

ASX ANNOUNCEMENT

SILVER HERITAGE GROUP LIMITED

30 April 2019

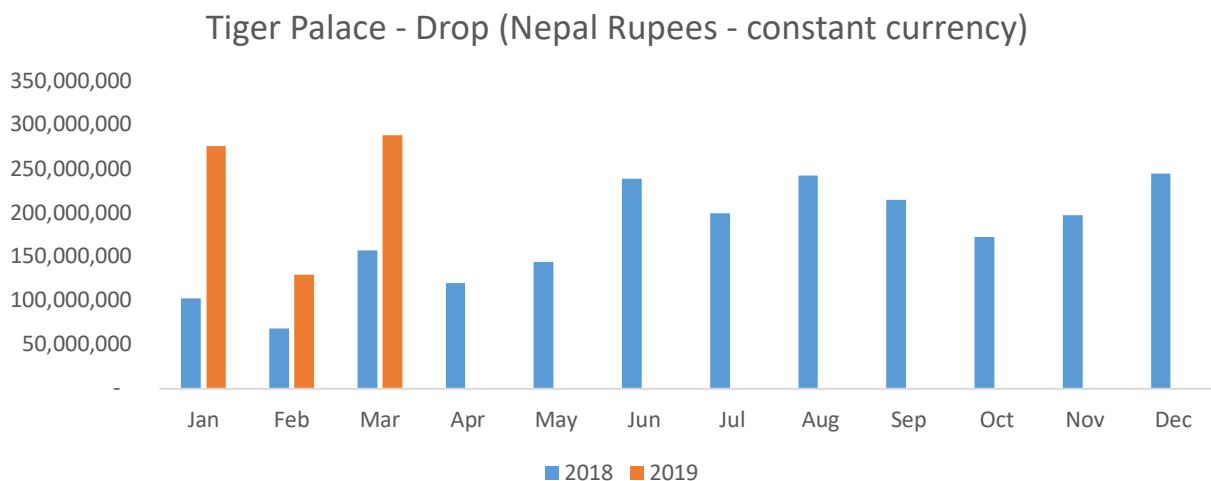
APPENDIX 4C & TRADING UPDATE

Silver Heritage Group Limited (“**Silver Heritage**” or the “**Company**”) (ASX: SVH) provides the following Trading Update for the quarter ending 31 March 2019 (“**1Q19**”) to accompany the release of its Appendix 4C.

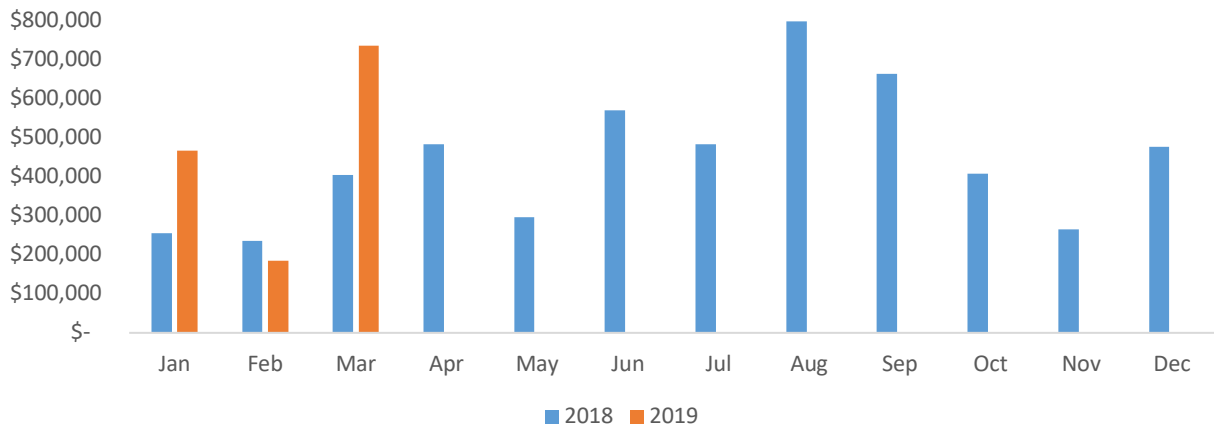
Nepal Operations - Trading Update

The Company opened the VIP Gaming rooms at Tiger Palace Resort, Bhairahawa in March 2019. Feedback from VIP visitors has been overwhelmingly positive.

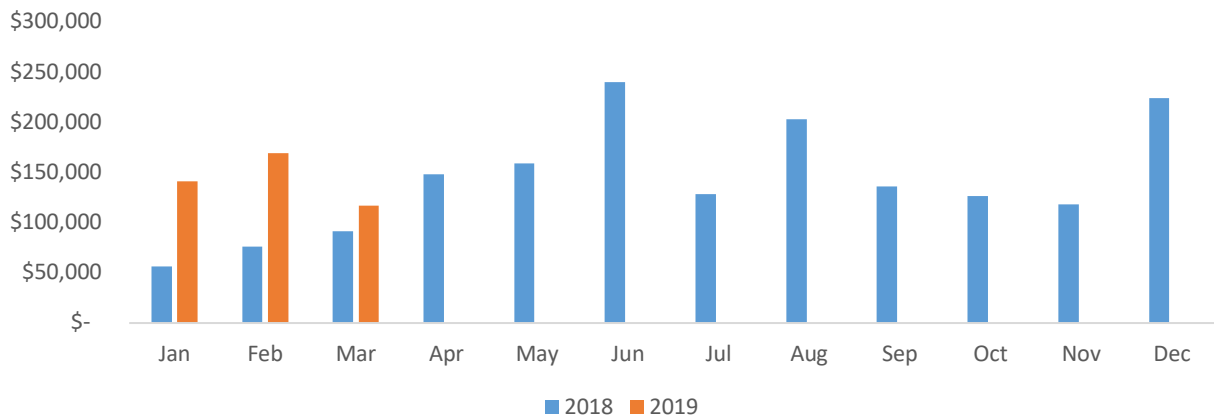
Trading at Tiger Palace has improved and continues to trade well ahead of the prior year.



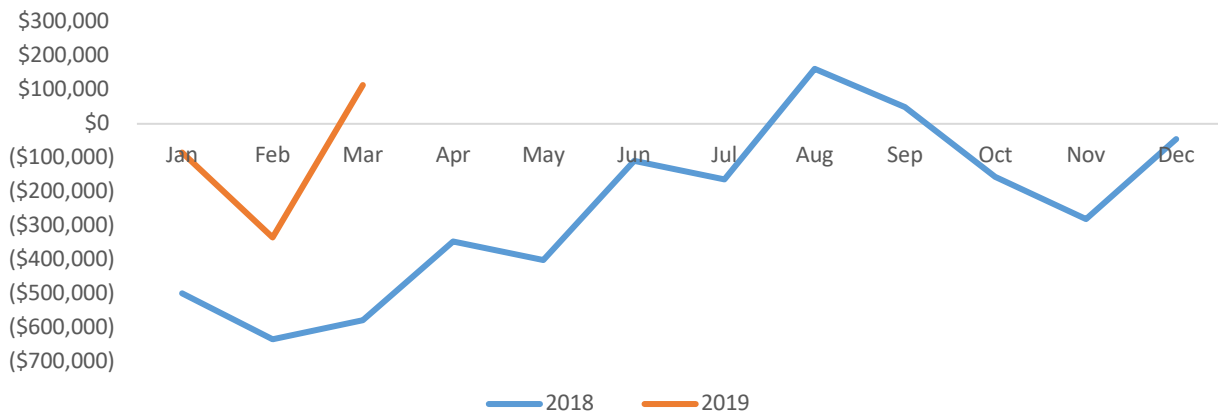
Tiger Palace - GGR (USD)



Tiger Palace - Non Gaming Revenue (USD)

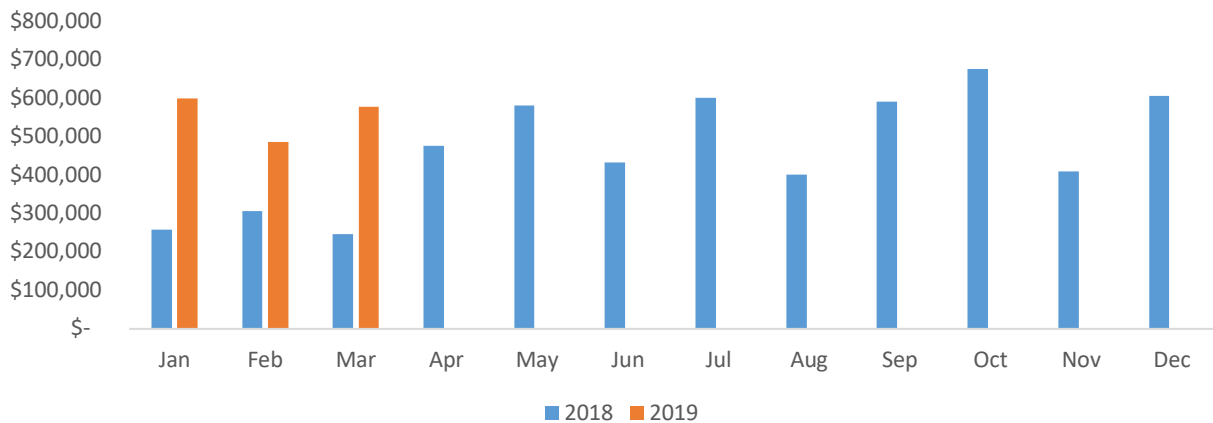


Tiger Palace - EBITDA (USD)

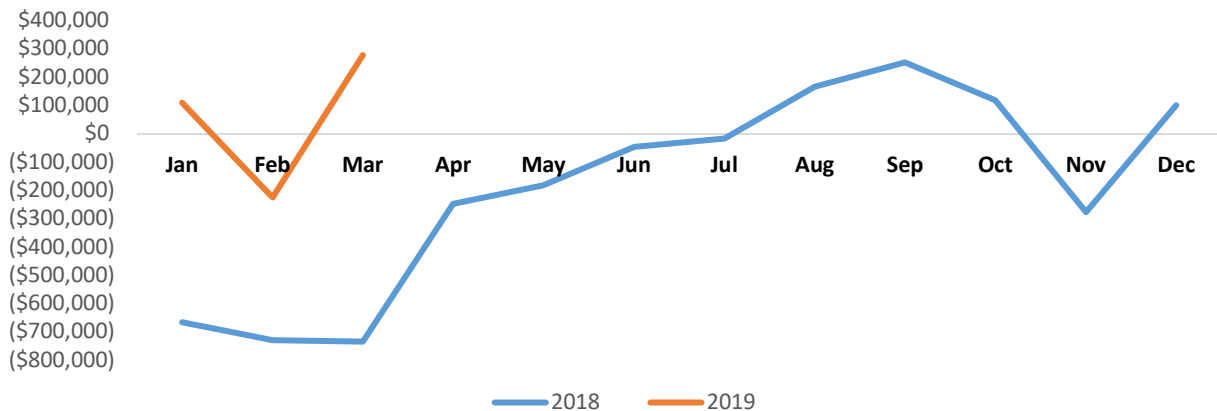


The Company also continues to see stronger performance also at its operations in Kathmandu, with increasing contributions from Chinese players in addition to the usual Indian players.

TMC Kathmandu - Gross Gaming Revenue (USD)



Nepal EBITDA (USD)



Strategic Initiatives

As disclosed in the Company's ASX Announcements of 30 November 2018 and 31 January 2019, the Company has undertaken a number of initiatives to release capital out of its asset base, including the appointment of Union Gaming as its exclusive adviser in relation to locating potential strategic partners or purchasers of the Company's Nepal operations.

FY2018 Accounts & FY2018 Annual Report

The Company continues to work with its auditor, Grant Thornton to finalise the audit of the financial statements for the year ended 31 December 2018 following the discovery of the accounting irregularities as disclosed on 1 March 2019. This process is expected to complete in the coming weeks, and once finalised the Company will lodge its audited financial statements and Appendix 4E to the ASX.

Phoenix International Club, Vietnam

As per the Company's ASX announcement of 20 March 2019, two settlement payments in relation to the termination of the Company's Entertainment Services Agreement were due from the owner of Phoenix. The first instalment was paid on 12 March 2019 and the second became due on 11 April 2019. The owner of Phoenix has failed to make payment of this second instalment and the Company intends to use all avenues available to it to ensure these monies are paid.

About Silver Heritage

Silver Heritage is an experienced regional gaming operator that operates and manages casinos in Nepal under its own licence. Operating across Asia for more than a decade, Silver Heritage brings best-in-class gaming operations to emerging gaming markets that are witnessing significant growth in gaming due to rising income levels and liberalisation of gaming regulations and rapid growth of outbound Chinese and Indian tourism. Silver Heritage has built and opened South Asia's first Integrated Resort, Tiger Palace Resort Bhairahawa, in Nepal close to the border with India's most populous state, Uttar Pradesh. www.silverheritage.com.au

Further information:

Mike Bolsover

SVH - Managing Director & CEO

Tel: +852 9547 2847

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity: **Silver Heritage Group Limited**

ABN:

74604188445

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (3 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,394	4,394
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,661)	(2,661)
(c) advertising and marketing	(584)	(584)
(d) leased assets	-	-
(e) staff costs	(2,357)	(2,357)
(f) administration and corporate costs	(473)	(473)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(357)	(357)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other-Bank Guarantee Deposit (paid)/returned	135	135
1.9 Net cash from / (used in) operating activities	(1,900)	(1,900)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(435)	(435)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) Settlement payments in relation to termination of Phoenix Entertainment Services Agreement	950	950
2.6	Net cash from / (used in) investing activities	515	515

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	443	443
3.6	Repayment of borrowings	(49)	(49)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	394	394

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,965	4,965
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,900)	(1,900)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	515	515
4.4	Net cash from / (used in) financing activities (item 3.10 above)	394	394

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
4.5	Effect of movement in exchange rates on cash held	(31)	(31)
4.6	Cash and cash equivalents at end of quarter	3,943	3,943

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	2,195	1,749
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4.1	Other (provide details) Cage Floats	1,196	2,016
5.4.2	Other (provide details) Petty Cash, Cage takings	552	1,200
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,943	4,965

6.	Payments to directors of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	136
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	N/A
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7.	Payments to related entities of the entity and their associates	Current quarter US\$'000
7.1	Aggregate amount of payments to these parties included in item 1.2	N/A
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	N/A
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available Add notes as necessary for an understanding of the position	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1	Loan facilities	21,240	21,240
8.2	Credit standby arrangements	2,481	2,481
8.3	Other (Bridge Loan Facility)	443	443
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Bonds

Issuer: Silver Heritage Limited ("SHL"), a wholly owned subsidiary of the Group.

Issue Date: 25 August 2016.

Initial Principal: US\$20,000,000

Outstanding: US\$11,600,000

Interest Rate: 8% p.a. payable semi-annually in arrears.

Maturity: US\$2,000,000 on or before 31 March 2020 at the Redemption Price;
US\$2,000,000 on or before 30 September 2020 at the Redemption Price; and
US\$7,600,000 on or before 2 April 2021 at the Redemption Price.

US\$2,000,000 of Bonds were redeemed on 25 August 2017 and US\$6.4m of Bonds were redeemed on 4 October 2018.

As part of the Company's placement and rights issue in September 2018 the Maturity for the Bonds have been extended to that listed above.

Redemption Price: Redeemable by the Group at any time prior to Maturity in minimum increments of US\$5 million, or in their entirety, at a price that will entitle the Bondholders to an internal rate of return equal to 15% p.a. on the original Principal amount of the Bonds (calculated on a semi-annual basis) for the period from the date of issue to the date of redemption.

Bondholder Redemption: Bondholders are able to require the Bonds to be redeemed early at the Redemption Price if there is a change of control of the Group, deemed to be more than 30% of the Company's issued share capital.

Cash Sweep: Commencing on 31 March 2019, the Company shall redeem Bonds in an amount equal to any excess cash above US\$5 million at the end of each quarter within two (2) Business Days of the release by SHG of its quarterly report in accordance with Appendix 4C of the ASX Listing Rules.

Bondholders: OL Master (Singapore Fund 1) Pte. Limited and Orchard Landmark II (Singapore Fund 1) Pte. Limited. Bonds are freely transferable to third parties (subject to certain limitations on the transfer to competitors of the Group). The Bonds will not be listed on any listing authority, stock exchange or other market.

Security: Security has been granted in favour of Madison Pacific Trust Limited, the security trustee, to hold on trust for the Bondholders. Security includes a debenture over certain of the Group's assets including real estate, shares, key contracts, intellectual property, plant and machinery, bank accounts and contracts of insurance.

Nepal Syndicated Term Loan Facility

Borrower: Tiger One Pvt. Limited ("Tiger One"), a wholly owned subsidiary of the Group.

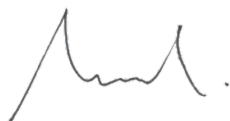
Issue Date: 4 April 2014.

Facility Amount:	NPR 1,088 million (US\$ 9,640,000 at period end exchange rate). Original facility NPR 750 million increased to NPR 1,110 million on 20 August 2017.
Amount Drawn:	Fully Drawn
Interest Rate:	12.0% p.a. payable quarterly in arrears. Interest Rate is reviewed periodically.
Maturity:	Maximum term of 12 years. Principal is repayable in 38 quarterly instalments with the first 4 instalments being NPR5.55 million per quarter, on 22 April, 22 July, 22 October and 22 January.
Lenders:	Prime Commercial Bank Ltd, Nepal Investment Bank Ltd, Sanima Bank Ltd and Civil Bank Ltd.
Security:	Lenders have taken security over all assets that Tiger One presently owns, or will own in the future, as well as its receivables. Lenders also have right on all stocks and revenues up to the limit of the loan. In addition, Tiger One, SHL and Silver Heritage Investment Pvt Ltd (SHIPL) have provided corporate guarantees in favour of the Lenders for repayment of the Facility.
<u>Nepal Demand Loan Facility</u>	
Borrower:	Tiger One
Issue Date:	20 August 2017.
Facility Amount:	NPR 280 million (US\$ 2,481,000 at period end exchange rate). The facility increased from NPR 150 million on 29 November 2017.
Amount Drawn:	Fully Drawn
Interest Rate:	12.0% p.a. payable quarterly in arrears. Interest Rate is reviewed periodically.
Maturity:	NPR 236.5 million of facility is subject to review on an annual basis. NPR 43.5 million is due on 12 July 2019.
Lenders:	Prime Commercial Bank Ltd and Sanima Bank Ltd
Security:	Same security as the Nepal Term Loan Facility
<u>Nepal Bridge Loan Facility</u>	
Borrower:	Tiger One
Issue Date:	26 February 2019
Facility Amount:	NPR 50 million (US\$ 443,000 at period end exchange rate).
Amount Drawn:	Fully Drawn
Interest Rate:	13.0% p.a. payable quarterly in arrears. Interest Rate is reviewed periodically.
Maturity:	26 June 2019
Lenders:	Prime Commercial Bank Ltd
Security:	Same security as the Nepal Term Loan Facility

9. Estimated cash outflows for next quarter		US\$'000	
9.1	Research and development		-
9.2	Product manufacturing and operating costs		1,522
9.3	Advertising and marketing		752
9.4	Leased assets		-
9.5	Staff costs		1,620
9.6	Administration and corporate costs		612
9.7	Other:		
	- Bondholder Interest and Fees		696
	- Nepal Bank Loan Principal and Interest		854
	- Contractors and Capex		250
9.8	Total estimated cash outflows		6,305
10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)		Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration	N/A	N/A
10.3	Consideration for acquisition or disposal	N/A	N/A
10.4	Total net assets	N/A	N/A
10.5	Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 30 April 2019

Director

Print name: Mike Luke Deneuve Bolsover

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.