The best result is that we continue to assess against the original criteria.

- A potential high cost item for the project is the sourcing and securing of native vegetation offsets. We have begun negotiating with Oberon Council to obtain an agreement directly with them.

- Assumptions regarding the road design within and immediately adjacent to the mine site will be made with a view to finalising the historical heritage assessment.

In addition, Elysium will undertake a RC drilling programme in early 2017 with the aim of extending the ore reserves at Lloyd's and targeting gold prospects.

Elysium's geologists have undertaken routine reporting to maintain the currency of Elysium's exploration leases and undertaken data verification work, land access negotiations and permitting to prepare for the drilling programme. A prospect portfolio has been established, ranked and prioritised to assist the application of exploration efforts in the quarter ending 31 March 2017 and beyond. Elysium's geologists have also been undertaking due diligence reviews of multiple new project opportunities in line with Elysium's corporate strategies.

Burraga Zinc and Gold Potential

On 15 March 2017, Elysium further announced that exploration drilling on its tenements in the highly prospective East Lachlan Fold Belt of Central Western New South Wales is expected to recommence in the June quarter of 2017. The pending exploration programme will reflect an informed decision by Elysium's new board to change the exploration focus at its Burraga Project in the East Lachlan Fold Belt from copper to gold. Elysium also intends to follow up data indicating the presence of promising zinc and polymetallic mineralisation on its tenements in the area.

The zinc potential of the Burraga Project has been largely overlooked due to the historic focus on copper and gold, yet the project contains encouraging zinc and polymetallic (Cu-Zn-Pb-Ag) opportunities that the new Elysium board is eager to pursue given the positive outlook for zinc price. Within the currently Lloyd's Cu resource, highly encouraging zinc-dominated mineralisation is observed including 15 m @ 1.19% Zn, 0.92% Cu, 0.33% Pb, 25g/t Ag and 0.21g/t Au, from

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83 m, including 3 m @ 5.15% Zn, 3.51% Cu, 1.29% Pb, 99.2g/t Ag and 0.81g/t Au from 94m (Hole ZCRC-005, details of this intersection can be found in the “Burraga Copper Project Resource Estimate” released to the market on 23 June 2015, also available on Elysium's website). The zinc potential surrounding this intersection and adjoining drill holes is currently being interpreted with the aim of targeting follow-up RC drilling in the June 2017 quarter.

Regionally, the Mossgrove zinc and polymetallic target, located to the west of Hackney's Creek – Lucky Draw, consists of a series of copper-zinc +/- lead-silver-gold targets along a +7km NW-SE trending shear zone. Mossgrove could be considered prospective for synergetic and epigenetic massive sulphide polymetallic deposits as well as McPhillamy's-style gold mineralisation. The Mossgrove shear zone is considered to be a splay off the Godolphin Fault which is associated with Regis Resources' McPhillamy's gold deposit.

Previous exploration at Mossgrove has identified semi-continuous gossan outcrops that are semi-coincident with historic >700m long, high amplitude electro-magnetic (EM) anomalies, open to the north west. Base metals are reportedly associated with semi-massive, stringer, vein and disseminated sulphide zones. Only very limited drilling has been undertaken at Mossgrove, with the results confirming encouraging broad low-grade anomalism. Elysium is currently compiling historic exploration data and expects to make further announcements in due course.

The Mossgrove target represents just one of a list of emerging polymetallic targets across the Burraga Project. Coupled with gold and copper resources and exploration targets, these form an enviable portfolio that Elysium aims to progress significantly in 2017.

Elysium has received all regulatory approvals, is engaging a drilling contractor, and is in the final stages of securing land access to drill test the advanced Hackney's Creek gold target within the Burraga Project.

The Hackney's Creek target is situated immediately north of the Lucky Draw gold mine, which was mined by RGC Ltd from 1989 to 1992 and produced 1.41 MT at 4.2g/t for ~191,000 ounces of gold. Hackney's Creek was discovered by RGC Ltd and contains a JORC 2004 compliant inferred resource of 2.21 MT grading 1.4g/t Au for 101,800 ounces of gold (*This information was prepared and first disclosed under the JORC Code 2004. This has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported)*.

As at 15 March 2017, as drilling at Hackney's Creek has been quite broadly spaced, Elysium anticipated that it will be relatively simple to update the resource to JORC 2012 compliance and potentially grow the resource through infill drilling. Elysium also intends to test the theory that the mineralisation at Hackney's Creek plunges to the south-west as part of the upcoming programme.

Among the better intercepts returned from past drilling at Hackney's Creek are 21.3 m at 15.15 g/t Au from 89 m, including 1 m at 227 g/t AU from hole LDD309*; 33.6 m at 2.28 g/t Au from 71.4 m, including 5 m at 5.83g/t Au from hole LXD283*; and 25 m at 3.57 g/t Au from 20 m, including 10 m at 7.48 g/t Au from hole LXD359*.

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The upcoming exploration programme may also involve RC drilling at the Isabella prospect in EL7975 to the south-east of Lucky Draw and Hackney's Creek, pending successful land access negotiations. Isabella displays a similar geochemical signature to Hackney's Creek and Lucky Draw.

RGC Ltd conducted shallow RC drilling and sank only one diamond drill at Isabella in the 1990s, generating significant gold intersections, including 7 m @ 5.33 g/t Au, including 1 m @ 11.5 g/t Au & 1 m @ 7.3 g/t Au in hole IRC020*; and 8 m @ 4.2 g/t Au, including 1 m @ 9.58 g/t Au & 1 m @ 14.6 g/t Au in hole IRC021*. The mineralisation remains open in multiple directions and at depth.

* *The drill results reported here are from historical drilling conducted during the 1990s by RGC Ltd. Whilst Elysium has no reason to doubt the quality of this data, Elysium has not been able to obtain any quality assurance data to confirm the quality of the data. For more details, refer to the previously released November 2016 Company Update (ASX announcement, 11 November 2016) available on Elysium's company website.*

Elysium will also continue with early-stage exploration to bring the multiple regional gold targets within its landholding to drill-ready status.

(ii) West Australian Projects – Horseshoe South

Horseshoe Metals Ltd ("**HOR**") (ASX Code: HOR) is managing this tenement under an option agreement.

As announced by Elysium in its quarterly activities report for the three-month period ended 31 March 2016, HOR had a change in management and Elysium is awaiting a reply on when the drilling under the option agreement is to be completed. As further announced by Elysium in its interim financial statements for the half year ended 31 December 2016, there had been no activity on the Horseshoe South Project during the half year.

(iii) Indonesian Projects – South Malang

Elysium is earning into the South Malang Copper-Gold Project, located approximately 60 km to the south of the city of Malang on the island of Java in Indonesia. Under the agreement with Gata Sumber Daya, Elysium is to provide AU$2 million of exploration funding over a three-year period to earn 67.5%.

As announced by Elysium in its interim financial statements for the half year ended 31 December 2016, review of this project by Elysium continues. No work was conducted or undertaken during 2016.

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NICKEL

CELSIUS COAL LIMITED

With effect from 25 November 2016, the Company disposed of its approximate 0.08% stake in Celsius Coal Limited ("**Celsius**"), a company incorporated in Australia whose shares are listed on the ASX (ASX Code: CLA).

West Australian Nickel Assets

Celsius owns two nickel assets in Western Australia.

Celsius (through View Nickel Pty Ltd) owns a 30% joint venture interest in the Carnilya Hill Joint Venture in Western Australia with Mincor Resources NL, which is the operator of the Carnilya Hill Joint Venture. The tenements covered by the Carnilya Hill Joint Venture include Mining Licenses M26/47, M26/48, M26/49 and M26/453.

While mining operations at Carnilya Hill ceased in the first quarter of 2012, access to the decline and other mine infrastructure was maintained so that the opportunity to recommence mining remains intact. Mincor Resources NL has not advised Celsius of any material results from exploration at the Carnilya Hill Project during the year ended 30 June 2016. While the Carnilya Hill Project has several areas which could be of interest at higher nickel prices, the prices making these prospects viable are far above the prevailing price; therefore, due to its current financial situation, Celsius has elected not to contribute to cash calls for the current period and dilute accordingly.

Additionally, Celsius has a 100% interest in the Abengo Hill Nickel Project to the south and west of Minara Resources' Murrin Murrin nickel mine. The tenements are located near to Minara Resources' Murrin Murrin mine and the NiWest operation currently under development by GME Resources Ltd and are believed to have potential for both nickel laterite and nickel sulphide mineralisation. In addition, the tenements are located between Leonora and Laverton, west of Dacian Gold's Mt Morgans Project and east of KIN Mining's Leonora Gold Project.

As announced in Celsius' annual report for the year ended 30 June 2016, Celsius believes that there is potential for both gold and nickel mineralisation at the Abengo Hill Project based on an earlier review of the project. During the quarter ended 30 June 2016, Celsius had designed a number of exploration programs over the Abengo Hill Project and was in the process of sourcing quotes from contractor groups such that exploration can rapidly commence once funds are available. As further updated by Celsius in its activities report for the quarter ended 30 September 2016, Celsius continued planning exploration activities at the Abengo Hill Project to enable exploration to rapidly commence once the capital raising has been completed.

Cessation of Favourit Acquisition

On 26 October 2015, Celsius announced that it had entered into a binding heads of agreement with the shareholders of Favourit Global Pty Ltd ("**Favourit**"), a socially designed sports betting platform, to acquire 100% of the equity in Favourit (the "**Favourit Acquisition**"). The Favourit Acquisition was

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approved by Celsius' shareholders at a meeting on 28 January 2016. However, on 8 June 2016, Celsius received a Final Stop Order from the Australian Securities and Investments Commission (“**ASIC**”) relating to the prospectus on the acquisition of Favourit and associated capital raising. This meant that the Favourit Acquisition announced on 26 October 2015 could not proceed.

As a consequence of the cessation of the Favourit Acquisition, Celsius intends to carry on its business as an exploration company, which would allow Celsius to recommence trading without the need to re-comply with the ASX's admission requirements in Chapter 1 and Chapter 2 of the ASX Listing Rules. Celsius has made submissions to the ASX to recapitalise Celsius including converting debt to equity. Resolutions relating to this proposal was put to shareholders of Celsius at a general meeting on 3 October 2016.

As announced by Celsius in its quarterly activities report ended 30 September 2016, Celsius held a general meeting on 3 October 2016. At this meeting, shareholders of Celsius approved the recapitalisation of Celsius including a public offer of 120,000,000 shares at an issue price of AU$0.01 per share to raise AU$1,200,000, together with one free attaching option for every three shares issued, and issuing of securities to the convertible note holders and creditors to satisfy Celsius' debts. Celsius has been required to complete a full form prospectus for the public offer, which was anticipated to be lodged with the ASIC on 31 October 2016, along with completing other requirements of the ASX so that Celsius’ shares can re-commence trading. Celsius and its advisors are working to complete all items as quickly as possible.

Krygyz Coal Projects

As outlined in Celsius' 2015 annual report, the Hong Kong based subsidiary companies which held Celsius' former Kyrgyz Coal Projects were placed into liquidation during April 2015. The liquidation process was completed during the reporting period for the year ended 30 June 2016.

GOLD AND COPPER-SILVER-ZINC ASSETS IN MACEDONIA AND AUSTRALIA

KIDMAN RESOURCES LIMITED

With effect from 25 November 2016, the Company disposed of its approximate 3.58% stake in ASX-listed Kidman Resources Limited (“**Kidman**”), a diversified resource company which owns the Mt Holland lithium and gold project near Southern Cross in Western Australia. Kidman is undertaking metallurgical and geotechnical drilling at Earl Grey as well as commencing feasibility work and has entered into an exclusive option agreement to potentially process lithium ores at the Lake Johnston 1.5 Mtpa concentrator owned by Poseidon Nickel Limited. Kidman also intends to revise the existing gold resource at Mt Holland with a significant RC and diamond drilling program, followed by an update to the feasibility study undertaken by previous operators.

Kidman also owns the Burbanks Gold Mine near Coolgardie in Western Australia, and on 22 November 2016 announced that it has signed a Binding Heads of Agreement with Resources & Energy Group Limited (ASX Code: REZ) (“**REZ**”) to sell the Burbanks Gold Mine to REZ for AU$4.5 million.

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Kidman also owns advanced exploration projects in the Northern Territory (Home of Bullion Project – Cu, Au, Pb, Zn, Ag/Prospect D – Ni, Cu) and New South Wales. In New South Wales, Kidman owns the Crowl Creek Project which is host to numerous projects such as Murrays (Au), Blind Calf (Cu, Au) and Three Peaks (Cu, Pb, Ag). Kidman also owns the Brown's Reef Project in the southern part of the Cobar Basin (Zn, Pb, Ag and Cu).

(i) *Mt Holland Project*

Gold

On 1 March 2016, Kidman entered into a binding share sale agreement to acquire the Mt Holland gold field near Southern Cross in Western Australia, at a price that equates to AU$3.77 per resource ounce. On 7 July 2016, Kidman announced that shareholder approval to complete the acquisition was received at a general meting on 29 June 2016, and that it had completed the acquisition of the Mt Holland gold-lithium project.

Mt Holland hosts total combined Inferred, Indicated and Measured Resources of 928,500 ounces of gold – hosted within a 50 km-long strike length of the Forrestania greenstone belt south of Southern Cross. Within this 50 km strike extent there remains numerous untested geochemical and geophysical anomalies that provide significant potential upside to Kidman in an area that rarely becomes available in Western Australia's eastern goldfields. Its key deposit, Blue Vein, which at a 3 gpt cut off has a 208,000-ounce Combined Measured, Inferred and Indicated Mineral Resource of 963,000t @ 6.7 gpt. In addition to Blue Vein, Mt Holland has other deposits which include Twinings, Van Uden, Bush Pig and Razor Back. Significantly, these deposits are open at depth and provide significant scope for Kidman to grow the potential within the overall project area.

In May 2016, Kidman commenced a maiden drilling campaign at Blue Vein to extend the high grade Blue Vein deposit by 60 m down dip with results including an intersection of 3.8 m at 5.47 gpt Au within a wider zone of 13 m @ 2.28 gpt Au. The Blue Vein deposit remains open down-plunge and will be tested in this direction as part of the next drilling program. This drilling program will also target areas of known high-grade mineralisation with the aim of increasing grade confidence in the upper areas of the deposit. Kidman employed the services of Mining Plus Pty Ltd to undertake a leap frog modelling exercise to better determine the high grade mineralisation controls in the Blue Vein deposit. The work has highlighted three consistent high-grade lodes which show strong geological and grade continuity from surface. The observations made during this work have been confirmed through the review of historic drill core and core photographs, thus increasing confidence in the drilling program. A fourth high-grade lode has also been recognised at depth. However, due to the sparseness of drilling at this depth, the geological continuity could not be confirmed. As Kidman drills the upper extents of the deposit, holes will be designed and eventually drilled to increase the confidence in this high-grade shoot geometry, which will hopefully increase the longevity of the Blue Vein project.

During the half year ended 31 December 2016, the group of Mt Holland gold projects were all reviewed with the aim of prioritising the projects for all future planned work. The main activity during the half year was at Blue Vein where a 17,800 m combined RC and diamond drilling program commenced over a planned 89 drill holes. The deepest planned holes are around 200 m below

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surface with 20 m spacing between holes. The aim of the drilling program was to increase the grade and resource category of the existing Blue Vein resource.

By the end of the September 2016 quarter, Kidman had completed 15 drill holes for 2,633 m. However, due to the success of the Earl Grey lithium discovery (see further details below), the drill rig was temporarily diverted to Earl Grey to assist in the timely completion of the maiden resource drilling. As at 31 December 2016, the completed drill holes have yet to be logged and only a portion of assay samples have been submitted for analysis due to the technical team's commitments at Earl Grey.

Further, by the end of the December 2016 quarter, Kidman's technical team had completed approximately 4,153 m of drilling on the Blue Vein gold project. The drilling program was designed to upgrade the resource category at Blue Vein and test the potential for a cut back of the existing small open pit. Further drilling was planned for Blue Vein; however, due to the rapid drill out of the adjacent Earl Grey lithium deposit, the recently expanded geological team and drill rigs were returned to focusing on delivering the maiden resource estimate in CY 2016.

In addition to targeting the Earl Grey pegmatite, the technical team seized the opportunity to dually explore the gold endowment of the Twinings deposit that sits above the Earl Grey lithium deposit. The fact that a gold resource sits above the Earl Grey lithium deposit is considered significant because of the potential economic benefit to the Earl Grey project. The mineralised gold zone at Twinings sits perpendicular to the flat lying lithium ore body and will require further drilling specifically targeting the gold in an east-west direction to better target the mineralisation that remains open at depth towards the pegmatite zone. Nevertheless, several holes targeting the Earl Grey pegmatite intercepted gold with results as follows:

- 5 m @ 5.07 g/t Au from 343 m (KDJR001)
- 3 m @ 4.67 g/t Au from 69 m (KEGR020)

Also, within the overall Mt Holland tenement package, the technical team completed a structural model aimed at better understanding the regional geology to assist with defining the next round of gold targets at Van Uden, Victory, Blue Vein, Gold City and others within the 50 km of greenstone strike. Further regional work was undertaken across this package aimed at ranking the priority gold targets within the Mt Holland land package.

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Lithium

Due to third party interest and inquiries regarding the lithium rights at Mt Holland, Kidman announced on 13 April 2016 that it had commenced a technical review on the lithium potential within the Mt Holland Project area. On 23 May 2016, Kidman announced that five historical Bounty mine drill holes were selected for their notable spodumene bearing pegmatite intersections in core stored in the onsite core farm, and the returned assay results were exceptional with grades including:

- MDA084A, from 0 to 2.8 m:
  - 2.8 m @ 2.38% Li_2O, 211 ppm Cs_2O, and 56 ppm Ta_2O5
- BUG0010, from 238.7 m to 239.3 m:
  - 0.6 m @ 1.33% Li_2O, 337 ppm Cs_2O, and 27 ppm Ta_2O5
- NUG0170, from 194 m to 199 m:
  - 5 m @ 1.79% Li_2O, 160 ppm Cs_2O, and 50 ppm Ta_2O5

On 2 June 2016, Kidman announced that further analysis of previously drilled diamond holes showed significant lithium potential at the Bounty deposit returning some of the best seen in Western Australia, showing 54.2 m at 1.53% Li_2O from 37.8 m and 33.5 m at 1.39% Li_2O from 249 m.

As announced by Kidman in its activities report for the quarter ended 30 September 2016, part of the process of reviewing the lithium potential was the re-assaying of historic diamond core and/or RC chips that had been drilled previously targeting gold or nickel but contained numerous zones that had been logged as pegmatite but never assayed. Kidman re-submitted five RC drill holes from beneath the historic Earl Grey gold open pit for re-assay which returned the following lithium intercepts and have subsequently led to the discovery of a world class lithium project at Earl Grey:

- 52 m @ 1.53% Li_2O from 206 m to end of hole
- 45 m @ 1.81% Li_2O from 231 m to end of hole, including 7 m @ 2.23% Li_2O from 255 m and 5 m @ 2.5% Li_2O from 268 m downhole
- 39 m @ 1.93% Li_2O from 189 m to end of hole, including 12 m @ 2.46% Li_2O from 215 m downhole
- 11 m @ 1.04% Li_2O from 126 m downhole and 27 m @ 1.73% Li_2O from 153 m to end of hole, including 9 m @ 2.45% Li_2O from 168 m downhole
- 34 m @ 1.35% Li_2O from 176 m downhole and 29 m @ 1.31% Li_2O, including 6 m @ 2.09% Li_2O from 218 m downhole

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All drill holes were terminated in lithium mineralisation as they were originally drilled targeting gold.

As a consequence of these outstanding results, Kidman subsequently increased the number of drill rigs on site from one to three and commenced a resource drill out of the Earl Grey lithium prospect with the aim of defining a maiden resource estimate in the December 2016 quarter.

On 6 September 2016, Kidman announced that fresh drilling results had confirmed that its Earl Grey lithium deposit is a major discovery of significant size showing high-grade mineralisation. The September 2016 quarter results, including the first hole drilled at Earl Grey by Kidman, contain 93 m at 1.53% Li_2O. This includes:

- 8 m @ 2.33% Li_2O from 211 m to 219 m
- 13 m @ 2.191% Li_2O from 235 m to 248 m
- 147 m @ 2.01% Li_2O from 278 m to 292.7 m, including a strongly mineralised of 3 m @3.28% Li_2O from 278 m to 281 m

Assays from the 93 m wide Earl Grey pegmatite intercept in KEGR001 have returned sample grades of up to 4.22% Li_2O and several highly-mineralised broad zones.

Later during the September 2016 quarter, drilling had extended the known lateral extent of Earl Grey from 700 m to 1,100 m and doubled the known strike length to 750 m. The estimated average true width was 70 – 80 m and it remained open in all directions. Further assay results from six holes contained total mineralised intersections of 64 m, 75 m, 84 m, 80 m and 68 m. These total intersections include:

- 3 m @ 1.86% Li_2O from 117 m, 18 m @ 1.63% Li_2O from 134 m and 43 m @ 1.55% Li_2O from 167 m (KEGR006)
- 7 m @ 1.83% Li_2O from 75 m and 68 m @ 1.82% Li_2O from 111 m, including 4 m @ 3.22% Li_2O from 123 m (KEGR012)
- 13 m @ 1.28% Li_2O from 69.25 m and 71 m @ 1.58% Li_2O from 120 m (KEGR005)
- 14 m @ 1.55% Li_2O from 93 m, 15 m @ 1.53% Li_2O from 114 m, 23 m @ 1.67% Li_2O from 142 m, 11 m @ 1.67% Li_2O from 172 m, 14 m @ 1.89% Li_2O from 185 m and 3 m @ 1.43% Li_2O from 205 m (KEGR009)
- 68 m @ 1.00% Li_2O from 121 m (KEGR003)

On 14 December 2016, Kidman announced the Mt Holland maiden mineral resource estimate for its Earl Grey lithium deposit of 128 MT at 1.44% Li_2O for 1.84 MT lithium oxide (4.54 MT Lithium Carbonate Equivalent) establishing the Earl Grey lithium deposit as World Class. The Earl Grey deposit is the first lithium pegmatite drilled by Kidman within its larger Mt Holland Project in the Forrestania Greenstone Belt near Southern Cross in Western Australia, which is quickly evolving

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into a new lithium province. The mineral resource is based on an area measuring 1.4 km by 900 m, and has very significant growth potential yet to be fully explored based on high grade drill results outside of the resource boundary. Earl Grey has several qualities that lend the project to becoming a long-life, low cost open pit mining operation in the near-term, including:

✓ Flat lying geometry

✓ Mineralisation starting from surface (in the southern end of the deposit)

✓ Average thickness of 70 metres

✓ Large scale, and significant exploration upside

✓ High grade resource

✓ Extensive existing infrastructure

Importantly, Kidman has intersected lithium-bearing pegmatite at high grades over substantial widths up to 600 m immediately beyond the northern boundary of the current resource, providing significant scope for future growth in resources as drilling continues to delineate the deposit. This underpins an additional exploration target of 75-100 million tonnes at 1.3-1.5% Li_2O. The exploration target potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a mineral resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the JORC Code (2012 Edition). The exploration target is not being reported as part of any mineral resource or ore reserve.

2016 Maiden Resource Estimation

Kidman employed the services of mining consultancy company Mining Plus Pty Ltd to undertake the Maiden Resource Estimation for the Earl Grey pegmatite deposit. The Combined Mineral Resource incorporates all drilling data undertaken by Kidman up to 23 October 2016. This drill data was based on 16,806 metres drilled over 97 RC and diamond holes. Kidman, which made the discovery in July 2016, has demonstrated that Earl Grey is a globally significant hard-rock lithium deposit.

The envelope was wire-framed using both geological logging information and assay data for Li_2O. The Earl Grey pegmatite has been broken up in to 3 lodes, Hangingwall, Main and Footwall lodes. Table 1 overleaf shows the typical distribution of Indicated and Inferred categories and highlights the consistent nature of mineralisation across the deposit.

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Mineral Resource Estimate for the Earl Grey Deposit – December, 2016										
Domain	Li_2O Cut-Off	Indicated			Inferred			Indicated and Inferred		
		Tonnes	Li_2O%	Li_2O Tonnes	Tonnes	Li_2O%	Li_2O Tonnes	Tonnes	Li_2O%	Li_2O Tonnes
Hw lode	0.5%	–	–	–	7,700,000	1.40	108,000	7,700,000	1.40	108,000
Main Lode	0.5%	78,500,000	1.44	1,130,000	35,000,000	1.46	512,000	113,500,000	1.45	1,642,000
FW Lode	0.5	–	–	–	6,800,000	1.32	90,000	6,800,000	1.32	90,000
Total		78,500,000	1.44	1,130,000	49,500,000	1.43	709,000	128,000,000	1.44	1,839,000

The preceding statements of Mineral Resources conforms to the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

Table 1: Mineral Resource Estimate for the Earl Grey Deposit – December 2016

Progressing towards development

The large scale of the initial mineral resource provides strong confidence that Earl Grey is one of the world's largest undeveloped, high grade lithium resources, and with considerable exploration upside, is considered to have a sufficient resource base to sustain a long-life mining operation. To this end, Kidman is committed to advancing towards production as rapidly as possible to sell product into a growing market for spodumene concentrate and other lithium products. As previously reported, a number of technical studies are already underway which will form the basis for a Feasibility Study, including metallurgical testwork, engineering studies and transportation studies.

On 16 November 2016, Kidman also announced an exclusive option to utilise the nearby 1.5 Mtpa Lake Johnston plant that is owned by Poseidon Nickel Limited and currently on care and maintenance. Kidman's preliminary studies indicate the required plant and tailings storage facility modifications and commissioning would cost in the order of AU$8 million and the Lake Johnston plant is capable of production in the order of 200,000-300,000 tonnes a year of spodumene concentrate grading ~6% Li_2O. Early production through the Lake Johnston plant is just one avenue available to Kidman. However, the potential to generate revenue sooner from a Direct Shipping Ore ("**DSO**") should not be ruled out. The highgrade nature of Earl Grey lends itself to a DSO operation, and Kidman is fielding interest from a number of potential off-take customers, including those with appetite for DSO. Please see additional information on the Poseidon Nickel Ltd – Lake Johnston Agreement below.

Kidman has already commenced studies that will feed into a more detailed Feasibility Study. This includes: environmental baseline work (flora & fauna surveys, waste characterisation sampling and evaluation & groundwater studies), discussions with regulators have taken place, a desk top review of all transport options for concentrates including visits to Ports and discussions with companies that can transport & receive concentrates and load ships, preliminary geotechnical assessments and mine planning. More detailed mine planning to develop a possible starter pit and mine schedule will continue through the next quarter ending 31 March 2017. Infrastructure required at site and logistics to support this infrastructure are being complied. This includes both Mt Holland and Lake Johnston. Costs, production schedules and engineering studies will be progressively refined as more metallurgical test work comes to hand and various pit designs are evaluated.

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Metallurgy

Core samples of fresh and weathered mineralisation were subjected to mineralogy and preliminary metallurgical testing. The metallurgical tests have shown the mineralisation responds to both gravity and flotation methods. The mineralogy, undertaken by Micronanalysis Australia Pty Ltd, has confirmed the presence of spodumene (8% Li_2O) as well as some petalite (4.5% Li_2O) and minor amounts of eucryptite (11.9% Li_2O). Additional drilling, sampling and geochemical analysis is ongoing to define more closely the zonation of the orebody and the occurrences of the different lithium minerals. A metallurgical programme will be conducted concurrently aimed at a rapid determination of metallurgical response to test the variability of the orebody.

Recoveries of up to 89.5% lithium were achieved in the first round of test results and Earl Grey lithium is hosted mainly in spodumene. Abundant coarse spodumene grains are observed in drill core from the starter open pit area which assists with upgrading concentrate grades and overall recoveries. Further work is underway with results expected in the March quarter of 2017.

2017 Exploration Target

The next phase of drilling planned for Earl Grey includes extension RC and diamond holes that are designed to target the pegmatite body beneath the historic Earl Grey gold deposit waste dump as well as the downdip extent of the pegmatite. This work will continue into the 2017 exploration programme.

In light of known extensions to Earl Grey beyond the boundary of the resource, Kidman has estimated an Exploration Target[1] for the Earl Grey Lithium Project of 75-100 million tonnes at 1.3-1.5% Li_2O which is in addition to the defined Resource of 128 MT @ 1.44% Li_2O.

An Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a mineral resource that can be reported in accordance with the JORC Code 2012 and it is uncertain if further exploration will result in the Estimation of a Mineral Resource as defined by the JORC Code.

Exploration Target[1]	Tonnes (MT)	Grade Li_2O%
Early Grey Pegmatite	75-100	1.3 – 1.5

Exploration Target[1]: The potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a mineral resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the “Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, the JORC Code” (2012 Edition). The Exploration Target is not being reported as part of any mineral resource or ore reserve.

The results from recently completed drill holes have been integrated into the Maiden Mineral Resource as well as the Exploration Target detailed below. These results within the Exploration Target include 82 m @ 1.56% Li_2O from 264 m in KEGR109.

Drill holes KEGR001 to KEGR097 form the basis of the Maiden Mineral Resource.

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Prince of Wales

During the December 2016 half-year, a modest RC drilling program was undertaken at Prince of Wales where numerous shallow but thin pegmatite zones were intercepted. No significant intercepts of lithium mineralisation were intercepted in this programme. It was considered that the results of this drilling when compared to the success of Earl Grey did not justify follow up and a review of the possible extents and mineralisation model for the prospect to be reviewed in 2017.

Poseidon Nickel Ltd – Lake Johnston Agreement

On 16 November 2016, Kidman announced that it had entered into an agreement with Poseidon Nickel Ltd (ASX: POS) ("**Poseidon**") to potentially utilise Poseidon's Lake Johnston 1.5 Mtpa concentrator located around 100 km from Earl Grey. The agreement is part of Kidman's strategy to fast-track the development of Earl Grey and bring the operation into production as soon as possible.

High-grade lithium has been outlined at Earl Grey, which sits on an existing mining lease, over an area measuring 1.4 km by 750 m with an estimated true thickness of 70-80m. Recent drilling has extended the Earl Grey pegmatite by another 500 m to 1.9 km and it remains open in most directions.

Under Kidman's agreement with Poseidon, Kidman has an option to lease the Lake Johnston plant, for three years. Kidman has paid Poseidon a non-refundable deposit of $500,000 for the option, which expires on 31 August 2017.

Kidman's preliminary studies show it could produce 250,000-300,000 tonnes a year of spodumene concentrate. These studies indicate the required plant modifications and commissioning would cost in the order of $8 million. At the same time, Kidman could build its own plant at Mt Holland, benefiting from the knowledge and experience it gains from operating the Lake Johnston plant.

Should Kidman exercise the option, it will pay Poseidon an annual fee of $6 million and a processing fee of $10 per tonne. Kidman also has an option to extend the lease for a further two years by consent of both companies. Kidman will manage and fund the refurbishment and commissioning of the plant and meet all costs associated with its operation.

Metallurgical tests on the Earl Grey ore are already well advanced. The results will form part of the engineering studies now underway in preparation for refurbishment of the plant.

The Lake Johnston plant is a modern concentrator using reputable brand equipment such as Metso, Outokompu, Larox and Warman components.

The flowsheet consists of three-stage crushing, a large grinding mill, classification, significant flotation capacity, thickening and filtration. Kidman's initial studies show the flowsheet will suit production of a spodumene concentrate subject to the results of the metallurgical testwork, though some modifications may be required.

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Western Areas' Neighbouring Tenements

On 28 February 2017, Kidman announced that it has entered into a binding agreement with Western Areas Limited (ASX Code: WSA) ("**WSA**") to acquire two tenements that border Kidman's Earl Grey lithium deposit. Kidman considered the acquisition to be highly strategic as the Earl Grey pegmatite extends into at least one of these tenements (E77/2099). In addition, the tenements also cover key infrastructure such as haul roads and the nearby air strip that are likely to be utilised in the future development of the Earl Grey deposit.

Drilling undertaken by WSA in 2016 confirmed the continuity of mineralisation to the east of the Earl Grey pegmatite. Kidman will further define this mineralisation, which sits outside of the Exploration Target it announced at the time of its Maiden Resource in December 2016.

In addition to the significant exploration potential, it is envisaged that the two licenses acquired will provide the most suitable location for haul roads, the proposed Earl Grey waste dump and for an enlarged ROM pad site for a stand-alone processing plant at Mt Holland.

Under the terms of the binding agreement, Kidman will provide the following consideration to WSA for the acquisition of the two tenements:

- Issue of 11,111,111 million Kidman shares, with the shares to be voluntarily escrowed for a period of 12 months from the date of issue;

- A gross revenue royalty of 1.5% over any production of lithium minerals from the acquired tenements; and

- In the event of an ore reserve being defined over the two tenements acquired, Kidman will pay WSA AU$150 for every contain tonne of Li_2O classified as a JORC ore reserve.

All nickel rights on the two tenements will remain with WSA and should the value of Kidman's shares be materially adversely affected in limited circumstances, WSA has the option to unwind the transaction. Kidman and WSA are also in advanced discussions regarding a potential farm-in joint venture agreement in respect of the lithium rights on WSA's remaining northern Forestania tenements.

On 20 March 2017, Kidman further announced that it has entered into an earn-in agreement with WSA covering 19 tenements immediately adjacent to Kidman's world-class Earl Grey lithium deposit near Southern Cross in Western Australia. The tenements host an extension of Earl Grey and extend throughout the prospective Forestania lithium belt. Earl Grey is already one of the biggest known hard-rock lithium deposits in the world with a JORC resource of 128 MT at 1.44% Li_2O. Kidman has commenced an extensive evaluation of the district using existing regional datasets and will set-about evaluating the targets identified within this new joint venture package. Under the agreements, Kidman will earn-in on the following basis:

- Stage 1 – Kidman can earn 50% by spending AU$5.0 million over three years with a minimum of AU$1.5 million being spent in the first twelve months;

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- Stage 1 – at the end of Stage 1, WSA has the right to co-contribute with further exploration expenditure on a 50:50 basis with Kidman;

- Stage 2 – Where WSA elects not to co-contribute at the end of Stage 1, Kidman may elect to spend a further AU$4.0 million over two years to earn 70%; and

- WSA is free carried to a decision to mine should Stage 2 be completed.

(ii) The Coolgardie Project – Burbanks Gold Mine

On 18 May 2015, Kidman acquired an 80% interest in Burbanks gold mine, situated near Coolgardie, 35 km south west of Kalgoorlie, Western Australia. The project comprises of the operating Birthday Gift underground mine, the Christmas open pit mine and the Gunga West open pit mine. Production at the Burbanks gold mine commenced in September 2015.

During the quarter ended 31 March 2016, Kidman acquired the remaining 20% stakes in the Burbanks and Gunga West gold projects from its joint venture partner, Blue Tiger Mines Pty Ltd.

By taking full ownership of Burbanks, Kidman was able to drive a significant drilling and development program (details below) and also change mining contractor, appointing PYBAR Mining Services Pty Ltd, as it implements a new, predominantly hand held mining method at Burbanks. These changes impacted the March 2016 quarter production, but have since laid the foundation for an improvement in performance at Burbanks that was not previously possible under the joint venture. These changes inevitably slowed production rates while the development and exploration work was undertaken, resulting in gold production for the quarter of 775 ounces which was sold at AU$1,733 per ounce.

For the quarter ended 31 March 2016, underground mining activities were focused on accessing the high grade Hadfield lode on the 4 level, and accessing the Dahmu lode on multiple levels in preparation for stopping activities in the coming quarters. A preliminary mine plan had been developed incorporating mining of the Dahmu and Hadfield lodes, where both diamond and RC drilling campaigns have been completed. Resource modelling of the respective lodes was underway to integrate recent frill results, and further refine the mining shapes. A complete review of the mining method was undertaken based on the results of the recently completed diamond and RC programs which further highlighted the high grade yet narrow and folded nature of the deposit. Consequently, minimal development was completed during the quarter as work to transition the mine to a predominantly hand held operation commenced. A small milling campaign was completed during the quarter consisting of approximately 4,300 tonnes from underground and low grade stockpiles from the open pit. All open pit activities have not been completed.

For the quarter ended 30 June 2016, underground mining operations resumed following a period of successful underground mine development, having appointed the highly regarded operators PYBAR Mining Services Pty Ltd as the mining service contractor. Having full ownership of Burbanks has enabled Kidman to lay the foundations to improve the performance not previously possible under the joint venture. To ensure future mining success, initial activities for the quarter involved an upgrade of infrastructure and mine services; the implementation of hand held mining

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methods and the further development of Dahmu and Tailor. The Dahmu lode has been accessed on the 1,350 level with strike driving now underway with grades in line with expectations. Stopping of some remnant mining blocks on both Dahmu and Tailor has also commenced, with a small stockpile on the ROM Pad by the end of the quarter. Since PYBAR Mining Services Pty Ltd was mobilised up to 30 June 2016, more than 240 m of development has been completed and significant improvements have been made to the mine, including capital works to improve the underground infrastructure such as upgrading escapeways and increasing both primary and secondary ventilation capacity. Improvements have also been made to the dewatering system, the electrical reticulation and power supply and to safety standards throughout the mine. Kidman has also commenced planning for an improved water management system that will allow it to consider accessing “Burbanks Deeps". This area around the historical 7 level is 100 vertical metres below the current limit of mine workings.

Kidman's half-year production as announced on 28 July 2016 is as follows:

	Units	September Quarter FY2016	December Quarter FY2016	March Quarter FY2016	June Quarter FY2016	YTD FY2016
Ore Mined	t	23,943	48,095	4,333	1,685	78,056
Ore Mined Grade – Gold	g/t	2.28	2.57	2.06	2.94	2.46
Ore Processed	t	17,307	45,815	13,249	0	76,371
Ore Processed Grade – Gold	g/t	2.57	2.57	1.89	0	2.45
Recovery – Gold	%	93.8%	95.8%	96.4%	N/A	95.4%
Gold Production	oz.	1,342	3,626	775	0	5,743
Gold Sold	oz.	1,342	3,626	775	0	5,743

Kidman received planning approval for open pit production from the Christmas Pit during the quarter and mining commenced immediately. The open pit will supplement the underground production and will provide additional mill feed during the December 2016 quarter.

For the quarters ended 31 March 2016 and 30 June 2016 respectively, exploration drilling activities at Burbanks included 1,127 m of RC drilling from surface into Dahmu, 1,995 m of RC drilling into the Hadfield, Jesson and Tailor lodes, and 983.4 m of underground drilling into the Hadfield lode. The drilling has further delineated mineralisation along extensions of the Tailor, Jesson and Hadfield lodes and has also further defined up-dip mineralisation in the Dahmu lode. As well as extending the known mineralisation, the results confirmed the structural model developed by Kidman when it acquired the project in 2015. In addition, during the quarter ended 30 June 2016, an underground diamond drilling program was designed to upgrade the mineralisation below the 7 level so that a mine plan can be devised for accessing this part of the mine. Historic reports held in the public domain by the WA DMP record sampling by early miners of the 7 level. These report intervals of 76 m along strike averaging 17.1 g/t with an average width of 1.1 m and 30 m along strike @ 18.3 g/t with an average width of 1.5 m. The 7 level mineralisation is believed to form part of a second deeper shear zone under the main mineralised shear currently being mined. Apart from the area around the 7 level, this deeper shear zone remains very poorly tested.

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On 31 March 2016, Kidman announced that it had signed a binding heads of agreement to sell the Gunga West project to Metals X Limited for up to AU$2.5 million. The sale means that the Gunga West project has been effectively classified as a non-core asset for Kidman. The proceeds of the sale will be combined with those from Kidman's current AU$6.5 million capital raising, giving Kidman substantial cash to underpin its production strategies at the Burbanks gold mine and Mt Holland gold field. On 20 June 2016, Kidman further announced the completion of the sale of its Gunga West gold project to Metals X Limited.

During the quarter ended 30 September 2016, Kidman announced that it had received approaches from various parties interested in purchasing Kidman's Burbanks gold mine. With the completion of the acquisition of the Mt Holland Gold and Lithium Project, and the exploration success at Mt Holland, these approaches escalated to preliminary sale discussions. Kidman initially received informal approaches to purchase Burbanks in July 2016, soon after the completion of the Mt Holland acquisition which led to a strategic review of Burbanks. There had been consistent feedback from shareholders and investors suggesting that Kidman focus its attention on progressing the larger scale Mt Holland Gold and Lithium Project. As a result, Kidman had sought to formalise a sale process for Burbanks. In light of the sale process, a decision had been made to suspend mining operations at Burbanks. This decision was made on the basis that the near term working capital requirements at Burbanks were no longer justified when compared with the value that Kidman believed could be added through directing its human resources and capital on the Mt Holland Gold and Lithium Project, where Kidman saw a clear pathway to a larger production profile for gold, as well as developing the very significant lithium potential.

During the quarter ended 31 December 2016, Kidman announced that it had signed a binding heads of agreement to sell its Burbanks gold mine to REZ for AU$4.5 million. Kidman placed the Burbanks mine on care and maintenance in August 2016 following expressions of interest to acquire the property from multiple parties, and to focus its resources on its Mt Holland gold and lithium projects. Under the terms of the agreement, the consideration to be paid to Kidman is as follows:

A. AU$2.5 million by way of a convertible note on the following key terms:
   - Term: 3 years
   - Coupon: 5%
   - Conversion: 20 cents
   - REZ shall have the right to repay the convertible note in full within 12 months of completion.

B. Cash payments of AU$2.0 million made in the following instalments:
   - Non-refundable payment of AU$100,000 upon execution of a formal agreement
   - AU$400,000 upon completion
   - Three equal 6 monthly payments of AU$500,000 each, commencing 6 months following completion.

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The sale and purchase of the Burbanks Project is subject and conditional upon satisfaction of the following conditions precedent:

(a) Completion of due diligence to the sole satisfaction of REZ within 21 days from the date of the Agreement;
(b) The parties entering into a Formal Agreement to give effect to the transaction;
(c) The parties obtaining any regulatory or shareholders' approval, third party consents or waivers necessary to give effect to the transaction; and
(d) REZ obtaining shareholder approval for the transaction or any element of the transaction.

Subsequent to this, Kidman then agreed to an extension of the due diligence period through to end of January 2017 at which time REZ's exclusivity period expires.

On 6 March 2017, Kidman announced that Kidman and REZ have been continuing discussions in relation to the proposed sale of the Burbanks mine with a view to reaching a mutually acceptable outcome. However, the transaction is unlikely to proceed under the original terms and Kidman is continuing discussions along with other interested parties to progress a potential transaction.

(iii) The Barrow Creek Project – Home of Bullion deposit

In July 2014, Kidman announced a maiden resource estimate for its Home of Bullion deposit located in the Northern Territory of Australia at Barrow Creek. Kidman commissioned SRK Consulting to complete the resource estimate based on drilling completed up to December 2013. No further drilling has as yet been undertaken this year and the resource remains open on the Main Lower lode and Southern lode. The Project has been assessed to have an inferred polymetallic deposit of:

- 2.5 MT @ 1.8% Cu, 2% Zn, 36 g/t Ag, 1.2% Pb, 0.14 g/t Au at 0.5% CuEq6 cut off (2.8% CuEq6).

During the quarters ended 31 March 2016, 30 June 2016, 30 September 2016 and 31 December 2016 respectively, no field activities were undertaken. In addition, Kidman has reviewed the Barrow Creek Project with the aim of considering ways to potentially divest these assets. The aim will be to consider opportunities that may directly benefit Kidman shareholders, as it turns its focus to the Burbanks and Mt Holland Gold Projects in Western Australia.

(iv) Brown's Reef Project

In March 2014, Kidman acquired the Brown's Reef Project, a base metal deposit containing lead-zinc-copper-silver and gold, located 5 km west of Lake Cargelligo, New South Wales, Australia. Kidman also entered into two joint venture agreements with neighbouring tenements which surround the Brown's Reef Project. Diamond drilling results reported by Kidman on 30 September 2014 include:

- BRD01 10.10 m @ 6.92% Zn, 2.82% Pb, 0.34% Cu, 24 g/t Ag from 258 m within a 41.1 m intersection @ 2.81% Zn, 1.36% Pb, 0.17% Cu, 10.06 g/t Ag from 243 m;

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- BRD002 19 m @ 3.54% Zn, 1.79% Pb, 0.21% Cu, 16.75 g/t Ag from 268 m within a 136 m intersection @ 1.67% Zn, 0.87% Pb, 0.14% Cu, 7.52 g/t Ag from 244 m; and

- BR0018 6 m @ 11.36% Zn, 4.8% Pb, 1.23% Cu, 74.17 g/t Ag from 368 m within a 58 m @ 2.0% Zn, 0.93% Pb, 0.42% Cu, 18.9 g/t Ag from 316 m.

Other significant historical drill intercepts at the Brown's Reef Project include:

- 45.3 m @ 1.71% Pb, 3% Zn, 0.1% Cu, 8g/t Ag from 291 m (BR002) including 20 m @ 2.77% Pb, 4.95% Zn, 0.16% Cu, 14g/t Ag from 302 m.

Drilling results announced on 30 January 2015 at the Brown's Reef Project include:

- BRD011 129 m @ 5.04 g/t Ag from 362 m internally; 7 m @ 3.02% Zn, 0.69% Pb, 0.4% Cu, 18 g/t Ag from 447 m within 39 m @ 1.6% Zn, 0.56% Pb, 0.17% Cu, 10.5g/t Ag from 424 m; 7 m @ 1.3% Zn, 0.5% Pb, 0.1% Cu, 6.6 g/t Ag from 479 m;

- BRD012 99 m @ 0.8% Zn, 0.4% Pb, 4.87 g/t Ag from 299 m including; 10 m @ 1.84% Zn, 0.9% Pb, 6.91g/t Ag from 299 m; and 13 m @ 1.24% Zn, 0.62% Pb, 4.17 g/t Ag from 356 m; with 3 m @ 1.9% Zn, 0.87% Pb, 0.4% Cu, 31.25 g/t Ag from 211 m; and

- BR013 8.4 m @ 4.7% Zn, 1.93% Pb, 0.44% Cu, 18.7 g/t Ag and 0.5 g/t Ag from 299.8 m within 20 m @ 9.3 g/t Ag, 2.2% Zn, 0.9% Pb, 0.23% Cu, 0.25 g/t Au from 294 m.

During the December 2014 quarter, Kidman announced that an updated exploration target consisting of 27 to 37 MT grading at 1.3-1.4% Zn, 0.6-0.7% Pb, 9-10 g/t Ag and 0.2-0.3% Cu was modelled, compliant with the JORC Code. The exploration target modelling was undertaken by Geos Mining's Senior Consultant, Llyle Sawyer. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is uncertain if further exploration will result in the determination of a mineral resource.

The Brown's Reef main deposit extends 2.5 km and remains open in all directions. The last drill hole completed by Kidman, BRD013, in the most recent drilling campaign was collared 550 m north of the resource and confirmed both the geological model and the continuity of mineralisation along strike. The next stage of exploration will aim to infill the gap between BRD012 and BRD013 and confirm grade continuity, as well as test for high grade mineralisation further north.

During the quarters ended 31 March 2016, 30 June 2016, 30 September 2016 and 31 December 2016 respectively, no field activities were undertaken. In addition, Kidman has reviewed the Brown's Reef Project with the aim of considering ways to potentially divest these assets. The aim will be to consider opportunities that may directly benefit Kidman shareholders, as it turns its focus to the Burbanks and Mt Holland Gold Projects in Western Australia.

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(v) Crowl Creek Project

The Crowl Creek Project is made up of eight exploration licenses located near the township of Condobolin in Central NSW. The project lies in the southern extent of the Cobar basin which hosts deposits such as the Hera and Nymagee Mines (YTC Resources), further north-east the Peak Mine (New Gold) and CSA Mine (Glencore), and positioned adjacent to the tenements is the Cu/Pb/Zn/Au deposit of Mineral Hill (KBL Resources).

Blind Calf Copper Prospect

The Blind Calf prospect is located near the junction of the Gilmore Suture and Crowl Creek Fracture Zone approximately 160 km SE of Cobar in central NSW and is centered over the Blind Calf Copper Field, just 4 km west of the Mineral Hill Pb-Zn-Cu-Au Mine. Exploration has primarily focused on copper and gold targets located in and around historic workings and production centres. A series of drilling programs completed during 2011 and 2012 delivered best intercepts of KD11-17 23 m @ 7.07 % Cu from 24 m; and KD11-22 13 m @ 2.18% Cu from 72 m.

Murrays Mine Gold Prospect

The Murrays mine prospect is a saddle reef style mineralised system that has historically been drilled and delineated from surface as a contiguous NW-SE striking lode. The lode remains open to the south and north and open down dip. A recent soil sampling program completed in 2015 identified and extended the mineralised envelope for the system. The gold and arsenic anomalism coincident with structural features highlighted in aeromagnetics clearly delineates several features that will be followed up in future testwork. Historic results reported from the prospect show consistent grades along the ore body with standouts of 14 m @ 2 g/t Au & 4.8 @ 2.5 g/t Au.

Three Peaks Poly-metallic Prospect

The Three Peaks prospect is located south of the Blind Calf prospect. Within this prospect, there are three workings or historical mines called Big Ben (Cu), Melrose (Pb-Ag) and Anaconda (Cu- Zn-Pb). Of these, the Anaconda Copper mine produced 710 tonnes of ore with grades of up to 11.5% Cu in the oxide zone and 3% Cu, 3.8 g/t Au and 122 g/t Ag within massive sulphides intercepted.

At the Melrose prospect a north-west striking contact between quartzites and slates/phyllites hosts the mineralisation. In both cases the rheological and lithological contrast is an ideal conduit for copper-bearing fluids to travel through and precipitate within. Kidman undertook a successful 'first pass' drill program which included 2 m @ 2.1% Cu, 35.5 gt Ag, 0.5% pb, 0.1% Zn from 14 m (Anaconda). Follow up DHEM surveys have identified conductors for a follow up drilling program.

During the quarters ended 31 March 2016, 30 June 2016, 30 September 2016 and 31 December 2016 respectively, no field activities were undertaken. In addition, Kidman has reviewed the Crowl Creek Project with the aim of considering ways to potentially divest these assets. The aim will be to consider opportunities that may directly benefit Kidman shareholders, as it turns its focus to the Burbanks and Mt Holland Gold Projects in Western Australia.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

GENESIS RESOURCES LIMITED

With effect from 25 November 2016, the Company disposed of its approximate 7.10% stake in ASX-listed Genesis Resources Limited ("**Genesis**"), a mineral exploration and development company with a portfolio of quality gold, iron, manganese, uranium and copper-zinc-silver projects in the prospective Proterozoic and Phanerozoic metallogenic provinces of northern and central Australia. It is currently focused on the Plavica Project which lies within the Carpathian Volcanic Arc, a major epithermal province running through Eastern Europe, which is prospective for gold, copper and silver mineralisation.

(i) The Plavica Project (Macedonia)

The Plavica project is located within the (former Yugoslav) Republic of Macedonia (Macedonia) in southeastern Europe, north of Greece.

The Plavica Project is administered through a joint venture company, Silgen Resources International Ltd, Kratovo (the "**Plavica JV Company**"), which is 62% owned by Genesis and 38% owned by the nominee of Mining Industrial Combine – SILEKS joint stock company-Kratovo (the "**Plavica JV Partner**"), pursuant to a joint venture agreement (the "**Plavica JV Agreement**"). Following the parties' incorporation of the Plavica JV Company, the Plavica JV Partner transferred the ownership of all its assets it held in respect of the Plavica tenement (including the concession licence, all exploration results, associated data and the Government-mandated final feasibility study reports) to the Plavica JV Company. The directors of Genesis confirmed that the Macedonian Government had granted a 30-year exploration licence to the Plavica JV Company. As a result, Genesis now has a direct 62% ownership of the Plavica JV Company (subject to the encumbrance described below) which in turn owns all assets in respect of the Plavica tenement, including the granted exploitation licence. Genesis remains responsible under the terms of the Plavica JV Agreement for undertaking infill and extensional drilling and completing a feasibility study in respect of the licence area (as required to obtain funding for mine development) and the costs of those activities. The area covered by the exploitation licence is 16.85 km^2 in total.

The Plavica Project was the site of mining in Roman and Ottoman times and then again during the 1930s, reputedly of high grade gold. Over 80, mostly vertical diamond drill-holes by the Yugslav Government searching for porphyry copper mineralisation, and 10 angled diamond drill-holes by Rio Tinto and European Minerals searching for gold mineralisation, were drilled prior to Genesis entering into the Plavica JV Agreement. Significant gold-copper-silver intersections were delineated by this drilling.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

Following the granting of the exploitation licence at the Plavica Project, drilling commenced to extend the known mineralisation and complete Resource Estimations at both Plavica and Maricanski Rid. As at 30 June 2016, a total of 59 core holes were drilled for 12,638.76 m and 23 RC holes were drilled for 2,673 m. A number of broad continuous oxide gold zones were intercepted. Highlights include:

Maricanski Rid Prospect
- MRDD010: 69.6 m @ 1.01 g/t Au from 4.4 m
- MRDD015: 18 m @ 3.73 g/t Au from 32 m
- MRDD019: 53 m @ 4.07 g/t Au from 0 m
- MRDD021: 25 m @ 1.39 g/t Au from 0 m
- MRDD023: 43 m @1.00 g/t Au from 73 m

Plavica Prospect
- PNDD046: 12 m @ 5.97% Cu, 0.42 g/t Au, 390 g/t Ag from 100 m
- PNDD062: 49 m @ 1.05 g/t Au from 106 m
- PNDD065: 27 m @ 0.91% Cu, 0.25 g/t Au, 26 ppm Ag from 211 m
- PNDD071: 46 m @ 1.10 g/t Au, 38.8 g/t Ag from 17 m
- PNDD073: 36 m @ 2.12 g/t Au from 11 m.

Although results over the Western part of Plavica were disappointing, the follow up drilling over the Eastern part of Plavica has increased the size of the prospect in that direction. The drilling at Maricanski Rid has been successful in delineating a sizeable body of shallow oxide gold mineralisation with a high grade portion in the centre of this.

The extensional and infill drilling programme continued at Plavica and Maricanski Rid during the quarter ended 30 September 2016, and a total of 10 core holes were drilled for a total of 2,351.65 m and 8 RC holes were also drilled for 1,051 m. During this quarter, drilling had continued at both of these prospects using one core rig and one RC rig with the aim of re-doing the Inferred Resource at Plavica and completing a maiden Inferred Resource at Maricanski Rid in the following quarter. Delays were experienced from poor assay turnaround due to political unrest in Turkey.

As announced by Genesis on 19 December 2016, a JORC 2012 compliant resource was released for the Plavica Project. The total Indicated and Inferred Mineral Resources as at November 2016 are estimated at 65.8 MT at 0.70 grams per tonne of gold (g/t Au) containing 1.46 million ounces of gold. Contained within this resource is 31.7 MT @ 0.77 g/t Au for 781,000 Au ounces of oxide and transitional (Pox) material from both the Plavica and Maricanski Rid deposits.

The resource estimate follows a series of RC and diamond drilling campaigns completed to define mineralisation along both the main Plavica ridge and Maricanski Rid. Mineralisation is continuous for over 1 km at Plavica and 700 m at Maricanski Rid and has been drilled to depths of over 300 m. The resource at Plavica remains open along strike to the east and at Maricanski Rid to the east and west. Resource estimations were also completed for silver (11.1 million ounces) and copper (107 kT contained copper) within the primary unoxidised material at Plavica. The resource represents a major milestone for Genesis and work has begun on completing a Pre-Feasibility Study. Golder Associates have been contracted to completed this work. The full report can be seen on Genesis' website.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

Also, for the quarter ended 31 December 2016, drilling continued at both these prospects and which used one core rig and one RC rig with the aim of upgrading the inferred resources at Plavica and Maricanski Rid to “indicated” status. Results were returned for some of these holes whilst other results are pending. A total of 20 core holes were drilled for a total of 3,177.6 m and 30 RC holes were drilled for 3,419 m. Drilling at the eastern and western ends of Maricanski Rid continued to return significant results, including MRRC015: 53 m @ 1.49 g/t Au from 43 m from the eastern end of the Maricanski Rid prospect and MRDD050: 34 m @ 1.13 g/t Au from 0 m from the western end of the Maricanski Rid prospect. These results are not included in the abovementioned resource statement. In addition, results were received for many of the holes drilled in the quarter ended 30 September 2016; these results were also not included in the resource statement and highlights include MRDD035: 80 m @ 1.00 g/t AU from 43 m and PNDD087: 17 m @ 0.43 g/t Au, 1.72% Cu & 17.6 g/t Au from 239 m.

As further announced by Genesis in its activities report for the quarter ended 31 December 2016, Genesis expects to complete a feasibility study before December 2017 and has agreed to commit up to US$7.5 million for these activities.

(ii) *Arltunga Project (Australia)*

The Arltunga Project consists of an exploration licence (EL25238) covering 95.2 sq km and is located approximately 110 km north east of Alice Springs in the Northern Territory of Australia. The project is in the vicinity of the Arltunga Goldfield and borders the Arltunga Historical Reserve on its southern boundary. 33 historical gold mines and prospects are known in the licence area.

A licence renewal application was lodged on 26 October 2016 requesting another two year period to 7 November 2018. As at 31 December 2016, this renewal application is still pending.

The 10th Annual Technical Report was lodged on 10 November 2016 and accepted as satisfactory by the Department of Mines and Energy on 11 November 2016.

An updated Mining Management Plan was lodged on 8 March 2016. This update was approved on 20 July 2016. The next update is due on 29 March 2017.

The Central Land Council Sacred Site Clearance Certificate was extended on 12 July 2016. The new expiry date is 19 September 2017.

A full review of all available data is currently underway, with the aim of defining targets for RC drilling in the third quarter of 2017.

No field work was carried out for the year ended 30 June 2016 and the quarters ended 30 September 2016 and 31 December 2016 respectively.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

(iii) Alice Springs Project (Australia)

The Alice Springs Project consists of an exploration licence (EL24817) covering 372.59 sq km and is located approximately 110- 155 km northeast of Alice Springs in the Northern Territory.

An application for the extension of The Central Land Council Sacred Site Clearance Certificate was lodged on 28 November 2016. The current certificate expires on 6 February 2017.

A licence renewal application was lodged on 5 April 2016. It was approved on 13 May 2016 for a further term of 2 years and will expire on 17 April 2018. All 118 sub-blocks were retained.

The 10th Annual Technical Report was lodged on 18 April 2016 and accepted as satisfactory by the Department of Mines and Energy on 9 May 2016.

An updated Mining Management Plan was lodged on 23 February 2016 and accepted as satisfactory on 20 June 2016.

No field work was carried out for the year ended 30 June 2016 and the quarters ended 30 September 2016 and 31 December 2016 respectively. In addition, a full review of all available data is underway to define targets for RC drill testing during the third quarter of 2017.

(iv) Gladstone-Mount Miller Project (Australia)

The Gladstone-Mount Miller Manganese Project consists of one exploration licence (EPM15771) covering 42.62 sq km and one mining lease application (MLA80166) covering 32.24 Ha. It is located approximately 15 km by road east of Gladstone, a multi-commodity port which is located on the east coast of central Queensland.

The largest mine on the tenements controlled by Genesis was at Mount Miller. The mine opened in 1895 and operate intermittently until 1916 and then from 1958 to 1960. A total of 21,785 tonnes of ore was mined with a grade which ranged from 71% to 75% MnO.

The licence renewal was approved on 7 May 2013 for a term of five years and will expire on 18 June 2017. Mining lease application ML80166 Mount Miller is still pending approval from the Queensland Department of Mines and Energy.

As per the conditions of the exploration permit, Genesis was required to relinquish 14 sub blocks from EPM15771. A Partial Relinquishment Report was lodged on 16 June 2016. 14 of the 21 sub blocks were relinquished, and 7 sub blocks were retained. EPM15771 now covers 42.62 sq km. The partial relinquishment was accepted by the Department of Natural Resources on 13 July 2016.

The 9th Annual Technical Report was lodged on 20 June 2016.

A Partial Surrender of an Environment Authority was lodged on 27 June 2016 and approved on 5 July 2016.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 27 March 2017

No field work was carried out for the year ended 30 June 2016 and the quarters ended 30 September 2016 and 31 December 2016 respectively. A review of all available data is underway to confirm if more drilling is necessary at the Mount Miller mine and if other prospect areas on the tenement require drill testing during the third quarter of 2017.

(v) *Pioneer Project (Australia)*

The Pioneer Gold Project consists of one exploration permit minerals (EPM15619) covering 6.23 sq km, granted under the Mineral Resources Act 1989 (Qld). It is located approximately 70 km by road from Bundaberg via the Bruce Highway in Queensland.

The project lies within the Gaeta Goldfield and has undergone previous exploration for gold, uranium and base metals, with numerous historical gold workings located throughout the area. Historical mining was primarily focused on the Pioneer Reef which was the largest producer, but mining activities also included several other reefs including Gympie, Lord Nelson, West Yorkshire and Happy Jack.

A licence renewal application was lodged on 28 April 2016 requesting another two year period. The renewal application was approved on 30 June 2016. The new expiry date is 2 August 2018. The 2 sub blocks were retained.

The 9th Annual Technical Report was lodged on 8 August 2016.

No field work was carried out for the year ended 30 June 2016 and the quarters ended 30 September 2016 and 31 December 2016 respectively. A review of all available data is underway to compile all geological mapping and define targets for drill testing during the third quarter of 2017.

(vi) *McArthur River Project (Australia)*

The McArthur River Manganese Project consists of one mineral exploration licence (EL24814) covering 380.88 sq km and is located in the Northern Territory, approximately 850 km south east of Darwin and 450 km north-west of Mount Isa in Queensland. The project area contains the Masterton No2 manganese occurrence.

The Mining Management Plan Update was lodged on 16 November 2016.

A licence renewal application was lodged on 5 April 2016. It was approved for a further term of 2 years and will expire on 17 April 2018. All 116 sub-blocks were retained.

The 10th Annual Technical Report was lodged on 18 April 2016 and accepted as satisfactory by the Department of Mines and Energy on 9 May 2016.

No field work was carried out for the year ended 30 June 2016 and the quarters ended 30 September 2016 and 31 December 2016 respectively. A full review of all data available is underway to guide further exploration on the tenement.

MINERAL AND ENERGY RESOURCES INVESTMENTS

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(vii) Laura River Project (Australia)

The Laura River Gold Project consists of one exploration licence for minerals (EPM15242) covering 82.67 sq km and is centred on the Cape York Peninsula in Queensland, near the township of Laura. The Laura River Gold Project is located approximately 210 km north-west of Cairns and approximately 88 km west of Cooktown in North Queensland. The area is prospective for gold. Several historical alluvial workings are found in the vicinity of the Laura River and tributaries.

The 9th Annual Technical Report was lodged on 2 September 2016.

A licence renewal application was lodged on 19 May 2016 requesting another two year term. The renewal application was approved on 26 August 2016. The new expiry date is 23 August 2018.

As per the conditions of the exploration permit, Genesis was required to relinquish 25 sub blocks from EPM15242. A Partial Relinquishment Report was lodged on 20 June 2016. 25 of the 50 sub blocks were relinquished, and 25 sub blocks were retained. EPM15242 now covers 82.67 sq km.

A Partial Surrender of an Environmental Authority was lodged on 22 June 2016 and approved on 30 June 2016.

No field work was carried out for the year ended 30 June 2016 and the quarters ended 30 September 2016 and 31 December 2016 respectively.

(viii) Fenn Gap Project (Australia)

The Fenn Gap Project consists of an exploration licence (EL24839) covering a total area of 26.93 sq km and is located in the Northern Territory, approximately 25 km south west of Alice Springs. The project is 25 km from major infrastructure such as the Stuart Highway and Alice to Adelaide Railway.

Genesis was issued with a Partial Cancellation Notice (Loss of Block Penalty) for Fenn Gap on 23 June 2014, requesting the relinquishment of 13 sub blocks. EL24839 now comprises 14 sub blocks covering 26.93 sq km.

A Mining Management Plan Update was lodged on 2 December 2016.

A licence renewal application requesting another two-year period was lodged on 26 April 2016. The renewal application was approved on 25 July 2016. The new expiry date is 5 May 2018.

The 8th Annual Technical Report was lodged on 9 May 2016 and accepted as satisfactory by the Department of Mines and Energy on 1 June 2016.

No field work was carried out for the year ended 30 June 2016 and the quarters ended 30 September 2016 and 31 December 2016 respectively. A full review of existing data has been completed. A further, more detailed review of drilling data is underway to determine if drilling has adequately tested the known manganese mineralisation.

MINERAL AND ENERGY RESOURCES INVESTMENTS

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DIAMOND ASSETS IN AUSTRALIA

MERLIN DIAMONDS LIMITED

With effect from 25 November 2016, the Company disposed of its approximate 4.24% stake in Merlin Diamonds Limited ("**Merlin**"), a company incorporated in Australia whose shares are listed and quoted for trading on the ASX (ASX Code: MED).

(i) Merlin Diamond Project

Merlin wholly owns the Merlin diamond mine located some 100 km south of the settlement of Borroloola in the Northern Territory, Australia. There are 13 known diamond-bearing kimberlite pipe vents on the Merlin mine lease (ML 1154). Since 1998, nine of the Merlin pipes have been subject to open-pit mining over a five year period. These previous mining operations produced 507,000 carats of high quality diamonds. This included Australia's largest diamond at 104.73 carats. In 2004, North Australian Diamonds Ltd acquired the project from the Rio Tinto parties and current management took control in 2008.

In September 2014, Merlin announced that it had completed a feasibility study on Mechanical Clamshell Mining at the Merlin diamond mine. The study highlights a technically and economically robust project. Key results of the study include: Net present value at 8% discount rate (AU$102.2 million); internal rate of return of 52.7%; life of mine total net cash (undiscounted) of AU$132.9 million; payback period of four months; and updated Ore Reserve estimate of 11 years mine life producing 610,000 carats. Included in the feasibility study is an updated Probable Ore Reserve estimate. Merlin has also updated its Mineral Resource estimate.

The combined Mineral Resource and Ore Reserve estimates for all of the diamond pipes at the Merlin mine is now 27.8 million tonnes at 16 carats per hundred tonnes ("**cpht**") representing a total contained 4.35 million carats. The combined Probable Ore Reserve for all diamond pipes at the Merlin diamond mine is 4.04 million tonnes for an average grade of 15 cpht representing a total contained 0.61 million carats. The Probable Ore Reserve has been estimated on mechanical clamshell mining methods and is the result of the September 2014 feasibility study. The combined Indicated and Inferred Mineral Resource for all diamond pipes at the Merlin diamond mine is 27.8 million tonnes for an average grade of 16 cpht representing a total contained 4.35 million carats.

The resource and reserve estimates were reported in accordance with the JORC Code 2012 Edition by Mr. Mike Kammermann, a Competent Person (as defined in the JORC Code 2012 Edition). Mr. Kammermann is a member of The Australasian Institute of Geoscientists. Mr. Kammermann was employed by Axis Consultants Pty Ltd and has been engaged by Merlin to prepare the documentation for the Mineral Resource estimates. Mr. Kammermann has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person (as defined in the JORC Code 2012 Edition).

MINERAL AND ENERGY RESOURCES INVESTMENTS

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For a full description of these estimates, including material changes since the last estimates and Table 1 of the 2012 JORC Code (Merlin's Tenement Interests), please see Merlin's announcement of 30 September 2014 on Merlin's website titled "*Mechanical Clamshell Grab Mining Feasibility Study, Probable Ore Reserve Estimate and Mineral Resource Estimate Update*".

As announced by Merlin in its reports for the quarters ended 31 March 2016 and 30 June 2016 respectively, Merlin has completed the final structural design of the crane gantry frame for the barge and gantry mining arrangement with mechanical clamshell grab (the "**Mining Barge**") and tenders for construction of the Mining Barge are currently being reviewed.

No exploration at the Merlin mine was conducted for the three-month period ended 30 September 2016. The exploration portfolio was reviewed and non-core exploration projects were relinquished. Previous work identified seven drill-ready targets and 74 new exploration target areas remain to be investigated.

Merlin has decided to focus resources on development of the primary mining project at the Merlin diamond mine and high priority exploration targets within and immediately surrounding the mine lease and will therefore reduce its exploration portfolio. The Borroloola Project was reviewed during the quarters ended 31 March 2016, 30 June 2016 and 30 September 2016 respectively, and was assessed as being a non-core exploration asset and therefore this project, consisting of EL24512 and EL24082, has been relinquished.

As announced by Merlin in its report for the quarter ended 30 September 2016, project planning was undertaken during July and August 2016 to re-commence operations in 2016 as soon as possible after approval of the Mining Management Plan by the Department of Mines and Energy. Following a detailed review of the existing 60 tph plant, it was decided to simplify the plant flowsheet as well as introduce contract crushing and screening ahead of the existing Dense Media Separation ("**DMS**") plant. The impact of this includes:

- Significant reduction of the capital requirement and timeline to get the operation into production.
- Allowing existing oversize stockpiles to be treated for several months.
- Allowing for treatment of +40 mm ore from the open pits, which previously would have been added to the oversize stockpiles.
- Reducing the risk of crushing large diamonds, which have been proven to exist at the Merlin diamond mine.
- Positioning the Merlin diamond mine to scale up production of the process plant.

A modular final recovery unit incorporating X ray Flowsort recovery units purchased from Ellendale was transported to the Merlin diamond mine for installation and commissioning in October 2016. This together with the planned installation of a grease table for treating the Flowsort tailings will be a significant improvement over the previous DMS concentrate hand-sorting methodology.

The Mining Management Plan, which incorporates the environmental management plan and commitments for the project, was approved by The Department of Mines and Energy on 9 September 2016. Work immediately commenced to re-commission the plant and prepare for conventional mining in the Kaye pit.

MINERAL AND ENERGY RESOURCES INVESTMENTS

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The mobile plant for the contract crushing and screening was mobilised, commissioned and began processing stockpiled material on 1 October 2016. The first diamonds concentrate was produced on 4 October 2016. The water from the Kaye open pit was transferred into the Gareth pit in preparation for the mining of Kaye. It is planned to predominately treat stockpiled oversize ore in the first phase of operations, with mining in Kaye taking place before the wet season to stockpile additional ore.

Following a review of the mining methodology and mine planning, initial mining in 2016/17 year will be by conventional open pit mining from Kaye and Ector. The opportunity to mine ore from the other kimberlite pipes, in particular the small but high grade Ywain and Gwain pipes, by dry clamshell mining will be evaluated over the wet season.

Merlin is being assisted by Foundation Resources Pty Ltd. The mining industry professionals of Foundation Resources Pty Ltd have extensive experience in the mining of and exploration for diamonds including at Ellendale and Smoke Creek in Australia; and in South Africa, Botswana, Zimbabwe, Namibia, Lesotho, Angola, DRC and Indonesia.

(ii) Arnhem Land Exploration

Merlin's Arnhem Land project consists of one granted exploration licence (EL26206). Numerous exploration licences are currently at the application stage and are held by Merlin either directly or under joint venture agreements with other parties.

The licences are located on the North Australian Craton ("**NAC**") which is a geologically stable block favourable for kimberlite emplacement. The NAC hosts the Merlin kimberlite field, the Abner Range kimberlite and breccia pipes, and the Roper River and Timber Creek kimberlites.

The majority of the licence applications fall on land controlled by the Arnhem Land Aboriginal Land Trust. Merlin has farmed out the non-diamond rights for the majority of the licence applications to Top End Minerals Limited ("**Top End**"). Top End is responsible for negotiations with the Northern Land Council and progress of the licences to grant and to obtain early ground access. Top End has submitted Preliminary Exploration Permit applications to the Northern Land Council, which allow activities such as geological mapping, surface sampling and ground geophysics. These activities will enable Top End to make an early assessment of the prospectivity of some applications and whether to prioritise these for negotiations with the Northern Land Council.

(iii) Kimberley Diamond Projects

Merlin holds three mining licences (M80/492, M80/26 and M80/532) in the Kimberley region of Western Australia. The licences host a number of diamondiferous kimberlite pipes, which Merlin has previously evaluated to identify a JORC compliant Inferred Resource of 869,000 carats. Merlin continues to hold the mining licences as they retain commercial potential. The information in the table below was prepared and first disclosed under the JORC Code 2004 Edition. It has not been updated since to comply with the JORC Code 2012 Edition on the basis that the information has not materially changed since it was last reported.

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Kimberley Projects	Inferred Infill Resource (tonnes)	Inferred Kimberlite Resource (tonnes)	Total Inferred Resource (tonnes)	Grade (cpht)	Carats (Mcts)
Ashmore 1	305,000	868,000	1,173,000	3.67	43,000
Ashmore 2	262,000	771,000	1,033,000	6.00	62,000
Ashmore 3	108,000	243,000	351,000	3.42	12,000
Ashmore 4	58,000	100,000	158,000	13.29	21,000
Seppelt 1	214,000	1,101,000	1,315,000	25.9	341,000
Seppelt 2	27,000	146,000	173,000	225	390,000
TOTAL	**975,000**	**3,232,000**	**4,207,000**	**21**	**869,000**

CORPORATE SOCIAL RESPONSIBILITY

As the Group has yet to directly undertake any exploration, development and/or production activities of its own, it has not formalised its corporate social responsibility policy. Nonetheless, the Company is mindful of its corporate social responsibility and has made a conscious decision to only invest in companies which share the same outlook. It will from time to time review any potential social and environmental risks, and update the sustainability report accordingly.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

This report outlines the main corporate governance practices and procedures adopted by Blumont Group Ltd. ("**Blumont**" or "**Company**" and together with its subsidiaries, the "**Group**") with specific reference to the Code of Corporate Governance 2012 ("**Code**"). The Group and the Board of Directors ("**Board**") are committed to ensure and fully supports the principles and guidelines of the Code that forms part of the continuing obligations as described in the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") Listing Manual. The Board recognises that sound corporate governance practices are important to the proper functioning of the Group and enhances the interest of all shareholders.

The Monetary Authority of Singapore ("**MAS**") issued the revised Code of Corporate Governance on 2 May 2012 and is effective for annual reports relating to financial years commencing from 1 November 2012. The Code is not mandatory, but listed companies are required under the Singapore Exchange Listing Rules to disclose their corporate governance practices.

This report describes the Company's corporate governance practices that were in place throughout the financial year ended 31 December 2016 ("**FY2016**"), with specific reference to the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company has complied with the principles of the Code where appropriate.

The Board confirms the Group has adhered to all principles and guidelines set out in the Code for FY2016 except as otherwise stated.

The Code

The Code is divided into four main sections, namely:

(A) Board Matters

(B) Remuneration Matters

(C) Accountability and Audit

(D) Shareholders Rights and Responsibilities

(A) BOARD MATTERS

Principle 1: **The Board's Conduct of its Affairs**

Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

CORPORATE GOVERNANCE REPORT

As of the date of this Annual Report, the Board of the Company comprises five (5) members ("**Directors**"), namely:

Mr. Ng Kim Huatt (Executive Director)
Mr. Calvin Lim Huan Kim (Lead Independent Non-Executive Director)
Mr. Tan Gim Kang, Arran (Independent Non-Executive Director)
Mr. Aris Muhammad Rizal (Independent Non-Executive Director)
Mr. Alan Chin Yu (Non-Independent Non-Executive Director)

The profile of each Director is presented in the section headed "Board of Directors" of this Annual Report.

Blumont is headed by competent Board members with diversified backgrounds and they collectively bring with them a wide range of experience. Each first-time Director brings to the Board specific industry knowledge and expertise.

Newly appointed Directors will be provided with a formal letter, setting out their duties and obligations and first-time Directors will be required to attend relevant training. The Company has in place general orientation-training programmes to ensure that every newly appointed and incoming Director of the Company is familiar with the Group's operations and governance practices including briefing on the Groups' financial performance, strategies and action plans, corporate strategic direction, policies and activities. Mr. Alan Chin Yu, Non-Independent Non-Executive Director, was appointed to the Board with effect from 8 June 2016.

Directors are also briefed and/or updated regularly on accounting and regulatory changes as well as changing commercial risks, where necessary, including but not limited to: (a) amendments to the SGX-ST Listing Manual, (b) changes to the Companies Act, Chapter 50 and (c) changes to the Financial Reporting Standards.

In addition, the Board encourages its members to attend relevant seminars and courses to keep themselves updated on developments and changes in financial and regulatory requirements, and the business environment and outlook.

Role of the Board of Directors

The Board establishes the corporate strategies for the Group and sets strategic directions and objectives for the Management, supervises them and monitors the performance of these objectives to enhance and build long term sustainable value for shareholders.

The Board has delegated the day-to-day management of the Group to the Management headed by the Executive Director to facilitate effective management. The principal functions of the Board include, *inter alia*:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

- establish a framework of prudent and effective controls which enables risk to be assessed and managed including safeguarding of the shareholders' interest and the Company's assets;

CORPORATE GOVERNANCE REPORT

- review and monitor the performance of Management;
- set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues, where applicable, in the formulation of its strategies;
- monitor and review the adequacy of the Group's internal control systems, risk management systems, compliance and financial reporting systems;
- approve the annual budgets, business plans, major funding proposals, financial restructuring, share issuance, investment and divestment proposals; and
- review the Group's financial performance.

The Board carries out its function directly or through various committees, which have been set up to support its role.

Each Director is expected, in the course of carrying out his duties, to act in good faith and consider at all times the interests of the Company.

The Board has established and delegated certain specific responsibilities to the following three (3) Board committees to support the role of the Board:

- Nominating Committee ("**NC**");
- Remuneration Committee ("**RC**"); and
- Audit Committee ("**AC**").

These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also constantly monitored and reviewed by the Board. The roles and responsibilities of these committees are provided for in the latter sections of this report.

The Board accepts that while these Board committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

Board Meetings Held

The Board conducts meetings on a quarterly basis to coincide with the announcement of the Company's quarterly and full-year results. Ad-hoc meetings are convened as warranted by particular circumstances.

In addition to these meetings, special corporate events and actions requiring the Board's immediate approval were discussed over electronic mails and telephonic conference and resolved by Directors' resolutions. The Company's Constitution allows the Board to hold telephonic and video-conference meetings.

CORPORATE GOVERNANCE REPORT

Matters Requiring the Board's Approval

The matters which require the Board's approval, includes but not limited to the following:

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as interim and annual results announcements;
- financial objectives and financial performance of the Group;
- corporate strategic direction, strategies and action plans;
- the setting of policies and key business initiatives;
- major funding, material acquisition, investments, disposal and divestments and other material transactions; and
- the appointment and removal of the company secretaries.

The Board has established financial authorisation and proper approval processes pertaining to operating and capital expenditure including acquiring and disposing of assets and investments. This includes proper procedures, guidelines, handbooks, policies and forms are set forth and established for guidance, monitoring and review.

The number of Board and Board Committee meetings held in FY2016 and the attendance of each Director where relevant are as follows:

	Board of Directors		Nominating Committee ("NC")		Remuneration Committee ("RC")		Audit Committee ("AC")	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Ng Kim Huatt	4	4	NA	NA	NA	NA	NA	NA
Mr. Calvin Lim Huan Kim	4	3	1	1	1	1	4	3
Mr. Tan Gim Kang, Arran	4	4	1	1	1	1	4	4
Mr. Aris Muhammad Rizal	4	4	1	1	1	1	4	4
Mr. Farhash Wafa Salvador[1]	2	1	1	0	1	0	2	1
Mr. Alan Chin Yu[2]	2	2	NA	NA	NA	NA	NA	NA

NA: Not applicable

Notes:

1. Mr. Farhash Wafa Salvador resigned from the Board on 8 June 2016.
2. Mr. Alan Chin Yu was appointed as Non-Independent Non-Executive Director on 8 June 2016, a Member of NC and RC on 21 September 2016 and a Member of AC on 2 March 2017.

Principle 2: **Board Composition and Guidance**

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Board Composition and Independent Directors

The Board comprises five (5) Directors, one of whom is an Executive Director, three (3) Directors being Independent Directors and one (1) Non-Independent Non-Executive Director.

The Company has adopted the Code's definition of "Independent Director" and its guidance in respect of relationships which would deem a Director to be regarded as non-independent. The Company has the number of Independent Directors which complies with the Code's requirement that at least half of the Board should be made up of Independent Directors, which brings a strong and independent element to the Board.

The functions of examining and assessment of the Board are delegated to the Nominating Committee and its responsibilities and assessment are further discussed under the **Nominating Committee** heading, **Principle 4** and **Principle 5** as below.

As part of good corporate governance, the NC also reviews annually the independence of the Independent Directors to ascertain the compliance to the Code's definition of independence. Conversely, the NC has the discretion to determine that a Director is non-independent even if the Director does not fall under the circumstances set forth.

The criterion for independence is determined based on the definition as provided in the Code and Terms of Reference by examining the different relationships and no relationship that could interfere and/or view to interfere with the judgement of the Director is considered to be independent.

In addition, the Non-Executive Directors are constructively reviewing and assisting the Board to facilitate and develop proposals on strategy and review the performance of the Management in meeting on agreed objectives and monitor the reporting of performance. On the effectiveness, the Independent Directors have full access and co-operation from Management and officers including on a regular basis, the critical financial performance is presented for review. The Independent Directors have full discretion to have separate meetings and invite any Directors or officers to the meetings and to meet without the presence of Management as and when warranted by certain circumstances.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interest of the Company.

CORPORATE GOVERNANCE REPORT

Presently, Mr. Calvin Lim Huan Kim ("**Mr. Calvin Lim**") has served as an Independent Director of the Company for more than nine (9) years since his initial appointment in 2004. The Board has assessed his independence to a particularly rigorous review. Taking into account the views of the NC, the Board concurs that Mr. Calvin Lim continued to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a Director of the Company. Based on the declaration of independence received from Mr. Calvin Lim, he has no association with management that could compromise his independence. After taking into account all these factors, and also having weighed the need for Board's refreshment against tenure for relative benefit, the Board has determined that Mr. Calvin Lim continues to be considered an Independent Director, notwithstanding he has served on the Board for more than nine (9) years from the date of his first appointment.

The NC is satisfied that the Independent Directors met the criterion of independence as set forth and each of them has the ability to act with an independent judgement.

The composition of the Board takes into consideration the nature and scope of the Company's operations to ensure diversity and relevant skill sets for effective decision making. The Directors have varied qualifications and expertise in finance, accounting, business management, industry knowledge and strategic planning. After taking into account the scope and nature of the Company's operations as well as the diversified background and experience of the Directors, the NC and the Board are satisfied that the composition of the Board is of an appropriate size to facilitate effective decision making. The NC is also of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective.

On an annual basis and upon notification by an Independent Director of a change in circumstances, the NC will review the independence of each Independent Director based on the criteria for independence defined in the Code and recommends to the Board as to whether the Director is to be considered independent. The NC has reviewed and determined that the Independent Directors are independent.

Principle 3: **Chairman and Chief Executive Officer ("CEO")**

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing company's business. No one individual represents a considerable concentration of power.

Mr. Ng Kim Huatt is the Executive Director of the Company. The Company had appointed Mr. Calvin Lim as the Lead Independent Director. The Lead Independent Director is available to shareholders where they have concerns which contact through the normal channels of the Executive Director has failed to resolve or for which such contact is inappropriate.

Led by the Lead Independent Director, the Independent Directors of the Company would meet periodically, as and when necessary, without the presence of the other Directors, and the Lead Independent Director would provide feedback to the Executive Director after such meetings.

The Executive Director's functions and responsibilities mainly include the following:

- lead the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- ensure that the Board's meetings are held regularly;
- set the agenda and ensure that adequate time is available for discussion of all agenda items;
- ensure that the Directors receive accurate, timely and clear information;
- promote a culture of openness and debate at the Board;
- ensure effective communication with shareholders;
- encourage constructive relations within the Board and between the Board and Management;
- facilitate the effective contribution of Non-Executive Directors in particular;
- provide and advise the Board in its strategic direction of the Company; and
- promote high standards of corporate governance by ensuring compliance with the Company's guidelines on corporate governance.

The Executive Director is also responsible for the Company's strategic direction and ensuring the execution of strategic goals and day-to-day management of the Group.

Principle 4: **Board Membership**

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Nominating Committee

As at the date of this report, the NC of the Company comprises four (4) members, namely:

- Mr. Tan Gim Kang, Arran (Chairman);
- Mr. Calvin Lim Huan Kim;
- Mr. Aris Muhammad Rizal; and
- Mr. Alan Chin Yu.

The majority of the NC are Independent Directors except for Mr. Yu who is a Non-Independent Non-Executive Director and none of the NC members are associated with any substantial shareholders of the Company. The members meet at least once a year.

CORPORATE GOVERNANCE REPORT

The Board is of the view that the current NC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on appointment and re-appointment of Directors and other relevant matters to the Board. The Board will constantly examine the NC composition from time to time.

The NC has specific written Terms of Reference setting out their duties and responsibilities. The NC's main principal functions are as follows:

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors;

- review and recommend the re-nomination of Directors in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance;

- ensure that at least half of the Board are made up of Independent Directors;

- determine annually whether or not a Director of the Company is independent;

- review the structure, composition and size of the Board;

- decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board;

- assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board;

- reviewing of board succession plans for Directors; and

- reviewing of training and professional development programs for the Board.

The process for the selection and appointment of new Board members is as follows:

- the NC evaluates the balances of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;

- the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board;

- the NC meets with short-listed candidate(s) to assess their suitability and to ensure that the candidate(s) are aware of the expectations; and

- the NC makes recommendations to the Board for approval.

The NC establishes the process for assessing the effectiveness of the Board and for assessing the contribution by each individual Director. It also makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.

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The Board believes that individual director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as Director of the Company, bearing in mind his other commitments. In considering, the nomination of Directors for re-election and re-appointment, the NC will take into account, amongst others, the competing time commitments faced by the directors with multiple Board memberships.

During FY2016, the NC is satisfied that sufficient time and attention were being given by the Directors to the affairs of the Group, and there is presently no need to implement internal guidelines to address their competing time commitments. The NC is also of the opinion that the current Board size is adequate for the effective functioning of the Board.

Pursuant to the Constitution of the Company, one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company. The Constitution also provides that all the Directors shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election. According to the Company's Constitution, Mr. Tan Gim Kang, Arran shall retire by rotation and Mr. Alan Chin Yu shall retire pursuant to Regulation 120 of the Company's Constitution and will each submit themselves for re-election at the Company's forthcoming annual general meeting. In making the recommendation, the NC had considered the Directors' overall contributions and performance.

There is no alternate director on the Board.

The NC has recommended to the Board that Mr. Tan Gim Kang, Arran and Mr. Alan Chin Yu be nominated for re-election at the forthcoming annual general meeting. The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election at the forthcoming annual general meeting.

Key information regarding the Directors, including their present and past three years' directorships in other listed companies are set out in the section headed "Board of Directors" of this Annual Report.

Principle 5: **Board Performance**

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The NC has adopted a formal process to assess the effectiveness of the Board as a whole and for assessing the contribution by each individual Director. This evaluation is to be carried out at least once a year. When a Director has multiple board representations, the Director would need to ensure that sufficient time and attention is given to the affairs of each company. Nevertheless, the NC will also review and assess whether the Director is able to and has been adequately carrying out the duties as a Director of the Company. Upon assessment, the NC will make recommendations for improvement, as and when required.

The Chairman of the Board will act on the results of the performance evaluation and recommendation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of the Directors, in consultation with the NC.

CORPORATE GOVERNANCE REPORT

During the financial year, the Directors were requested to complete an assessment checklist/form which focuses on the criterion on effectiveness and efficiency on the Board's access to information, evaluation of the size and composition of the Board, the Board's processes, procedures and compliance, and accountability, Board's performance in connection to discharging its responsibilities and duties and Directors' standards of conduct. In addition, the qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

The individual assessment would include and aim to assess efficiency and effectiveness of each Director's continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties.

Upon reviewing the assessment, the NC is of the opinion that the Board and each member of the Board have been effective and efficiently contributed to the Board and Group during the year.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his/her performance or re-nomination as a Director.

Furthermore, the Board will continuously review and assess the current size and composition of the Board on the adequate ability to meet the Group's existing scope of needs and the nature of operation for effective decision making. From time to time, the review of the appropriateness will be taking into consideration the changes in the nature and scope of the Group's operations as well as diversified background, experience of the Directors and regulatory environment.

Principle 6: **Access to Information**

In order to fulfill their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board is provided with board papers in advance before each board meeting, giving the background, explanatory information and justification for each decision and mandate sought by the Management, including, where applicable, pertinent financials, to enable them to be properly informed of matters to be discussed and/or approved.

All Directors have separate and independent access to the Management Team of the Group at all times and can communicate directly with the Management, the officers, the Company Secretary and external auditors on all matters as and when they deem necessary. They have full access to the Company's records and information and may obtain independent legal and other professional advice if it deems necessary in the discharge of its responsibilities properly. Such expenses are to be borne by the Company.

The Company Secretary or representative(s) from the Secretary's office attends the Board Meetings and is responsible for recording the proceedings. In addition, the Company Secretary or a representative assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Constitution and relevant rules and regulations, including requirements of the Singapore Companies Act and the SGX-ST, are complied with. The appointment and removal of the Company Secretary are decided by the Board as a whole.

(B) REMUNERATION MATTERS

Principle 7: **Procedures for Developing Remuneration Policies**

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

The Company had established a Remuneration Committee ("RC") which comprises four (4) Directors, the majority of whom are independent Directors except for Mr. Alan Chin Yu who is a Non-Independent Non-Executive Director.

The members of the RC are:

- Mr. Calvin Lim Huan Kim (*Chairman*);
- Mr. Tan Gim Kang, Arran;
- Mr. Aris Muhammad Rizal; and
- Mr. Alan Chin Yu.

The Board is of the view that the current RC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on reviewing and recommending to the Board a remuneration framework for the Board, Management and key employees as well as other compensation related matters. The Board will constantly examine the RC composition from time to time.

The RC is governed by the RC's Terms of Reference which describes the duties and responsibilities of the RC. The duties and functions of the RC are as follows:

- recommend to the Board a framework of remuneration for the Board, Non-Executive Directors, Executive Director, Management and key employees of the Company;
- recommend specific remuneration packages for each Director and the key management personnel of the Group;
- review of service contracts and/or employee contracts, where applicable;

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- oversee and review the administration of the Blumont ESOS and Blumont PSP as defined in the Blumont Employee Share Option Scheme 2013 (“**Blumont ESOS 2013**”) and Blumont Performance Share Plan (“**Blumont PSP**”), respectively through Compensation Committee (comprise of Mr. Calvin Lim Huan Kim, Mr. Tan Gim Kang, Arran, Mr. Aris Muhammad Rizal and Mr. Alan Chin Yu);

- recommend payment of fees to Non-Executive Directors based on the effort, time spent and responsibilities of the individual Director;

- review the Company’s obligations arising in the event of termination of the Executive Director, Management and key employees’ contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

- other acts as may be required by the SGX-ST and the Code from time to time.

The RC covers all aspects of remuneration, including but not limited to Directors’ fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind, compensation/termination and gratuities. The members of the RC shall not be involved in the discussion and in deciding their own remuneration. Each member of RC shall abstain from voting on any resolutions in respect of his/her own remuneration package.

The RC may obtain independent professional advice if deem necessary in the discharge of its responsibilities properly. Such expenses are to be borne by the Company.

The Non-Executive Directors are paid a fixed Directors’ fee for their efforts, responsibilities, time spent and contribution to the Board. Directors’ fees are recommended by the Board for approval by shareholders at the Company’s annual general meetings.

During the year, the RC proposed and recommended that the directors’ fees for the financial year ending 31 December 2017 is to be fixed at S$100,000, to be paid quarterly in arrears for shareholders’ approval at the forthcoming annual general meetings. The final payment of the Directors’ fees will be reviewed and if required will be tabulated for shareholders’ approval in a general meeting, upon the assessment and proposal of the NC and RC, from time to time, and taking into consideration the current search for a replacement of Director and review of the Board composition.

Principle 8: **Level and Mix of Remuneration**

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

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The review of the remuneration packages takes into consideration the long-term interests of the Group, the performance of the Group, overall assessment of the Board, the individual assessment of each Director, level of contribution to the Company and Board, taking into account factors such as, efforts and time spent and responsibilities and duties of the Directors, carefully evaluating the costs and benefits of each incentive before recommendation to the Board for review and approval. Nevertheless, the RC will ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

During the year, the RC reviewed the compensation and remuneration packages and strongly believes that the Directors and the Management are sufficiently compensated. In addition, the RC will ensure to provide appropriate compensation packages at market rates for the Board and the Management of the Company which will reward successful performance and attract and motivate the Directors and the Management.

Principle 9: **Disclosure on Remuneration**

Each Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The Company recognises that a clear disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid/payable to the Directors and the Management personnel. The Company has Blumont ESOS 2013 and Blumont PSP as described below:

<u>Blumont ESOS 2013</u>

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the Blumont ESOS 2013, options may be exercised after 1st anniversary of the date of grant and before the 5th anniversary of such date of grant for non-executive directors and the 10th anniversary of such date of grant for group employees.

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The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

(a) fixed at the Market Price ("**Market Price Option**") equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or

(b) set at a discount to a Market Price ("**Discount Option**"), provided that the maximum discount shall not exceed twenty per cent (20%) of the Market Price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial year ended 31 December 2016.

Except as disclosed above,

- there were no share options granted by the Company or its subsidiaries during the financial year;

- there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries during the financial year; and

- there were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

<u>Blumont PSP</u>

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont PSP, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, inter alia, the participant's performance and/or contribution to the Company.

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

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No incentive share awards under the Blumont PSP have been granted during and as at the financial year ended 31 December 2016.

The remuneration of each Director and Key Management personnel (who are not Directors and/or CEO of the Company) has been disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2016 is as follows:

Remuneration Band Above S$250,000

Name	Director Fees	Salary & Allowance	AWS	Bonus	Blumont PSP	Total
Executive Director						
Ng Kim Huatt	–	92%	8%	–	–	100%

Remuneration Band Below S$250,000

Name	Director Fees	Salary & Allowance	AWS	Bonus	Blumont PSP	Total
Non-Executive Directors						
Calvin Lim Huan Kim	100%	–	–	–	–	100%
Tan Gim Kang, Arran	100%	–	–	–	–	100%
Aris Muhammad Rizal	100%	–	–	–	–	100%
Alan Chin Yu	100%	–	–	–	–	100%
Key Management Personnel (who are not Directors and/or CEO of the Company)						
John Lee Yow Meng	–	92%	8%	–	–	100%
Tony Tan Aik Hong	–	92%	8%	–	–	100%

The Company has two Key Management Personnel (who are not Directors and/or CEO of the Company) which their aggregate total remuneration was S$245,280 for the financial year ended 31 December 2016.

For the financial year ended 31 December 2016, there are no employees who are immediate family members of a Director.

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(C) ACCOUNTABILITY AND AUDIT

Principle 10: **Accountability**

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board recognises the importance and aims to provide to the shareholders with a balanced and understandable fair assessment of the Group's performance, position and prospects including accurate, relevant and appropriate information of the financial position, detailed explanatory analysis and the prospects of the Group when it announces the interim and annual financial statements.

The Board furnishes the shareholders with interim financial results within 45 days from the end of each quarter and annual financial results to be released within 60 days from the financial year end, on a timely basis.

In addition, periodic and timely announcement of the Group's developments, price sensitive public reports and information, reports to regulators and all necessary information are provided to the shareholders in order for them to better comprehend the Group's performance, position and prospect. The announcement submitted for shareholders and the public will be in accordance to SGX-ST timeline and regulations.

The Management provides the Board with financial information of the Group's performance and position, on a timely basis at all times and complete with accurate, relevant and appropriate information, to facilitate effective and efficient discussion and decision making and to also enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Principle 11: **Risk Management and Internal Controls**

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests 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.

Internal Control Systems

The Board determines the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board had, at least annually, review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review had been carried out internally.

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In addition, the independent auditors conduct an annual review, in accordance with Singapore Standards on Auditing. The Committee also reviews the adequacy and effectiveness of the actions taken by the Management on the recommendations made by the external auditors in this respect where necessary.

It is the opinion of the Board with the concurrence of the AC that the internal control systems, which addresses the Group's financial, operational, compliance and information technology controls and risk management systems, maintained by the Group is in place and adequate throughout the financial year and up to the date of the Annual Report. It provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks.

The Board notes that all internal control systems contain inherent limitations and no internal control systems could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities. However, other procedures, policies, guidelines and compliance regulations, as discussed in the Annual Report, are in place to mitigate any possible and/or suspected irregularities. Nothing has come to the attention of the AC, Board and/or the Management that there is any deficiency in the internal control systems that resulted in significant loss and/or material financial statements misstatements.

The Board has received assurance from the Executive Director and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and also an adequate and effective risk management and internal control systems has been put in place.

Risk Management

The Company is aware that each business and transaction of operation carries risk whether internally and/or externally in the form of environmental, operational, financial and/or Management decision making risk. The operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Other risks would include legal risk and strategic risk (the risk of a loss arising from a poor strategic business decision). The Company's financial risk management and policies are further outlined in the Annual Report under heading "Financial Risk Management" in the "Financial Statement" section of this Annual Report.

The Group regularly reviews and improves its business and operations activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

CORPORATE GOVERNANCE REPORT

Principle 12: **Audit Committee**

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

As at the date of this report, the Audit Committee (the "**AC**") of the Company comprises four (4) members, the majority of whom are Independent Directors except for Mr. Alan Chin Yu who is an Non-Independent Non-Executive Director.

The members of the AC are:–

- Mr. Calvin Lim Huan Kim (*Chairman*);
- Mr. Tan Gim Kang, Arran;
- Mr. Aris Muhammad Rizal; and
- Mr. Alan Chin Yu.

The members meet at least four (4) times in a year.

The AC has specific written Terms of Reference setting out their duties and responsibilities. The AC's main principal functions are as follows:

- review the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;
- review the assistance given by the Company's Management to the independent auditors;
- review the quarterly and the annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- review the effectiveness of the Group's material internal control systems, including financial, operational, compliance, information technology controls and risk management systems;
- meet with the independent auditors, other committees, and/or the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

CORPORATE GOVERNANCE REPORT

- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- review the scope and results of the external audit, cost effectiveness and the independence and objectivity of the independent auditors;

- review the nature and extent of non-audit services provided by the independent auditors;

- recommend to the Board the independent auditors to be nominated, approve the compensation and terms of engagement of the independent auditors;

- report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and

- review interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC has full access to and co-operation of the Management, officers, Company Secretary, Directors and relevant external regulator and/or professional parties and has full discretion to invite any Director or officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC also reviews any arrangement by which staff of the Group, or any other officers, may, in confidence, raise concerns about possible and/or suspected fraud, irregularities, corruption, dishonest practices and/or improprieties in matters of financial reporting or other similar matters. The AC's objective is to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action and improvements, if necessary and required.

In 2006, the Company adopted the Whistle-Blowing Policy provided to the staff with well-defined and accessible channels within the Group to counter and mitigate any possible and/or suspected fraud. Proper written procedures, policies and guideline are in place for making such reports in good faith, with confidence and will be treated fairly and be protected from reprimand. As at the date of this report and to the best of their knowledge and belief, nothing has come to the attention of the AC that may require any follow up and/or action plan.

All subsidiaries are audited by member firms of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is also a member except for PT. Rel-ion Sterilization Services, which is audited by Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Rekan, Indonesia, a member firm of PKF International Limited; and Gemisuria Corporation Sdn Bhd, which is audited by KBCF Tan, Malaysia. The Group's associate, Azarga Uranium Corp. is audited by BDO Canada, LLP.

CORPORATE GOVERNANCE REPORT

In evaluating the degree of reliance to be placed on the financial statements and auditor's reports on the subsidiaries and associate, Moore Stephens LLP, Singapore may perform certain audit procedures where appropriate for purpose of consolidation.

The AC and Board are of the view that these audit firms are adequately resourced, of appropriate standing within the international affiliation, have reviewed and are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company and that the Company is in compliance with Rule 712, 715 and 716 of the Listing Manual of the SGX-ST.

During the financial year under review, the AC, having reviewed non-audit services provided by the independent auditors to the Group, that would affect the independence of the independent auditors, was of the opinion that there was no non-audit services rendered. The fees paid and/or payable to the independent auditors amounted to approximately S$157,130 for audit services rendered by independent auditors. During the financial year under review, the AC has met with the Company's independent auditors without the presence of Management. In addition, the AC has also conducted a review of interested person transaction and was of the opinion that there was no interested person transaction.

Throughout the financial year ended 31 December 2016, the Board has assessed and reviewed, together with the assistance of the NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Directors, Management and officers to the AC and that the AC has been effectively and efficiently contributing to the Board and the Group. In addition, two (2) of the members of the AC has relevant accounting and related financial management expertise, experience, knowledge related to the business of the Group, as the Board interprets such qualification in its business judgement. During the financial year 2016, the AC had held four (4) meetings to review and undertake the scope of work as set in above. The independent auditors provides regular updates and briefing to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Based on the Group's latest audited consolidated financial statements for the year ended 31 December 2016, assets in the mineral and energy resources sector of the Group contributed 0.3% of the Group's total assets (as outlined in the Annual Report under heading Operating Segments). Pursuant to Practice Note 6.3 of the Listing Manual of the SGX-ST, the Group may not be considered principally in the business of exploration for or extraction of mineral, oil or gas assets as at 31 December 2016. The Group had disposed significant amount of mineral and energy resources assets for repayment of its debts to Wintercrest Advisors LLC during the financial year ended 31 December 2016. The Company may consider to acquire mineral and energy resources in the future and will continue to comply with all continuing listing rules under the Listing Manual of the SGX-ST that are applicable to mineral, oil and gas companies.

The AC has recommended to the Board of Directors the re-appointment of Messrs Moore Stephens LLP as independent auditors of the Company. The independent auditors of the Company are in compliance of the Rules 712(1) of the Listing Manual of the SGX-ST whereby "*a mineral, oil and gas company must appoint an auditing firm where the auditing firm and audit partner-in-charge have the relevant industry experience*". The Board will review the appointment of independent auditors from time to time and together with its committees will be rigorously reviewing the compliance of Rules of the Listing Manual of the SGX-ST.

Principle 13: **Internal Audit**

The Company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises and is responsible for designing, implementing and maintaining internal control systems and processes relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances, to safeguard shareholders' investments and the Group's business and assets.

Currently, the internal audit functions are subsumed under the finance team, with the relevant qualifications and experience, and that it is independent of the activities it audits. The AC has reviewed and is satisfied that the existing systems of internal control systems are adequate, taking into consideration the corporate structure and scope of the Group's operations.

The key element in the Group's internal system is the control which Management exercise over expenditure for investments and capital spending, with the various levels of approvals documented in the authorisation limits granted by the Board.

The AC will review the adequacy of the function of the internal audit from time to time and will propose an independent engagement of internal auditor or professional firm to carry out the internal audit function as and when the need arise taking into consideration the corporate structure and scope of the Group's operations.

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14:

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company facilitates the exercise of ownership rights by all shareholders. In particular, the shareholders of the Company are sufficiently informed of changes in the Company's business and development that are price sensitive and would be likely to materially affect the price or value of the Company's shares and those information are communicated to the shareholders on a timely basis via the SGXNet.

CORPORATE GOVERNANCE REPORT

The Company also ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders.

The shareholders would be informed of the rules, including voting procedures, that govern general meetings of shareholders of the Company.

The Board has not declared dividend payments for FY2016 after taking into account various factors including:

- the level of the available cash; and

- the projected levels of capital expenditure and other investment plans.

Principle 15: **Communication with Shareholders**

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. The Company does not practice selective disclosure. In line with the continuous obligations of the Company pursuant to the Rules of the Listing Manual of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments and the Company will make disclosure publicly to all shareholders as soon as practicable.

The Board provides shareholders with an assessment of the Company's performance, position and prospects via interim and annual results announcements and other ad-hoc announcements as required by the Singapore Exchange. The Company does not practise selective disclosure. Price sensitive information is first publicly released through the SGXNet. In addition, The Company has taken steps to solicit and understand the views of the shareholders through the Company website and investor relations firm.

Results and annual reports are announced and/or issued within the mandatory period. All the shareholders of the Company receive the annual report and the notice of the annual general meeting.

Principle 16: **Conduct of shareholder meetings**

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

At the annual general meeting, shareholders are given the opportunity to opine their views and seek clarification on questions regarding the Company. The Directors, Management and the external auditors are normally available at the annual general meeting to address any relevant queries from the shareholders. At the shareholders' meeting, each distinct issue is proposed as a separate resolution. The Board considers the annual general meeting as the main forum where dialogues with shareholders can be effectively conducted.

CORPORATE GOVERNANCE REPORT

Shareholders have the opportunity to participate effectively and to vote in annual general meetings. They are allowed to vote in person or by appointed proxy. The Constitution of the Company allows members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at the annual general meetings. *The Constitution of the Company currently does not allow a shareholder to vote in absentia*.

During the annual general meeting, the resolutions on each substantially separate issues are disclosed separately and not bundled together unless the resolutions are interdependent and linked so as to form one significant proposal and clear explanation and reasons are to be provided together with its material implications.

For greater transparency, the Company adopted poll voting for resolutions and disclosure of detailed voting outcomes for all shareholders' general meeting held on and after 1 August 2015, including the appointment of independent scrutineers to oversee the voting process and enhance their disclosures on voting outcomes. An announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day of the annual general meeting.

The Company adopts the practices of preparation of minutes or notes of annual general meeting, whereby there are substantial comments or queries from the shareholders and response from the Board and Management, and to make these minutes or notes available to shareholders upon their request. In addition, the Company practices transparency during the annual general meeting whereby the Chairmen of the NC, RC and AC and the Company's independent auditors are present and available to address shareholders' questions and concerns about the conduct of the Company and/or audit and the preparation and content of the Independent Auditors' Report.

OTHER GOVERNANCE PRACTICES

Material Contracts

There is no material contract of the Company and its subsidiaries, including loans, involving the interests of any Director or the controlling shareholders either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year, save as for those as announced via SGXNet and as outlined in the Annual Report under headings "Borrowings" in the "Financial Statements" section.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested persons transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

CORPORATE GOVERNANCE REPORT

The Board and the AC will review all interested person transactions to be entered into to ensure that the relevant rules under Chapter 9 of the Listing Manual are complied with.

Except those as announced via SGXNet and as outlined in the Annual Report under headings **Trade and Other Payables** and **Related Party Transactions**, there is no other interested person transaction for the financial year ended 31 December 2016 is as follows:

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

The Board confirms that there were no interested party transactions as prescribed in Listing Rule 907.

Dealing in Securities

In line with Blumont's Best Practices Guide in Dealing in Securities (the "**Best Practices Guide**") adopted and reviewed from time to time, the Company has in place a code of conduct on share dealings by officers. This code sets out the statutory restrictions on insider trading as well as the recommendations of the Best Practices Guide on securities transactions. This has been made known to the officers, including the Directors, staff, any relevant body corporate and officers of the Company and the Group, not to deal during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements.

The officers have been informed that to deal in the Company's securities, as well as securities of other listed companies, when they are in possession of information that is not generally available but, if it were, would be likely materially to affect the price of those securities in relation to those securities and relates to any transaction (actual or expected) involving both those bodies corporate or involving one of them and securities of the other are prohibited and is a subject to the law. The Company, while having provided the window periods for dealing in the Company's securities, has its own internal compliance code in providing guidance to its officers with regards to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times. In addition, an officer should also not deal in the Company's securities on short-term considerations.

In the opinion of the AC, to the best of their knowledge and belief, the Company complies with Blumont's Best Practices Guide.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon, as set out on pages 92 to 187, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group for the year then ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due as disclosed in Note 3(b) to the financial statements.

1 DIRECTORS

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

Mr. Ng Kim Huatt	Executive Director
Mr. Calvin Lim Huan Kim	Lead Independent Director
Mr. Tan Gim Kang, Arran	Independent Non-Executive Director
Mr. Aris Muhammad Rizal	Independent Non-Executive Director
Mr. Alan Chin Yu	Non-Independent Non-Executive Director (Appointed on 8 June 2016)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed under "Share Options" in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At 1.1.2016	**At 31.12.2016**	**At 21.1.2017**	**At 1.1.2016**	**At 31.12.2016**	**At 21.1.2017**
Company:						
Blumont Group Ltd.			Ordinary shares			
Mr. Ng Kim Huatt	100,000,000	100,000,000	100,000,000	–	–	–
Mr. Calvin Lim Huan Kim	21,700,000	21,700,000	21,700,000	–	–	–
Mr. Tan Gim Kang, Arran	15,000,000	15,000,000	15,000,000	–	–	–
Mr. Aris Muhammad Rizal	10,000,000	10,000,000	10,000,000	–	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4 SHARE OPTIONS

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive director) and non-executive directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Mr. Calvin Lim Huan Kim (Chairman), Mr. Tan Gim Kang, Arran, Mr. Aris Muhammad Rizal and Mr. Alan Chin Yu.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the Blumont ESOS 2013, options may be exercised after the 1st anniversary of the date of grant and before the 5th anniversary of such date of grant for non-executive directors and the 10th anniversary of such date of grant for group employees.

4 SHARE OPTIONS (CONTINUED)

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013") (Continued)

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

(a) fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or

(b) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial years ended 31 December 2016 and 2015.

Except as disclosed above,

- there were no share options granted by the Company or its subsidiaries during the financial year;
- there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries during the financial year; and
- there were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

5 PERFORMANCE SHARE PLAN

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont Performance Share Plan (the "Blumont PSP"), for granting of incentive share awards to employees (including executive director) and non-executive directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Mr. Calvin Lim Huan Kim (Chairman), Mr. Tan Gim Kang, Arran, Mr. Aris Muhammad Rizal and Mr. Alan Chin Yu.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 PERFORMANCE SHARE PLAN (CONTINUED)

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

On 15 December 2015, the Company granted 215,000,000 performance shares to directors and employees of the Company. The shares were issued and allotted at S$0.002 per share on 16 December 2015.

No incentive share awards under the Blumont PSP have been granted during and as at the financial year ended 31 December 2016.

6 AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the date of this statement are as follows:

Mr. Calvin Lim Huan Kim (Chairman)
Mr. Tan Gim Kang, Arran
Mr. Aris Muhammad Rizal
Mr. Alan Chin Yu

The AC has performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

(i) reviewed the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;

(ii) reviewed the assistance given by the Company's management to the independent auditors;

(iii) reviewed the quarterly and annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group;

(iv) reviewed the effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management systems;

(v) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6 AUDIT COMMITTEE (CONTINUED)

(vi) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation to the auditors, and review the scope and results of the audit; and

(vii) reviewed interested person transactions, if any, in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the independent auditors to the Group is satisfied that the nature and extent of such services would not affect the independence of the independent auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year. The AC has also met with the independent auditors, without the presence of the Company's management, at least once a year. The attendance of the meeting is disclosed in the Corporate Governance Report in the Company's Annual Report.

It is the opinion of the Board of Directors with the concurrence of the AC that the system of internal controls, which addresses the Group's financial, operational, compliance and information technology risks, maintained by the Group is in place and adequate throughout the financial year and up to the date of this report.

Further details regarding the AC are disclosed in the Corporate Governance Report in the Company's Annual Report.

The AC has recommended to the Board of Directors the nomination of Moore Stephens LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7 INDEPENDENT AUDITORS

The auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

NG KIM HUATT
Executive Director

CALVIN LIM HUAN KIM
Lead Independent Director

Singapore
3 April 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD. (Incorporated in Singapore)

Report on the Audit of the Financial Statements

We were engaged to audit the financial statements of Blumont Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Appropriateness of Going Concern Assumption

As stated in Note 3(b) to the financial statements, as at 31 December 2016, the Company's current liabilities exceeded its current assets by approximately S$2.9 million. In addition, the Company has received two demand notes from the Inland Revenue Authority of Singapore ("IRAS") on 8 February 2017 to pay the outstanding withholding taxes of S$1.1 million and late payment penalty of S$0.1 million as disclosed in Note 23 to the financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company and the Group to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business.

The financial statements have been prepared on the assumption that the Company and the Group will continue as going concerns. Management has prepared a cash flow forecast which shows that the Company and the Group will have sufficient cash resources to satisfy their day-to-day operations for the next twelve months from 31 December 2016 and to pay their debts as and when they fall due. The forecast includes the assumptions disclosed in Note 3(b)(i) to the financial statements. Those assumptions are premised on future events, the outcome of which is inherently uncertain.

In view of the material uncertainties as discussed above, we are unable to obtain sufficient appropriate audit assurance regarding the use of the going concern assumption in the preparation of the financial statements. Accordingly, we are unable to form a view as to the use of the going concern assumption in the preparation of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD. (Incorporated in Singapore)

Basis for Disclaimer of Opinion (Continued)

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

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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("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 responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position of the Company in accordance with Singapore Standards on Auditing ("SSAs") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD. (Incorporated in Singapore)

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 by those subsidiaries 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 Mr Ng Chiou Gee Willy.

Moore Stephens LLP
Public Accountants and Chartered Accountants

Singapore
3 April 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 S$	Group 2015 S$
Revenue	5	**3,707,826**	3,639,643
Other gains/(losses) – net	6	**8,736,195**	(8,434,159)
Expenses			
– Raw materials and consumables used		**(85,483)**	(98,893)
– Employee benefits	7	**(1,764,916)**	(2,175,022)
– Others	8	**(2,223,343)**	(9,641,082)
– Impairment loss on financial assets, available-for-sale	21	**(110,147)**	(5,888,785)
– Impairment loss on investment in an associate	19	**–**	(216,835)
– Dilution (loss)/gain on investment in an associate	19	**(1,379,744)**	180,868
– Share of loss of an associate	19	**(1,050,005)**	(1,724,507)
– Finance costs	9	**(3,504)**	(4,156,287)
Total expenses		**(6,617,142)**	(23,720,543)
Profit/(Loss) before income tax		**5,826,879**	(28,515,059)
Income tax	10	**(406,655)**	(449,277)
Profit/(Loss) for the year		**5,420,224**	(28,964,336)
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit plans	26	**(58,278)**	(46,391)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation loss			
– Loss on translating foreign operations		**(914,876)**	(1,485,931)
– Reclassified to profit or loss		**561,478**	–
Net change in fair value of financial assets, available-for-sale	21(a)	**–**	1,524,826
Cumulative gain in fair value of financial assets, available-for-sale reclassified to profit or loss		**(1,524,826)**	–
Share of other comprehensive income/(loss) of an associate	19	**94,740**	(375,614)
Other comprehensive loss, net of tax		**(1,841,762)**	(383,110)
Total comprehensive income/(loss) for the year		**3,578,462**	(29,347,446)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**4,957,280**	(29,560,976)
Non-controlling interests	18(f)	**462,944**	596,640
		5,420,224	(28,964,336)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**3,089,972**	(29,605,800)
Non-controlling interests		**488,490**	258,354
		3,578,462	(29,347,446)
Profit/(Loss) per share (S$ cents)	11		
– Basic		**0.07**	(0.82)
– Diluted		**0.07**	(0.82)

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group 2016 S$	Group 2015 S$	Company 2016 S$	Company 2015 S$
ASSETS					
Current assets					
Cash and bank balances	12	**497,849**	2,021,309	**36,876**	64,331
Financial assets, at fair value through profit or loss	13	**133,400**	1,074,188	**–**	1,500
Trade and other receivables	14	**672,715**	895,847	**5,618**	151,456
Other current assets	15	**372,676**	722,557	**115,752**	122,862
Development property	16	**4,651,424**	4,749,561	**–**	–
Assets held for sale	17	**1,426,114**	1,670,118	**–**	–
		7,754,178	11,133,580	**158,246**	340,149
Non-current assets					
Investments in subsidiaries	18	**–**	–	**250,519**	4,416,285
Investment in an associate	19	**–**	5,151,789	**–**	–
Loans to subsidiaries	18	**–**	–	**8,149,744**	8,682,903
Investment properties	20	**–**	–	**–**	–
Financial assets, available-for-sale	21	**32,355**	10,847,458	**32,355**	10,847,458
Property and equipment	22	**4,701,471**	4,427,140	**160,294**	244,961
Deferred tax assets	27	**237,294**	155,541	**–**	–
		4,971,120	20,581,928	**8,592,912**	24,191,607
Total Assets		**12,725,298**	31,715,508	**8,751,158**	24,531,756
LIABILITIES					
Current liabilities					
Trade and other payables	23	**3,468,741**	17,439,048	**2,418,790**	16,965,552
Borrowings	24	**32,736**	27,580,647	**32,736**	27,580,647
Loan from a subsidiary	18	**–**	–	**611,392**	–
Current income tax liabilities		**36,400**	89,142	**–**	–
		3,537,877	45,108,837	**3,062,918**	44,546,199
Non-current liabilities					
Trade and other payables	23	**500,000**	–	**–**	–
Employee compensation	26	**799,060**	603,753	**–**	–
Borrowings	24	**51,205**	83,941	**51,205**	83,941
Deferred tax liabilities	27	**–**	11,979	**–**	–
		1,350,265	699,673	**51,205**	83,941
Total Liabilities		**4,888,142**	45,808,510	**3,114,123**	44,630,140
Net Assets/(Liabilities)		**7,837,156**	(14,093,002)	**5,637,035**	(20,098,384)
EQUITY					
Equity attributable to owners of the Company					
Share capital	28	**127,293,946**	107,095,362	**127,293,946**	107,095,362
Reserves	29	**(6,197,813)**	(4,874,993)	**–**	1,524,826
Accumulated losses		**(115,998,782)**	(120,389,132)	**(121,656,911)**	(128,718,572)
		5,097,351	(18,168,763)	**5,637,035**	(20,098,384)
Non-controlling interests	30	**2,739,805**	4,075,761	**–**	–
Total Equity		**7,837,156**	(14,093,002)	**5,637,035**	(20,098,384)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Attributable to owners of the Company							
		Share capital S$	Fair value reserve S$	Currency translation reserve S$	Other reserves S$	Accumulated losses S$	Attributable to owners of the Company S$	Non-controlling interests S$	Total equity S$
Group									
Balance at 1 January 2016		107,095,362	1,524,826	(4,915,881)	(1,483,938)	(120,389,132)	(18,168,763)	4,075,761	(14,093,002)
Profit for the year		–	–	–	–	4,957,280	4,957,280	462,944	5,420,224
Other comprehensive (loss)/ income, net of tax									
Foreign currency translation (loss)/gain		–	–	(391,934)	–	–	(391,934)	38,536	(353,398)
Cumulative gain in fair value of financial assets, available-for-sale reclassified to profit or loss		–	(1,524,826)	–	–	–	(1,524,826)	–	(1,524,826)
Actuarial loss on defined benefit plan		–	–	–	–	(45,288)	(45,288)	(12,990)	(58,278)
Share of other comprehensive income of an associate		–	–	94,740	–	–	94,740	–	94,740
Total comprehensive (loss)/ income for the year		–	(1,524,826)	(297,194)	–	4,911,992	3,089,972	488,490	3,578,462
Issue of shares	28(a)	20,232,340	–	–	–	–	20,232,340	–	20,232,340
Share issue expense	28	(33,756)	–	–	–	–	(33,756)	–	(33,756)
Dividends paid to non-controlling shareholder of a subsidiary	18(f)	–	–	–	–	–	–	(346,888)	(346,888)
Disposal of investment in an associate		–	–	–	521,642	(521,642)	–	–	–
Acquisition of additional interest in a subsidiary	18(e)	–	–	–	(22,442)	–	(22,442)	(1,477,558)	(1,500,000)
Balance at 31 December 2016		127,293,946	–	(5,213,075)	(984,738)	(115,998,782)	5,097,351	2,739,805	7,837,156

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(CONTINUED)

	Note	Attributable to owners of the Company							
		Share capital S$	Fair value reserve S$	Currency translation reserve S$	Other reserves S$	Accumulated losses S$	Attributable to owners of the Company S$	Non-controlling interests S$	Total equity S$
Group									
Balance at 1 January 2015		100,173,519	–	(3,371,946)	(1,483,938)	(90,802,441)	4,515,194	4,182,584	8,697,778
(Loss)/Profit for the year		–	–	–	–	(29,560,976)	(29,560,976)	596,640	(28,964,336)
Other comprehensive income/ (loss), net of tax									
Foreign currency translation loss		–	–	(1,168,321)	–	–	(1,168,321)	(317,610)	(1,485,931)
Net change in fair value of financial assets, available-for-sale		–	1,524,826	–	–	–	1,524,826	–	1,524,826
Actuarial loss on defined benefit plan		–	–	–	–	(25,715)	(25,715)	(20,676)	(46,391)
Share of other comprehensive loss of an associate		–	–	(375,614)	–	–	(375,614)	–	(375,614)
Total comprehensive income/(loss) for the year		–	1,524,826	(1,543,935)	–	(29,586,691)	(29,605,800)	258,354	(29,347,446)
Issue of shares	28(a)	7,123,215	–	–	–	–	7,123,215	–	7,123,215
Share issue expense	28	(201,372)	–	–	–	–	(201,372)	–	(201,372)
Dividends paid to non-controlling shareholder of a subsidiary	18(f)	–	–	–	–	–	–	(365,177)	(365,177)
Balance at 31 December 2015		107,095,362	1,524,826	(4,915,881)	(1,483,938)	(120,389,132)	(18,168,763)	4,075,761	(14,093,002)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 S$	Group 2015 S$
Cash Flows from Operating Activities			
Profit/(Loss) before income tax		**5,826,879**	(28,515,059)
Adjustments for:			
Share of loss of an associate	19	**1,050,005**	1,724,507
Unrealised foreign exchange (gain)/loss		**(1,026,983)**	1,841,025
Write-off of property and equipment	6	**1,735**	33,443
Depreciation of property and equipment	8	**529,625**	411,314
Allowance for impairment loss of other receivables – third party	8	**8,003**	654,476
Write-back of impairment loss of other receivables – third party	8	**(532,775)**	(714,748)
Allowance for impairment loss of financial assets, available-for-sale	21(a,c)	**110,147**	5,888,785
Allowance for impairment loss of investment in an associate	19	**–**	216,835
Gain on disposal of investment in an associate	6	**(1,773,531)**	–
Dilution loss/(gain) on investment in an associate	19	**1,379,744**	(180,868)
Amortisation of deferred loan charges	9	**–**	293,496
Write-off of financial assets, available-for-sale	6	**–**	665,402
Interest expense	9	**3,504**	3,862,791
Interest income	6	**(39,415)**	(377,174)
(Gain)/Loss on disposal of property and equipment	6	**(6,040)**	1,031
Fair value loss on financial assets, at fair value through profit or loss	6	**453,560**	1,362,653
Fair value loss on assets held for sale/investment properties	6	**216,758**	360,433
Gain on disposal of debt, instrument to equity, available-for-sale	6	**(6,330,726)**	(498,938)
Loss on conversion of debt instrument to equity, available-for-sale	6	**58,885**	569,793
Share-based compensation expenses	28(b)	**–**	430,000
Write-off of financial assets, at fair value through profit or loss	6	**–**	5,547
Write back of payables		**(200,947)**	–
Operating cash flow before working capital changes		**(271,572)**	(11,965,256)
Changes in working capital:			
Financial assets, at fair value through profit or loss		**487,228**	5,437,925
Financial assets, available-for-sale		**(123,943)**	–
Receivables		**43,114**	(819,979)
Payables		**(169,413)**	6,199,050
Inventories and development properties		**–**	(26,368)
Cash used in operations		**(34,586)**	(1,174,628)
Income tax paid		**(526,032)**	(589,003)
Net cash used in operating activities		**(560,618)**	(1,763,631)
Cash Flows from Investing Activities			
Proceeds from disposal of property and equipment		**16,208**	13,966
Purchase of property and equipment		**(609,547)**	(2,354,494)
Interest received		**39,415**	75,750
Net cash used in investing activities		**(553,924)**	(2,264,778)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(CONTINUED)

	Note	Group 2016 S$	Group 2015 S$
Cash Flows from Financing Activities			
Repayment of finance lease liabilities		**(31,584)**	(92,017)
Repayment of borrowings		**–**	(1,740,000)
Payment of share issue expenses		**(33,756)**	(201,372)
Net proceeds from issuance of ordinary shares		**–**	4,571,150
Interest paid		**(3,504)**	(6,215)
Dividends paid to non-controlling shareholder of a subsidiary	18(f)	**(346,888)**	(365,177)
Repayment of pledged deposits	12	**2,587**	–
Net cash (used in)/generated from financing activities		**(413,145)**	2,166,369
Net decrease in cash and cash equivalents		**(1,527,687)**	(1,862,040)
Cash and cash equivalents at the beginning of the year		**2,018,722**	3,956,270
Effect of changes in foreign exchange rates on cash and cash equivalents		**6,814**	(75,508)
Cash and cash equivalents at the end of the year	12	**497,849**	2,018,722

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

1 GENERAL INFORMATION

Blumont Group Ltd. (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office and principal place of business is 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 18 and 19.

2 APPLICATION OF NEW/REVISED FINANCIAL REPORTING STANDARDS ("FRSs") ISSUED

(a) FRSs effective for annual period beginning on or after 1 January 2016

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016 as follows.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments provide clarification on various aspects of financial statements presentation. Key clarifications relate to the interpretation of materiality requirements in FRS, the extent of aggregation and disaggregation of financial information presented in the primary financial statements, presentation of sub-totals, and ordering of notes to the financial statements. The amendments also clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

As this is a disclosure standard, it has no impact on the financial performance or financial position of the Group and the Company.

Amendments to FRS 27 *Equity Method in Separate Financial Statements*

The amendments to FRS 27 allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entities' separate financial statements. This is in addition to the accounting policy choice to account for such investments at cost less impairment, or fair value (in accordance with FRS 39 or FRS 109), which currently exists and will continue to be available.

The adoption of the amendments did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 APPLICATION OF NEW/REVISED FINANCIAL REPORTING STANDARDS ("FRSs") ISSUED (CONTINUED)

(a) FRSs effective for annual period beginning on or after 1 January 2016 (Continued)

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendments clarify whether a servicing contract is considered to be "continuing involvement" in a transferred asset for the purpose of determining whether the disclosures in FRS 107.42A-42H are required. The disclosures need to be made if the servicing contract results in the transferor retaining an interest in the future performance of the transferred financial asset.

The adoption of the amendments did not have any effect on the financial performance or position of the Group and the Company.

Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*

The amendments provide guidance on how to account for a reclassification of an asset from held for sale to held for distribution (or vice versa), e.g., when an entity initially intended to sell off an asset but subsequently decided to distribute it as a dividend in kind to shareholders. The amendments also clarify that when an asset no longer meets the held-for-distribution criteria, the accounting requirements are similar to those when held-for-sale assets cease to meet held-for-sale criteria.

The adoption of the amendments did not have any effect on the financial performance or position of the Group and the Company.

(b) FRSs issued but not yet effective

At the date of authorisation of these financial statements, the following new and revised standards have been issued and are relevant to the Group but are not yet effective:

Description		Effective for annual periods beginning on or after
Amendments to FRS 7	*Statement of Cash Flows*	1 January 2017
Amendments to FRS 12	*Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to FRS 112	*Disclosure of Interests in Other Entities*	1 January 2017
Amendments to FRS 28	*Investments in Associates and Joint Ventures*	1 January 2018
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 116	*Leases*	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 APPLICATION OF NEW/REVISED FINANCIAL REPORTING STANDARDS ("FRSs") ISSUED (CONTINUED)

(b) FRSs issued but not yet effective (Continued)

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other new and revised standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below. The Group is currently assessing the impact of these standards.

FRS 109 *Financial Instruments*

FRS 109 prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and de-recognition requirements for financial instruments from FRS 39.

FRS 109 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

FRS 115 *Revenue from Contracts with Customers*

FRS 115, published in November 2014, establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts;
- Identification of the performance obligations in the contract;
- Determination of the transaction prices;
- Allocation of the transaction price to the performance obligation; and
- Recognition of revenue when (or as) an entity satisfies a performance obligation.

FRS 115 will replace the existing revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and INT FRS 113 *Customer Loyalty Programs*.

FRS 115 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

NOTES TO THE FINANCIAL STATEMENTS

2 APPLICATION OF NEW/REVISED FINANCIAL REPORTING STANDARDS ("FRSs") ISSUED (CONTINUED)

(b) FRSs issued but not yet effective (Continued)

FRS 116 *Leases*

FRS 116 *Leases* sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces FRS 17 *Leases*, 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*. FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

FRS 116 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted for companies but only if it also apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of FRS 116.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("S$"), which is the functional currency of the Company.

(b) Going Concern Assumption

For the financial year ended 31 December 2016, the Company's current liabilities exceeded its current assets by approximately S$2.9 million (2015: approximately S$44.2 million). In addition, the Company has received two demand notes from the Inland Revenue Authority of Singapore ("IRAS") on 8 February 2017 to pay the outstanding withholding taxes of S$1.1 million and late payment penalty of S$0.1 million, as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going Concern Assumption (Continued)

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Company and the Group to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2016 remains appropriate after taking into consideration the following factors:

(i) Management has prepared a cash flow forecast which shows that the Company and the Group will have sufficient cash resources to satisfy their day-to-day operations for the next twelve months from 31 December 2016 and to pay their debts as and when they fall due, which include the following assumptions:

- IRAS will agree to the Group's request to defer payment of the outstanding withholding taxes for a period of one year and to waive the late payment penalty and interest arising from the non-payment of the outstanding withholding taxes (Note 23);

- The Group will successfully sell its condominium unit at Clear Water Residences located in Malaysia valued at approximately S$0.3 million (equivalent to RM0.9 million) as at 31 December 2016 (Note 17); and

- The Group will successfully settle the legal suit relating to the sale of the condominium unit at Suasana Sentral Condominium located in Malaysia and collect the balance payment of the sales proceeds of approximately S$1.0 million (equivalent to RM3.0 million) (Notes 17 and 36(c)).

(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 alternative source of funds and the sale of the Group's other assets.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group Accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous held equity interest in the acquiree over the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the entity sold.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group Accounting (Continued)

(i) Subsidiaries (Continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference as a gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group Accounting (Continued)

(ii) Associate

Associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Goodwill on acquisition of associate represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associate is included in the carrying amount of the investments. Gain and loss on the disposal of associate includes the carrying amounts of goodwill relating to the entity sold.

Investment in associate is accounted for using the equity method of accounting less impairment losses, if any. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

When the Group reduces its ownership interest in an associate, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each statement of financial position date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses arising from dilution of the Group's interests in associate without any disposals are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments in Subsidiary Companies and Associate

Investments in subsidiary companies and associate are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries and associate, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(e) Revenue Recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of business, goods and services tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Rendering of services

Revenue from sterilisation contracts are recognised when sterilisation services have been rendered.

(ii) Sale of development properties

Revenue from the sale of development properties is recognised using the percentage-of-completion method based on the stages of completion. Under the percentage-of-completion method, profit is recognised only in respect of sales procured and to the extent that such profit relate to the progress of construction work. The stage of completion is measured by reference to the sales contract per certification by architects.

In all other instances, revenue from sale of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of the consideration due or the possible return of units sold.

(iii) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line method over the lease term as set out in specific rental agreements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue Recognition (Continued)

(iv) Property management fees

Property management fees are recognised when services are rendered under the terms of the contract.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vi) Interest income

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

(f) Leases

Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised in the statement of financial position as property and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on the basis that reflects a constant periodic rate of interest on the finance lease liability.

Lessee – Operating leases

Leases of assets where substantially all risks and rewards incidental to 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 leases.

When a lease is terminated before the lease period expires, any payment made (or received) by the Group as penalty is recognised as an expense (or income) when termination takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Foreign Currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

The financial statements are presented in Singapore dollars ("S$"), which is the functional currency of the Company.

(ii) Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 retranslated.

(iii) Translation of Group entities' financial statements

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– Assets and liabilities are translated at the closing rates at the statement of financial position date;

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Foreign Currencies (Continued)

(iii) Translation of Group entities' financial statements (Continued)

– Income and expenses for each statements presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associate that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(ii) Provision for employee benefits

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A subsidiary in the Group has an unfunded defined benefit plan covering substantially all of their eligible permanent employees in accordance with a subsidiary in the Group's Collective Labour Agreement and Labour Law No. 13/2003 of Indonesia. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actual gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings/(accumulated losses) and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

– Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

– Net interest expense or income; and

– Remeasurement of the net defined benefit liability/(asset) in other comprehensive income.

The Group presents the first two components of defined benefit costs in profit or loss in "employee benefits". Curtailment gains and losses are accounted for as past service costs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee Benefits (Continued)

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At the statement of financial position date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

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.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share-based payment reserve is transferred to retained earnings/(accumulated losses) upon expiry of the share options. When the options are exercised, the share-based payment reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income Tax (Continued)

(ii) Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amount of its tax assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property and Equipment

(i) Measurement

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and construction-in-progress) less their residual values (if any) over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year and adjusted as appropriate at statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

The following useful lives are used in the calculation of depreciation:

	Useful lives
Freehold building	20 years
Renovations	3 years
Furniture and fittings	5 years
Office, computer and other equipment	3, 5 and 8 years
Cobalt isotope	10 years
Motor vehicles	7 and 8 years

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property and Equipment (Continued)

(iii) Subsequent expenditure

Subsequent expenditure related to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iv) Disposal

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(l) Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes and land that is held for long-term capital appreciation or for a current indeterminate use), are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, determined annually by independent professional valuers on the highest-and-best use basis. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investment Properties (Continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings/(accumulated losses).

(m) Impairment of Non-financial Assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

At the statement of financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of Non-financial Assets (Continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Development Properties

Development properties are those properties, which are held with the intention of development and sale in the ordinary course of business. These are stated at the lower of cost plus, where appropriate, a portion of attributable profit, and estimated net realisable value, net of progress billings. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, as part of the cost of the development property until the completion of development.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value, using the weighted average method. Inventories comprise materials and supplies to be consumed in the rendering of sterilisation services.

Net realisable value is the estimated selling price of sterilisation services less all estimated costs of completion and cost necessary to make the sale. Allowance for stock obsolescence is made for obsolete or slow moving inventories.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

The assets are not depreciated or amortised while they are classified as held for sale. In addition, equity accounting of associates ceases once classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Non-current assets that cease to be classified as held for sale is measured at the lower of:

– its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale; and

– its recoverable amount at the date of the subsequent decision not to sell.

Any required adjustment to the carrying amount of the non-current assets that cease to be classified as held for sale is recognised in profit or loss in the period in which the decision not to sell is made.

(q) Financial Assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial Assets (Continued)

(i) Classification (Continued)

Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling it in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented group investment strategy.

Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within twelve months after the statement of financial position date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are presented as current assets, except for those expected to be realised later than twelve months after the statement of financial position date which are presented as non-current assets.

Loans and receivables are presented as “trade and other receivables”, “deposits” disclosed under “other current assets”, “loans to subsidiaries” and “cash and bank balances” in the statement of financial position.

Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. These are presented as non-current assets unless management intends to dispose of the assets within twelve months after the statement of financial position date.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on a trade date – the date on which the Group commits to purchase or sell the asset.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial Assets (Continued)

(ii) Recognition and derecognition (Continued)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset has expired, or has been transferred and transferred substantially all the risks and rewards of ownership of the financial asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is transferred to profit or loss.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as an expense in profit or loss.

(iv) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are carried at cost less impairment losses.

Changes in the fair values of financial assets, at fair value through profit or loss, including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial Assets (Continued)

(iv) Subsequent measurement (Continued)

Interest and dividend income on financial assets, available-for-sale are recognised separately in income.

Gains and losses arising from changes in fair value of available-for-sale debt investments are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses which are recognised directly in profit or loss.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(v) Impairment

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial Assets (Continued)

(v) Impairment (Continued)

Financial assets, available-for-sale

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that an available-for-sale equity investment is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense.

The impairment losses recognised as an expense on equity investments are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

If the fair value of debt instruments, available-for-sale increases and the increase is related to the event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of reversal recognised in profit or loss.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial Liabilities

The Group shall recognise a financial liability on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value. Financial liabilities are classified as "other financial liabilities".

Other financial liabilities

Other financial liabilities (including borrowings, trade and other payables and loan from a subsidiary), are initially measured at fair value, plus any direct attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive personnel whose members are responsible for allocating resources and assessing performance of the operating segments.

(u) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, less bank deposits that are pledged to secure banking facilities.

(v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are charged to equity, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

In addition to Note 3(b) to the financial statements, the application of judgements in the process of applying the Group's accounting policies that are expected to have a significant effect on the amounts recognised in the financial statements are as follows:

(i) Impairment of Investments in Subsidiaries

Investments in subsidiaries (including loan receivables from subsidiaries which are in substance part of the net investments in subsidiaries) are tested for impairment whenever there is any objective evidence or indication that these investments may be impaired. In determining whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance, financial position and the overall economic environment in which the subsidiaries operate.

The carrying amounts of the Company's net investments in subsidiaries as at 31 December 2016 and the movements in the relevant allowances for impairment loss during the financial year are disclosed in Note 18.

(ii) Impairment of Trade and Other Receivables

Management reviews its loans and receivables for objective evidence of impairment at the statement of financial position date. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effects in the technological, market, economic or legal environment in which the debtor operates in. Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(a) Critical judgments in applying accounting policies (Continued)

(ii) Impairment of Trade and Other Receivables (Continued)

During the financial year, the Group has recognised an impairment loss on other receivables of S$8,003 (2015: S$654,476) and has written back an allowance of S$532,775 (2015: S$714,748) to profit or loss as disclosed in Note 32(b)(i). The carrying amount of the Group's trade and other receivables as at 31 December 2016 are disclosed in Note 14.

(iii) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, deductibility of certain expenses and taxability of certain income in each relevant tax jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's current income tax liabilities as at 31 December 2016 is S$36,400 (2015: S$89,142). The Group's deferred taxes are disclosed in Note 27. For the financial year ended 31 December 2016, the Group has recognised income tax expense of S$406,655 (2015: S$449,277) (Note 10).

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty as at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Employee Compensation

The present value of employee compensation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate, rate of future salary increase and rate of resignation. Any changes in these assumptions will impact the carrying amount of employee compensation.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(i) Employee Compensation (Continued)

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligations. These corporate bonds generally have an AA rating with low risk of default. The interest rate is used to determine the present value of estimated future cash outflows expected to be required to settle employee compensation. Management does not expect any variable changes in the assumptions used to determine the present value of employee compensation on an actuarial basis will result in the amount determined to be materially different. A 1% increase or decrease in the discount rate used in calculating the employee compensation would have no significant impact on the amount recognised by the Group during the financial year.

The carrying amount of the Group's employee compensation as at 31 December 2016 is disclosed in Note 26.

5 REVENUE

	Group	
	2016	**2015**
	S$	**S$**
Revenue from sterilisation contracts	**3,668,344**	3,590,330
Rental income (Note 17(c))	**14,006**	25,313
Revenue from property management fees	**25,476**	24,000
	3,707,826	3,639,643

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6 OTHER GAINS/(LOSSES) – NET

	Group	
	2016	**2015**
	S$	**S$**
Losses arising from investment holding:		
Fair value loss on financial assets, at fair value through profit or loss – net (Note 13)	**(453,560)**	(1,362,653)
Write-off of financial assets, at fair value through profit or loss (Note 13)	**–**	(5,547)
Loss on the disposal of financial assets, at fair value through profit or loss – net	**(163,785)**	(4,132,519)
	(617,345)	(5,500,719)
Currency exchange gain/(loss) – net	**1,032,647**	(2,236,721)
Fair value loss on assets held for sale (Note 17)/ investment properties (Note 20)	**(216,758)**	(360,433)
Interest income		
– Celsius Coal Limited Convertible Note	**–**	82,765
– Cokal Limited Convertible Loan	**–**	234,241
– bank balances	**38,509**	59,852
– others	**906**	316
	39,415	377,174
Gain on disposal of financial assets, available-for-sale (Note 24(b)(i))	**6,330,726**	498,938
Gain on disposal of investment in an associate (Note 24(b)(iii))	**1,773,531**	–
Write-off of financial assets, available-for-sale (Note 21(a))	**–**	(665,402)
Loss on conversion of debt instrument to equity, available-for-sale	**(58,885)**	(569,793)
Gain/(Loss) on disposal of property and equipment	**6,040**	(1,031)
Write-off of property and equipment	**(1,735)**	(33,443)
Claims from Prospect Resources Limited	**269,344**	–
Miscellaneous income	**179,215**	57,271
	8,736,195	(8,434,159)

7 EMPLOYEE BENEFITS

	Group	
	2016	**2015**
	S$	**S$**
Short-term employee benefits	**1,603,810**	2,035,373
Post-employment benefits	**48,913**	47,629
Other long-term employee benefits (Note 26)	**112,193**	89,300
Termination costs	**–**	2,720
	1,764,916	2,175,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8 OTHER EXPENSES

	Group	
	2016	2015
	S$	S$
Audit fees:		
– auditors of the Company	**149,669**	161,770
– other auditors	**7,461**	8,052
Legal, professional and consultancy fees	**630,485**	5,767,586
Allowance for impairment loss on other receivables (Note 32(b)(i))	**8,003**	654,476
Write-back of impairment loss on other receivables (Note 32(b)(i))	**(532,775)**	(714,748)
Depreciation of property and equipment (Note 22)	**529,625**	411,314
Rental expense – operating leases	**236,285**	222,966
Upkeep expenses	**275,499**	279,653
Directors' fees	**152,623**	154,571
Travelling expenses	**38,535**	43,643
Marketing and advertising	**104,942**	442,362
Transaction costs	**1,224**	12,421
Withholding tax expense	**156,659**	1,525,471
Others	**465,108**	671,545
	2,223,343	9,641,082

There were no non-audit fees paid/payable to the Company's auditors during the financial year ended 31 December 2016 and 2015.

Transaction costs mainly incurred for the Group's various acquisitions and disposals of financial assets, at fair value through profit or loss and financial assets, available-for-sale during the relevant financial years.

Legal professional and consultancy fees were mainly incurred for the Group's various acquisitions of investments, borrowings arrangements and litigation during the relevant financial years.

Withholding tax expense was incurred in relation to the interest payable to Wintercrest Advisors LLC (Note 24) and the dividend received from a subsidiary.

9 FINANCE COSTS

	Group	
	2016	2015
	S$	S$
Interest expense		
– Wintercrest Financing Loans	**–**	3,856,575
– finance lease liabilities	**3,504**	6,216
Amortisation of deferred loan charges	**–**	293,496
	3,504	4,156,287

NOTES TO THE FINANCIAL STATEMENTS

10 INCOME TAX

	Group	
	2016	**2015**
	S$	**S$**
Income tax expense/(credit) comprised:		
Current income tax	**470,085**	480,992
Deferred tax (Note 27)	**(79,532)**	(38,624)
	390,553	442,368
Under provision in prior years:		
Current income tax	**1,160**	6,909
Deferred tax (Note 27)	**14,942**	–
	406,655	449,277

The reconciliation of the income tax expense and the product of accounting loss multiplied by the Singapore statutory income tax rate is as follows:

	Group	
	2016	**2015**
	S$	**S$**
Profit/(Loss) before income tax	**5,826,879**	(28,515,059)
Tax at the statutory tax rate of 17% (2015: 17%)	**990,569**	(4,847,560)
Effect of different tax rates in other countries	**106,360**	(76,873)
Tax effect of non-taxable income*	**(1,656,980)**	(343,448)
Tax effect of non-deductible expenses**	**820,747**	1,840,330
Deferred tax assets not recognised	**129,857**	3,869,919
Under provision of income tax in prior years	**16,102**	6,909
	406,655	449,277

* attributable mainly to gain on disposal of financial assets, available-for-sale and investment in associate (2015: gain on disposal of financial assets, available-for-sale and the interest income) recognised by the Group.

** attributable mainly to non-deductible expenses of Malaysia and Singapore operations and dilution loss on investment in associate (2015: non-tax deductible expenses of Malaysia operations, losses on write-off of financial assets, available-for-sale and various impairment losses) recognised by the Group.

The income tax rate used for the reconciliation above is the corporate income tax rate of 17% payable by the Company and other Singapore companies of the Group on taxable profits under tax laws in that jurisdiction. Taxation for the Group's operations in other jurisdictions are either not material or have no taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11 PROFIT/(LOSS) PER SHARE

(a) Basic profit/(loss) per share

Basic profit per share is calculated on the net profit attributable to owners of the Company of S$4,957,280 (2015: Loss attributable to owners of the Company of S$29,560,976) divided by the weighted average number of ordinary shares of 6,840,527,937 (2015: 3,619,936,142) in issue during the financial year.

(b) Diluted profit/(loss) per share

Diluted profit per share is calculated on the net profit attributable to owners of the Company of S$4,957,280 (2015: Loss attributable to owners of the Company of S$29,560,976) divided by the weighted average number of ordinary shares of 6,840,527,937 (2015: 3,619,936,142) in issue during the financial year after adjustment for the effects of all dilutive potential ordinary shares.

Diluted profit/(loss) per share is the same as the basic profit/(loss) per share as there were no dilutive potential ordinary shares outstanding as at 31 December 2016 and 2015.

12 CASH AND BANK BALANCES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Cash at bank and on hand	**497,849**	1,384,825	**36,876**	64,331
Short-term bank deposits	**–**	636,484	**–**	–
Total cash and bank balances	**497,849**	2,021,309	**36,876**	64,331

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

	Group	
	2016	**2015**
	S$	**S$**
Cash and bank balances (as above)	**497,849**	2,021,309
Less: Bank deposits pledged	**–**	(2,587)
Cash and cash equivalents as per consolidated statement of cash flows	**497,849**	2,018,722

As at 31 December 2015, certain bank deposits of the Group amounted to S$2,587 had been pledged as security for the bank guarantee facility granted to the Group, the facility of which was not utilised by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13 FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Balance at the beginning of the year	**1,074,188**	7,880,313	**1,500**	161,250
Disposals	**(487,228)**	(5,437,925)	**(1,500)**	(150,000)
Write-off (Note 6)	**–**	(5,547)	**–**	(1,875)
Fair value loss – net (Note 6)	**(453,560)**	(1,362,653)	**–**	(7,875)
Balance at the end of the year	**133,400**	1,074,188	**–**	1,500
At fair value				
Listed securities:				
Equity securities – Singapore	**133,400**	1,064,809	**–**	1,500
Equity securities – Malaysia	**–**	9,379	**–**	–
	133,400	1,074,188	**–**	1,500

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Trade receivables – third parties (a)	**309,688**	371,007	**–**	–
Other receivables				
– third parties (b), (c)	**492,462**	695,144	**127,319**	321,760
– interest receivables (d)	**–**	484,172	**–**	484,172
	492,462	1,179,316	**127,319**	805,932
Less: Allowance for impairment loss (b), (c), (d), (e) (Note 32(b)(i))	**(129,435)**	(654,476)	**(121,701)**	(654,476)
Other receivables – net	**363,027**	524,840	**5,618**	151,456
Total trade and other receivables	**672,715**	895,847	**5,618**	151,456

(a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2015: 30 to 60 days).

(b) As at 31 December 2016, the Group and the Company's other receivables – third parties includes a receivable from a third party with a carrying amount of S$121,701. The Group and the Company has impaired the S$121,701 based on management's assessment of the recoverable amount of the said receivable as at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14 TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) As at 31 December 2015, the Group and the Company's other receivables – third parties includes the balance of the partial amount to subscribe for 40,000,000 shares at A$0.005 per share in Elysium Resources Limited ("EYM") of S$77,445 (equivalent to A$75,000), which the Group and the Company had agreed to take up two shares in EYM for each five shares which the Group and the Company held in EYM. As at 31 December 2015, EYM had not issued shares to the Group and the Company until full subscription. The Group and the Company had impaired S$48,603 based on management's assessment of the recoverable amount of the partial subscription as at 31 December 2015. The shares were fully issued in financial year 2016. The allowance for the impairment loss of S$48,603 was written back and the amount paid of S$77,445 was reclassified to financial assets, available-for-sale in financial year 2016.

(d) As at 31 December 2015, other receivables include interest receivables of S$484,172 from the Cokal Convertible Loan (Note 21(c)). The Group and the Company had impaired the interest receivables amounted to S$484,172 based on management's assessment of the recoverable amount of the receivable as at 31 December 2015. On 25 November 2016, the Company had completed the Settlement Agreement with Wintercrest Advisors LLC ("Wintercrest"), and the interest receivables was assigned to Wintercrest at an agreed value of S$484,172. The impairment was written back in financial year 2016.

(e) On 6 March 2015, the Group and the Company entered into a deed to terminate the Convertible Note Deed dated 6 February 2013 (as amended pursuant to a deed of variation dated 16 May 2014 (Note 21(b)) with Celsius Coal Limited ("Celsius"). As a result, the interest receivable of S$541,564 was impaired as at 31 December 2014. Subsequently, the Group and the Company had fully converted the interest receivables to shares in Celsius and wrote back the impairment loss of S$541,564 in 2015.

15 OTHER ASSETS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Current				
Inventories	**1,039**	1,199	**–**	–
Deposits (a)	**149,462**	653,610	**91,151**	94,281
Prepayments	**222,175**	67,748	**24,601**	28,581
Total other assets	**372,676**	722,557	**115,752**	122,862

The cost of inventories recognised as an expense and included in "Raw materials and consumables used" amounted to S$85,483 (2015: S$98,893) during the financial year.

15 OTHER ASSETS (CONTINUED)

(a) As at 31 December 2015, other assets include a deposit for the proposed acquisition of the 50% equity interest in Net Data Investments Limited ("Net Data") amounting to S$500,000 subject to regulatory approval. Net Data is a non-controlling shareholder of PT Rel-ion Sterilization Services ("PTRI"), a 55.43% owned subsidiary of the Group. During the current financial year ended 31 December 2016, the Group entered into a sale and purchase agreement with Net Data to acquire 6,823 shares in PTRI, representing 22.28% of total issued share capital of PTRI. The acquisition was completed on 27 June 2016. The deposit of S$500,000 was used to offset the consideration for the purchase of shares PTRI. Accordingly, the deposit was reclassified to investment in subsidiaries.

16 DEVELOPMENT PROPERTY

	Group	
	2016	**2015**
	S$	**S$**
Properties for development representing leasehold land, at cost	**4,651,424**	4,749,561

Details of the Group's development property is as follows:

Description and Location	Usage	Tenure, (unexpired terms) and Land Area (square metre)	Stage of Completion and (Expected Year of Completion)	Effective Interest in Property	Net Book Value 2016	Net Book Value 2015
				%	S$	S$
Leasehold land	Commercial	Leasehold, (85 years) 7,863 sq. metre	–	65	**4,651,424**	4,749,561
Malaysia H.S. (D) 181352, P.T. No. 948, Section 13, Town of Shah Alam, District of Petaling, Selangor						

On 4 December 2015, the Group entered into a joint venture arrangement ("JVA") with a third party (the "Developer") to undertake a mixed development on a piece of leasehold land held by the Group. The Developer has agreed to pay the Group 20% of the gross sales value from the project or the sum of RM25.0 million (equivalent to S$8.2 million) guaranteed minimum consideration whichever is higher (the "JV Consideration"). The JV Consideration shall be paid by the Developer on or before the project completion date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16 DEVELOPMENT PROPERTY (CONTINUED)

The JVA also provides that the Developer shall pay the Group an initial sum of RM0.5 million (S$0.2 million) which shall constitute part of the JV Consideration.

The Developer has received the Development Order for the development project, and pending approval for additional permits and licences to commence construction works.

17 ASSETS HELD FOR SALE

	Group	
	2016	**2015**
	S$	**S$**
Balance at the beginning of the year	**1,670,118**	–
Transferred from investment properties (Note 20)	**–**	1,670,118
Fair value loss recognised in profit or loss (Note 6)	**(216,758)**	–
Currency translation differences	**(27,246)**	–
Balance at end of the year	**1,426,114**	1,670,118

(a) As at 31 December 2015, the parcel 5-11 (Type B1), the condominium unit at Clear Water Residences, has been advertised for sale and the management is of the opinion that the sale of this property, barring unforeseen circumstances is highly probable and has reclassified this property from investment properties to assets held for sale. As at 31 December 2016, no sale transaction was entered into. The Group continues to advertise the parcel 5-11 (Type B1) for sale and management is committed to dispose the unit.

(b) On 15 September 2015, the Group entered into a sale and purchase agreement for the disposal of the unit number B-37-01 (the "Property") at Suasana Sentral Condominium for a total cash consideration of RM3,600,000 (approximately S$1,184,760) ("SPA"). A deposit of RM600,000 was received in the previous financial year. The sale was not concluded as at 31 December 2015. Accordingly, this was reclassified from investment properties to assets held for sale.

During the current financial year, a legal suit was filed against the Group in respect of the sale of the Property. The details are disclosed in Note 36(c).

(c) Investment properties classified under assets held for sale are leased to non-related parties under operating leases.

	Group	
	2016	**2015**
	S$	**S$**
The following amounts are recognised in profit or loss:		
Rental income from investment properties (Note 5)	**14,006**	25,313
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	**15,855**	15,770

17 ASSETS HELD FOR SALE (CONTINUED)

(d) Investment properties classified as assets held for sale are carried at fair value as at the statement of financial position date as determined by reference to market evidence of transaction prices of similar properties in the vicinity and/or independent professional valuers, which use the Direct Comparison Method.

The fair value of the Group's investment properties as at the statement of financial position date has been arrived at on the basis of a valuation carried out at that date by Messrs Firdaus & Associates Property Professionals Sdn Bhd, independent valuers not related to the Group. The independent valuers are members of the Board of Valuers, Appraisers and Estate Agents Malaysia, and they have appropriate recognised professional qualifications and relevant experiences in the locations and type of investment properties being valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

During the financial year, management has determined the fair values of the investment properties held to be S$1,426,114 (2015: S$1,670,118) and recognised a fair value loss of S$216,758 (31 December 2015: fair value loss of S$360,433) in profit or loss. The fair value of investment properties was classified under Level 3 of the fair value hierarchy, as defined in Note 32(d).

The following table shows the significant unobservable input used in the valuation model:

Description	Valuation technique	Significant unobservable input
Investment properties	Direct Comparison Method	Adopted per square meter *

* Any significant isolated increases/(decreases) in the input would result in a significant higher/(lower) fair value measurement.

(e) For the purposes of measuring deferred taxes for investment properties that are measured using a fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. Management has reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the management has determined that the 'sale' presumption is not rebutted. As a result, the Group did not recognise any deferred taxes on changes in fair value of the investment properties, as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

NOTES TO THE FINANCIAL STATEMENTS

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18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES/ LOAN FROM A SUBSIDIARY

	Company	
	2016	**2015**
	S$	**S$**
Investments in subsidiaries (a)	**5,390,834**	5,390,836
Less: Allowance for impairment loss	**(5,140,315)**	(974,551)
	250,519	4,416,285
Loans receivables from subsidiaries (b)	**41,458,826**	59,802,209
Less: Allowance for impairment loss	**(33,309,082)**	(51,119,306)
	8,149,744	8,682,903
Loan from a subsidiary	**611,392**	–

(a) Investments in subsidiaries

Movements in investments in subsidiaries and allowance for impairment loss during the financial year are as follows:

	Company	
	2016	**2015**
	S$	**S$**
Unquoted equity shares, at cost		
Balance at the beginning of the year	**5,390,836**	5,390,838
Written off during the year	**(2)**	(2)
Balance at the end of the year	**5,390,834**	5,390,836
Allowance for impairment loss		
Balance at the beginning of the year	**974,551**	974,551
Impairment recognised during the year	**4,165,766**	2
Allowance written off during the year	**(2)**	(2)
Balance at the end of the year	**5,140,315**	974,551
Carrying amount of investments in subsidiaries	**250,519**	4,416,285

(i) As at 31 December 2016, the Company has impaired S$4,165,766 (2015: S$2) of its investments in subsidiaries to profit or loss based on management's judgement of the fair value of the relevant subsidiaries' net assets and liabilities as at the financial year end. The fair value was classified under Level 2 of the fair value hierarchy, as defined in Note 32(d).

(ii) As at 31 December 2016, the Company has written off the allowance for impairment loss of S$2 (2015: S$2) in relation to its investment in a subsidiary that has applied for struck off from the Register of Companies.

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES/ LOAN FROM A SUBSIDIARY (CONTINUED)

(b) Loans receivables from subsidiaries

As at 31 December 2016, the loans receivables from subsidiaries consist of interest-free loan receivables of S$41,458,826 (2015: S$59,802,209).

The loans receivables are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investments in the equity of the subsidiaries, they are stated at cost less impairment losses.

Movements in the allowance for impairment loss of loans receivables from subsidiaries during the financial year are as follows:

	Company	
	2016	**2015**
	S$	**S$**
Balance at the beginning of the year	**51,119,306**	46,271,446
(Write-back of)/Impairment recognised during the year	**(6,190,792)**	6,595,052
Allowance written off during the year	**(11,619,432)**	(1,747,192)
Balance at the end of the year	**33,309,082**	51,119,306

As at 31 December 2016, the Company has written back an allowance for impairment loss of S$6,190,792 (2015: recognised an impairment loss of S$6,595,052) of its loans receivables from subsidiaries to profit or loss based on management's judgement of the recoverable amount of the loan receivables from the relevant subsidiaries as at the financial year end.

As at 31 December 2016, the Company had written-off an allowance for impairment loss of S$11,619,432 (2015: S$1,747,192) in relation to the loans to 2 subsidiaries that were forgiven as these subsidiaries has applied/is applying for struck off from the Register of Companies.

(c) Loan from a subsidiary

The loan from a subsidiary bears interest at 9% per annum and is repayable by 31 December 2017 with the option to extend the principal loan repayment for another year.

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18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES/ LOAN FROM A SUBSIDIARY (CONTINUED)

(d) Details of the Group's subsidiaries are as follows:

Name of companies **Country of business/incorporation**	**Principal activities**	**Effective equity held by the Group** **2016** **%**	 **2015** **%**
Held by the Company			
Adroit Innovations Investment Pte Ltd[a] Singapore	Investment holding	**100**	100
G1 Investments Pte. Ltd.[a] Singapore	Investment holding	**100**	100
Tria Holdings Pte. Ltd.[a] Singapore	Investment holding	**100**	100
Asphere Holdings Pte. Ltd.[a] Singapore	Investment holding	**100**	100
Phelago Holdings Pte. Ltd.[f] Singapore	Investment holding	**100**	100
Raintree Rock Sdn. Bhd.[b] Malaysia	Investment holding	**100**	100
Powerlite Ventures Limited[e] British Virgin Islands	Investment holding	**100**	100
Blumont Copper Pte. Ltd.[g] Singapore	Investment holding and copper mining	**100**	100
Held by Adroit Innovations Investment Pte Ltd			
PT Rel-ion Sterilization Services[c] Indonesia	Sterilisation and polymerisation services	**77.71**	55.43
Held by Tria Holdings Pte. Ltd.			
Trackplus Sdn Bhd[b] Malaysia	Property development	**65**	65
Held by Asphere Holdings Pte. Ltd.			
Gemisuria Corporation Sdn Bhd[d] Malaysia	Property development	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES/ LOAN FROM A SUBSIDIARY (CONTINUED)

(d) Details of the Group's subsidiaries are as follows: (Continued)

(a) Audited by Moore Stephens LLP, Singapore.

(b) Audited by Moore Stephens Associates PLT, Malaysia, a member firm of Moore Stephens International Limited of which Moore Stephens LLP is also a member.

(c) Audited by Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan, Indonesia.

(d) Audited by KBCF Tan, Malaysia.

(e) No audit requirement in the country of incorporation.

(f) Filed for strike-off during the financial year, and was struck off the Register of Companies on 9 March 2017 pursuant to Section 344A of the Act.

(g) Dormant company and in preparation for strike-off.

(e) Acquisition of additional interest in a subsidiary

On 27 June 2016, the Group acquired an additional 22.28% equity interest in PT Rel-ion Sterilization Services ("PTRI") for a cash consideration of S$1,500,000. Following the additional acquisition, the Group has increased its equity interest in PTRI from 55.43% to 77.71%.

The following summarises the effect of the change in the Company's ownership interest in PTRI on the equity attributable to owners of the Company:

	Group 2016 S$
Consideration paid to non-controlling interest	**1,500,000**
Carrying amount of non-controlling interests acquired (Note 30)	**(1,477,558)**
Change in interest in subsidiary recognised in equity under other reserves (Note 29(b)(iii))	**22,442**

(f) Details of material non-controlling interests of the Group

Name of companies (Country of business/ incorporation)	Proportion of ownership interests and voting rights held by non-controlling interests 2016 %	2015 %	Profit/(Loss) allocated to non-controlling interests 2016 S$	2015 S$	Accumulated non-controlling interests 2016 S$	2015 S$
PT Rel-ion Sterilization Services (Indonesia)	**22.29**	44.57	**475,253**	610,973	**1,273,915**	2,566,795
Trackplus Sdn Bhd (Malaysia)	**35.00**	35.00	**(12,309)**	(14,333)	**1,465,890**	1,508,966
			462,944	596,640	**2,739,805**	4,075,761

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES/ LOAN FROM A SUBSIDIARY (CONTINUED)

(f) Details of material non-controlling interests of the Group (Continued)

Summarised financial information in respect of material non-controlling interests to the Group is set out below. The summarised financial information represents amounts before inter-company eliminations:

	2016 S$	2015 S$
PT Rel-ion Sterilization Services		
Current assets	**1,855,813**	2,218,905
Non-current assets	**4,741,556**	4,284,772
Current liabilities	**(83,125)**	(140,904)
Non-current liabilities	**(799,060)**	(603,753)
Equity attributable to owners of the Company	**4,441,269**	3,192,225
Non-controlling interests	**1,273,915**	2,566,795
Revenue	**3,668,344**	3,590,330
Profit for the year	**1,298,294**	1,370,818
Profit attributable to owners of the Company	**823,041**	759,845
Profit attributable to non-controlling interests	**475,253**	610,973
Profit for the year	**1,298,294**	1,370,818
Other comprehensive loss attributable to owners of the Company	**(45,288)**	(25,715)
Other comprehensive loss attributable to non-controlling interests	**(12,990)**	(20,676)
Other comprehensive loss for the year	**(58,278)**	(46,391)
Total comprehensive income attributable to owners of the Company	**777,753**	734,130
Total comprehensive income attributable to the non-controlling interests	**462,263**	590,297
Total comprehensive income for the year	**1,240,016**	1,324,427
Net cash (outflow)/inflow from operating activities	**(605,911)**	546,948
Net cash outflow from investing activities	**(620,311)**	(2,235,020)
Net cash outflow from financing activities	**–**	(47,760)
Net cash outflow for the year	**(1,226,222)**	(1,735,832)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES/ LOAN FROM A SUBSIDIARY (CONTINUED)

(f) Details of material non-controlling interests of the Group (Continued)

	2016 S$	2015 S$
Trackplus Sdn Bhd		
Current assets	**1,642,727**	1,674,513
Non-current assets	**–**	–
Current liabilities	**(582,108)**	(423,631)
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**689,402**	813,073
Non-controlling interests	**371,217**	437,809
Revenue	**–**	–
Loss for the year	**(35,168)**	(40,952)
Loss attributable to owners of the Company	**(22,859)**	(26,619)
Loss attributable to non-controlling interests	**(12,309)**	(14,333)
Loss for the year	**(35,168)**	(40,952)
Other comprehensive income attributable to owners of the Company	**–**	–
Other comprehensive income attributable to the non-controlling interests	**–**	–
Other comprehensive income for the year	**–**	–
Total comprehensive loss attributable to owners of the Company	**(22,859)**	(26,619)
Total comprehensive loss attributable to the non-controlling interests	**(12,309)**	(14,333)
Total comprehensive loss for the year	**(35,168)**	(40,952)
Net cash inflow/(outflow) from operating activities	**93,361**	(41,766)
Net cash (outflow)/inflow from financing activities	**(90,547)**	41,004
Net cash inflow/(outflow) for the year	**2,814**	(762)

During the financial year ended 31 December 2016, the Group paid dividends of S$346,888 (2015: S$365,177) to a non-controlling shareholder of a subsidiary (Note 30).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19 INVESTMENT IN AN ASSOCIATE

	Group	
	2016	**2015**
	S$	**S$**
Balance at the beginning of the year	**5,151,789**	11,958,767
Share of loss of associate	**(1,050,005)**	(1,724,507)
Dilution (loss)/gain	**(1,379,744)**	180,868
Share of other comprehensive income/(loss) of associate	**94,740**	(375,614)
Settlement of loan with Wintercrest (Note 24)	**(2,816,780)**	–
Currency translation differences	**–**	(319,204)
Balance at the end of the year	**–**	9,720,310
Less: Allowance for impairment loss	**–**	(4,568,521)
	–	5,151,789

During the financial year ended 31 December 2015, Azarga Uranium Corp. ("Azarga Uranium") issued shares resulting in a dilution of the Group's shareholding to 29.92%. The Group recognised a dilution gain amounting to S$180,868.

During the financial year ended 31 December 2016, Azarga Uranium issued shares resulting in a dilution of the Group's shareholding to 24.39%. The Group recognised a dilution loss of S$1,379,744.

Movement in allowance for impairment loss is as follows:

	Group	
	2016	**2015**
	S$	**S$**
Balance at the beginning of the year	**4,568,521**	4,351,686
Impairment recognised during the year	**–**	216,835
Allowances written off during the year	**(4,568,521)**	–
	–	4,568,521

Details of the Group's associate is as follows:

Name of company (Country of business/incorporation)	**Principal activities**	**Effective equity held by the Group 2016**	**Effective equity held by the Group 2015**
Azarga Uranium Corp. (Canada)[(a)]	Uranium exploration and development	**–**	29.92%

(a) Audited by BDO Canada LLP

NOTES TO THE FINANCIAL STATEMENTS

19 INVESTMENT IN AN ASSOCIATE (CONTINUED)

As at 31 December 2015, the Group has impaired S$216,835 of its investment in an associate to profit or loss, the recoverable amount of which was determined based on the market value of those quoted shares held in the associate as at 31 December 2015.

On 25 November 2016, the Group has transferred all its beneficial ownership interest in the shares of Azarga Uranium to Wintercrest in settlement of the loan from Wintercrest (Note 24).

Summarised financial information in respect of the Group's investment in an associate is set out below.

Summarised statement of financial position:

	Group 2015 S$
Current assets	4,276,595
Non-current assets	52,765,043
	57,041,638
Current liabilities	(3,842,839)
Non-current liabilities	(11,832,054)
	(15,674,893)
Net assets	41,366,745

Summarised statement of comprehensive income:

	Group	
	2016 **S$**	**2015** **S$**
Revenue	**–**	–
Loss for the year	**(4,304,269)**	(5,159,221)
Other comprehensive income/(loss)	**388,367**	(1,255,394)
Total comprehensive loss	**(3,915,902)**	(6,414,615)
Fair value of investment in associate for which there is a published price quotation – Level 1 as defined in Note 32(d)		5,151,789

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate is as follows:

	Group 2015 S$
Net assets as at 31 December	41,366,745
Proportion of the Group's ownership	29.92%
Group's share of net assets	12,376,930
Less: Allowance for impairment loss	(4,568,521)
Other adjustments	(2,656,620)
Carrying amount of the investment in an associate	5,151,789

There were no dividends received from the associate during the financial years ended 31 December 2016 and 2015.

20 INVESTMENT PROPERTIES

	Group	
	2016 S$	2015 S$
At fair value		
Balance at the beginning of the year	–	2,305,190
Fair value loss recognised in profit or loss (Note 6)	–	(360,433)
Currency translation differences	–	(274,639)
Transferred to assets held for sale (Note 17)	–	(1,670,118)
Balance at the end of the year	–	–

21 FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	Group		Company	
	2016 S$	2015 S$	2016 S$	2015 S$
Quoted equity investments (a)	**32,355**	10,847,458	**32,355**	10,847,458
Celsius Convertible Note (b)	**–**	–	**–**	–
Cokal Convertible loan (c)	**–**	–	**–**	–
Total financial assets, available-for-sale	**32,355**	10,847,458	**32,355**	10,847,458

As at 31 December 2016, the Group transferred certain financial assets, available-for-sale to Wintercrest in settlement of the loan from Wintercrest (Note 24).

21 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (CONTINUED)

As at 31 December 2015, the Group disposed of certain financial assets, available-for-sale with a carrying amount of S$576,232 and has recognised a gain on disposal of financial assets, available-for-sale of S$498,938.

As at 31 December 2015, the Group wrote off certain financial assets, available-for-sale amounting to S$665,402.

(a) Quoted equity investments

Movements in quoted equity investments during the financial year are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Quoted equity investments, at fair value				
Balance at the beginning of the year	**10,847,458**	8,495,550	**10,847,458**	7,304,739
Additions during the year	**142,502**	2,122,065	**142,502**	2,122,065
Disposal during the year	**–**	(576,232)	**–**	–
Written off during the year (Note 6)	**–**	(665,402)	**–**	–
Addition from conversion of Celsius convertible note (b)	**–**	165,530	**–**	165,530
Addition from conversion of Celsius convertible note interest receivables (b)	**–**	23,207	**–**	23,207
	–	188,737	**–**	188,737
Addition through conversion of debt owed by Merlin Diamond Limited	**–**	789,975	**–**	789,975
Cumulative fair value gain recognised in other comprehensive income (Note 29(b)(i))	**–**	1,524,826	**–**	1,524,827
Impairment recognised during the year	**(110,147)**	(1,082,885)	**(110,147)**	(1,082,885)
Settlement of loan with Wintercrest (Note 24)	**(10,847,458)**	–	**(10,847,458)**	
Currency translation differences	**–**	50,824	**–**	–
Balance at the end of the year	**32,355**	10,847,458	**32,355**	10,847,458

During the financial year, the Group has impaired S$110,147 (2015: S$1,082,885) of its quoted equity investments to profit or loss as a result of a significant or prolonged decline in the fair value of these investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (CONTINUED)

(b) Celsius Convertible Note

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Balance at the beginning of the year	**–**	167,395	**–**	167,395
Conversion to shares (a)	**–**	(165,530)	**–**	(165,530)
Currency translation differences	**–**	(1,865)	**–**	(1,865)
Balance at the end of the year	**–**	–	**–**	–

In 2015, the Group fully converted the Celsius Convertible Notes into Celsius shares at the agreed conversion price of S$0.001. The consideration for the Celsius Convertible Notes converted comprised the principal amount of S$165,530 and the accrued interest of S$23,207.

(c) Cokal Convertible Loan

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
At cost				
Balance at the beginning of the year	**–**	4,492,420	**–**	4,492,420
Settlement of loan with Wintercrest	**(4,805,900)**	–	**(4,805,900)**	–
Write-back of/(allowance for) impairment recognised during the year	**4,805,900**	(4,805,900)	**4,805,900**	(4,805,900)
Currency translation differences	**–**	313,480	**–**	313,480
Balance at the end of the year	**–**	–	**–**	–

During the financial year, the Group has written back impairment loss of S$4,805,900 (2015: allowance for impairment loss of S$4,805,900) of the Cokal Convertible Loan to profit or loss based on the agreed amount to be assigned to Wintercrest in settlement of the loan with Wintercrest (Note 24). The impairment written back was recognised as part of the gain on disposal of financial assets, available-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22 PROPERTY AND EQUIPMENT

	Freehold land S$	Freehold building S$	Renovations S$	Furniture and fittings S$	Office, computer and other equipment S$	Cobalt isotope S$	Motor vehicles S$	Construction in-progress S$	Total S$
Group									
2016									
Cost									
At 1 January	870,601	844,591	79,598	9,257	1,069,303	3,203,785	943,285	125,717	7,146,137
Additions	–	2,175	–	–	317,060	–	133,114	157,198	609,547
Transfer	–	131,880	–	–	–	–	–	(131,880)	–
Disposals/Write-off	–	–	–	–	(5,973)	–	(49,588)	–	(55,561)
Currency translation differences	42,676	42,422	(94)	(12)	58,936	157,049	26,243	6,164	333,384
At 31 December	913,277	1,021,068	79,504	9,245	1,439,326	3,360,834	1,053,054	157,199	8,033,507
Accumulated depreciation									
At 1 January	–	317,992	32,712	5,090	696,057	1,222,979	444,167	–	2,718,997
Depreciation during the year (Note 8)	–	46,236	21,639	1,000	101,028	239,073	120,649	–	529,625
Disposals/Write-off	–	–	–	–	(4,237)	–	(39,421)	–	(43,658)
Currency translation differences	–	16,091	(93)	(12)	35,082	67,440	8,564	–	127,072
At 31 December	–	380,319	54,258	6,078	827,930	1,529,492	533,959	–	3,332,036
Net carrying amount									
At 31 December	913,277	640,749	25,246	3,167	611,396	1,831,342	519,095	157,199	4,701,471

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land S$	Freehold building S$	Renovations S$	Furniture and fittings S$	Office, computer and other equipment S$	Cobalt isotope S$	Motor vehicles S$	Construction in-progress S$	Total S$
Group									
2015									
Cost									
At 1 January	904,743	714,327	56,939	14,049	1,130,861	1,460,843	1,023,685	–	5,305,447
Additions	–	162,669	64,919	5,000	151,387	1,805,413	39,389	125,717	2,354,494
Disposals/Write-off	–	–	(41,587)	(9,710)	(174,693)	–	(80,134)	–	(306,124)
Currency translation differences	(34,142)	(32,405)	(673)	(82)	(38,252)	(62,471)	(39,655)	–	(207,680)
At 31 December	870,601	844,591	79,598	9,257	1,069,303	3,203,785	943,285	125,717	7,146,137
Accumulated depreciation									
At 1 January	–	292,536	44,342	13,763	824,563	1,097,860	396,270	–	2,669,334
Depreciation during the year (Note 8)	–	37,751	19,222	863	67,393	167,229	118,856	–	411,314
Disposals/Write-off	–	–	(30,180)	(9,453)	(168,783)	–	(49,268)	–	(257,684)
Currency translation differences	–	(12,295)	(672)	(83)	(27,116)	(42,110)	(21,691)	–	(103,967)
At 31 December	–	317,992	32,712	5,090	696,057	1,222,979	444,167	–	2,718,997
Net carrying amount									
At 31 December	870,601	526,599	46,886	4,167	373,246	1,980,806	499,118	125,717	4,427,140

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22 PROPERTY AND EQUIPMENT (CONTINUED)

	Renovations S$	Furniture and fittings S$	Office, computer and other equipment S$	Motor vehicle S$	Total S$
Company					
2016					
Cost					
At 1 January	**75,069**	**8,700**	**51,765**	**323,488**	**459,022**
Disposal/Write-off	**–**	**–**	**(5,973)**	**–**	**(5,973)**
At 31 December	**75,069**	**8,700**	**45,792**	**323,488**	**453,049**
Accumulated depreciation					
At 1 January	**28,183**	**4,533**	**19,601**	**161,744**	**214,061**
Depreciation during the year	**21,639**	**1,000**	**14,081**	**46,212**	**82,932**
Disposal/Write-off	**–**	**–**	**(4,238)**	**–**	**(4,238)**
At 31 December	**49,822**	**5,533**	**29,444**	**207,956**	**292,755**
Net carrying amount					
At 31 December	**25,247**	**3,167**	**16,348**	**115,532**	**160,294**
2015					
Cost					
At 1 January	51,737	13,410	157,701	323,488	546,336
Additions	64,919	5,000	26,973	–	96,892
Disposal/Write-off	(41,587)	(9,710)	(132,909)	–	(184,206)
At 31 December	75,069	8,700	51,765	323,488	459,022
Accumulated depreciation					
At 1 January	39,140	13,123	137,822	115,530	305,615
Depreciation during the year	19,223	863	9,826	46,214	76,126
Disposal/Write-off	(30,180)	(9,453)	(128,047)	–	(167,680)
At 31 December	28,183	4,533	19,601	161,744	214,061
Net carrying amount					
At 31 December	46,886	4,167	32,164	161,744	244,961

As at 31 December 2016, the carrying amount of the Group's motor vehicles held under finance leases amounted to S$115,532 (2015: S$161,744).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Current				
Other payables (a)	**1,691,005**	1,636,858	**695,437**	1,247,369
Amounts due to directors (b)	**27,181**	22,500	**27,181**	22,500
Advances from customers	**3,267**	–	**2,300**	–
Accrued operating expenses (c)	**1,747,288**	8,983,316	**1,693,872**	8,899,309
Interest payable – Wintercrest Financing Loans	**–**	6,796,374	**–**	6,796,374
	3,468,741	17,439,048	**2,418,790**	16,965,552
Non-current				
Other payables (a)	**500,000**	–	**–**	–
Total trade and other payables	**3,968,741**	17,439,048	**2,418,790**	16,965,552

(a) In 2015, the Group's other payables include professional fees which are mainly for the Wintercrest Financing Loans, the conversion of Celsius Convertible Note and the subscription of Elysium Resources Limited shares. In 2016, the Group's other payables include payable to non-controlling shareholder of a subsidiary for additional acquisition of shares in that subsidiary, professional fees in relation to additional acquisition of shares and general legal advices.

(b) The amounts due to directors are unsecured, interest-free and repayable on demand in cash.

(c) Accrued operating expenses include a provision for withholding tax in relation to the Wintercrest Financing Loans interest payables amounting to S$1.2 million (2015: S$1.2 million). In 2015, the amount also included administrative fees and extension fees in relation to the Wintercrest Financing Loans totalling approximately S$7.2 million.

The Company has received two demand notes from the Inland Revenue Authority of Singapore ("IRAS") on 8 February 2017 to pay the outstanding withholding taxes and late payment penalty of S$1.2 million. The Company is unable to repay this amount and has written to IRAS to request for the deferment of payment of the outstanding withholding tax for a period of one year from 15 January 2017, or alternatively to pay the outstanding withholding tax in instalments over a one-year period, and to waive the late payment penalty and interest arising from the non-payment of the outstanding withholding tax. At the date of authorisation of these financial statements, the Company has not received a reply from IRAS on its request.

24 BORROWINGS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Current				
Finance lease liabilities (a), (Note 25)	**32,736**	31,584	**32,736**	31,584
Wintercrest Financing Loans, net (b)	**–**	27,549,063	**–**	27,549,063
	32,736	27,580,647	**32,736**	27,580,647
Non-current				
Finance lease liabilities (a), (Note 25)	**51,205**	83,941	**51,205**	83,941
Total borrowings	**83,941**	27,664,588	**83,941**	27,664,588

(a) Finance lease liabilities are effectively secured over the leased motor vehicles of the Group (Note 22), as the legal title is retained by the lessors and will be transferred to the Group upon full settlement of the finance lease liabilities. The weighted average effective interest rates of the finance lease liabilities ranges from 3.66% – 7.76% (2015: 3.66% – 7.76%) per annum during the financial year.

(b) On 24 December 2013, the Company entered into a financing loan facility agreement with Wintercrest Advisors LLC (“Wintercrest”), under which Wintercrest made available to the Company a financing loan facility of the sum up to US$30,000,000 at an interest rate of 10% per annum. The financing loan facility is secured by certain financial assets, available-for-sale of the Group and the maturity period of the financial loan facility was 30 June 2014.

On 29 May 2014, the Company entered into a supplemental agreement with Wintercrest (the “Supplemental Agreement”) to reduce the financing loan facility from US$30,000,000 to US$23,500,000. The maturity period of the financing loan facility was also extended from 30 June 2014 to 15 March 2015 and the interest rate increased from 10% to 12% per annum. The Supplemental Agreement also required additional financial assets, available-for-sale of the Group as security.

On 13 March 2015, Wintercrest agreed to extend the maturity date of the Wintercrest Loan Facility for a further 12 months from 15 March 2015 to 15 March 2016. All amounts due under the Wintercrest Loan Facility will be payable on or before 15 March 2016, and in accordance with the repayment schedule set out in the supplemental agreement dated 13 March 2015 (the “Second Supplemental Agreement”). It has been agreed that the Company shall repay at least 50% of the drawdown Wintercrest Loan Facility (and accrued interest and fees) within 6 months from 13 March 2015, and at least another 25% of the drawdown Wintercrest Loan Facility (and accrued interest and fees) within 9 months from 13 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

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24 BORROWINGS (CONTINUED)

(b) (Continued)

On 7 April 2016, the Company entered into a settlement agreement ("Settlement Agreement") with Wintercrest for the full and final settlement of the outstanding amount owing and payable by the Company under the loan facility agreement of US$29,374,784 (S$41,521,256), based on the Company's computation at 31 December 2015, through assignment of assets and debts, and allotment and issuance of ordinary shares in the Company. The repayment of the loans was completed on 25 November 2016.

The net gain arising from the settlement of the loans is as follows:

		Net carrying value S$	Settlement value S$	Net gain/(loss) recognised in profit or loss S$
(i)	Financial assets, available-for- sale			
	Balance as at 1 January 2016	10,847,458		
	Net change in fair value	(3,928,442)		(3,928,442)
	Balance as at 25 November 2016	6,919,016	15,653,358	8,734,342
	Cumulative gain in fair value reclassified to profit or loss			1,524,826
	Gain on disposal of financial assets, available-for-sale (Note 6)			6,330,726
(ii)	Interest receivables (Note 14(d))	–	484,172	484,172
(iii)	Investment in an associate			
	Balance as at 1 January 2016	5,151,789		
	Share of loss of associate	(1,050,005)		
	Share of other comprehensive income of associate	94,740		
	Dilution loss	(1,379,744)		
	Balance as at 25 November 2016	2,816,780	5,151,789	2,335,009
	Cumulative exchange loss reclassified to profit or loss			(561,478)
	Gain on disposal of associated company (Note 6)			1,773,531
	Total net gain arising from the settlement of the Wintercrest loans			8,588,429

24 BORROWINGS (CONTINUED)

(b) (Continued)

As at 31 December 2016, the respective assets and debt have been transferred to Wintercrest except for the shares in Azarga Uranium and Cokal Limited ("Cokal") as well as the debt from Cokal. The Group has entered into a deed of trust with Wintercrest to hold these shares and debt as a bare trustee for Wintercrest from 22 November 2016, the date of approval of the Settlement Agreement by the Company's shareholders. By the declaration of the trust, the Group has transferred fully and absolutely the beneficial ownership interest in these shares and debt to Wintercrest.

(c) As at 31 December 2015, the Wintercrest Financing Loans were secured by:

(i) all investments owned by the Company whose principal activities consist of exploration for or extraction of minerals, oil or gas (excluding any company that purely provides services or equipment to other companies engaged in such activities), including investment in certain subsidiaries with a carrying amount of S$3,311,831, investment in an associate with a carrying amount of S$5,151,789 and financial assets, available-for-sale with a carrying amount of S$10,847,458;

(ii) certain of the Company's bank balances amounting to S$48,109; and

(iii) certain of the Company's monetary claims including other receivables with a carrying amount of S$968,586 and loans receivable from subsidiaries with a carrying amount of S$11,491.

(d) Fair Value of Non-current Borrowings

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Finance lease liabilities	**49,277**	80,347	**49,277**	80,347

The above fair values of finance lease liabilities were determined from cash flow analyses, discounted at market borrowing rates of an equivalent instrument as at the date of the statement of financial position which management expects to be available to the Group and the Company as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	%	**%**	**%**	**%**
Finance lease liabilities	**5.00**	5.00	**5.00**	5.00

NOTES TO THE FINANCIAL STATEMENTS

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25 FINANCE LEASE LIABILITIES (SECURED)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Not later than one year	**35,088**	35,088	**35,088**	35,088
Later than one year but not later than five years	**52,573**	87,661	**52,573**	87,661
	87,661	122,749	**87,661**	122,749
Less: Future finance charges	**(3,720)**	(7,224)	**(3,720)**	(7,224)
Present value of finance lease liabilities	**83,941**	115,525	**83,941**	115,525
Presented as:				
Current (Note 24)	**32,736**	31,584	**32,736**	31,584
Non-current (Note 24)	**51,205**	83,941	**51,205**	83,941
	83,941	115,525	**83,941**	115,525

26 EMPLOYEE COMPENSATION

	Group	
	2016	**2015**
	S$	**S$**
Present value of unfunded obligations	**799,060**	603,753

Movements in the present value of the defined benefit obligations during the financial year are as follows:

	Group	
	2016	**2015**
	S$	**S$**
Defined benefit obligations at the beginning of the year	**603,753**	502,057
Benefits paid by the plan	**(30,134)**	(29,899)
Current service costs	**58,320**	48,068
Interest on obligations	**53,873**	41,232
Actuarial loss recognised in other comprehensive income	**58,278**	46,391
Currency translation differences	**54,970**	(4,096)
Defined benefit obligations at the end of the year	**799,060**	603,753

NOTES TO THE FINANCIAL STATEMENTS

26 EMPLOYEE COMPENSATION (CONTINUED)

The amounts recognised in profit or loss during the financial year are as follows:

	Group	
	2016	2015
	S$	S$
Current service costs	**58,320**	48,068
Interest on obligations	**53,873**	41,232
Total, included in “Employee Benefits” (Note 7)	**112,193**	89,300

Actuarial loss recognised in other comprehensive income during the financial year are as follows:

	Group	
	2016	2015
	S$	S$
Amount accumulated in accumulated gains at the beginning of the year	**86,025**	43,528
Recognised during the year	**58,278**	46,391
Currency translation differences	**7,507**	(3,894)
Amount accumulated in accumulated gains at the end of the year	**151,810**	86,025

Principal actuarial assumptions at the end of the financial year are as follows:

	Group 2016 and 2015
Valuation method	Projected Unit Credit based on Actuarial Cost Method
Mortality rate	TMI 2011 (2015: TMI 2011)
Discount rate	7.5% (2015: 9.0%)
Future salary increase	10%
Disability rate	1% from TMI 2011 (2015: 1% from TMI 2011)
Resignation rate	3% per annum up to age 25 years old, reducing linearly to 1% per annum at age 45 years old and thereafter
Normal retirement age	55 years old
Retirement rate	100% at normal retirement age

The Group has no significant exposure from changes in the principal actuarial assumptions disclosed above. Thus, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

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27 DEFERRED TAXES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position as follows:

	Group	
	2016	**2015**
	S$	**S$**
To be settled after one year		
– Deferred tax assets	**(237,294)**	(155,541)
– Deferred tax liabilities	**–**	11,979
Net balance at the end of the year	**(237,294)**	(143,562)

The movements in the deferred tax assets and liabilities (on an aggregated basis) during the financial year are as follows:

	Group	
	2016	**2015**
	S$	**S$**
Balance at the beginning of the year	**(143,562)**	(91,387)
Tax credited to:		
– profit or loss (Note 10)	**(64,590)**	(38,624)
– other comprehensive income	**(19,426)**	(15,464)
	(84,016)	(54,088)
Currency translation differences	**(9,716)**	1,913
Balance at the end of the year	**(237,294)**	(143,562)

Deferred tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of related tax benefits through future taxable profits is probable. The Group and the Company had the following unrecognised tax losses and capital allowances which can be carried forward and used to offset against future taxable income subject to meeting certain statutory tax requirements by those group entities in their respective countries of incorporation:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Capital allowances	**70,906**	72,401	**–**	–
Tax losses	**46,650,800**	45,933,069	**31,557,393**	31,557,393
	46,721,706	46,005,470	**31,557,393**	31,557,393

27 DEFERRED TAXES (CONTINUED)

The movements in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Deferred tax assets:

	Provisions S$
Group	
2016	
Balance at the beginning of the year	**(154,705)**
Reclassified from deferred tax liabilities	**(836)**
Currency translation differences	**(9,875)**
Tax (credited) to:	
– profit or loss	**(52,452)**
– other comprehensive income	**(19,426)**
	(71,878)
Balance at the end of the year	**(237,294)**
2015	
Balance at the beginning of the year	(125,632)
Currency translation differences	4,878
Tax (credited) to:	
– profit or loss	(18,487)
– other comprehensive income	(15,464)
	(33,951)
Balance at the end of the year	(154,705)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27 DEFERRED TAXES (CONTINUED)

Deferred tax liabilities:

	Accelerated tax depreciation S$	Fair value gains of investment properties S$	Total S$
Group			
2016			
Balance at the beginning of the year	**(836)**	**11,979**	**11,143**
Currency translation differences	**–**	**159**	**159**
Credited to profit or loss	**–**	**(12,138)**	**(12,138)**
Reclassified to deferred tax assets	**836**	**–**	**836**
Balance at the end of the year	**–**	**–**	**–**
2015			
Balance at the beginning of the year	6,545	27,700	34,245
Currency translation differences	(217)	(2,748)	(2,965)
Credited to profit or loss	(7,164)	(12,973)	(20,137)
Balance at the end of the year	(836)	11,979	11,143

28 SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of ordinary shares	S$	Number of ordinary shares	S$
Ordinary shares issued and fully paid				
Balance at the beginning of the year	**4,514,224,998**	**107,095,362**	2,609,387,832	100,173,519
Issue of shares	**23,011,537,185**	**20,232,340**	1,904,837,166	7,123,215
Share issue expense	**–**	**(33,756)**	–	(201,372)
Balance at the end of the year	**27,525,762,183**	**127,293,946**	4,514,224,998	107,095,362

28 SHARE CAPITAL (CONTINUED)

(a) Issue of shares

(i) On 25 November 2016, the Group and the Company allotted and issued 23,011,537,185 ordinary shares to Wintercrest pursuant to the settlement agreement dated 7 April 2016 entered into with Wintercrest for repayment of loans. The shares were issued at a price of S$0.00088 per share.

(ii) The Company entered into a placement agreement with Dr. Vigneswaran T Subramaniam (the "Subscriber"), pursuant to which the Subscriber agreed to subscribe for, and the Company agreed to allot and issue to the Subscriber, one hundred million (100,000,000) new ordinary shares in the capital of the Company (the "Placement Shares") at S$0.01705 for each Placement Share (the "Placement").

On 5 February 2015, the Placement was completed which raised net proceeds of approximately S$1.7 million.

(iii) On 31 March 2015, the Company allotted and issued 156,762,167 new ordinary shares at an issue price of S$0.0135 per share for aggregate proceeds of S$2,122,065. The issued shares was used as consideration shares for the takeover bid of Genesis Resources Limited, classified as financial assets, available-for-sale of the Group. The newly issued ordinary shares rank pari passu in all respects with the previously issued shares.

(iv) On 4 November 2015, the Company allotted and issued 1,433,074,999 new ordinary shares (the "Rights Shares") at an issue price of S$0.002 for each Rights Share for aggregate proceeds of S$2,866,150. The rights proceeds were used for the Group's working capital and partial repayment to Wintercrest. The newly issued ordinary shares ranked pari passu in all respects with the previously issued shares.

(b) Share options

<u>Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")</u>

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive director) and non-executive directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Mr. Calvin Lim Huan Kim (Chairman), Mr. Tan Gim Kang, Arran, Mr. Aris Muhammad Rizal and Mr. Alan Chin Yu.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28 SHARE CAPITAL (CONTINUED)

(b) Share options (Continued)

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013") (Continued)

Under the Blumont ESOS 2013, options may be exercised after the 1st anniversary of the date of grant and before the 5th anniversary of such date of grant for non-executive directors and the 10th anniversary of such date of grant for group employees.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

- fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or

- set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial year ended 31 December 2016 (2015: Nil).

Blumont Performance Share Plan

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont Performance Share Plan ("Blumont PSP"), for granting of incentive share awards to employees (including executive director) and non-executive directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Mr. Calvin Lim Huan Kim (Chairman), Mr. Tan Gim Kang, Arran, Mr. Aris Muhammad Rizal and Mr. Alan Chin Yu.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

NOTES TO THE FINANCIAL STATEMENTS

28 SHARE CAPITAL (CONTINUED)

(b) Share options (Continued)

Blumont Performance Share Plan (Continued)

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No incentive share awards under the Blumont PSP have been granted during the financial year ended 31 December 2016.

On 15 December 2015, the Company granted 215,000,000 performance shares to directors and employees of the Company. The shares were issued and allotted at S$0.002 per share on 16 December 2015.

(c) Capital management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, reserves, accumulated losses and net debts, which includes borrowings net of cash and bank balances.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

Consistently, the Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt ÷ adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less income tax and deferred tax liabilities and cash and bank balances. Adjusted capital comprises all components of equity attributable to owners of the Company (i.e. share capital, reserves and accumulated losses).

There were no changes in the Group's approach to capital management during the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28 SHARE CAPITAL (CONTINUED)

(c) Capital management (Continued)

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's net debt-to-adjusted capital ratio as at the statement of financial position date is as follows:

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Net debt	**4,353,893**	43,686,080	**3,077,247**	44,565,809
Total equity	**5,097,351**	(18,168,763)	**5,637,035**	(20,098,384)
Adjusted capital	**9,451,244**	25,517,317	**8,714,282**	24,467,425
Net debt-to-adjusted capital ratio	**46.1%**	171.2%	**35.3%**	182.1%

29 RESERVES

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
(a) Composition:				
Fair value reserve	**–**	1,524,826	**–**	1,524,826
Currency translation reserve	**(5,213,075)**	(4,915,881)	**–**	–
Other reserves	**(984,738)**	(1,483,938)	**–**	–
	(6,197,813)	(4,874,993)	**–**	1,524,826

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29 RESERVES (CONTINUED)

(b) Movements during the financial year are as follows:

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
(i) Fair value reserve				
Balance at the beginning of the year	**1,524,826**	–	**1,524,826**	–
Net change in fair value of financial assets, available-for-sale (Note 21(a))	**–**	1,524,826	**–**	1,524,826
Cumulative gain in fair value of financial assets, available-for-sale reclassified to profit or loss	**(1,524,826)**	–	**(1,524,826)**	–
Balance at the end of the year	**–**	1,524,826	**–**	1,524,826
(ii) Currency translation reserve				
Balance at the beginning of the year	**(4,915,881)**	(3,371,946)	**–**	–
Foreign exchange translation loss	**(297,194)**	(1,168,321)	**–**	–
Share of other comprehensive loss of associate	**–**	(375,614)	**–**	–
Balance at the end of the year	**(5,213,075)**	(4,915,881)	**–**	–
(iii) Other reserves				
Balance at the beginning of the year	**(1,483,938)**	(1,483,938)	**–**	–
Acquisition of additional interest in a subsidiary (Note 18(e))	**(22,442)**	–	**–**	–
Disposal of investment in an associate	**521,642**	–	**–**	–
Balance at the end of the year	**(984,738)**	(1,483,938)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30 NON-CONTROLLING INTERESTS

	Group	
	2016	2015
	S$	S$
Balance at the beginning of the year	**4,075,761**	4,182,584
Share of comprehensive income for the year	**488,490**	258,354
Dividend paid to non-controlling shareholder of a subsidiary (Note 18(f))	**(346,888)**	(365,177)
Acquisition of additional interest in a subsidiary (Note 18(e))	**(1,477,558)**	–
Balance at the end of the year	**2,739,805**	4,075,761

31 COMMITMENTS

(a) Operating Lease Commitments – where the Group is a lessee

The Group leases an office and certain office equipment from non-related parties under non-cancellable operating leases. The operating lease expenses charged to profit or loss during the financial year is disclosed in Note 8.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for as at the statement of financial position date but not recognised as liabilities in the financial statements are analysed as follows:

	Group	
	2016	2015
	S$	S$
Not later than one year	**236,923**	234,056
Later than one year but not later than five years	**80,881**	299,954
	317,804	534,010

The leases entered into by the Group do not include any contingent rentals, renewal purchase option or any escalation clauses.

(b) Capital Commitments

Commitments not recognised as at the statement of financial position date in the financial statements are as follows:

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Undrawn loan facilities	**–**	6,631,175	**–**	6,631,175

31 COMMITMENTS (CONTINUED)

(b) Capital Commitments (Continued)

As at 31 December 2015, included in the Group's and the Company's undrawn loan facilities are those balance subscription in Elysium Resources Limited in accordance to the Take-Up Deed dated 14 November 2014 of A$125,000 (S$129,075), Cokal Convertible Loan amounting to US$4,600,000 (S$6,502,100).

(c) Others

The Company has given an undertaking to provide continuing financial support to certain subsidiaries of the Group for the next twelve months from the date of authorisation of their financial statements.

32 FINANCIAL RISK MANAGEMENT

The Group's activities is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk arising in the normal course of the Group's business. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Risk management is carried out by the Group's executive management.

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rate and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group operates internationally and is subject to various currency exposures, primarily with respect to the Indonesian Rupiah (IDR), Malaysian Ringgit (RM), United States Dollar (USD), and Australian Dollar (AUD). Currency risk arises from recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's foreign operations in Malaysia and Indonesia are kept at a minimal level. The Group does not presently hedge this foreign exchange exposure.

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (Continued)

(i) *Currency risk* (Continued)

Generally, recognised assets and liabilities are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Singapore Dollar, but also IDR, RM, USD and AUD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group monitors exposure of foreign currency risk on an ongoing basis by reviewing the liquid assets and liabilities held in currencies other than the Singapore Dollar to ensure that the net exposure are within acceptable parameters.

The Group's and the Company's currency exposure based on the information provided to key management as at the statement of financial position date is as follows:

2016

	Indonesian Rupiah $	Malaysian Ringgit $	United States Dollar $	Australian Dollar $
Group				
Trade and other receivables	652,249	3,413	–	–
Cash and bank balances	391,853	33,163	2,423	–
Other financial assets	–	–	–	32,355
Trade and other payables	(46,725)	(453,127)	(14,464)	(19,588)
Other financial liabilities	(799,060)	–	–	–
Net financial assets/ (liabilities)	198,317	(416,551)	(12,041)	12,767
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	(198,317)	416,551	–	–
Currency exposure	–	–	(12,041)	12,767

NOTES TO THE FINANCIAL STATEMENTS

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (Continued)

(i) *Currency risk* (Continued)

2015

	Indonesian Rupiah $	Malaysian Ringgit $	United States Dollar $	Australian Dollar $
Group				
Trade and other receivables	634,404	37,830	–	148,685
Cash and bank balances	1,343,626	101,244	209,147	–
Other financial assets	–	9,379	–	10,847,458
Trade and other payables	(51,762)	(386,332)	(14,085,024)	–
Other financial liabilities	(603,753)	–	(27,549,062)	–
Net financial assets/ (liabilities)	1,322,515	(237,879)	(41,424,939)	10,996,143
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	(1,322,515)	237,879	–	–
Currency exposure	–	–	(41,424,939)	10,996,143

	2016		2015	
	United States Dollar $	Australian Dollar $	United States Dollar $	Australian Dollar $
Company				
Trade and other receivables	**–**	**–**	–	148,685
Other financial assets	**–**	**32,355**	–	10,847,458
Trade and other payables	**(14,464)**	**(19,588)**	(14,085,024)	–
Other financial liabilities	**–**	**–**	(27,549,062)	–
Currency exposure	**(14,464)**	**12,767**	(41,634,086)	10,996,143

NOTES TO THE FINANCIAL STATEMENTS

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (Continued)

(i) *Currency risk* (Continued)

A 1% strengthening of the Singapore Dollar against the following foreign currencies at the statement of financial position date would (decrease)/increase loss before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant. The analysis was performed on the same basis for 2015, as indicated below:

	Group		Company	
	Loss before tax S$	Equity S$	Loss before tax S$	Equity S$
2016				
United States Dollar	**(120)**	**120**	**(145)**	**145**
Australian Dollar	**(196)**	**(128)**	**(196)**	**(128)**
2015				
United States Dollar	(414,249)	414,249	(416,341)	416,341
Australian Dollar	1,487	(109,961)	1,487	(109,961)

A 1% weakening of the Singapore Dollar against the above foreign currencies would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, in particular interest and tax rates, remain constant.

(ii) *Price risk*

The Group is exposed to equity securities price risk from its investments held, which are classified on the statement of financial position as financial assets, at fair value through profit or loss or available-for-sale. These equity securities are mostly listed in Singapore, Malaysia, and Australia. The market value of these investments are affected, amongst others, by changes in market prices as a result of changes in global economic conditions, macro and micro economic factors affecting the relevant countries, where the investments are quoted, and factors specific to investee corporations. The fluctuations in market prices due to the above factors are unforeseen and the Group monitors these changes to respond to them as and when appropriate and necessary.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (Continued)

(ii) *Price risk* (Continued)

A 1% increase in the underlying equity prices at the statement of financial position date with all other variables, including the tax rate, being held constant would (decrease)/increase loss before tax or equity in both years by the following amounts:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Equity	**324**	108,475	**324**	108,475
Loss before tax	**(1,334)**	(10,742)	**–**	(15)

A 1% decrease in the underlying equity prices would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, including the tax rate, remain constant.

(iii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rates arises from fixed interest-earning financial assets and fixed interest-bearing financial liabilities. Fixed interest-bearing financial assets primarily relates to financial assets, available-for-sale and cash and bank balances while fixed interest-bearing financial liabilities mainly relates to financing facilities. The interest rates and repayment terms are disclosed in the respective notes to the financial statements. The Group has no significant exposure from all of these financial assets and financial liabilities as these mainly bear fixed interest rates. Thus, no sensitivity analysis is presented.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's receivables from customers, bank deposits and investment securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk (Continued)

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. For trade and other receivables, the Group has a credit policy in place and monitors credit evaluation and exposure to credit risk on an ongoing basis. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level.

(i) Trade and other receivables

The Group does not require any collateral in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic region is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Singapore	**17,053**	74,928	**5,618**	2,771
Malaysia	**3,413**	37,830	**–**	–
Indonesia	**652,249**	634,404	**–**	–
Australia	**–**	148,685	**–**	148,685
	672,715	895,847	**5,618**	151,456

The trade and other receivables of the Group comprised 8 debtors (2015: 11 debtors) that individually represent 21% (2015: 33%) of trade and other receivables. There is no concentration of customer risk at the Company level.

The aging of trade and other receivables that were past due but not impaired as at the statement of financial position date is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Past due less than 2 months	**115,111**	128,257	**–**	–
Past due more than 2 months	**1,236**	4,934	**–**	–
	116,347	133,191	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk (Continued)

(i) *Trade and other receivables* (Continued)

Management believed that the unimpaired amounts that are past due are still collectible, based on historical payment behaviour and analysis of customer credit risk, including underlying customers' credit rating, where applicable.

The Group establishes an allowance for impairment loss that represents incurred losses in respect of trade and other receivables based on expected collectability of the receivables. The movements in the allowance for impairment loss in respect of trade and other receivables based on individual impairments during the financial year are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$	**S$**	**S$**	**S$**
Balance at the beginning of the year	**654,476**	714,748	**654,476**	714,748
Impairment loss recognised during the year (Note 8)	**8,003**	654,476	**–**	654,476
Allowance written back during the year (Note 8)	**(532,775)**	(714,748)	**(532,775)**	(714,748)
Currency translation differences	**(269)**	–	**–**	–
Balance at the end of the year	**129,435**	654,476	**121,701**	654,476

Based on management's monitoring of customer credit risk, management believed that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables.

The allowances account in respect of trade and other receivables is used to record impairment losses unless the Group and the Company is satisfied that no recovery of the amounts owing are possible, at that point, the amounts are considered irrecoverable and are written off against the financial assets directly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk (Continued)

(ii) Investments

The Group limits its exposure to credit risk on investments held by investing only in liquid marketable securities and with counterparties that have good credit ratings. Management does not expect any counterparty to fail to meet its obligations, except for certain impaired financial assets, available-for-sale as disclosed in Note 21.

The allowance account in respect of financial assets, available-for-sale is used to record impairment losses unless the Group/Company is satisfied that no recovery of the investments held are possible, at that point, the investments are considered irrecoverable and are written off against the financial assets directly.

(iii) Cash and bank balances

The Group and the Company held cash and bank balances of S$497,849 and S$36,876 respectively as at 31 December 2016 (2015: S$2,021,309 and S$64,331 respectively), which represents their maximum credit exposure on these assets. The cash at bank are held with banks with good credit ratings.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk by maintaining sufficient cash and marketable securities and the ability to close out market positions at a short notice. Where necessary, fund raising exercise will be considered through right issues and private placements. Further discussion on the Group's liquidity risk is disclosed in Note 3(b).

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity Risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the statement of financial position date based on contractual undiscounted payments.

	Carrying amounts S$	Contractual amounts S$	< 1 year S$	1 – 5 years S$	> 5 years S$	Total S$
Group						
2016						
Trade and other payables	**3,968,741**	**3,968,741**	**3,468,741**	**500,000**	**–**	**3,968,741**
Borrowings	**83,941**	**87,661**	**35,088**	**52,573**	**–**	**87,661**
	4,052,682	**4,056,402**	**3,503,829**	**552,573**	**–**	**4,056,402**
2015						
Trade and other payables	17,439,048	17,439,048	17,439,048	–	–	17,439,048
Borrowings	27,664,588	30,970,475	30,886,533	83,942	–	30,970,475
Undrawn loan facilities commitments (Note 31(b))	6,631,175	6,631,175	6,631,175	–	–	6,631,175
	51,734,811	55,040,698	54,956,756	83,942	–	55,040,698
Company						
2016						
Trade and other payables	**2,418,790**	**2,418,790**	**2,418,790**	**–**	**–**	**2,418,790**
Borrowings	**83,941**	**87,661**	**35,088**	**52,573**	**–**	**87,661**
	2,502,731	**2,506,451**	**2,453,878**	**52,573**	**–**	**2,506,451**
2015						
Trade and other payables	16,965,552	16,965,552	16,965,552	–	–	16,965,552
Borrowings	27,664,588	30,970,475	30,886,533	83,942	–	30,970,475
Undrawn loan facilities commitments (Note 31(b))	6,631,175	6,631,175	6,631,175	–	–	6,631,175
	51,261,315	54,567,202	54,483,260	83,942	–	54,567,202

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair Value of the Group's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date (Level 1);

(ii) 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) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Other than the Group's investment properties disclosed in Note 17(d), the following table presents the Group's/Company's financial assets and financial liabilities measured at fair value as at the statement of financial position date by level of the fair value measurement hierarchy:

	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
Group				
2016				
Financial assets at fair value through profit or loss				
– Trading securities	**133,400**	**–**	**–**	**133,400**
Financial assets, available-for-sale				
– Quoted equity investments	**32,355**	**–**	**–**	**32,355**
2015				
Financial assets at fair value through profit or loss				
– Trading securities	1,074,188	–	–	1,074,188
Financial assets, available-for-sale				
– Quoted equity investments	10,847,458	–	–	10,847,458

NOTES TO THE FINANCIAL STATEMENTS

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair Value of the Group's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis (Continued)

	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
Company				
2016				
Financial assets, available-for-sale				
– Quoted equity investments	**32,355**	**–**	**–**	**32,355**
2015				
Financial assets at fair value through profit or loss				
– Trading securities	1,500	–	–	1,500
Financial assets, available-for-sale				
– Quoted equity investments	10,847,458	–	–	10,847,458

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices as at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assess and review the evidence obtained from the third parties to support the conclusion that such valuation meet the requirements of FRS, including the level in fair value hierarchy the resulting fair value estimate should be classified. These financial instruments are included in Level 1.

As at the date of these financial statements, based on the prevailing quoted market prices, the Group's listed securities classified under financial assets, at fair value through profit or loss recorded a net fair value gain from changes in fair value amounting to S$93,000 (2015: fair value loss of S$788,000) and quoted equity investments classified under financial assets, available-for-sale recorded a net fair value loss arising from changes in fair value amounting to approximately S$3,000 (2015: fair value loss of S$6,571,000) from the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair Value of the Group's Financial Assets and Liabilities that are not Measured at Fair Value on a Recurring Basis (but Fair Value Disclosure is Required)

(i) Non-derivative financial liabilities

The carrying amounts of borrowings approximate its fair value as they bear interest at rates which approximate the current incremental borrowing rate for similar type of lending and borrowing arrangements.

The carrying amount of the non-current other payable approximates its fair value as the effect of discounting is not material.

(ii) Other financial assets and liabilities

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

(f) Valuation Policies and Procedures

The Group has established control framework with respect to the measurement of fair values. This framework includes the finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significantly unobservable inputs and valuation adjustments. If third party confirmation, such as broker quotes or pricing services, is used to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

33 RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Group and the Company if that person:

- Has control or joint control over the Company;
- Has significant influence over the Company; or
- Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(ii) An entity is related to the Group and the Company if any of the following conditions apply:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint venture of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- The entity is controlled or jointly controlled by a person identified in (a);
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

There are no other related party transactions other than as disclosed below during the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33 RELATED PARTY TRANSACTIONS (CONTINUED)

Key management compensation

The remuneration of directors of the Company and directors of the Group's subsidiaries, who are the key management personnel of the Group, is as follows:

	Group	
	2016	**2015**
	S$	**S$**
Directors' fees	**152,624**	154,571
Short-term employee benefits	**409,671**	421,125
Post-employment benefits	**5,018**	5,291
Performance share plan expense	**–**	320,000
	567,313	900,987
Comprised:		
Directors of the Company	**298,056**	618,000
Directors of the Group's subsidiaries	**269,257**	282,987
	567,313	900,987

In 2015, the Company granted 160,000,000 performance shares to the directors of the Company amounted to S$320,000. No performance shares were granted for the financial year ended 31 December 2016.

No share options were granted to the directors of the Company during the financial years ended 31 December 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34 OPERATING SEGMENTS

Management has determined four reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's Executive Directors review internal management reports on at least a quarterly basis. The Group's reportable segments are as follows:

- Investment holding – investment in transferable securities including but not limited to marketable shares, warrants and debentures etc.

- Sterilisation – providing contract sterilisation and polymerisation services to food packaging, medical devices, cosmetic raw materials and consumers products.

- Property – development of properties for sale, long-term holding of properties for rental and related income.

- Mineral and energy resources – exploration, exploitation, development and production of mineral and energy resources and investments in mineral and energy resources projects, entities and companies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment (loss)/profit before income tax, as included in the internal reports that are reviewed by the Company's Executive Director.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

	Investment holding S$	Sterilisation S$	Property S$	Mineral and energy resources S$	Total S$
Group					
2016					
External revenues	**–**	**3,668,344**	**39,482**	**–**	**3,707,826**
Segment results	**(2,789,863)**	**2,116,422**	**(456,292)**	**8,500,331**	**7,370,598**
Interest income	**320**	**38,509**	**586**	**–**	**39,415**
Finance costs*	**(3,504)**	**–**	**–**	**–**	**(3,504)**
Share of loss of an associate	**–**	**–**	**–**	**(1,050,005)**	**(1,050,005)**
Depreciation	**(82,932)**	**(439,003)**	**(7,690)**	**–**	**(529,625)**
Reportable segment (loss)/ profit before income tax	**(2,875,979)**	**1,715,928**	**(463,396)**	**7,450,326**	**5,826,879**
Other material non-cash items					
– write-back of impairment loss on other receivables	**–**	**–**	**–**	**532,775**	**532,775**
– dilution loss on investment in an associate	**–**	**–**	**–**	**(1,379,744)**	**(1,379,744)**
– fair value loss on financial assets, at fair value through profit or loss	**(453,560)**	**–**	**–**	**–**	**(453,560)**
Other material items					
Capital expenditure					
– property and equipment	**–**	**608,275**	**1,272**	**–**	**609,547**
Segment assets	**791,559**	**5,751,750**	**5,912,340**	**32,355**	**12,488,004**
Unallocated assets – deferred tax assets					**237,294**
Consolidated total assets					**12,725,298**
Segment liabilities	**1,650,407**	**845,785**	**453,127**	**1,818,482**	**4,767,801**
Unallocated liabilities:					
– borrowings*					**83,941**
– current income tax liabilities					**36,400**
					120,341
Consolidated total liabilities					**4,888,142**

* The finance lease liabilities included in borrowings have not been disclosed by segment as this item is managed on a Group basis and are not provided to the Company's Executive Director at the operating segment level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

	Investment holding S$	Sterilisation S$	Property S$	Mineral and energy resources S$	Total S$
Group					
2015					
External revenues	–	3,590,330	49,313	–	3,639,643
Segment results	(7,157,999)	2,104,025	(1,129,156)	(16,416,995)	(22,600,125)
Interest income	316	59,852	–	317,006	377,174
Finance costs*	–	–	–	(4,150,071)	(4,156,287)
Share of loss of an associate	–	–	–	(1,724,507)	(1,724,507)
Depreciation	(76,126)	(319,969)	(15,219)	–	(411,314)
Reportable segment (loss)/ profit before income tax	(7,233,809)	1,843,908	(1,144,375)	(21,974,567)	(28,515,059)
Other material non-cash items					
– allowance for impairment loss on other receivables	(121,701)	–	–	(532,775)	(654,476)
– write-back of impairment loss on other receivables	–	–	–	714,748	714,748
– impairment loss on financial assets, available-for-sale	–	–	–	(5,888,785)	(5,888,785)
– write-off of financial assets, available-for-sale	–	–	–	(665,402)	(665,402)
– impairment loss on investment in an associate	–	–	–	(216,835)	(216,835)
– fair value loss on financial assets, at fair value through profit or loss	(1,362,653)	–	–	–	(1,362,653)
Other material items					
Capital expenditure					
– property and equipment	96,892	2,257,602	–	–	2,354,494
Segment assets	2,384,231	6,348,137	6,679,526	16,148,073	31,559,967
Unallocated assets – deferred tax assets					155,541
Consolidated total assets					31,715,508
Segment liabilities	28,258,454	655,515	386,332	16,291,562	45,591,863
Unallocated liabilities:					
– borrowings*					115,526
– current income tax liabilities					89,142
– deferred tax liabilities					11,979
					216,647
Consolidated total liabilities					45,808,510

* The finance lease liabilities included in borrowings have not been disclosed by segment as this item is managed on a Group basis and are not provided to the Company's Executive Director at the operating segment level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34 OPERATING SEGMENTS (CONTINUED)

Geographical segments

The Group's four business segments operate in four main geographical areas – Singapore (country of domicile), Malaysia, Indonesia, the United States of America and Others.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets or the underlying investments held.

Geographical information

	External revenues S$	Non-current assets* S$
Group		
2016		
Singapore	**–**	**192,648**
Malaysia	**39,482**	**36,915**
Indonesia	**3,668,344**	**4,504,263**
	3,707,826	**4,733,826**
2015		
Singapore	–	11,092,420
Malaysia	49,313	52,947
Indonesia	3,590,330	4,129,231
Others**	–	5,151,789
	3,639,643	20,426,387

* Non-current assets exclude deferred tax assets.

** Non-current assets disclosed under Others represent mainly investments in Australia listed companies

Information about major customers

Included in revenue arising from sterilisation services of approximately S$3.67 million (2015: S$3.59 million) are revenues of approximately S$1.66 million (2015: S$1.4 million) which arose from sales to the Group's seven (2015: seven) largest customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35 NON-CASH TRANSACTIONS BY THE GROUP

(a) 2016

(i) The following assets were assigned/transferred to Wintercrest for the settlement of the loans from Wintercrest:

	S$
Financial assets, available-for-sale	**15,653,358**
Interest receivables	**484,172**
Investment in an associate	**5,151,789**
	21,289,319

(ii) On 25 November 2016, the Group issued 23,011,537,185 ordinary shares to Wintercrest for the settlement of the loans from Wintercrest.

(b) 2015

(i) For the addition of financial assets, available-for-sale totalling to S$188,737 was share conversion of Celsius Convertible Notes representing S$165,530 of principal and interest receivable of S$23,207 from Celsius (Note 21(b)). The addition also include amount of S$2,122,065 which was acquired through issuance of 156,762,167 ordinary shares of the Company in exchange of shares in Genesis Resources Limited (see Note 28(a)(iii)). The remaining amount of S$789,975 was a conversion of the Consideration Advance to Merlin Diamonds Limited ("MED") equivalent to 11,538,461 MED shares.

(ii) On 16 December 2015, the Company issued 215,000,000 ordinary shares in accordance to Blumont PSP totalling to S$430,000 (see Note 28(b)).

36 LITIGATION

(a) Prospect Resources Limited ("PSC")

On 11 July 2013, the Company together with Mr. Alexander Molyneux and Pacific Advisers Pte Ltd (collectively, the "Consortium"), through a company to be incorporated, have entered into a conditional subscription agreement with Prospect Resources Limited ("PSC"), a company incorporated in Australia and listed on the Australian Stock Exchange, to subscribe for 325,000,000 new shares of PSC, constituting approximately 87.23% of the existing issued share capital of PSC, at a subscription price of A$0.012.

On 31 October 2013, the Consortium issued a notice (the "Termination Notice") to PSC to terminate the conditional subscription agreement with immediate effect as certain conditions have not been satisfied by PSC or waived by the Consortium. On 2 December 2013, the Company noted that PSC had announced on 29 November 2013 that it had commenced court proceedings (the "Proceedings") in the Supreme Court of New South Wales (the "Court") against, amongst others, the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

36 LITIGATION (CONTINUED)

(a) Prospect Resources Limited ("PSC") (Continued)

PSC claims by way of specific performance of, or damages for breach of the subscription agreement (i) S$3,900,000 allegedly payable under the subscription agreement; (ii) S$500,000, which PSC was allegedly required to repay to another entity because of the alleged breach of the subscription agreement; and (iii) the alleged cost of and associated with convening a shareholders meeting.

Subsequently on 13 December 2013, the Company announced that it had been served with the court papers in relation to the Proceedings and is seeking legal advice on the same.

As announced by the Company on 15 August 2014, the Court has dismissed PSC's claim and ordered that PSC pay the Consortium's costs, amounting to approximately S$430,005 (not recognised in the financial statements).

On 22 May 2015, PSC appealed the case to the Court of Appeal (the "Appeal"). The Appeal was rendered in favour of the Consortium and has been awarded to claim the costs incurred.

During the financial year, the Consortium had received the claims amounting to A$0.46 million (equivalent to S$0.45 million).

(b) The Edge Singapore and The Edge Malaysia

On 1 September 2014, the Company announced that, referring to the two articles titled "*Hunting for the truth*" (the "Article") in the editions of The Edge Singapore and The Edge Malaysia respectively for the week of 1 to 7 September 2014.

The Article alleges that Mr. Soh Chee Wen's employment pass in Singapore is sponsored by the Company. The Company wishes to clarify that this statement is false. The Company is not and has not been the sponsor for any employment pass for Mr. Soh Chee Wen.

The Company has written to The Edge Singapore and The Edge Malaysia requesting that they publish a corrigendum to this effect in the respective next editions of The Edge Singapore and The Edge Malaysia.

On 29 September 2014, the Company announced that it has commenced proceedings in Singapore against The Edge Publishing Pte Ltd and Mr. Benjamin Paul, who are respectively the publisher and editor of The Edge Singapore, in relation to a claim in libel by the Company against the publisher and the editor of The Edge Singapore for the publication of the Singapore Article (the "Singapore Legal Proceedings").

In the Singapore Legal Proceedings, the Company is seeking, *inter alia*, damages and an injunction to restrain The Edge Publishing Pte Ltd and Mr. Benjamin Paul from publishing or causing to be published the same or similar words defamatory of the Company in any manner whatsoever. The Company reserves all its rights on the matter.

NOTES TO THE FINANCIAL STATEMENTS

36 LITIGATION (CONTINUED)

(b) The Edge Singapore and The Edge Malaysia (Continued)

Subsequently on 17 October 2014, the Company announced that it has commenced defamation proceedings in Malaysia against The Edge Communications Sdn Bhd and Mr. Azam Aris, respectively the publisher and senior managing editor of The Edge Malaysia, for publication of the Malaysia Article (the "Malaysia Legal Proceedings").

In the Malaysia Legal Proceedings, the Company is seeking, *inter alia*, damages, an injunction to restrain The Edge Communications Sdn Bhd and Mr. Azam Aris from publishing or causing to be published the same or similar words defamatory of the Company in any manner whatsoever and a written retraction and apology to be published in The Edge Malaysia. The Company reserves all its rights in the matter.

The Company and the parties have reached an out-of-court global settlement of the dispute and the defamation proceedings have been discontinued. After taking advice from the Company's solicitors, the Company entered into a Settlement Agreement 29 September 2016 with the parties in full and final settlement of the defamation proceedings.

(c) Suasana Sentral Condominium

On 26 April 2016, the Group was notified that it had on 22 April 2016, been served with a writ of summons (the "Writ of Summons") and a statement of claim filed in the High Court of Malaya in Kuala Lumpur (the "Legal Proceedings"). The Writ of Summons was filed on behalf of Suresh Kumar ("SK"), Vigneswari Gopalan ("VG") and Libertare Sdn Bhd (the "Plaintiffs") against the Group, Onescentral Park Sdn Bhd and Pendaftar Hakmilik Tanah Wilayah Persekutuan Kuala Lumpur (the Land Title Registrar of the Federal Territory of Kuala Lumpur) as the defendants. The Legal Proceedings was triggered due to the strata title registered in the name of and held by one of the Group's subsidiaries, Raintree Rock Sdn Bhd ("Raintree Rock"), for the property at Unit B-37-01 Suasana Sentral Condominium (the "Property") was a wrong strata title. On the grounds that the Group could not and was not in a position to register and perfect the transfer of the Property in favour of the purchasers (first and second Plaintiffs), the Group terminated the Sale and Purchase Agreement ("SPA") previously entered into to sell the Property and offered to refund all deposits paid thus far. The first and second Plaintiffs refused to accept the termination and instead filed the Legal Proceedings against the Group.

In the legal proceeding, the Plaintiffs are seeking, *inter alia*, a declaration that the Group and the other defendants take steps to effect rectification of the strata title of the property, an order for specific performance by the Group of the SPA, subject to the Court varying certain terms of the SPA, including the purchase price, or, in lieu of specific performance, a refund of deposits paid by the Plaintiffs, together with liquidated damages of RM600,000 and damages for misrepresentation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

36 LITIGATION (CONTINUED)

(c) Suasana Sentral Condominium (Continued)

The first and second Plaintiffs, through their Company who is the third Plaintiff, are the tenant of the Property and continue to remain in occupation of the Property despite the termination of the SPA and has been holding over the Property without any payment of rental since January 2016. Hence, the Group has filed a counterclaim against the Plaintiffs for the delivery of vacant possession of the Property and for all unpaid rentals and double rental. The Group has also filed a claim in the counterclaim against the Developer of the Property, i.e. Onesentral Park Sdn Bhd pleading, *inter alia*, negligence by the Developer in the issuance and allocation of the wrong strata title to the wrong unit resulting in damages to the Group. As such, the Group seeks against the Developer for, *inter alia*, an order for rectification of the strata title, an indemnity for all loss and damages as may be suffered by the Group. The Developer is defending the Group's claims.

The Group is currently seeking legal advice and will, in consultation with its solicitors, take such necessary steps to defend the Legal Proceedings. Based on the legal advice, the Group is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. The Group does not expect the outcome of the litigation to have a material effect on the Group's financial statements.

37 OTHER MATTERS

On 2 April 2014, the Company announced that G1 Investments Pte. Ltd., a wholly owned subsidiary of the Company, has received a notice dated 2 April 2014 from the Commercial Affairs Department of the Singapore Police Force (the "CAD") requiring the subsidiary's assistance with the CAD's investigations into an offence under the Securities and Futures Act, Chapter 289 (the "SFA"). The CAD has requested for access to the following for the period from 1 January 2011 to the date of the notice:

(i) All records pertaining to securities trading;

(ii) All records in relation to accounts held with financial institutions;

(iii) All corporate electronic data, information technology equipment and data storage devices belonging to Mr. Neo Kim Hock, the former Executive Chairman of the Board and Mr. James Hong Gee Ho ("Mr. Hong"), the former Executive Director of the Company; and

(iv) Any other relevant documents.

Further, the Company has been informed that Mr. Hong has been requested to assist the CAD in its investigations into a possible infringement under the SFA. Mr. Hong had indicated that he will fully cooperate with the CAD in its investigations.

37 OTHER MATTERS (CONTINUED)

Further to the announcement on 2 April 2014, the Company announced that the Company and G1 Investments Pte. Ltd. have each received a notice dated 29 April 2014 from the CAD requiring their respective assistance with the CAD's investigations into an offence under the SFA. The CAD has requested the Company for access to the following:

(i) All accounting records for the period from 1 January 2011 to 31 March 2014;

(ii) All minutes of meetings and resolutions for the period from 1 January 2011 to 31 March 2014;

(iii) All documents relating to the following announcements made by the Company:

- proposed investment and takeover bid for all the fully paid ordinary shares of Cokal Limited;
- proposed acquisition of Hudson Minerals Holdings Pte. Ltd.;
- proposed acquisition of Powerlite Ventures Limited;
- proposed investment in Resource Generation Limited;
- results warning for the second quarter ended 30 June 2013 announced on SGX-ST on 19 July 2013; and

(iv) Any other relevant documents.

The CAD has also requested G1 Investments Pte. Ltd. for access to all accounting records, minutes of meetings and resolutions, and any other relevant documents of G1 Investments Pte. Ltd. and Waddells International Limited (a wholly owned subsidiary of G1 Investments Pte. Ltd.) – which was disposed of as at 31 December 2014 for the period from 1 January 2011 to 31 March 2014.

The directors of the Company are of the opinion that the business and operations of the Group are not affected by the above investigations and the Company will continue to monitor the progress of the investigations.

38 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Blumont Group Ltd. on 3 April 2017.

STATISTICS OF SHAREHOLDINGS

As at 27 March 2017

Issued share capital	:	S$127,293,946
Number of shares	:	27,525,762,183
Voting rights	:	one vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders (%)	No. of Shares Held	Percentage of Shares Held (%)
1 – 99	73	0.99	613	0.00
100 – 1,000	477	6.43	452,870	0.00
1,001 – 10,000	1,251	16.87	8,088,252	0.03
10,001 – 1,000,000	5,104	68.84	983,830,500	3.57
1,000,001 and above	509	6.87	26,533,389,948	96.40
Total	7,414	100.00	27,525,762,183	100.00

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	No. of Shares		Percentage
Name of Shareholders	Direct Interest	Deemed Interest	(%)
Platinum Partners Value Arbitrage Fund LP	13,378,800,689	–	48.60
Platinum Partners Credit Opportunities Master Fund LP	9,632,736,496	–	35.00

PUBLIC FLOAT

Based on information available to the Company as at 27 March 2017, approximately 15.87% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF SHAREHOLDINGS

As at 27 March 2017

TOP TWENTY SHAREHOLDERS

	Name of Shareholders	No. of Shares	Percentage (%)
1	PLATINUM PARTNERS VALUE ARBITRAGE FUND LP	13,378,800,689	48.60
2	PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP	9,632,736,496	35.00
3	GOH SEH KIAT	301,428,208	1.10
4	CITIBANK NOMINEES SINGAPORE PTE LTD	206,934,722	0.75
5	HO BENG SIANG	178,000,000	0.65
6	OCBC SECURITIES PRIVATE LTD	156,520,099	0.57
7	PHILLIP SECURITIES PTE LTD	151,674,274	0.55
8	DBS NOMINEES PTE LTD	104,735,100	0.38
9	NG KIM HUATT	100,000,000	0.36
10	LIM & TAN SECURITIES PTE LTD	97,724,743	0.36
11	ABN AMRO CLEARING BANK N.V.	95,838,700	0.35
12	CIMB SECURITIES (SINGAPORE) PTE LTD	88,012,599	0.32
13	MAYBANK KIM ENG SECURITIES PTE LTD	76,831,258	0.28
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	69,064,000	0.25
15	YEO SENG BUCK	43,898,100	0.16
16	TAN LIAN CHEW	40,000,000	0.15
17	UNITED OVERSEAS BANK NOMINEES PTE LTD	39,859,650	0.14
18	RAFFLES NOMINEES (PTE) LTD	37,853,565	0.14
19	UOB KAY HIAN PTE LTD	37,845,750	0.14
20	SOO NAM YUEN	30,554,400	0.11
		24,868,312,353	90.36

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Wednesday, 26 April 2017 at 10.00 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESSES:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' Statement and Independent Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$100,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears. **Resolution 2**

3. To approve the payment of additional Director's fees of S$55.61 for the financial year ended 31 December 2016. **Resolution 3**
   [See Explanatory Note (i)]

4. To re-elect Mr. Tan Gim Kang, Arran, the director retiring by rotation pursuant to Regulation 110 of the Company's Constitution. **Resolution 4**
   [See Explanatory Note (ii)]

5. To re-elect Mr. Alan Chin Yu, the director retiring by rotation pursuant to Regulation 120 of the Company's Constitution. **Resolution 5**
   [See Explanatory Note (iii)]

6. To re-appoint Messrs Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

7. **Authority to allot and issue shares** **Resolution 7**

   "That pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given for the Directors of the Company (the "**Directors**") at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") 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 might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, 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 of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Singapore Companies Act, Chapter 50 and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority 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 earlier."

[See Explanatory Note (iv)]

8. **Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan** **Resolution 8**

"That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the Blumont Employee Share Option Scheme 2013 (the "**Blumont ESOS 2013**") and/or to grant awards in accordance with the Blumont Performance Share Plan (the "**Blumont PSP**") and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Blumont ESOS 2013 and/or the vesting of awards under the Blumont PSP, provided always that the aggregate number of additional shares to be allotted and issued pursuant to the Blumont ESOS 2013 and the Blumont PSP shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."

[See Explanatory Note (v)]

9. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By Order of the Board

Ng Kim Huatt
Executive Director

11 April 2017
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The increase in Director's fees of S$55.61 for the year ended 31 December 2016 was mainly due to the pro-rated payment of Director's fees to Mr. Alan Chin Yu, who was appointed as Non-Independent Non-Executive Director on 8 June 2016.

(ii) Mr. Tan Gim Kang, Arran will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and a member of the Audit, Remuneration and Compensation Committees. Mr. Tan Gim Kang, Arran is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Key information on Mr. Tan Gim Kang, Arran and his shareholdings in the Company can be found in the Board of Directors section and Directors' Statement in the Financial Statements section of the Annual Report 2016, respectively. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr. Tan Gim Kang, Arran and the other Directors or the Company or its shareholders.

(iii) Mr. Alan Chin Yu will, upon re-election as a Director, remain as a member of the Audit, Nominating, Remuneration and Compensation Committees. Mr. Alan Chin Yu is considered non-independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Key information on Mr. Alan Chin Yu and his shareholdings in the Company can be found in the Board of Directors section and Directors' Statement in the Financial Statements section of the Annual Report 2016, respectively. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr. Alan Chin Yu and the other Directors or the Company or its shareholders.

(iv) Ordinary Resolution 6 proposed in item no. 6 is to empower the Directors, from the date of the passing of Ordinary Resolution 6 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares) for issues other than on a pro rata basis to shareholders.

(v) Ordinary Resolution 7 proposed in item no. 7 above, if passed, will empower the Directors to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Blumont ESOS 2013 and vesting of the share awards under Blumont PSP.

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote on his behalf at the annual general meeting. A proxy need not be a member of the Company.

2. Where a member of the Company appoints more than one proxy, the proportion of his/her Shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

3. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50, who is either:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased on behalf of CPF investors.

   You are entitled to **appoint one or more proxies** to attend and vote at the meeting. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy of the forthcoming annual general meeting.

4. 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 either under its seal or under the hand of an officer or attorney duly authorised.

5. A body corporate 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 annual general meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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 shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder 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 shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

BLUMONT GROUP LTD.

(Company Registration No.: 199302554G)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
ANNUAL GENERAL MEETING

*I/We ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being *a member/members of **BLUMONT GROUP LTD.** (the "**Company**"), hereby appoint:

Name	**Address**	**NRIC/Passport Number**	**Proportion of Shareholdings (%)**	
			No. of Shares	**%**

and/or (delete as appropriate)

Name	**Address**	**NRIC/Passport Number**	**Proportion of Shareholdings (%)**	
			No. of Shares	**%**

or failing *him/them, the Chairman of the Annual General Meeting ("**AGM**") as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the AGM to be held at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Wednesday, 26 April 2017 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified direction as to voting is given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they may on any other matter arising at the AGM.

No.	**Ordinary Resolutions**	**For#**	**Against#**
1.	Adoption of the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' Statement and Independent Auditors' Report thereon.		
2.	Approval of payment of Directors' fees of S$100,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears.		
3.	Approval of payment of additional Director's fees of S$55.61 for the financial year ended 31 December 2016.		
4.	Re-election of Mr Tan Gim Kang, Arran as Director.		
5.	Re-election of Mr Alan Chin Yu as Director.		
6.	Re-appointment of Messrs Moore Stephens LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	Authority to allot and issue shares.		
8.	Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan.		

* *Delete accordingly.*
\# *If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Otherwise, please indicate the number of votes "For" or "Against" for each resolution within the box provided.*

Dated this __________ day of ______________ 2017

Total Number of Shares in	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 11 April 2017.

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 as well as registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote on his behalf at the Annual General Meeting.

3. Where a member of the Company appoints more than one proxy, the proportion of his/her Shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50, who is either:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased on behalf of CPF investors.

   You are entitled to **appoint one or more proxies** to attend and vote at the meeting. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming annual general meeting.

5. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730, not less than 48 hours before the time appointed for the annual general meeting.

6. 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 either under its seal or under the hand of an officer or attorney duly authorised.

7. A body corporate 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 annual general meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. 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 Shareholder, 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 annual general meeting, as certified by The Central Depository (Pte) Limited to the Company.

AFFIX
POSTAGE
STAMP
HERE

The Company Secretary
BLUMONT GROUP LTD.
298 Tiong Bahru Road
#11-03 Central Plaza
Singapore 168730

BLUMONT
博诺有限公司

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Company Registration No.199302554G
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