

ASX ANNOUNCEMENT

SILVER HERITAGE GROUP LIMITED

24 May 2019

EXTENSION OF TIME TO HOLD 2018 ANNUAL GENERAL MEETING

Silver Heritage Group Limited (**Silver Heritage** or the **Company**) has sought and received approval from the Australian Securities and Investments Commission (**ASIC**) to extend the time within which the Company must hold its Annual General Meeting (**AGM**) for the financial year ended 31 December 2018 (**2018 AGM**) to 30 June 2019.

Need for extension

In accordance with section 250N(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**), Silver Heritage (as a public company) must hold an AGM within 5 months after the end of its financial year. Accordingly, as the Company's last financial year ended on 31 December 2018, the Company would otherwise be required to hold its 2018 AGM by no later than 31 May 2019.

As previously announced on 1 March 2019, immediately prior to the finalisation of its annual accounts, the Company discovered accounting irregularities in Nepal relating to the accounting treatment of a previously written off amount in an attempt to reclassify the expense at a local subsidiary level (**Accounting Irregularities**). Since the discovery, the Company has undertaken a full review of the Nepal accounting operations in order to identify the extent of the Accounting Irregularities and its potential impact on the Company's accounts for the 2018 financial year and the audit. As such, the Company was not in a position to finalise its annual report for the 2018 financial year (**Annual Report**) until all investigations into the Accounting Irregularities have been finalised.

Accordingly, the Company sought an extension of time from ASIC to hold its 2018 AGM by no later than 30 June 2019 to allow the Company to complete its investigations into the Accounting Irregularities, to complete the audit of its 31 December 2018 accounts, and to finalise the Annual Report and provide it to shareholders, in order to give shareholders sufficient time to properly consider the

Annual Report before the 2018 AGM. The Company expects to release its Appendix 4E and Annual Report to ASX and to publish the Annual Report on its website on or before 30 May 2019.

On 22 May 2019, ASIC approved the Company's request to extend the period within which Silver Heritage must hold its 2018 AGM from 31 May 2019 to 30 June 2019 (**ASIC Approval**).

The ASIC Approval is subject to the following conditions:

1. by 24 May 2019, the Company:
 - (a) publishing a notice in a prominent place on the Company's website explaining the extension of time granted by ASIC;
 - (b) making an announcement to ASX providing:
 - i) an explanation of the need for the extension of time and stating the period to which the extension has been granted; and
 - ii) an update on the status of the investigations into the Accounting Irregularities;
2. the Company ensuring there is prominent disclosure in the Annual Report explaining the extension of time granted by ASIC; and
3. the Company ensuring there are adequate arrangements in place to answer, within a reasonable period of time and without any charge, any reasonable questions asked by a member of the Company about the extension of time.

Update on Accounting Irregularities

The review of the Nepal accounting operations which commenced shortly after the discovery of the irregularities has now been completed.

The Accounting Irregularities comprised primarily of transactions in the local subsidiary accounts that were represented as expenses and capital purchases, but were in substance found to be artificial and related to an attempt to reclassify amounts written off in the Group's accounts for the half-year ended 30 June

2018. These transactions were investigated by the Group and found that they were one-off in nature and related specifically to the amounts written off.

The impact of the Accounting Irregularities for the financial statements of the year ending 31 December 2018 was an additional expense of US\$54,000.

The Company's auditor, Grant Thornton, has advised the Company that as a result of the Accounting Irregularities it has been unable to obtain sufficient audit evidence to determine whether the full extent of the Accounting Irregularities have been identified, or whether further adjustments were necessary in respect of the Group's assets, liabilities, income and expenses for the financial year, and the elements making up the consolidated statement of changes in equity and the consolidated cash flow statement. Consequently, the Auditor has indicated to the Company that it will be issuing a disclaimer of opinion audit report in relation to the financial statements for the year ended 31 December 2018.

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
Managing Director
Silver Heritage Group Limited
Tel: +852 9547 2847