

# SHEN YAO HOLDINGS LIMITED

## Condensed interim financial statements For the first quarter and three months ended 30 September 2021

### Table of Contents

- A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
- B. Condensed Interim Statements of Financial Position
- C. Condensed Interim Statements of Changes in Equity
- D. Condensed Interim Consolidated Statement of Cash Flows
- E. Notes to the Condensed Interim Consolidated Financial Statements
- F. Other Information Required by the Catalist Rules

## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Group		
	3 months ended		
	30 September 2021	30 September 2020	Change
	S\$'000	S\$'000	%
Revenue	21,183	17,772	19.2
Cost of sales	(18,392)	(11,834)	55.4
Investment trading income	14	-	NM
Other income	4,427	493	NM
<b>Expenses</b>			
Administrative expenses	(1,368)	(1,119)	22.3
Other gains/(expenses), net	1,244	(2,377)	NM
Finance costs	(249)	(20)	NM
<b>Profit before income tax</b>	<b>6,859</b>	<b>2,915</b>	<b>NM</b>
Income tax expense	(417)	(1,169)	(64.3)
<b>Profit for the financial period</b>	<b>6,442</b>	<b>1,746</b>	<b>NM</b>
<b>Profit/(loss) for the financial period attributable to:</b>			
Equity holders of the Company	6,935	1,351	NM
Non-controlling interests	(493)	395	NM
	<b>6,442</b>	<b>1,746</b>	<b>NM</b>

NM: Not Meaningful

## A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	Group	
	3 months ended	
	30 September 2021	30 September 2020
	S\$'000	S\$'000
<b>Profit for the financial period</b>	<b>6,442</b>	<b>1,746</b>
<b>Other comprehensive income, net of tax</b>		
<b><i>Item that may be reclassified to profit or loss in subsequent periods:</i></b>		
Currency translation differences arising from consolidation	(2,800)	1,364
Reclassification of currency translation differences on de-registration of a subsidiary to profit or loss	-	(417)
<b><i>Item that will not be reclassified to profit or loss in subsequent period:</i></b>		
Currency translation differences arising from consolidation	425	(208)
<b>Total other comprehensive income for the financial period</b>	<b>(2,375)</b>	<b>739</b>
<b>Total comprehensive income for the financial period</b>	<b>4,067</b>	<b>2,485</b>
<b>Total comprehensive income for the financial period attributable to :</b>		
Equity holders of the Company	4,135	2,298
Non-controlling interests	(68)	187
	<b>4,067</b>	<b>2,485</b>
<b>Earnings per share for profit for the period attributable to the owners of the Company:</b>		
Basic (SGD in cent)	0.021	0.004
Weighted average number of ordinary shares	33,206,206,055	32,059,466,925
Diluted (SGD in cent)	0.019	0.004
Weighted average number of ordinary shares	37,039,539,388	32,559,466,925

## B. Condensed interim statements of financial position – Group

	Group	
	30 September 2021	30 June 2020
	S\$'000	S\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,634	6,311
Financial assets at fair value through profit or loss	6,789	10,178
Other receivables	399	766
Other current assets	958	624
Inventories	5,193	4,991
<b>Total current assets</b>	<b>18,973</b>	<b>22,870</b>
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	-*	-*
Security deposits	4,492	4,638
Exploration and evaluation expenditure	12,670	11,790
Mining properties	16,339	15,852
Property, plant and equipment	27,487	29,605
<b>Total non-current assets</b>	<b>60,988</b>	<b>61,885</b>
<b>Total assets</b>	<b>79,961</b>	<b>84,755</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	21,789	21,233
Lease liabilities	3,530	3,938
Borrowings	1,434	4,457
Income tax payable	644	674
<b>Total current liabilities</b>	<b>27,397</b>	<b>30,302</b>
<b>Non-current liabilities</b>		
Lease liabilities	4,365	5,555
Deferred consideration	2,675	2,762
Rehabilitation and preservation provision	8,597	8,861
Convertible bonds	5,848	13,254
Other non-current liabilities	301	310
<b>Total non-current liabilities</b>	<b>21,786</b>	<b>30,742</b>
<b>Total liabilities</b>	<b>49,183</b>	<b>61,044</b>
<b>Net assets</b>	<b>30,778</b>	<b>23,711</b>
<b>Equity</b>		
Share capital	6,271	3,271
Share premium	302,107	302,107
Other reserves	(264,091)	(268,226)
Equity attributable to equity holders of the Company	<b>44,287</b>	<b>37,152</b>
Non-controlling interests	(13,509)	(13,441)
<b>Total equity</b>	<b>30,778</b>	<b>23,711</b>
* Amount fully impaired		

## B. Condensed interim statements of financial position – Company

	Company	
	30 September 2021	30 June 2020
	S\$'000	S\$'000
<b>Current assets</b>		
Cash and cash equivalents	58	15
Financial assets at fair value through profit or loss	6	1
Other receivables	-	1
Other current assets	58	28
Due from subsidiaries	4,983	3,714
<b>Total current assets</b>	<b>5,105</b>	<b>3,759</b>
<b>Non-current assets</b>		
Investment in subsidiaries	67,791	67,791
Property, plant and equipment	14	16
<b>Total non-current assets</b>	<b>67,805</b>	<b>67,807</b>
<b>Total assets</b>	<b>72,910</b>	<b>71,566</b>
<b>Current liabilities</b>		
Due to subsidiaries	47,643	50,614
Trade and other payables	880	794
<b>Total current liabilities</b>	<b>48,523</b>	<b>51,408</b>
<b>Non-current liabilities</b>		
Convertible bonds	5,848	13,254
<b>Total non-current liabilities</b>	<b>5,848</b>	<b>13,254</b>
<b>Total liabilities</b>	<b>54,371</b>	<b>64,662</b>
<b>Net assets</b>	<b>18,539</b>	<b>6,904</b>
<b>Equity</b>		
Share capital	6,271	3,271
Share premium	302,107	302,107
Other reserves	(289,839)	(298,474)
Equity attributable to equity holders of the Company	<b>18,539</b>	<b>6,904</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>18,539</b>	<b>6,904</b>
^ Amount less than \$1,000		

### C. Condensed interim statements of changes in equity

	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Share based Compensation Reserve	Accumulated Losses	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>								
Balance at 1 July 2021	3,271	302,107	61,979	(3,988)	12,661	(338,878)	(13,441)	23,711
Conversion of shares from convertible bonds	3,000	-	-	-	-	-	-	3,000
Profit/(loss) for the financial period	-	-	-	-	-	6,935	(493)	6,442
Currency translation differences	-	-	-	(2,800)	-	-	425	(2,375)
Total comprehensive income for the financial period	-	-	-	(2,800)	-	6,935	(68)	4,067
<b>Balance at 30 September 2021</b>	<b>6,271</b>	<b>302,107</b>	<b>61,979</b>	<b>(6,788)</b>	<b>12,661</b>	<b>(331,943)</b>	<b>(13,509)</b>	<b>30,778</b>

### C. Condensed interim statements of changes in equity (cont'd)

	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Share based compensation reserve	Accumulated Losses	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>								
Balance at 1 July 2020, as previously reported	3,171	300,707	61,979	(8,355)	-	(320,453)	(12,748)	24,301
Effect of prior year restatements	-	-	-	-	-	754	-	754
Balance at 1 July 2020, as restated	3,171	300,707	61,979	(8,355)	-	(319,699)	(12,748)	25,055
Issue of Debt Conversion Shares	50	950	-	-	-	-	-	1,000
Issue of Option Shares	50	450	-	-	-	-	-	500
Issue of Employee Share Options	-	-	-	-	12,661	-	-	12,661
Changes in ownership interest in subsidiary that does not results in loss of control	-	-	-	-	-	970	(915)	55
(Loss)/profit for the financial period	-	-	-	-	-	(20,149)	966	(19,183)
Currency translation differences	-	-	-	4,784	-	-	(744)	4,040
Reclassification of currency translation differences on de-registration of a subsidiary to profit or loss	-	-	-	(417)	-	-	-	(417)
Total comprehensive income for the financial year	-	-	-	4,367	-	(20,149)	222	(15,560)
<b>Balance at 30 June 2021</b>	<b>3,271</b>	<b>302,107</b>	<b>61,979</b>	<b>(3,988)</b>	<b>12,661</b>	<b>(338,878)</b>	<b>(13,441)</b>	<b>23,711</b>

## C. Condensed interim statements of changes in equity (cont'd)

	Issued Capital	Share Premium	Contributed Surplus	Share based Compensation Reserve	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>						
Balance at 1 July 2021	3,271	302,107	61,979	12,661	(373,114)	6,904
Conversion of shares from convertible bonds	3,000	-	-	-	-	3,000
Profit and total comprehensive income for the financial period	-	-	-	-	8,635	8,635
<b>Balance at 30 September 2021</b>	<b>6,271</b>	<b>302,107</b>	<b>61,979</b>	<b>12,661</b>	<b>(364,479)</b>	<b>18,539</b>
Balance at 1 July 2020	3,171	300,707	61,979	-	(345,171)	20,686
Issuance of Debt Conversion Shares	50	950	-	-	-	1,000
Issue of Option Shares	50	450	-	-	-	500
Issue of Employee Share Options	-	-	-	12,661	-	12,661
Loss and total comprehensive income for the financial year	-	-	-	-	(27,943)	(27,943)
<b>Balance at 30 June 2021</b>	<b>3,271</b>	<b>302,107</b>	<b>61,979</b>	<b>12,661</b>	<b>(373,114)</b>	<b>6,904</b>

## D. Condensed interim consolidated statement of cash flows

	Group	
	3 months ended	
	30 September 2021	30 September 2020
	S\$'000	S\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	6,859	2,915
Adjustments for:-		
Amortisation of mining properties	1,906	983
Amortisation of discount on provision for rehabilitation and preservation	13	13
Depreciation of property, plant and equipment	1,519	1,298
Exploration and evaluation expenditure written-off	-	88
Fair value loss on financial assets at fair value through profit or loss	-	956
Fair value gain on fair value through profit or loss financial liabilities (redeemable convertible bonds)	(4,406)	-
Gain on de-registration of a subsidiary	-	(417)
Interest income	(3)	(17)
Interest expense	236	7
<b>Operating profit before working capital changes</b>	<b>6,124</b>	<b>5,826</b>
Changes in operating assets and liabilities:-		
Inventories	(202)	(7,098)
Other receivables	367	99
Other current assets	(334)	(1,101)
Trade and other payables	4,007	1,395
Other liabilities	(2,776)	1,292
Currency translation adjustments	(1,429)	817
<b>Cash generated from operations</b>	<b>5,757</b>	<b>1,230</b>
Interest received	3	17
Interest paid	(206)	(3)
Net taxation paid	(426)	(324)
<b>Net cash generated from operating activities</b>	<b>5,128</b>	<b>920</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to mining properties	(2,895)	(1,195)
Exploration and evaluation expenditure	(1,234)	(2,579)
Purchase of financial assets at fair value through profit or loss	-	(1,163)
Proceeds from sale of financial assets at fair value through profit or loss	3,389	-
Purchase of property, plant and equipment	(382)	(51)
<b>Net cash used in investing activities</b>	<b>(1,122)</b>	<b>(5,447)</b>

## D. Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	3 months ended	
	30 September 2021	30 September 2020
	S\$'000	S\$'000
		(Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(3,023)	-
Net repayment of lease liabilities	(1,597)	(298)
Additions to security deposits	-	(5)
<b>Net cash used in financing activities</b>	<b>(4,620)</b>	<b>(303)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(614)</b>	<b>(4,830)</b>
Cash and cash equivalents at beginning of the financial period	6,211	7,863
Effect of currency translation on cash and cash equivalents	(63)	219
<b>Cash and cash equivalents at end of the financial period</b>	<b>5,534</b>	<b>3,252</b>

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

Cash and cash equivalents on the consolidated statement of financial position	5,634	<b>3,352</b>
Less: fixed deposit pledged	(100)	(100)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>5,534</b>	<b>3,252</b>

## E. Notes to the condensed interim consolidated financial Statements

### 1. Corporate information

Shen Yao Holdings Limited (the "Company") is listed on the Catalyst Board of the Singapore Exchange Securities Trading Limited. The registered office of the Company is 9 Temasek Boulevard, #24-01 Suntec Tower 2, Singapore 038989.

These condensed interim consolidated financial statements as at and for the financial period ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the "Group").

The Company's immediate and ultimate holding company is Yao Capital Pte. Ltd., incorporated and domiciled in Singapore.

The principal activities of the Company are those of investments, investment holding and strategic investments and other related activities. The principal activities of the subsidiaries are those of gold mining, gold exploration, strategic investments, investment holding and other related activities.

### 2. Basis of Preparation

The condensed interim financial statements for the financial period ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

#### 2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### 2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the condensed interim financial statements is included in the following notes:

##### (a) *Contingent liabilities arising from legal proceedings*

Certain legal proceedings (same as that disclosed in the most recently audited annual financial statements as at 30 June 2020) are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, the Group consults with legal counsel and certain other experts on matters related to litigation.

The Group recognises a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

As of 30 September 2021, no provision (30 September 2020: Nil) was recognised in relation to contingent liabilities which arose from legal proceedings.

## 2.2. Use of judgements and estimates (cont'd)

### (b) *Exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of ore reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

During the current interim period, there was no write-off (30 September 2020: \$88,000) in relation to exploration and evaluation expenditure.

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next interim period are included in the following notes:

### (a) *Investigations by the CAD*

In April 2014, the Company and one of its subsidiaries were served notices by the CAD of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, management is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the financial statements.

### (b) *Impairment of non-current assets*

Property, plant and equipment, mining properties and exploration and evaluation expenditure are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, CGU, have been determined based on the higher of fair value less cost to sell and value in use calculations. These calculations involve the use of estimates and assumptions such as forecasted revenue and operating costs and discount rate.

These estimates and assumption involve significant management judgement and are affected by future market and economic conditions as well as the implications of the COVID-19 pandemic. Changes to these estimates and assumptions could result in a change in the carrying value of these assets.

During the interim period, no impairment loss (30 September 2020: nil) was recognised on the Group's property, plant and equipment.

### (c) *Estimated net realisable value of inventories*

The calculation of net realisable value (NRV) for ore stockpiles, gold in circuit and bullion on hand involves significant judgement and estimation in relation to timing and cost of processing, gold prices, exchange rates and processing recoveries. A change in any of these assumptions will alter the estimated NRV and may therefore impact the carrying value of inventories.

## 2.2. Use of judgements and estimates (cont'd)

### (d) *Ore reserves, mineral resource and exploration target*

The Group estimates ore reserves, mineral resources and exploration targets based on information compiled by competent persons. Ore reserves and mineral resources are categorised based on the level of geological confidence and the economic viability of extraction. Resources are an identified mineral occurrence with reasonable prospects for eventual economic extraction and reserves are the economically mineable part of a resource where appropriate assessments demonstrate that economic extraction can be reasonably justified. An exploration target is a hypothetical view of a mineralised reef which is not necessarily economic. It is not a mineral resource or ore reserve. There is no guarantee that tonnages will be either realised or economic. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, production costs, metal prices, mining control, dilution or other relevant issues. Ore reserves, mineral resources, exploration targets, if applicable, determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, mining properties and rehabilitation expenditure.

The determination of ore reserves, mineral resources, exploration targets and mine life affects the Group's financial performance and financial position including asset carrying values impacted by estimated future cash flows, depreciation and amortisation charges, impairment and rehabilitation provision.

### (e) *Amortisation of mining properties*

Mining property expenditure is amortised on a cost per ounce basis utilising estimates of total production and projected total capitalised cost. The amortisation method is reviewed quarterly and any changes in expected production and future expenditure on capitalised mine development are accounted for by changing the amortisation calculation, which is a change in accounting estimate.

During the interim period, amortisation of mining properties recognised was \$1,906,000 (30 September 2020: \$983,000).

### (f) *Estimated useful life and residual value of property, plant and equipment*

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Management estimates the useful lives of the individual items of property, plant and equipment to be within 2 to 10 years.

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment and the depreciation charges for the financial period.

### (g) *Rehabilitation and preservation provision*

Provision is made for environmental rehabilitation and preservation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and management uses its judgement and experience to provide for these costs over the life of the operations. Cost estimates can vary in response to many factors including changes to the relevant legal or local/national government ownership requirements, the Group's environmental policies, the emergence of new restoration techniques, the timing of the expenditures and the effects of inflation. Experience gained at other mine or production sites is also a significant consideration.

Cost estimates are updated throughout the life of the operation. The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, production rates, operating licence or economic conditions. Expenditure may occur before and after closure and can continue for an extended period of time depending on the specific site requirements. Some expenditure can continue into perpetuity.

Cash flows must be discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk free discount rate used for this purpose also requires judgement.

As a result of all of the above factors, there could be significant adjustments to the provision for close down, restoration and clean-up costs which would affect future financial results.

## **2.2. Use of judgements and estimates (cont'd)**

### *(h) Impairment of investments in subsidiaries*

Management performs an impairment assessment of the Company's investments in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss or write back of impairment. The determination of fair value less cost to sell involves estimation of the fair values of the underlying assets and liabilities of the subsidiary, less incremental costs for disposing the asset. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

## **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## **4. Segment and revenue information**

The Group is organised into the following main business segments:

- Segment 1: Gold mining and exploration; and
- Segment 2: Investment holdings

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Chief Operating Decision Maker who are responsible for allocating resources and assessing performance of the operating segments.

#### 4.1 Reportable segments

	Gold mining and exploration	Investment holdings	Consolidated
	S\$'000	S\$'000	S\$'000
<b>3 months ended 30 September 2021</b>			
Total segment revenue	21,183	-	21,183
<b>Revenue from external parties</b>	<b>21,183</b>	<b>-</b>	<b>21,183</b>
Investment trading income	-	14	14
Interest income	3	-	3
Miscellaneous income	-	4,424	4,424
<b>Total other income</b>	<b>3</b>	<b>4,424</b>	<b>4,427</b>
<b>Total revenue and other income</b>	<b>21,186</b>	<b>4,438</b>	<b>25,624</b>
Depreciation	(1,402)	(117)	(1,519)
Amortisation of mining properties	(1,906)	-	(1,906)
Finance expense	(60)	(189)	(249)
Segment profit	2,305	4,554	6,859
<b>Profit before taxation</b>			<b>6,859</b>
Taxation			(417)
<b>Profit for the interim period</b>			<b>6,442</b>
Segment assets	71,176	8,785	79,961
<b>Total assets per statement of financial position</b>			<b>79,961</b>
Expenditures for segment non-current assets			
- Additions to PPE	379	3	382
- Additions to mining properties	2,895	-	2,895
- Exploration and evaluation expenditure	1,234	-	1,234
	<b>4,508</b>	<b>3</b>	<b>4,511</b>
Segment liabilities	36,805	11,734	48,538
Current income tax liabilities			645
<b>Total liabilities per statement of financial position</b>			<b>49,183</b>

#### 4.1 Reportable segments (cont'd)

	Gold mining and exploration	Investment holdings	Consolidated
	S\$'000	S\$'000	S\$'000
<b>3 months ended 30 September 2020</b>			
Total segment revenue	17,772	-	17,772
<b>Revenue from external parties</b>	<b>17,772</b>	<b>-</b>	<b>17,772</b>
Interest income	17	-	17
Miscellaneous income	-	476	476
<b>Total other income</b>	<b>17</b>	<b>476</b>	<b>493</b>
<b>Total revenue and other income</b>	<b>17,789</b>	<b>476</b>	<b>18,265</b>
Depreciation	(1,213)	(85)	(1,298)
Amortisation of mining properties	(983)	-	(983)
Finance expense	(7)	(13)	(20)
Segment profit/(loss)	5,231	(2,316)	2,915
<b>Profit before taxation</b>			<b>2,915</b>
Taxation			(1,169)
<b>Profit for the interim period</b>			<b>1,746</b>
Segment assets	56,430	4,480	60,910
<b>Total assets per statement of financial position</b>			<b>60,910</b>
Expenditures for segment non-current assets			
- Additions to PPE	636	286	922
- Additions to mining properties	1,195	-	1,195
- Exploration and evaluation expenditure	2,579	-	2,579
	<b>4,410</b>	<b>286</b>	<b>4,696</b>
Segment liabilities	25,679	4,367	30,046
Current income tax liabilities			2,269
<b>Total liabilities per statement of financial position</b>			<b>32,315</b>

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 30 June 2021:

	Group		Company	
	30 September 2021	30 June 2021	30 September 2021	30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial assets</b>				
Financial assets at FVTPL	6,789	10,178	5	1
Financial assets at amortised cost	10,650	11,810	5,041	3,731
	<b>17,439</b>	<b>21,988</b>	<b>5,046</b>	<b>3,732</b>
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	5,848	13,254	5,848	13,254
Financial liabilities at amortised cost	30,044	33,285	48,523	51,409
	<b>35,892</b>	<b>46,539</b>	<b>54,371</b>	<b>64,663</b>

## 6. Profit before taxation

### 6.1 Significant items

	Group		
	3 months ended		
	30 September 2021	30 September 2020	Change
	S\$'000	S\$'000	%
<u>Cost of sales:-</u>			
Amortisation of mining properties	1,906	983	93.9
Depreciation of property, plant and equipment	1,367	1,189	15.0
<u>Other income:-</u>			
Interest income	3	17	(82.4)
Fair value gain on fair value through profit or loss financial liabilities (redeemable convertible bonds)	4,406	-	NM
Gain on de-registration of a subsidiary	-	417	(100.0)
Gain on lease modification	9	-	NM
Others	9	59	(84.7)
	<b>4,427</b>	<b>493</b>	<b>NM</b>
<u>Administrative expenses:-</u>			
Depreciation of property, plant and equipment	152	109	39.4
Operating lease - rental expenses	3	2	50.0
<u>Other (gains)/expenses:-</u>			
Exploration and evaluation expenditure written off	-	88	(100.0)
Fair value loss on financial assets at fair value through profit or loss	-	956	(100.0)
(Gain)/loss on foreign exchange (net)	(1,429)	833	NM
Other mining expenses	185	500	(63.0)
	<b>(1,244)</b>	<b>2,377</b>	<b>NM</b>

NM: Not Meaningful

## 6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

## 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	3 months ended	
	30 September 2021	30 September 2020
	S\$'000	S\$'000
Current income tax expense	417	1,169

## 8. Dividend

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.

## 9. Net Asset Value

	Group	
	30 September 2021	30 June 2021
Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	0.13	0.11
Number of ordinary shares issued at the end of the period/year	33,706,206,055	32,706,206,055

	Company	
	30 September 2021	30 June 2021
Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	0.06	0.02
Number of ordinary shares issued at the end of the period/year	33,706,206,055	32,706,206,055

## 10. Financial assets at fair value through profit or loss

	30 September 2021	30 June 2021
	S\$'000	S\$'000
<b><i>Financial assets measured at FVTPL</i></b>		
<u>Current</u>		
Funds placed with financial institutions	1,464	1,196
Quoted equity investments	5,325	8,982
	<b>6,789</b>	<b>10,178</b>
<u>Non-current</u>		
Unquoted equity investments in Africa	—*	—*

\* Amount fully impaired

## 11. Property, plant and equipment

During the three months ended 30 September 2021, the Group acquired assets amounting to S\$0.4 million (30 September 2020: S\$2.3 million) and disposed of assets amounting to nil (30 September 2020: nil).

## 12. Borrowings

### Amount repayable in one year or less, or on demand

	As at 30 September 2021		As at 30 June 2021	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	3,530	-	3,938	-
Borrowings	1,434	-	4,457	-
	<b>4,964</b>	<b>-</b>	<b>8,395</b>	<b>-</b>

### Amount repayable after one year and not later than five years

	As at 30 September 2021		As at 30 June 2021	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	4,365	-	5,555	-
Convertible bonds	-	5,848	-	13,254
	<b>4,365</b>	<b>5,848</b>	<b>5,555</b>	<b>13,254</b>

As at 30 September 2021, the Group's lease liabilities are secured by property, plant and equipment with a net book value of S\$7.9 million (30 June 2021: S\$9.0 million).

As at 30 September 2021, the Group's borrowings of S\$1.4 million (30 June 2021: S\$4.5 million) are secured by financial assets at fair value through profit or loss ("FVTPL") of S\$5.0 million (30 June 2021: S\$8.8 million).

## 13. Convertible Bonds

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). As at the date of this announcement, seven tranches of the Bonds of an aggregate amount of S\$7,000,000 have been issued. The Bonds was initially recognised at its fair value and subsequently remeasured at fair value.

On 16 August 2021, the Bondholder has opted to exercise its right to convert, and the Company has accordingly cancelled, S\$3,000,000 in aggregate principal amount of the Bonds. Pursuant to the conversion, the Company has on 16 August 2021 issued and allotted 1,000,000,000 Conversion Shares to the Bondholder at a conversion price of S\$0.003 per share.

Following the allotment and issue of the Conversion Shares, the aggregate principal amount of Bonds that remains outstanding is \$4,000,000, and the issued and paid-up share capital of the Company has increased from \$3,270,621 comprising 32,706,206,055 Shares to \$6,270,621 comprising 33,706,206,055 Shares

## 14. Share Capital

The changes in the Company's share capital were as follows:

	No. of Shares	Share Capital S\$'000	Share Premium S\$'000
<b>As at 1 July 2021</b>	<b>32,706,206,055</b>	<b>3,271</b>	<b>302,107</b>
New shares issued on conversion of convertible bonds of S\$3.0 million at the conversion price of S\$0.003 each on 16 August 2021	1,000,000,000	3,000	-
<b>As at 30 September 2021</b>	<b>33,706,206,055</b>	<b>6,271</b>	<b>302,107</b>

#### 14. Share Capital (cont'd)

The number of Shares that may be issued on the exercise of options as at 30 September 2021 and 30 September 2020 is as follows:

	No. of Shares that may be issued	Share Capital S\$'000	Share Premium S\$'000
<b>As at 30 September 2021</b>			
New shares to be issued on conversion of current outstanding convertible bonds of S\$4.0 million at the conversion price of S\$0.003	1,333,333,333	4,000	-
New shares to be issued upon exercise of the Option by the Option Subscribers, with each Option carrying the right to subscribe for one Share in the Company at the exercise price of S\$0.0028 per share, on the terms and conditions of the Option Agreements	2,500,000,000	7,000	-
<b>As at 30 September 2020</b>			
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. The total number of issued shares as at 30 September 2021 is 33,706,206,055 (30 June 2021: 32,706,206,055).

#### 15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## F. Other Information Required by Catalyst Rules

### OTHER INFORMATION

#### PART I - INFORMATION REQUIRED FOR QUARTERLY, HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to Section A – Condensed interim consolidated statement of profit or loss and other comprehensive income

- 1(a)(ii) Notes to statement of comprehensive income**

Please refer to Section E – Notes to the Condensed Interim Consolidated Financial Statements

- 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.**

Please refer to Section B – Condensed Interim Statements of Financial Position

- 1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

Please refer to Note 12 of Section E - Notes to the Condensed Interim Consolidated Financial Statements

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to Section D – Condensed Interim Consolidated Statement of Cash Flows

- 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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.**

Please refer to Section C – Condensed Interim Statements of Changes in Equity

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, 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.**

Please refer to Note 14 of Section E - Notes to the Condensed Interim Consolidated Financial Statements

- 1(d)(iii) 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.**

Please refer to Note 14 of Section E - Notes to the Condensed Interim Consolidated Financial Statements

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

Not applicable

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

Not applicable

- 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 auditors of the Company.

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

The condensed consolidated statement of financial position of Shen Yao Holdings Limited and its subsidiaries as at 30 September 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and certain explanatory notes have not been audited or reviewed.

**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.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest financial statements for the financial year ended 30 June 2020 was not subject to an adverse opinion, qualified opinion and disclaimer of opinion.

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

Please refer to Note 2.1 of Section E - Notes to the Condensed Interim Consolidated Financial Statements

**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.**

Please refer to Note 2.1 of Section E - Notes to the Condensed Interim Consolidated Financial Statements

**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.**

Please refer to Section A – Condensed interim consolidated statement of profit or loss and other comprehensive income

**7 Net asset value (for the issuer and 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 period reported on and (b) immediately preceding financial year.**

Please refer to Note 9 of Section E - Notes to the Condensed Interim Consolidated Financial Statements

**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.

**Financial Performance Review**

**1QFY2022**

The Group recorded an increase in revenue for the three months financial period ended 30 September 2021 ("1QFY2022"). The revenue increased to S\$21.2 million compared with S\$17.8 million for the three months financial period ended 30 September 2020 ("1QFY2021"), mainly due to the increase in gold sales volume from 6,755 ounces in 1QFY2021 to 8,787 ounces in 1QFY2022. The increase in revenue was partially offset by the decrease in average selling price of gold from S\$2,635 (equivalent to A\$2,670) in 1QFY2021 to S\$2,410 (equivalent to A\$2,442) in 1QFY2022.

The cost of sales included:

- (1) amortisation of mining properties which increased from S\$1.0 million in 1QFY2021 to S\$1.9 million in 1QFY2022 mainly due to an increase in the gold ore processing volume from 79,000 tonnes in 1QFY2021 to 84,000 tonnes in 1QFY2022;
- (2) depreciation of property, plant and equipment which increased slightly from S\$1.2 million in 1QFY2021 to S\$1.4 million in 1QFY2022, mainly due to the purchase of mining equipment and motor vehicles from second half of 2020 which resulted in an increase in depreciation expenses in FY2021; and
- (3) a 2.75% royalty on gold extracted in the Australian state of Victoria, amounting to S\$0.4 million.

Gross profit was S\$2.8 million in 1QFY2022 compared to S\$5.9 million in 1QFY2021. The decrease in the gross profit was mainly due to the decrease in average head grade of ore from 5.1 g/t in 1QFY2021 to 4.1 g/t in 1QFY2022 and the decrease in average selling price as describe above. The decrease was partially offset by the increase in gold sales volume.

Investment trading income is primarily the change in fair value of financial assets, measured at fair value through profit or loss. The Group recorded a fair value gain of S\$14,000 in 1QFY2022. The investment trading income represents the diversification of the Group's operations from the gold mining and exploration business segment to a new business segment, effective from the date of obtaining shareholder approval to diversify the Group's existing business into the new business, which is 30 September 2020. There was no such income in 1QFY2021.

Other income recorded an increase of S\$3.9 million to \$4.4 million in 1QFY2022 as compared to \$0.5 million in 1QFY2021. This was mainly due to fair value gain on financial liabilities at FVTPL related to redeemable convertible bonds of S\$4.4 million. The increase in other income was partially offset by the gain on de-registration of a subsidiary in 1QFY2021, where there was no such income in 1QFY2022.

Administrative expenses increased from S\$1.1 million in 1QFY2021 to S\$1.4 million in 1QFY2022. The increase was mainly due to higher staff related expenses of S\$0.2 million as a result of increase in head count with the diversification of the Group's operations from the gold mining and exploration business segment to the new business segment, investment trading.

The Group recorded other gains of S\$1.2 million in 1QFY2022 compared to other expenses of S\$2.4 million in 1QFY2021. Other gains in 1QFY2022 was mainly foreign exchange gains of S\$1.4 million due to the appreciation of Singapore dollar against Australian dollar. The gains was partially offset by other mining related expenses of S\$0.2 million. Other expenses in 1QFY2021 was mainly realised fair value losses of S\$1.0 million on financial assets at FVTPL related to gold hedging activities, foreign exchange loss of S\$0.8 million, other mining related expenses of S\$0.5 million and exploration and evaluation expenditure written off of S\$0.1 million.

Finance costs increased to S\$0.2 million in 1QFY2022 mainly due to interest charge of S\$0.1 million in connection to the Subscription Agreement entered with Tomson Pte Ltd in December 2020 and increase in interest expense on lease liabilities of S\$0.1 million.

### **Financial Position Review**

Current assets decreased by S\$3.9 million from S\$22.9 million as at 30 June 2021 to S\$19.0 million as at 30 September 2021. The decrease was mainly due to:

- The decrease in financial assets at FVTPL of S\$3.4 million, which was attributed to the sale of financial assets at FVTPL; and
- The decrease in cash and cash equivalents of S\$0.7 million.

The decrease in current assets was partially offset by:

- The increase in other current assets of S\$0.3 million, mainly due to an increase in prepayment; and
- The increase in inventories of S\$0.2 million, mainly attributed to the higher total gold produced (9,142 ounces) as compared to the total gold sold (8,787 ounces).

Non-current assets decreased by S\$0.9 million from S\$61.9 million as at 30 June 2021 to S\$61.0 million as at 30 September 2021. The decrease was mainly due to the decrease in PPE of S\$2.1 million, mainly attributed to depreciation of \$1.5 million and loss on currency exchange of \$1.0 million due to appreciation of SGD against AUD. The decrease was partially offset by additions of S\$0.4 million.

The decrease in non-current assets was partially offset by:

- The increase in exploration and evaluation expenditure of S\$0.9 million, which was mainly attributed to additions of capitalised expenditure of S\$1.2 million, offset by the currency exchange loss as a result of appreciation of SGD against AUD of S\$0.3 million; and
- The increase in mining properties of S\$0.5 million, mainly attributed to the additions amounting to S\$2.9 million during the period, partially offset by amortisation charge of S\$1.9 million in 1QFY2022 and the currency exchange loss as a result of appreciation of SGD against AUD of S\$0.5 million.

Current liabilities decreased from S\$30.3 million as at 30 June 2021 to S\$27.4 million as at 30 September 2021. The decrease of S\$2.9 million was mainly attributed to:

- A decrease in borrowings which comprise mainly revolving credit facilities with a financial institution, by \$3.0 million from S\$4.5 million as at 30 June 2021 to S\$1.4 million as at 30 September 2021. The decrease is due to repayment of borrowings with proceeds from sale of financial assets at fair value through profit or loss; and
- The decrease in lease liabilities of S\$0.4 million attributed to the repayment of lease liabilities in 1QFY2022.

The decrease in current liabilities was partially offset by the increase in trade and other payables of S\$0.6 million mainly due to increase in trade payables of S\$2.6 million. The increase was partially offset by the decrease in accrued geology and mining expenses of S\$2.0 million.

Non-current liabilities decreased from S\$30.7 million as at 30 June 2021 to S\$21.8 million as at 30 September 2021. The decrease was mainly attributed to:

- The decrease in convertible bonds due to the conversion of S\$3.0 million convertible bonds on 16 August 2021 and the fair value adjustment of S\$4.4 million.
- The decrease in lease liabilities of S\$1.2 million which was attributed to repayment of lease liabilities in 1QFY2022;
- The decrease in rehabilitation and preservation provision of S\$0.3 million. Rehabilitation and preservation provision is to cover the estimated costs of land rehabilitation and preservation as a result of past mining and exploration activities at Ballarat and GPG, all in Australia.

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.

Total equity increased by S\$7.1 million from S\$23.7 million as at 30 June 2021 to S\$30.8 million as at 30 September 2021. This was mainly attributed to:

- The increase in share capital of S\$3.0 million, attributed to the conversion of S\$3.0 million convertible bonds at the conversion price of S\$0.003 each on 16 August 2021; and
- the decrease in accumulated losses from S\$338.9 million as at 30 June 2021 to S\$331.9 million as at 30 September 2021, which reflected the Group's consolidated profit attributed to equity holders for the period.
- The increase in total equity was partially offset by the increase in negative foreign currency translation reserve of S\$2.8 million to S\$6.8 million as at 30 September 2021, due to record of foreign currency difference arising from consolidation.

The Group had net current liabilities of S\$8.4 million as at 30 September 2021. 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 Group and 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. Therefore, the Group and the Company will be able to operate as a going concern.

#### **Cash Flow Statement**

Net cash generated from operating activities in 1QFY2022 was S\$5.1 million as compared to S\$0.9 million in 1QFY2021. The net operating cash inflow was mainly due to an operating cash flow before working capital changes of S\$6.1 million, adjusted for working capital outflows of S\$0.4 million. The working capital outflows in 1QFY2022 were attributed mainly to a decrease in other liabilities of S\$2.8 and currency translation adjustments of S\$1.4 million, partially offset by the increase in trade and other payables of S\$4.0 million. The Group also paid income tax of S\$0.4 million and interest expense of S\$0.2 million in 1QFY2022.

Net cash used in investing activities in 1QFY2022 was S\$1.1 million as compared to S\$5.4 million in 1QFY2021. The net cash used in investing activities in 1QFY2022 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$4.1 million, and purchase of property, plant and equipment of S\$0.4 million, partially offset by proceed from sale of financial assets at fair value through profit or loss of S\$3.4 million. Comparatively, the net cash used in 1QFY2021 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$3.8 million and purchase of financial assets at fair value through profit or loss of S\$1.2 million.

Net cash used in financing activities in 1QFY2022 was S\$4.6 million as compared to S\$0.3 million in 1QFY2021. The net cash used in financing activities in 1QFY2022 was mainly attributed to the repayment of borrowings to margin account of financial assets at fair value through profit or loss of S\$3.0 million and repayment of lease liabilities of S\$1.6 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 operating 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 1QFY2022. In 1QFY2022, the Group registered a revenue of S\$21.2 million and a profit after tax of S\$6.4 million. 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 1QFY2022, it remains vital to further improve our mining operations and milling processes, aim for higher head grade and explore more business opportunities.

**11 Dividend Information****(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

Nil

**(b) (i) Amount per share**

Nil

**(ii) Previous corresponding period**

Nil

**(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 shared).**

Not applicable

**(d) Date the dividend is payable**

Not applicable

**(e) Date on which Registrable Transfers received by the Company (up to 5pm) 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 does not have a general mandate from its shareholders for the Interested Person Transactions.

**14 Negative confirmation by the board pursuant to Rule 705(5)**

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 1QFY2022 to be false or misleading in any material aspect.

**15 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) 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**

(1) The Company has previously provided updates on the use of proceeds from the issuance of Option Share of S\$500,000 via SGXNET on 1 July 2021. The details of the use of net proceeds from the issuance of Option Shares of S\$500,000 as follows:

Use of net proceeds	Amount allocated (S\$)	Amount utilised (S\$)	Balance as at the date of this announcement (S\$)
Working capital:	500,000	500,000	-
Staff costs and Directors' fees	363,173		
Office rental and overheads	61,919		
Professional fees	61,865		
General administrative expenses	13,043		

The above utilisation of the proceeds from the Issuance of Option Shares is consistent with the intended use as disclosed in the Circular.

(2) The Company has previously provided updates on the use of proceeds from the issuance of the seven tranches of the Bonds via SGXNET on 7 July 2021. As at the date of this announcement, seven tranches of the Bonds have been issued, raising net proceeds of S\$6,950,000. The Company wishes to provide an update on the utilisation of the net proceeds arising from the issuance of the Bonds to the Subscriber.

The utilisation of the net proceeds of S\$6,950,000 arising from the issue of the total seven tranches of the 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	6,950,000	6,000,000	950,000

## 17 Additional information required for mineral, oil and gas companies

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

#### a. Use of funds/cash for the quarter – Tarnagulla Gold Project in Victoria, Australia

In 1QFY2022, 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	300	392	92
General working capital	70	114	44
Total	370	506	136

#### Explanation for the variances:

The variance between projected and actual expenditure in 1QFY2022 was due mainly to complications with the exploration drilling at the Tarnagulla Gold Project. Exploration drilling was conducted on a project area in close proximity to the Crystal Hill decline workings. Despite being in close proximity, no previous exploration had been conducted on the project. During the exploration drilling it was found that the sub-surface ground conditions were very poor, and resulted in a slower than normal exploration drilling rate, and required additional measures to ensure the drill hole reached the proposed target structure.

#### b. 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 September 2021 to 31 December 2022 ("2QFY2022")), the Group's use of funds/cash for production activities is expected to be as follows:

Purpose	Amount (AUD'000)
Exploration and related activities	200
General working capital	50
Total	250

Ironbark Mining will continue exploration activities on the Tarnagulla Gold Project and surrounding projects of Central Victoria. The present aim of the Company is to further develop an understanding of the geology, communities and environment while continuing to explore and define gold mineralisation.

Ironbark Mining, following detailed reviews of the past mining and exploration at the Tarnagulla Gold Project, is seeking to re-open the Crystal Hill decline, operated at Tarnagulla between 1995 and 2000 by former operators Reef Mining NL. The underground infrastructure associated with the Crystal Hill decline was developed to a depth of 250 metres vertically below surface, with exploration projects immediately at depth, parallel and along strike from the historic mining. It is the intent of Ironbark Mining to gain access to the underground workings, allowing more effective exploration to be completed from the underground access. This will provide a more simplified process to obtain the permit required to complete the proposed exploration, and allow the exploration to be completed in a more cost effective manner.

The Tarnagulla Gold Project is contained within Retention Licence 2027, which permits the re-opening of the underground workings, and intense underground exploration for further gold mineralisation. Prior to the re-opening of the underground workings various approvals are required to be obtained from the relevant Regulators, including local government and Earth Resources Regulation, along with community consultation prior to the commencement of operations. Upon the receipt of all approvals, and successful exploration, the underground development will allow for the collection of bulk samples/trial mining, prior to the conversion of the project from intensive exploration project to a mining project should all exploration be successful.

The Company will continue to evaluate the regional exploration projects situated within the company tenements through a combination of research, soil sampling, geological mapping and sampling. This work will continue to assess and rank the exploration projects, while identifying the further exploration required to continue developing the projects.

The long-term aim of the exploration programs is to attempt to identify Mineral Resources which may lead to future mining operations at Tarnagulla and surrounds gold project.

Ironbark Mining holds mineral tenements covering several other historic goldfields, which while having been mined historically for gold mineralisation, have not been subject to significant systematic modern exploration activities. Ironbark Mining is in the process of assessing these project areas to determine the prospect and devise a ranking system that will guide the future exploration activities of the Company.

Ironbark Mining will continue to undertake regional exploration work to refine future exploration targets that may warrant ongoing exploration activities. Ironbark Mining is presently developing 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 the 1QFY2022, exploration drilling was completed, and is in the process of being reviewed at the end of the quarter. Further exploration will continue during the forthcoming quarter with assessments and reviews of past exploration to be completed, consisting of further geochemical analyses, geological logging and inspection of available drill core and sampling.

BY ORDER OF THE BOARD

Yao Liang  
Executive Chairman  
12 November 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.*