LIONGOLD CORP LTD
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

The Board of Directors ("**Board**") of LionGold Corp Ltd (the "**Company**") present the results of the Company and its subsidiaries (the "**Group**") for the first quarter ended 30 September 2020. The figures presented below have not been audited nor reviewed by the Company's auditors.

This financial statement and dividend announcement is made pursuant to a requirement of the Singapore Exchange Securities Trading Limited.

1(a)(i) An income statement (for the Group) with comparatives for the 3-month period ended 30 September 2020 with the corresponding period of the immediately preceding financial year.

	Group		
	3-month period ended		
	30.09.2020	30.09.2019	Change
	S$'000	S$'000	%
Revenue	17,772	18,481	(3.8)
Cost of sales	(11,834)	(16,495)	(28.3)
Gross profit	**5,938**	**1,986**	**NM**
Other income	493	24	NM
Expenses			
Administrative expenses	(1,119)	(810)	38.1
Other (expenses)/gains, net	(2,377)	482	NM
Finance costs	(20)	(760)	(97.4)
Profit before income tax	**2,915**	**922**	**NM**
Income tax expense	(1,169)	-	NM
Net profit for the period	**1,746**	**922**	**89.4**
Net profit for the period attributable to:			
Equity holders of the Company	1,351	1,342	0.7
Non-controlling interests	395	(420)	NM

NM: Not Meaningful

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1(a)(ii) A statement of comprehensive income with comparatives for the 3-month period ended 30 September 2020 with the corresponding period of the immediately preceding financial year.

	Group	
	3-month period ended	
	30.09.2020	30.09.2019
	S$'000	S$'000
Total profit for the period	**1,746**	**922**
Other comprehensive income/(loss), net of tax		
Item that can be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation	1,364	(1,209)
Reclassification of currency translation differences on de-registration of a subsidiary to profit or loss	(417)	-
Item that will not be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation	(208)	207
Total other comprehensive income/(loss) for the period	**739**	**(1,002)**
Total comprehensive income/(loss) for the period	**2,485**	**(80)**
Total comprehensive income/(loss) for the period attributable to :		
Equity holders of the Company	2,298	133
Non-controlling interests	187	(213)

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Total costs and expenses including the following charges/(credit):

	Group		
	3-month period ended		
	30.09.2020	30.09.2019	Change
	S$'000	S$'000	%
Cost of sales:-			
Amortisation of mining properties	983	1,092	(10.0)
Depreciation of property, plant and equipment	1,189	422	NM
Other income:-			
Interest income	17	24	(29.2)
Gain on de-registration of a subsidiary	417	-	NM
Others	59	-	NM
	493	**24**	**NM**
Administrative expenses:-			
Depreciation of property, plant and equipment	109	20	NM
Operating lease - rental expenses	2	30	(93.3)
Other expenses/(gains), net:-			
Exploration and evaluation expenditure written off	88	-	NM
Fair value loss on financial assets at fair value through profit or loss	956	-	NM
Loss/(gain) on foreign exchange (net)	833	(628)	NM
Other mining expenses	500	146	NM
	2,377	**(482)**	**NM**

NM: Not Meaningful

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1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 30.09.2020	As at 30.06.2020	As at 30.09.2020	As at 30.06.2020
	S$'000	S$'000	S$'000	S$'000
Current assets				
Cash and cash equivalents	3,352	7,963	1	7
Financial assets at fair value through profit or loss	1,488	1,280	-^	-^
Other receivables	586	630	1	1
Other current assets	1,639	539	76	41
Inventories	12,798	5,700	-	-
	19,863	**16,112**	**78**	**49**
Non-current assets				
Financial assets at fair value through profit or loss	-*	-*	-	-
Investment in subsidiaries	-	-	67,790	67,790
Security deposits	4,469	4,386	-	-
Exploration and evaluation expenditure	10,834	8,238	-	-
Mining properties	3,982	3,706	-	-
Property, plant and equipment	21,762	20,781	14	5
	41,047	**37,111**	**67,804**	**67,795**
Total assets	**60,910**	**53,223**	**67,882**	**67,844**
Current liabilities				
Due to subsidiaries	-	-	47,903	45,704
Trade and other payables	13,910	11,048	452	458
Lease liabilities	1,680	1,194	-	-
Borrowings	-	996	-	996
Income tax liabilities	3,022	2,149	-	-
	18,612	**15,387**	**48,355**	**47,158**
Non-current liabilities				
Lease liabilities	3,188	2,476	-	-
Deferred consideration	2,657	2,611	-	-
Rehabilitation and preservation provision	8,612	8,448	-	-
	14,457	**13,535**	**-**	**-**
Total liabilities	**33,069**	**28,922**	**48,355**	**47,158**
Net assets	**27,841**	**24,301**	**19,527**	**20,686**

^ Amount less than $1,000
* Amount fully impaired

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	Group		Company	
	As at 30.09.2020	**As at 30.06.2020**	**As at 30.09.2020**	**As at 30.06.2020**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Equity				
Issued capital and reserves attributable to equity holders of the Company				
Issued capital	3,221	3,171	3,221	3,171
Share premium	301,657	300,707	301,657	300,707
Other reserves	(263,561)	(266,829)	(285,351)	(283,192)
Equity attributable to equity holders of the Company	**41,317**	**37,049**	**19,527**	**20,686**
Non-controlling interests	(13,476)	(12,748)	-	-
Total equity	**27,841**	**24,301**	**19,527**	**20,686**

1(b)(ii) Aggregate amount of Group's borrowings

Amount repayable in one year or less, or on demand

	As at 30.09.2020		As at 30.06.2020	
	S$'000	**S$'000**	**S$'000**	**S$'000**
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	1,680	-	1,194	-
Borrowings	-	-	-	996
	1,680	**-**	**1,194**	**996**

Amount repayable after one year and not later than five years

	As at 30.09.2020		As at 30.06.2020	
	S$'000	**S$'000**	**S$'000**	**S$'000**
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	3,188	-	2,476	-
	3,188	**-**	**2,476**	**-**

As at 30 September 2020, the Group's lease liabilities are secured by property, plant and equipment with a net book value of S$3.8 million (30 June 2020: S$3.6 million).

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FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	3-month period ended	
	30.09.2020	30.09.2019
	S$'000	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	2,915	922
Adjustments for:-		
Amortisation of mining properties	983	1,092
Amortisation of discount on provision for rehabilitation and preservation	13	13
Depreciation of property, plant and equipment	1,298	442
Exploration and evaluation expenditure written-off	88	-
Fair value loss on financial assets at fair value through profit or loss	956	-
Gain on de-registration of a subsidiary	(417)	-
Interest income	(17)	(24)
Interest expense	7	747
Operating cash flows before working capital changes	**5,826**	**3,192**
Changes in operating assets and liabilities:		
Inventories	(7,098)	1,326
Other receivables	99	2,114
Other current assets	(1,101)	(309)
Trade and other payables	1,395	743
Other liabilities	1,292	(161)
Currency translation adjustments	817	(629)
Cash generated from operations	**1,230**	**6,276**
Interest received	17	24
Interest paid	(3)	(6)
Tax paid	(324)	-
Net cash generated from operating activities	**920**	**6,294**
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on exploration, evaluation and capital development	(3,774)	(1,484)
Financial assets at fair value through profit or loss	(1,163)	-
Purchase of property, plant and equipment	(510)	(624)
Net cash used in investing activities	**(5,447)**	**(2,108)**

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	Group	
	3-month period ended	
	30.09.2020	30.09.2019
	S$'000	S$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of lease liabilities	(298)	(116)
Additions to security deposits	(5)	-
Net cash used in financing activities	**(303)**	**(116)**
Net (decrease)/increase in cash and cash equivalents	**(4,830)**	**4,070**
Cash and cash equivalents at beginning of period	7,963	2,794
Effect of foreign exchange rate changes, net	219	(49)
Cash and cash equivalents at end of period	**3,352**	**6,815**

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group							
As at 1 July 2020	3,171	300,707	61,979	(8,355)	(320,453)	(12,748)	24,301
Issuance of Debt Conversion Shares	50	950	-	-	-	-	1,000
Profit for the period	-	-	-	-	1,351	395	1,746
Currency translation differences	-	-	-	1,364	-	(208)	1,156
Reclassification of currency translation differences on de-registration of a subsidiary to profit or loss	-	-	-	(417)	-	-	(417)
Total comprehensive income for the period	-	-	-	947	1,351	187	2,485
Changes in ownership interest in subsidiary that does not results in loss of control	-	-	-	-	970	(915)	55
As at 30 September 2020	**3,221**	**301,657**	**61,979**	**(7,408)**	**(318,132)**	**(13,476)**	**27,841**
As at 1 July 2019	870	280,000	61,979	(8,950)	(322,772)	(12,348)	(1,221)
Profit/(loss) for the period	-	-	-	-	1,342	(420)	922
Currency translation differences	-	-	-	(1,209)	-	207	(1,002)
Total comprehensive (loss)/income for the period	-	-	-	(1,209)	1,342	(213)	(80)
As at 30 September 2019	**870**	**280,000**	**61,979**	**(10,159)**	**(321,430)**	**(12,561)**	**(1,301)**

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FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	Issued Capital	Share Premium	Contributed Surplus	Accumulated Losses	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000
Company					
As at 1 July 2020	3,171	300,707	61,979	(345,171)	20,686
Issuance of Debt Conversion Shares	50	950	-	-	1,000
Loss and total comprehensive loss for the period	-	-	-	(2,159)	(2,159)
As at 30 September 2020	**3,221**	**301,657**	**61,979**	**(347,330)**	**19,527**
As at 1 July 2019	870	280,000	61,979	(335,802)	7,047
Loss and total comprehensive loss for the period	-	-	-	(910)	(910)
As at 30 September 2019	**870**	**280,000**	**61,979**	**(336,712)**	**6,137**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The changes in the Company's paid-up capital were as follows:

Issued and fully paid (ordinary shares ("Shares"))	No. of shares	Share Capital (S$'000)	Share Premium (S$'000)
As at 1 July 2020	**31,706,206,055**	**3,171**	**300,707**
New ordinary shares issued in relation to the Debt Conversion at an issue price of S$0.002 each on 28 July 2020	500,000,000	50	950
As at 30 September 2020	**32,206,206,055**	**3,221**	**301,657**

The number of Shares that may be issued on the exercise of options and conversion of the outstanding convertibles as at 30 September 2020 and 30 September 2019 is as follows:

As at 30 September 2020	**No. of Shares that may be issued**	**Share Capital (S$'000)**	**Share Premium (S$'000)**
The Company shall issue such number of Option Shares upon exercise of the Options by Premier Equity Fund Sub Fund E, with each Option carrying the right to subscribe for one Share in the Company at the exercise price of S$0.001 for each new Share.	500,000,000	50	450
As at 30 September 2019	**No. of Shares that may be issued**	**Share Capital (S$'000)**	**Share Premium (S$'000)**
New Shares to be issued on conversion of current outstanding convertible bonds of S$50,000 at the conversion price of S$0.00085. (1)	58,823,529	6	44

Note(s):

(1) The RCB Subscription Agreement was terminated on 31 October 2019 upon the completion of the Proposed Yaoo Subscription. The outstanding convertible bonds of S$50,000 under the RCB Subscription Agreement was fully repaid on 31 October 2019.

There are no treasury shares or subsidiary holdings as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year. The total number of issued shares as at 30 September 2020 is 32,206,206,055 (30 June 2020: 31,706,206,055).

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There are no treasury shares.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There are no subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

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3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:
(a) updates on the efforts taken to resolve each outstanding audit issue; and
(b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

There were no changes in the accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recently audited annual financial statements as at 30 June 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and SFRS(I) Interpretations which became effective for the financial period beginning on or after 1 July 2020. The adoption of the new and revised standards did not have any material effect on the financial position or financial performance of the Group.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3-month period ended	
	30.09.2020	**30.09.2019**
Earnings per Share for the financial period based on weighted average number of ordinary shares in issue (in cents)	0.004	0.015
Weighted average number of ordinary shares	32,059,466,925	8,698,161,119
Earnings per Share for the financial period based on fully diluted basis (in cents)	0.004	0.015
Weighted average number of ordinary shares	32,559,466,925	8,704,043,472

7. Net asset value (for the issuer and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	As at 30.09.2020	**As at 30.06.2020**	**As at 30.09.2020**	**As at 3.06.2020**
Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	0.128	0.117	0.061	0.065
Number of ordinary shares issued at the end of the period	32,206,206,055	31,706,206,055	32,206,206,055	31,706,206,055

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(A) Financial Performance Review

1QFY2021

The Group recorded a decrease in revenue for the three-month financial period ended 30 September 2020 ("1QFY2021"). Revenue decreased to S$17.8 million compared with S$18.5 million for the three-month financial period ended 30 September 2019 ("1QFY2020"). Gold sales volume decreased from 9,182 ounces in 1QFY2020 to 6,755 ounces in 1QFY2021. The decrease in revenue from lower gold sales volume was partially offset by an increase in average selling price of gold from S$2,029 per ounce (equivalent to A$2,143) in 1QFY2020 to S$2,635 per ounce (equivalent to A$2,670) in 1QFY2021.

The cost of sales included:

(1) an amortisation of mining properties which decreased from S$1.1 million in 1QFY2020 to S$1.0 million in 1QFY2021 in line with the decrease in total gold sold in 1QFY2021;

(2) depreciation of property, plant and equipment which increased from S$0.4 million in 1QFY2020 to S$1.2 million in 1QFY2021, mainly due to the purchase of mining equipment and motor vehicles in 2020 which resulted in an increase in depreciation expenses in 1QFY2021; and

(3) a 2.75% royalty on gold extracted in the Australian state of Victoria, effective from 1 January 2020, amounting to S$0.4 million.

Gross profit was S$5.9 million in 1QFY2021 compared to S$2.0 million in 1QFY2020. The increase in the gross profit was mainly due to:

(1) the increase in the selling price of gold as described above;

(2) the increase in average head grade of ore from 3.8 g/t in 1QFY2020 to 5.1 g/t in 1QFY2021, which was attributed to an improvement in mining operations resulting in higher head grade of gold ore and gold production. The total quantity of gold ore processed increased by 12.9% from approximately 70,000

tonnes in 1QFY2020 to approximately 79,000 tonnes in 1QFY2021. Total gold produced increased from 7,387 ounces in 1QFY2020 to 9,507 ounces in 1QFY2021;

(3) partially offset by the increase in depreciation expenses from S$0.4 million in 1QFY2020 to S$1.2 million in 1QFY2021; and

(4) also partially offset by the 2.75% royalty on gold extracted in the Australian state of Victoria, effective from 1 January 2020, amounting to S$0.4 million.

Other income recorded an increase of $0.5 million in 1QFY2021 as compared to 1QFY2020. This was due mainly to the gain on de-registration of a subsidiary. Upon the de-registration of a wholly owned Australia subsidiary, Shen Yao International Holding Pty Ltd (formerly known as LionGold Australia Pty Ltd), which had been inactive and did not have any material assets and liabilities at the time of de-registration, the corresponding foreign currency translation reserve in relation to this subsidiary of S$417,000 was released and recognised as "gain on de-registration of a subsidiary" under other income in 1QFY2021.

Administrative expenses increased from S$0.8 million in 1QFY2020 to S$1.1 million in 1QFY2021. The increase was mainly due to the increase in consultancy fees of S$0.2 million on the appointment of consultants and the increase in depreciation of S$0.1 million due to additional motor vehicles purchased in 2020.

The Group incurred other expenses of S$2.4 million in 1QFY2021 compared to other gains of S$0.5 million in 1QFY2020. Other expenses in 1QFY2021 was mainly due to fair value loss on financial assets at fair value through profit or loss of S$1.0 million, other mining expenses of S$0.5 million and loss on foreign exchange of S$0.8 million. Other gains in 1QFY2020 was due mainly to gain on foreign exchange of S$0.6 million, partially offset by other mining expenses of S$0.1 million.

Finance costs decreased by S$0.7 million to S$20,000 in 1QFY2021 mainly due to the termination of the Debt Restructuring Agreement in October 2019 following the issuance of Subscription Shares to Yaoo Capital Pte Ltd.

Income tax expense for 1QFY2021 was S$1.2 million arising from taxable income recognised in the tax jurisdiction of the operating subsidiary.

(B) Financial Position Review

1) Current assets increased by S$3.8 million from S$16.1 million as at 30 June 2020 to S$19.9 million as at 30 September 2020. The increase was mainly due to:

- The increase in inventory of S$7.1 million, which was mainly attributed to the increase in the quantity of gold stockpiles of unprocessed ore held at the end of 30 September 2020.

- The increase in other current assets of S$1.1 million, which was mainly attributed to inclusion of prepaid consultancy fee of S$0.9 million and a deposit of S$0.1 million in relation to acquisition of land in Australia.

The increase in current assets was partially offset by:

- The decrease in cash and cash equivalents of S$4.6 million.

2) Non-current assets increased by S$3.9 million from S$37.1 million as at 30 June 2020 to S$41.0 million as at 30 September 2020. The increase was mainly due to:

- The increase in exploration and evaluation expenditure of S$2.6 million, which was mainly attributed to additions of capitalised expenditure of S$2.7 million, offset with exploration and evaluation expenditure written-off of S$0.1 million;

- The increase in mining properties of S$0.3 million, arising from additions of S$1.3 million, offset with amortisation of S$1.0 million for the period under review; and

- The increase in property, plant and equipment of S$1.0 million was mainly attributed to additions of S$2.3 million (including right- of-use assets of Suntec Office lease of S$1.0 million upon adoption of SFRS(I) 16 *Leases* and mining equipment of $1.3 million) for the period under review. The increase was partially offset by the depreciation of S$1.3 million.

3) Current liabilities increased from S$15.4 million as at 30 June 2020 to S$18.6 million as at 30 September 2020. The increase of S$3.2 million was mainly attributed to:

   - The increase in trade and other payables of S$2.9 million mainly due to increase in trade payables of S$1.7 million, accrued gold royalty of S$0.4 million, Newcrest royalty of S$0.5 million, accrued director fee of S$60,000 as at 30 September 2020; and

   - The increase in lease liabilities of S$0.5 million which was attributed to new equipment purchased under leasing.

   The increase in current liabilities of the Group from the above was partially offset by:

   - The decrease in current borrowing of S$1.0 million. On 14 July 2020, the Company entered into a debt conversion agreement with former Group CEO, Mr Tan Soo Khoon Raymond, for the proposed conversion ("Proposed Debt Conversion") of the outstanding amount of S$1.0 million into 500,000,000 new ordinary shares in the capital of the Company ("Debt Conversion Shares") at the conversion price of S$0.002 per Debt Conversion Share. The Proposed Debt Conversion was completed on 28 July 2020.

   At the Company level, the amount due to subsidiaries increased from S$45.7 million as at 30 June 2020 to S$47.9 million as at 30 September 2020. This was mainly attributed to the funding provided from a wholly owned subsidiary, Castlemaine Goldfields Pty Ltd, to the Company for its operating expenses.

4) Non-current liabilities increased from S$13.5 million as at 30 June 2020 to S$14.5 million as at 30 September 2020. The increase was mainly attributed to:

   - The increase in lease liabilities of S$0.7 million which was attributed to new equipment purchased under finance leasing.

   Deferred consideration of S$2.7 million pertains to a consideration payable to the previous owner of Owere Mines Ltd following certain production milestones being met. Further details of this deferred consideration can be found on page 126, note 27 of the Company's FY2020 annual report.

5) Total equity increased by S$3.5 million from S$24.3 million as at 30 June 2020 to S$27.8 million as at 30 September 2020. These were mainly attributed to the following:

   - The increase in share capital and share premium of S$50,000 and S$0.9 million respectively, attributed to the issuance of the Debt Conversion Shares.

   - The decrease in negative foreign currency translation reserve of S$0.9 million to S$7.4 million as at 30 September 2020, due mainly to the recording of foreign currency difference arising from consolidation and de-registration of wholly owned Australia subsidiary, Shen Yao International Holdings Pty Ltd, in July 2020.

- The decrease in accumulated losses from S$320.5 million as at 30 June 2020 to S$318.1 million as at 30 September 2020, which reflected the Group's consolidated profit attributed to equity holders for the period.

(C) Cash Flow Statement

1QFY2021

Net cash generated from operating activities in 1QFY2021 was S$0.9 million as compared to S$6.3 million in 1QFY2020. The net operating cash inflow was mainly due to an operating cash flow before working capital changes of S$5.8 million, adjusted for working capital outflows of S$4.6 million. The working capital outflows in 1QFY2021 were attributed mainly to an increase in inventories of S$7.1 million and an increase in other current assets of S$1.1 million. The working capital outflows were partially offset by an increase in trade and other payables of S$1.4 million, an increase in other liabilities of S$1.3 million and an increase in currency translation adjustments of S$0.8 million. The Group also paid income tax of S$0.3 million.

Net cash used in investing activities in 1QFY2021 was S$5.4 million as compared to S$2.1 million in 1QFY2020. The net cash used in 1QFY2021 was mainly attributed to expenditure on exploration, evaluation and capital development of S$3.8 million, financial assets at fair value through profit or loss of S$1.2 million and purchase of mine equipment and motor vehicles of S$0.5 million. Comparatively, the net cash used in 1QFY2020 was mainly attributed to expenditure on exploration, evaluation and capital development of S$1.5 million and purchase of mine equipment of S$0.6 million.

Net cash used in financing activities in 1QFY2021 was S$0.3 million as compared to S$0.1 million in 1QFY2020. This is mainly attributed to the net repayment of lease liabilities of S$0.3 million in 1QFY2021.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no forecast or prospect statement which has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Notwithstanding the COVID-19 pandemic is still evolving and elevated uncertainties surrounding the global and regional economic outlook, gold production remained practically stable in 1QFY2021. In 1QFY2021, the Group registered a revenue of S$17.8 million and a profit before tax of S$2.9 million. On the exploration front, the Tarnagulla Gold Project which commenced in August 2020 continues making positive progress on its exploration drilling activities (further details of which are provided in part II of this announcement).

At the special general meeting held on 30 September 2020, the Company successfully obtained approval from shareholders for the diversification of the core business of the Group to include investments and fund management. At the same meeting, shareholders also approved the re-domiciliation of the Company from Bermuda to Singapore and along with this a change of name of the Company to Shen Yao Holdings Limited. The Company is seeking approval from Accounting and Corporate Regulatory Authority.

According to the World Gold Council's ("WGC") latest Gold Demand Trends report, global gold demand fell by 19% year-on-year to 892t in Q3 2020, the lowest quarterly total demand since Q3 2009. The demand for jewellery remaining

weak was a result of the combination of high gold prices, continued social restrictions and the economic slowdown bought upon by the COVID-19 pandemic. This is despite the strong demand for gold as a safe haven asset, from investors seeking stability in volatile markets and the record high inflows into gold-backed exchange traded funds. Shareholders are encouraged to read the WGC's full Gold Demand Trends Q3 2020 report at the WGC's website at www.gold.org for more details.

The Board is uncertain whether the rising price of gold could be sustained over the longer term, and the challenges arising from the COVID-19 pandemic on the Group's operations. Regardless of the progress we made in 1QFY2021, it remains vital to further improve our mining operations and milling processes, aiming for higher head grade and exploring more mineral resources.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b) (i) Amount per share (cents)

Not applicable.

(ii) Previous corresponding period (cents)

Not applicable as no dividend was declared for the previous corresponding financial period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended by the board of directors of the Company ("Board" or "Directors") for the current financial period as (1) we continue navigating the highly volatile and uncertain global operating environment, the Group's priority is to manage its cash flow prudently and responsibly to meet its financial commitments; and (2) a material uncertainty related to going concern raised by the independent auditor on the audited financial statements for the financial year ended 30 June 2020.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained any general IPT mandate from its shareholders for the three-month financial period ended 30 September 2020.

14. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules

Yao Liang and Sun Shu, being two directors of the Company, have confirmed on behalf of the Board that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for 1QFY2021 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

16. Use of Proceeds

All proceeds have been fully utilised and announced accordingly as at the date of this announcement.

(II) ADDITIONAL INFORMATION REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

(1) Rule 705(6)(a) of the Catalist Rules

(i) Use of funds/cash for the quarter – Tarnagulla Gold Project in Victoria, Australia

In 1QFY2021, funds/cash was mainly used for the following activities, as compared to the projections:

Purpose	**Amount (AUD'000)**		
	Projected	**Actual**	**Variance**
Exploration and evaluation activities	600	390	(210)
Payments for plant and machinery	50	4	(46)
Payments for diesel and other production materials	10	3	(7)
Royalty and tribute fees to government	10	5	(5)
Upkeep of equipment and motor vehicles	10	13	3
General working capital	150	67	(83)
Total	**830**	**482**	**(348)**

Explanation for the variances:

The variance between the projected and actual expenditure in 1QFY2021 reflected a slower progress in the exploration activities at Tarnagulla Gold Project, mainly due to the difficulties in engaging exploration contractors in the State of Victoria, Australia. On 2 August 2020, Greater Melbourne implemented a six-week

lockdown order. As result, the Group struggled with shortage of qualified manpower and contractors. In addition, the drilling activities undertaken in Tarnagulla region was the first drilling activity in the densely populated community in the past ten years. The management determined that for the benefit of the environment and community, drilling activities would begin on a dayshift only basis. This was considered the most suitable for the continued operation of the Group in the regional community. It is expected that, as restrictions on COVID-19 pandemic gradually ease throughout the State of Victoria, and as the Group continues to establish its presence in the regional community, drilling activities will continue to expand during the term of tenements.

(ii) Projection on the use of funds/cash for the next immediate quarter, including principal assumptions - Tarnagulla Gold Project

For the next immediate quarter (financial period from 1 October 2020 to 31 December 2020 ("**2QFY2021**")), the Group's use of funds/cash for production activities is expected to be as follows:

Purpose	**Amount (AUD'000)**
Exploration and evaluation activities	457
Payments for diesel and other production materials	10
Royalty and tribute fees to government	5
Upkeep of equipment and motor vehicles	10
General working capital	43
Total	**525**

The Group will continue to carry out exploration and evaluation activities at Tarnagulla region in 2QFY2021. Drilling will continue on a single shift basis for the 2QFY2021. The focus of exploration drilling will be on prospects near historic mining completed during the 1990's, with the intent to identify sufficient Mineral Resources to support the completion of feasibility studies for recommencing underground mining at Tarnagulla. The current focus of drilling is upon the Poverty Reef, and parallel quartz reef structure, Crystal Hill Reef (combined historic production 420,000 oz Au mined at average grade of 71g/t Au). The current drilling at Tarnagulla is assessing the Poverty Reef extensions associated with historic high-grade mining. A program of 'wedge' drilling is being undertaken whereby a number of 'daughter' holes will be drilled from a single 'parent' drill hole. This minimises the impact to the surface, and reduces costs associated with the drill exploration. This will also allow a comprehensive understanding of the geology and mineralisation associated with the Poverty Reef. Exploration and evaluation expenses projected to be incurred in 2QFY2021 are as tabulated above.

(2) Rule 705(6)(b) of the Catalist Rules

Yao Liang and Sun Shu, being two directors of the Company, have confirmed on behalf of the Board that, to the best of their knowledge, nothing has come to their attention which may render the information provided, pursuant to Rule 705(6)(a) of the Catalist Rules, false or misleading in any material respect.

(3) Rule 705(7) of the Catalist Rules

Details of exploration (including geography surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any

material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

TARNAGULLA GOLD PROJECT

During 1QFY2021, the Group commenced exploration drilling at the Tarnagulla Gold Project, a significant milestone being the first exploration drilling at Tarnagulla in over ten years. Drilling commenced and continued at the Crystal Hill mine site, from where economic underground mining was undertaken between 1994-2000. To the end of 1QFY2021, 1,068.2 metres of drilling was completed over two drill holes targeting the Poverty Reef (RL2027DDH001) and the Crystal Hill Reef (RL2027DDH002). Geological logging is in progress and several drill cores samples have been submitted to an assay laboratory, with results pending as at 30 September 2020. Exploration drilling and laboratory analysis are outsourced to third parties. All geological exploration and evaluation activities are undertaken by in-house personnel.

BY ORDER OF THE BOARD
Yao Liang
Executive Chairman
13 November 2020

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. (the "**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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