

SHEN YAO HOLDINGS LIMITED

(Company Registration No. 202042117W)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2021

The Board of Directors (“**Board**”) of Shen Yao Holdings Limited (the “**Company**”) present the results of the Company and its subsidiaries (the “**Group**”) for the third quarter ended 31 March 2021. 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.

Re-domiciliation and Change of Name

With effect from 30 December 2020, the Company is registered in Singapore as approved by the Accounting and Corporate Regulatory Authority (“**ACRA**”). With the re-domiciliation from Bermuda to Singapore, the Company has adopted the New Constitution which provisions are compliant with Singapore company laws and the prevailing rules of the Singapore Exchange Securities Trading Limited. The name of the Company has been changed to “Shen Yao Holdings Limited” and reflected in the New Constitution.

1(a)(i) An income statement (for the Group) with comparatives for the 3-month and 9-month period ended 31 March 2021 with the corresponding period of the immediately preceding financial year.

	Group			Group		
	3-month period ended			9-month period ended		
	31.03.2021	31.03.2020	Change	31.03.2021	31.03.2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	22,679	18,819	20.5	65,026	50,214	29.5
Cost of sales	(19,907)	(15,234)	30.7	(51,963)	(44,187)	17.6
Gross profit	2,772	3,585	(22.7)	13,063	6,027	116.7
Other income	43	98	(56.1)	582	295	97.3
Expenses						
Administrative expenses	(1,083)	(912)	18.8	(3,441)	(2,734)	25.9
Other (expenses)/gains	(920)	2,581	NM	(6,339)	1,481	NM
Finance costs	(192)	(55)	NM	(339)	(858)	(60.5)
Profit before income tax	620	5,297	(88.3)	3,526	4,211	(16.3)
Income tax expense	(39)	(37)	-	(739)	(37)	NM
Profit for the financial period	581	5,260	(89.0)	2,787	4,174	(33.2)
Profit for the financial period attributable to:						
Equity holders of the Company	757	6,766	(88.8)	1,859	5,770	(67.8)
Non-controlling interests	(176)	(1,506)	(88.3)	928	(1,596)	NM
	581	5,260	(89.0)	2,787	4,174	(33.2)

NM: Not Meaningful

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1(a)(ii) A statement of comprehensive income with comparatives for the 3-month and 9-month period ended 31 March 2021 with the corresponding period of the immediately preceding financial year.

	Group		Group	
	3-month period ended		9-month period ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Profit for the financial period	581	5,260	2,787	4,174
Other comprehensive income, net of tax				
<i>Item that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation	1,077	(5,462)	6,147	(6,046)
Reclassification of currency translation differences on de-registration of a subsidiary to profit or loss	-	-	(417)	-
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation	(178)	963	(932)	1,064
Total other comprehensive income/(loss) for the financial period	899	(4,499)	4,798	(4,982)
Total comprehensive income/(loss) for the financial period	1,480	761	7,585	(808)
Total comprehensive income for the financial period attributable to :				
Equity holders of the Company	1,834	1,304	7,589	(276)
Non-controlling interests	(354)	(543)	(4)	(532)
	1,480	761	7,585	(808)

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

	Group			Group		
	3-month period ended			9-month period ended		
	31.03.2021	31.03.2020	Change	31.03.2021	31.03.2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Cost of sales:-</u>						
Amortisation of mining properties	1,552	1,405	10.5	3,932	3,706	6.1
Depreciation of property, plant and equipment	1,536	712	NM	4,703	1,939	NM
<u>Other income:-</u>						
Interest income	6	42	(85.7)	31	83	(62.7)
Fair value adjustment on borrowings	-	-	NM	-	6	NM
Gain on de-registration of a subsidiary	-	-	NM	417	-	NM
Others	37	56	(33.9)	134	206	(35.0)
	43	98	(56.1)	582	295	97.3
<u>Administrative expenses:-</u>						
Depreciation of property, plant and equipment	154	20	NM	413	59	NM
Operating lease - rental expenses	1	30	(96.7)	6	91	(93.4)
<u>Other expenses:-</u>						
Exploration and evaluation expenditure written off	3	(1)	NM	220	131	67.9
Fair value loss on financial assets at fair value through profit or loss	-	-	NM	976	-	NM
Gain on disposal of property, plant and equipment	(59)	-	NM	(59)	-	NM
Loss/(gain) on foreign exchange (net)	633	(2,847)	NM	3,684	(3,142)	NM
Other mining expenses	343	145	NM	1,518	409	NM
Plant and equipment written off	-	5	NM	-	5	NM
Prepayment written-off	-	-	NM	-	384	NM
Termination fee	-	-	NM	-	500	NM
Unwind of discount on deferred consideration	-	117	NM	-	231	NM
	920	(2,581)	NM	6,339	(1,482)	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 31.03.2021	As at 30.06.2020	As at 31.03.2021	As at 30.06.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and cash equivalents	4,291	7,963	1	7
Financial assets at fair value through profit or loss	10,207	1,280	-^	-^
Other receivables	872	630	1	1
Other current assets	2,618	539	69	41
Inventories	10,389	5,700	-	-
	28,377	16,112	71	49
Non-current assets				
Financial assets at fair value through profit or loss	_*	_*	-	-
Investment in subsidiaries	-	-	67,790	67,790
Security deposits	4,704	4,386	-	-
Exploration and evaluation expenditure	15,128	8,238	-	-
Mining properties	9,545	3,706	-	-
Property, plant and equipment	27,193	20,781	19	5
	56,570	37,111	67,809	67,795
Total assets	84,947	53,223	67,880	67,844
Current liabilities				
Due to subsidiaries	-	-	55,934	45,704
Trade and other payables	20,594	11,048	444	458
Lease liabilities	3,973	1,194	-	-
Borrowings	5,303	996	-	996
Income tax liabilities	2,403	2,149	-	-
	32,273	15,387	56,378	47,158
Non-current liabilities				
Lease liabilities	6,294	2,476	-	-
Deferred consideration	2,801	2,611	-	-
Rehabilitation and preservation provision	9,106	8,448	-	-
Convertible bonds	1,032	-	1,032	-
	19,233	13,535	1,032	-
Total liabilities	51,506	28,922	57,410	47,158
Net assets	33,441	24,301	10,470	20,686

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	Group		Company	
	As at 31.03.2021	As at 30.06.2020	As at 31.03.2021	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	3,271	3,171	3,271	3,171
Share premium	302,107	300,707	302,107	300,707
Other reserves	(258,270)	(266,829)	(294,908)	(283,192)
Equity attributable to equity holders of the Company	47,108	37,049	10,470	20,686
Non-controlling interests	(13,667)	(12,748)	-	-
Total equity	33,441	24,301	10,470	20,686
^ Amount less than \$1,000 * Amount fully impaired				

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

Amount repayable in one year or less, or on demand

	As at 31.03.2021		As at 30.06.2020	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	3,973	-	1,194	-
Borrowings	5,303	-	-	996
	9,276	-	1,194	996

Amount repayable after one year and not later than five years

	As at 31.03.2021		As at 30.06.2020	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	6,294	-	2,476	-
Convertible bonds	-	1,032	-	-
	6,294	1,032	2,476	-

As at 31 March 2021, the Group's lease liabilities are secured by property, plant and equipment with a net book value of S\$9.7 million (30 June 2020: S\$3.6 million).

As at 31 March 2021, the Group's borrowings of S\$5.3 million are secured by financial assets at fair value through profit or loss ("FVTPL") of S\$9.5 million.

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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		Group	
	3-month period ended		9-month period ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	S\$'000	S\$'000	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	620	5,297	3,526	4,211
Adjustments for:-				
Amortisation of mining properties	1,552	1,405	3,932	3,706
Amortisation of discount on provision for rehabilitation and preservation	15	12	41	38
Depreciation of property, plant and equipment	1,690	732	5,116	1,998
Exploration and evaluation expenditure written-off	3	(1)	220	131
Fair value adjustment on borrowings	-	-	-	(6)
Fair value loss on financial assets at fair value through profit or loss	-	-	976	-
Gain on de-registration of a subsidiary	-	-	(417)	-
Gain on disposal of property, plant and equipment	(59)	-	(59)	-
Plant and equipment written-off	*	5	*	5
Prepayment written-off	-	-	-	384
Unwind of discount on deferred consideration	-	117	-	231
Interest income	(6)	(42)	(31)	(83)
Interest expense	178	43	298	820
Operating cash flows before working capital changes	3,993	7,568	13,602	11,435
Changes in operating assets and liabilities:-				
Inventories	1,761	870	(4,689)	(460)
Financial assets at fair value through profit or loss	(850)	-	(4,602)	-
Other receivables	(272)	27	(186)	2,024
Other current assets	(600)	53	(2,080)	64
Trade and other payables	1,190	(2,355)	3,503	(1,332)
Other liabilities	3,237	934	5,253	(24)
Currency translation adjustments	632	(2,851)	3,661	(3,146)
Cash generated from operations	9,091	4,246	14,462	8,561
Interest received	6	42	31	83
Interest paid	(153)	(30)	(260)	(54)
Tax paid	(6)	(132)	(625)	(132)
Net cash generated from operating activities	8,938	4,126	13,608	8,458
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditure on exploration, evaluation and capital development	(7,826)	(1,712)	(15,733)	(5,331)
Purchase of property, plant and equipment	(152)	(1,219)	(907)	(2,375)
Proceeds from disposal of property, plant and equipment	540	-	540	-
Net cash used in investing activities	(7,438)	(2,931)	(16,100)	(7,706)

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	Group		Group	
	3-month period ended		9-month period ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	S\$'000	S\$'000	S\$'000	S\$'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of option shares	-	-	500	-
Proceeds from borrowings	-	-	1,000	548
Net repayment of lease liabilities	(1,437)	(136)	(2,899)	(462)
Additions to security deposits	-	(13)	(5)	(13)
Net cash (used in)/generated from financing activities	(1,437)	(149)	(1,404)	73
Net increase/(decrease) in cash and cash equivalents	63	1,046	(3,896)	825
Cash and cash equivalents at the beginning of the financial period	4,221	2,503	7,963	2,794
Effect of foreign exchange rate changes, net	7	(60)	224	(130)
Cash and cash equivalents at the end of the financial period	4,291	3,489	4,291	3,489

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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
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'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
Issuance of Option Shares	50	450	-	-	-	-	500
Profit for the financial period	-	-	-	-	1,102	1,104	2,206
Currency translation differences	-	-	-	5,070	-	(754)	4,316
Reclassification of currency translation differences on de-registration of a subsidiary to profit or loss	-	-	-	(417)	-	-	(417)
Total comprehensive income for the financial period	-	-	-	4,653	1,102	350	6,105
Changes in ownership interest in subsidiary that does not results in loss of control	-	-	-	-	970	(915)	55
As at 31 December 2020	3,271	302,107	61,979	(3,702)	(318,381)	(13,313)	31,961
Profit/(loss) for the financial period	-	-	-	-	757	(176)	581
Currency translation differences	-	-	-	1,077	-	(178)	899
Total comprehensive income/(loss) for the financial period	-	-	-	1,077	757	(354)	1,480
As at 31 March 2021	3,271	302,107	61,979	(2,625)	(317,624)	(13,667)	33,441

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	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling Interests	Total Equity
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
Group							
As at 1 July 2019	870	280,000	61,979	(8,950)	(322,772)	(12,348)	(1,221)
Issuance of Subscription Shares	2,301	20,707		-	-	-	23,008
Loss for the financial period	-	-	-	-	(996)	(90)	(1,086)
Currency translation differences	-	-	-	(584)	-	101	(483)
Total comprehensive (loss)/income for the financial period	-	-	-	(584)	(996)	11	(1,569)
As at 31 December 2019	3,171	300,707	61,979	(9,534)	(323,768)	(12,337)	20,218
Profit /(loss) for the financial period	-	-	-	-	6,766	(1,506)	5,260
Currency translation differences	-	-	-	(5,462)	-	963	(4,499)
Total comprehensive income/(loss) for the financial period	-	-	-	(5,462)	6,766	(543)	761
As at 31 March 2020	3,171	300,707	61,979	(14,996)	(317,002)	(12,880)	20,979

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	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
Issuance of Option Shares	50	450	-	-	500
Loss and total comprehensive loss for the financial period	-	-	-	(9,511)	(9,511)
As at 31 December 2020	3,271	302,107	61,979	(354,682)	12,675
Loss and total comprehensive loss for the financial period	-	-	-	(2,205)	(2,205)
As at 31 March 2021	3,271	302,107	61,979	(356,887)	10,470
As at 1 July 2019	870	280,000	61,979	(335,802)	7,047
Issuance of Subscription Shares	2,301	20,707	-	-	23,008
Loss and total comprehensive loss for the financial period	-	-	-	(3,134)	(3,134)
As at 31 December 2019	3,171	300,707	61,979	(338,936)	26,921
Profit and total comprehensive income for the financial period	-	-	-	1,337	1,337
As at 31 March 2020	3,171	300,707	61,979	(337,599)	28,258

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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.

There were no changes in the Company’s share capital since 31 December 2020.

The number of Shares that may be issued on the exercise of options as at 31 March 2021 and 31 March 2020 is as follows:

As at 31 March 2021	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\$1.0 million at the conversion price of S\$0.003	333,333,333	333	667
As at 31 March 2020			
The Company shall issue such number of shares (“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

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 31 March 2021 is 32,706,206,055 (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.

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- 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.

- 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.

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	3-month period ended		9-month period ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Earnings per Share for the financial period based on weighted average number of ordinary shares in issue (in cents)	0.002	0.037	0.006	0.032
Weighted average number of ordinary shares	32,363,140,362	18,316,278,264	32,363,140,362	18,316,278,264
Earnings per Share for the financial period based on fully diluted basis (in cents)	0.002	0.036	0.006	0.031
Weighted average number of ordinary shares	32,528,669,823	18,816,278,264	32,528,669,823	18,816,278,264

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 31.03.2021	As at 30.06.2020	As at 31.03.2021	As at 3.06.2020
Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	0.144	0.117	0.032	0.065
Number of ordinary shares issued at the end of the period	32,706,206,055	31,706,206,055	32,706,206,055	31,706,206,055

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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

9MFY2021

The Group recorded an increase in revenue for the nine-month financial period ended 31 March 2021 ("9MFY2021"). Revenue increased to S\$65.0 million compared with S\$50.2 million for the nine-month financial period ended 31 March 2020 ("9MFY2020") due to an increase in average price of gold as well as an increase in the volume of gold sold. Average selling price of gold increased from S\$1,994 per ounce (equivalent to A\$2,138) in 9MFY2020 to S\$2,521 per ounce (equivalent to A\$2,522) in 9MFY2021. Gold sales volume increased from 24,145 ounces in 9MFY2020 to 25,722 ounces in 9MFY2021. In addition, the Group recorded a net gain on financial assets at fair value through profit or loss of S\$0.5 million for the nine-month financial period ended 31 March 2021.

The cost of sales included:

- (1) an amortisation of mining properties which increased from S\$3.7 million in 9MFY2020 to S\$3.9 million in 9MFY2021 in line with the increase in total gold sold;
- (2) depreciation of property, plant and equipment which increased from S\$1.9 million in 9MFY2020 to S\$4.7 million in 9MFY2021, mainly due to the purchase of mining equipment and motor vehicles in second half of 2020 which resulted in an increase in depreciation expenses in 9MFY2021; and
- (3) a 2.75% royalty on gold extracted in the Australian state of Victoria, effective from 1 January 2020, amounting to S\$1.6 million.

Gross profit was S\$13.1 million in 9MFY2021 compared to S\$6.0 million in 9MFY2020. The increase in the gross profit was mainly due to the increase in the selling price and sales volume of gold as described above; and the increase in average head grade of ore from 4.1 g/t in 9MFY2020 to 4.4 g/t in 9MFY2021 also contributed in the increase of gross profit in 9MFY2021.

Other income recorded an increase of \$0.3 million to \$0.6 million in 9MFY2021 as compared to \$0.3 million in 9MFY2020. 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, 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\$0.4 million was released and recognised as "gain on de-registration of a subsidiary" under other income in 9MFY2021.

Administrative expenses increased from S\$2.7 million in 9MFY2020 to S\$3.4 million in 9MFY2021. The increase was mainly due to the increase in consultancy fees of S\$0.3 million on the appointment of consultants and the increase in depreciation of S\$0.4 million due to additional motor vehicles purchased in second half of 2020.

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The Group incurred other expenses of S\$6.3 million in 9MFY2021 compared to other gains of S\$1.5 million in 9MFY2020. Other expenses in 9MFY2021 was mainly loss on foreign exchange of S\$3.7 million due to the depreciation of Singapore dollar against Australian dollar, fair value loss on FVTPL of S\$1.0 million, and other mining related expenses of S\$1.5 million. Other gains in 9MFY2020 was mainly due to gain on foreign exchange of S\$3.1 million, partially offset by a one-off early termination fee of S\$0.5 million (in relation to the early termination of the RCB Subscription Agreement), an upfront fee of S\$0.4 million written off, other mining related expenses of S\$0.4 million.

Finance costs decreased by S\$0.5 million to S\$0.3 million in 9MFY2021 mainly due to the termination of the Debt Restructuring Agreement in October 2019 following the issuance of Subscription Shares to Yaaoo Capital Pte Ltd, partially offset by an increase in interest charge of S\$0.1 million in connection of new motor vehicles purchased in second half of 2020.

3QFY2021

The Group recorded an increase in revenue for the three-month financial period ended 31 March 2021 (“3QFY2021”). Revenue increased to S\$22.7 million compared with S\$18.8 million for the three-month financial period ended 31 March 2020 (“3QFY2020”) due to an increase in gold sales volume and an increase in average selling price of gold. Gold sales volume increased from 8,584 ounces in 3QFY2020 to 9,246 ounces in 3QFY2021. Average selling price of gold increased from S\$2,254 per ounce (equivalent to A\$2,417) in 3QFY2020 to S\$2,342 per ounce (equivalent to A\$2,343) in 3QFY2021. In addition, the Group recorded a net gain on financial assets at fair value through profit or loss of S\$0.6 million for the three-month financial period ended 31 March 2021.

The cost of sales included:

- 1) an amortisation of mining properties which increased from S\$1.4 million in 3QFY2020 to S\$1.6 million in 3QFY2021 in line with the increase in total gold sold;
- 2) depreciation of property, plant and equipment which increased from S\$0.8 million in 3QFY2020 to S\$1.5 million in 3QFY2021, mainly due to the purchase of mining equipment and motor vehicles in second half of 2020 which resulted in an increase in depreciation expenses in 3QFY2021; and
- 3) a 2.75% royalty on gold extracted in the Australian state of Victoria, effective from 1 January 2020, amounting to S\$0.6 million.

Gross profit was S\$2.8 million in 3QFY2021 compared to S\$3.6 million in 3QFY2020. The decrease in the gross profit, despite improved average head grade of ore from 4.1 g/t in 3QFY2020 to 4.5 g/t in 3QFY2021, was mainly due to the increase of S\$0.8 million in depreciation of property, plant and equipment for the 3-month financial period ended 31 March 2021, offset by the marginal increase in the selling price and sales volume of gold as described above.

Administrative expenses increased from S\$0.9 million in 3QFY2020 to S\$1.1 million in 3QFY2021. The increase was mainly due to the increase in depreciation of S\$0.1 million due to additional motor vehicles purchased in second half of 2020.

The Group incurred other expenses of S\$0.9 million in 3QFY2021 compared to net other gains of S\$2.6 million in 3QFY2020. Other expenses in 3QFY2021 was mainly loss on foreign exchange of S\$0.6 million due to the depreciation of Singapore dollar against Australian dollar and other mining related expenses of S\$0.3 million, partial offset with gain on disposal of property, plant and equipment of S\$59,000. Other gains in 3QFY2020 was mainly due to gain on foreign exchange of S\$2.8 million, partially offset with other mining related expenses of S\$0.1 million and unwind of discount on deferred consideration of S\$0.1 million.

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Finance costs increased from \$55,000 in 3QFY2020 to \$192,000 in 3QFY2021 mainly due to an increase in interest charge of S\$79,000 in connection with new motor vehicles purchased in the second half of 2020.

(B) Financial Position Review

1) Current assets increased by S\$12.3 million from S\$16.1 million as at 30 June 2020 to S\$28.3 million as at 31 March 2021. The increase was mainly due to:

- The increase in inventory of S\$4.7 million was mainly attributed to the increase in the quantity of gold in circuit held at the end of 31 March 2021. The Group's inventory turnover days was 42 days for the period ended 31 March 2021.
- The increase in the FVTPL of S\$8.9 million, which was attributed to purchase of FVTPL by way of cash of S\$4.6 million and purchase under revolving credit of S\$5.3 million. The increase was partially offset by loss on FVTPL of S\$1.0 million.
- The increase in other current assets of S\$2.1 million, was mainly due to inclusion of prepaid consultancy fee of S\$1.2 million and a deposit of S\$1.0 million in relation to acquisition of land in Australia.

The increase in current assets was partially offset by a:

- decrease in cash and cash equivalents of S\$3.7 million.

2) Non-current assets increased by S\$19.5 million from S\$37.1 million as at 30 June 2020 to S\$56.6 million as at 31 March 2021. The increase was mainly due to:

- The increase in exploration and evaluation expenditure of S\$6.9 million, which was mainly attributed to additions of capitalised expenditure of S\$6.4 million, offset with exploration and evaluation expenditure written-off of S\$0.2 million;
- The increase in mining properties of S\$5.8 million mainly attributed to the additions amounting to S\$9.4 million during the period, partially offset with amortisation charge of S\$3.9 million; and
- The increase in property, plant and equipment of S\$6.4 million was mainly attributed to additions of S\$10.4 million (including right-of-use assets of Suntec Office lease of S\$ 1.0 million and mining equipment of \$9.4 million upon adoption of SFRS(I) 16 Leases). The increase was partially offset by the depreciation of S\$5.1 million.

3) Current liabilities increased from S\$15.4 million as at 30 June 2020 to S\$32.3 million as at 31 March 2021. The increase of S\$16.9 million was mainly attributed to:

- The increase in trade and other payables of S\$9.5 million mainly due to increase in trade payables of S\$4.2 million, accrued gold royalty of S\$1.6 million, and other payables of S\$3.7 million as at 31 March 2021.
- The increase in lease liabilities of S\$2.8 million which was attributed to new equipment purchased under lease.

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- The increase in borrowings of S\$4.3 million to S\$5.3 million as at 31 March 2021. Borrowing as at 31 March 2021 was mainly revolving credit facilities with a financial institution of S\$5.3 million. Borrowing as at 30 June 2020 was mainly the loan from former Group CEO. 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\$55.9 million as at 31 March 2021. This was mainly attributed to the funding provided from a wholly owned subsidiary, Golden Point Group 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\$19.2 million as at 31 March 2021. The increase was mainly attributed to:
- The increase in convertible bonds of S\$1.0 million which is in connection with subscription agreement entered with Tomson Pte Ltd on 3 December 2020.
 - The increase in lease liabilities of S\$3.8 million which was attributed to new equipment purchased under finance lease.
 - The increase in rehabilitation and preservation provision of S\$0.6 million which was due to unrealised foreign currency loss at 31 March 2021.

Deferred consideration of S\$2.8 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\$9.1 million from S\$24.3 million as at 30 June 2020 to S\$33.4 million as at 31 March 2021. These were mainly attributed to the following:
- The increase in share capital and share premium of S\$0.1 million and S\$1.4 million respectively, attributed to the issuance of the Debt Conversion Shares and Option Shares.
 - The decrease in negative foreign currency translation reserve of S\$5.7 million to S\$2.6 million as at 31 March 2021, due mainly to record 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\$317.6 million as at 31 March 2021, which reflected the Group’s consolidated profit attributed to equity holders for the period.

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The Group had net current liabilities of S\$3.9 million as at 31 March 2021. The Company had on 3 December 2020 entered into a subscription agreement with Tomson Pte Ltd (the “Subscriber” or “Bondholder”), pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe for up to S\$10,000,000 in aggregate principal amount of 10% unlisted and redeemable bonds (the “Bonds”) (details of which are set out in the announcement released by the Company on 3 December 2020). Thus far, only Tranche 1 of the Bonds has been drawn down.

The directors of the Company believe that the Group and the Company will be able to generate positive cash flows from the mining operations and investment activities, as well as to raise the necessary funds from the unsecured redeemable bonds from the Subscriber. As such, there are reasonable grounds to believe that the Company will have sufficient working capital for the next 12 months and will be able to pay its debts as and when they fall due and the Company will be able to operate as a going concern.

(C) Cash Flow Statement

9MFY2021

Net cash generated from operating activities in 9MFY2021 was S\$13.6 million as compared to S\$8.5 million in 9MFY2020. The net operating cash inflow was mainly due to an operating cash flow before working capital changes of S\$13.6 million, adjusted for working capital inflows of S\$ 1.0 million. The working capital inflows in 9MFY2021 were attributed mainly to an increase in trade and other payables of S\$3.5 million, an increase in other liabilities of S\$5.3 million and an increase in currency translation adjustments of S\$3.7 million, partially offset by an increase in inventories of S\$4.7 million, an increase in FVTPL of S\$4.6 million and an increase in other current assets of S\$2.2 million. The Group also paid income tax of S\$0.6 million and interest expense of S\$0.3 million in 9MFY2021.

Net cash used in investing activities in 9MFY2021 was S\$16.1 million as compared to S\$7.7 million in 9MFY2020. The net cash used in 9MFY2021 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$15.7 million and purchase of mine equipment and motor vehicles of S\$0.9 million, partially offset with proceed from disposal of property, plant and equipment of S\$0.5 million. Comparatively, the net cash used in 9MFY2020 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$5.3 million and purchase of mine equipment of S\$2.4 million.

Net cash used in financing activities in 9MFY2021 was S\$1.4 million as compared to net cash generated from financial activities of S\$73,000 in 9MFY2020. The net cash used in financing activities in 9MFY2021 was mainly attributed to net repayment of lease liabilities of S\$2.9 million. This was partially offset by the proceeds from issuance of option shares of S\$0.5 million and proceeds from issuance of convertible bonds of S\$1.0 million. Comparatively, the net cash generated from 9MFY2020 was mainly attributed to the borrowings of S\$548,000, partially offset by net repayment of lease liabilities of S\$462,000.

3QFY2021

Net cash generated from operating activities in 3QFY2021 was S\$8.9 million as compared to S\$4.1 million in 3QFY2020. The net operating cash inflow was mainly due to an operating cash flow before working capital changes of S\$4.0 million, adjusted for working capital inflows of S\$5.1 million. The working capital inflows in 3QFY2021 were attributed mainly to a decrease in inventories of S\$1.8 million, an increase in trade and other payables of S\$1.2 million, an increase in other liabilities of S\$3.2 million and an increase in currency translation adjustments of S\$0.6 million. The working capital inflows were partially offset by an increase in FVTPL of S\$0.9 million, an increase in other receivables of S\$0.3 million and an increase in other current assets of S\$0.6 million. The Group also paid income tax of S\$6,000 and interest expenses of S\$0.2 million in 3QFY2021.

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Net cash used in investing activities in 3QFY2021 was S\$7.4 million as compared to S\$2.9 million in 3QFY2020. The net cash used in 3QFY2021 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$7.8 million and purchase of mine equipment and motor vehicles of S\$0.2 million, offset with proceeds of S\$0.5 million from disposal of property, plant and equipment. Comparatively, the net cash used in 3QFY2020 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$1.7 million and purchase of mine equipment of S\$1.3 million.

Net cash used in financing activities in 3QFY2021 was S\$1.4 million as compared to S\$149,000 in 3QFY2020. The increase in net cash used in 3QFY2021 was mainly attributed to net repayment of lease liabilities by S\$1.3 million.

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 stable in 9MFY2021. In 9MFY2021, the Group registered a revenue of S\$65.0 million and a profit before tax of S\$3.5 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 “Proposed Redomiciliation”). Accounting and Corporate Regulatory Authority has on 30 December 2020 approved the Company’s application in relation to the Proposed Redomiciliation.

The Company has on 29 March 2021 entered a conditional sale and purchase agreement with Wodabow Pte. Ltd. and Dr. Jean-Michel Paul, to purchase up to 3,550,000 ordinary shares in Real Estate Analytics Pte. Ltd. (“REA”) for the aggregate consideration of S\$8.8 million. REA is a Singapore based tech start-up whose aim is to research, develop and implement the next generation real estate modelling and analytics tools for global markets (details of which are set out in the announcement released by the Company on 29 March 2021).

On 5 May 2021, the Company incorporated a wholly owned subsidiary, Plutus Mazu Pte. Ltd. (the “Plutus Mazu”), in Singapore. The principal activity of the Plutus Mazu is hedge fund management.

The abovementioned investments are in line with the Group’s strategy of building a new source of income and diversifying our business from mining and exploration activities. These investments are milestones for the Group’s foray into the Singapore market.

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There is considerable uncertainty about the post-pandemic global economic recovery. The Board is uncertain whether the gold price could be sustained over the longer term or fluctuate significantly with the fluctuation in interest rates and inflation expectation. There are also considerable challenges for the Group's operations arising from the COVID-19 pandemic. Regardless of the progress we made in 9MFY2021, it remains vital to further improve our mining operations and milling processes, aim for higher head grade and explore more business opportunities.

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) the Group's priority is to manage its cash flow prudently and responsibly to meet its financial commitments in the current highly volatile and uncertain global operating environment; and (2) due to a material uncertainty related to going concern raised by the independent auditor in 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 a general mandate from its shareholders for the Interested Person Transactions.

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14. Negative confirmation pursuant to Rule 705(5) of the Catalyst 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 3QFY2021 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 Catalyst Rules.

16. Use of Proceeds

The Company has on 3 December 2020 entered into a subscription agreement with Tomson Pte Ltd (the “Subscriber” or “Bondholder”), pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe for up to S\$10,000,000 in aggregate principal amount of 10% unlisted and redeemable bonds (the “Bonds”).

Thus far, only Tranche 1 of the Bonds has been drawn down. The utilisation of the net proceeds of approximately S\$1,000,000 arising from the issue of the Tranche 1 Bonds as follows:

Use of net proceeds	Amount allocated S\$	Amount utilised S\$	Balance as at the date of this announcement S\$
Group’s growth and expansion plans	1,000,000	1,000,000	-

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

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

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

In 3QFY2021, funds/cash was mainly used for the following activities, as compared to the projections:

Purpose	Amount (AUD’000)		
	Projected	Actual	Variance
Exploration and related activities	175	182	(7)
General working capital	30	78	(48)
Total	205	260	(55)

Explanation for the variances:

The variance between Projected against Actual is primarily because of purchase of mining and exploration software and annual licence fees and increase in geological samples costs due to higher than projected exploration drilling activities.

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(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 April 2021 to 30 June (“4QFY2021”)), the Group’s use of funds/cash for production activities is expected to be as follows:

Purpose	Amount (AUD’000)
Exploration and related activities	400
General working capital	70
Total	470

Following the previous quarter review of exploration data obtained to present, Ironbark Mining will continue further exploration diamond drilling upon the Tarnagulla Gold Project. Exploration drilling is attempting to identify Mineral Resources at Tarnagulla for the long-term aim of undertaking mining operations at Tarnagulla.

Ironbark Mining will continue to undertake regional exploration work upon the Tarnagulla exploration tenements to refine future exploration targets that may warrant ongoing exploration drilling. Ironbark Mining is presently establishing a comprehensive portfolio of exploration prospects associated with the Company tenements.

(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 3QFY2021 a total of 444.1 metres of diamond drilling was completed. This temporarily completed the first pass drilling of the Poverty Reef system, with interpretation of the results remaining to be completed. Subsequent to the end of the reporting period, geological logging and sampling has been completed, and the Company awaits the return of the final analysis results. Exploration drilling will now focus on the nearby and parallel reef systems of Jim Crow and Growlers which may have the ability to contribute to Mineral Resources of the Tarnagulla gold Project.

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It will continue to conduct exploration activities on the Tarnagulla tenements, focusing on identifying prospective exploration drilling targets and geological exploration of mineral deposits. Work will consist of soil geochemical sampling, detailed mapping and sampling, and obtaining aerial imagery of prospect areas, all work will be completed by skilled personnel presently employed by Ironbark Mining.

Exploration drilling was completed by suitably skilled, external contractors, while sampling analysis was outsourced to a laboratory capable of providing results for future reporting requirements. Geological logging, assessment and review of drill core and resulting information was completed by in-house personnel.

BY ORDER OF THE BOARD

Yao Liang

Executive Chairman

11 May 2021

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.

The contact person for the Sponsor is Mr Chia Beng Kwan, Registered Professional, W Capital Markets Pte Ltd, 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 65133541.