

ASX ANNOUNCEMENT

SILVER HERITAGE GROUP LIMITED

30 May 2019

TRADING UPDATE AND RELEASE OF ANNUAL REPORT

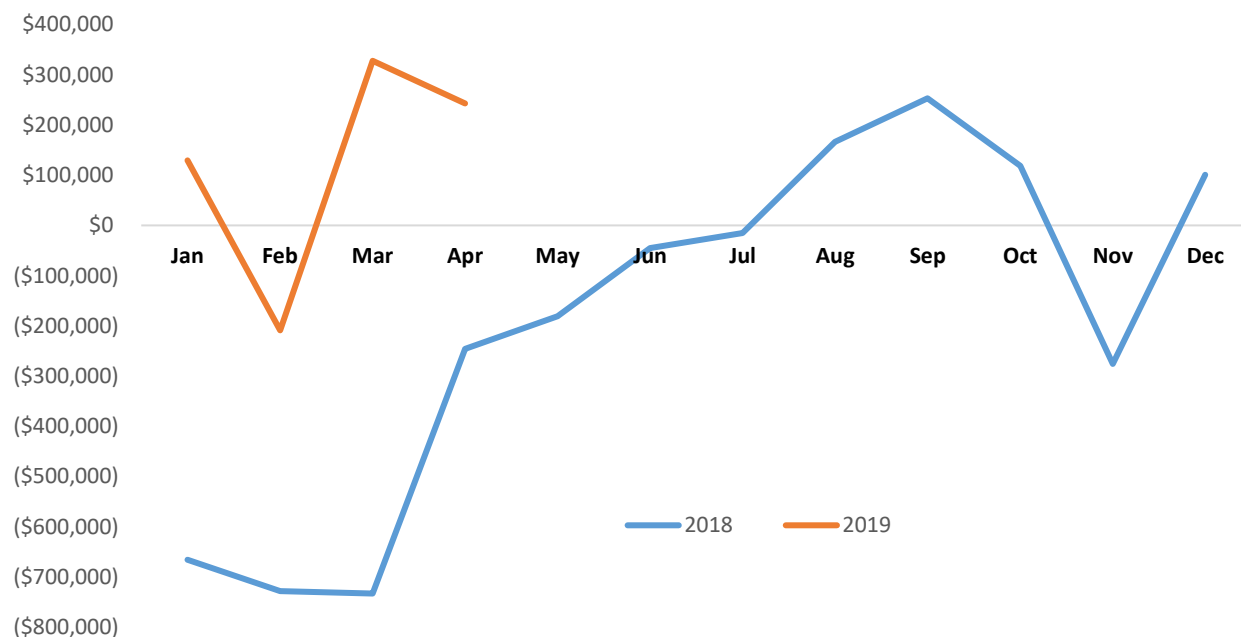
- Trading at the Company's Nepal properties well ahead of prior year performance
- Partial payment received from former Vietnam partner
- Update on capital initiatives and going concern disclosure
- Release of annual report and Appendix 4E and disclaimer of opinion from the Company's auditor

Silver Heritage Group Limited ("Silver Heritage" or the "Company") (ASX: SVH) provides the following trading update as it releases its annual report for the year ended 31 December 2018.

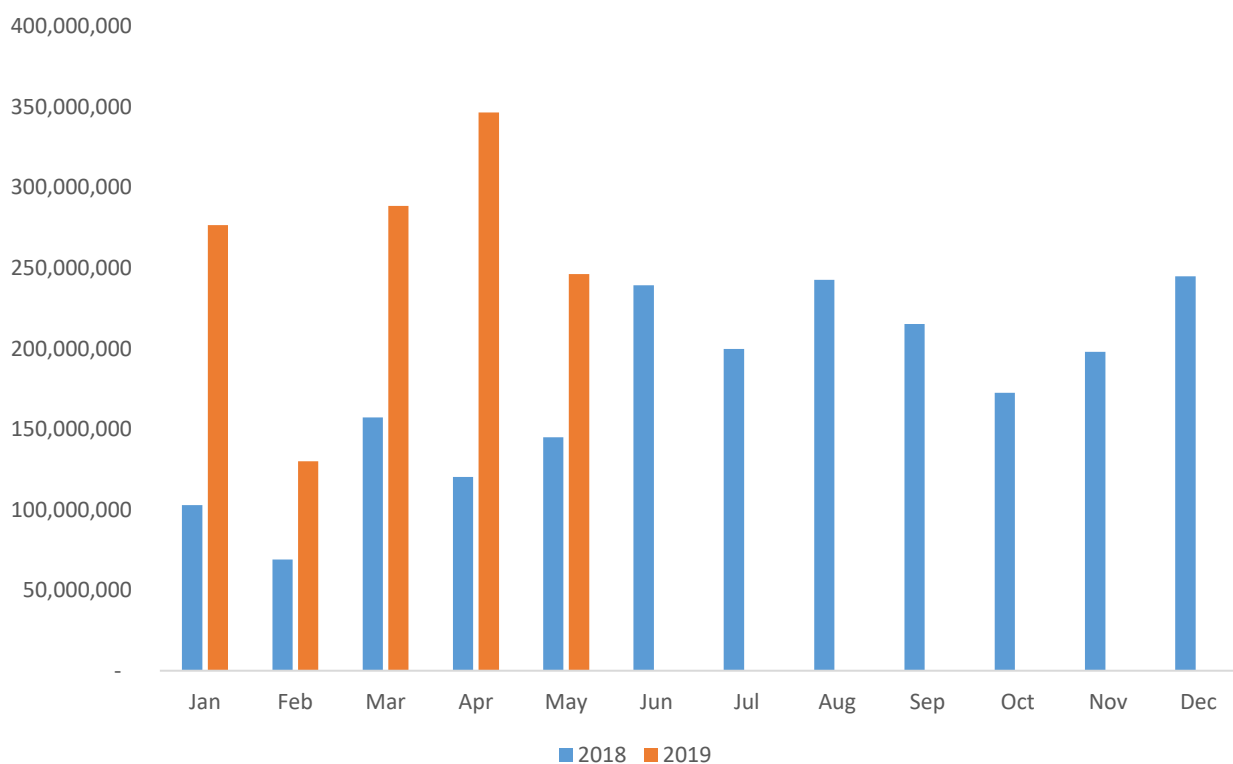
Nepal Operations

The Company's operations in Nepal continue to perform well in 2019, with year-to-date results well ahead of the prior year's performance. The Company has made a series of personnel changes and conducted a number of marketing initiatives to drive footfall and revenue at both facilities. Charts showing unaudited management accounts to 30 April 2019 and gaming results to 28 May 2019 are shown below.

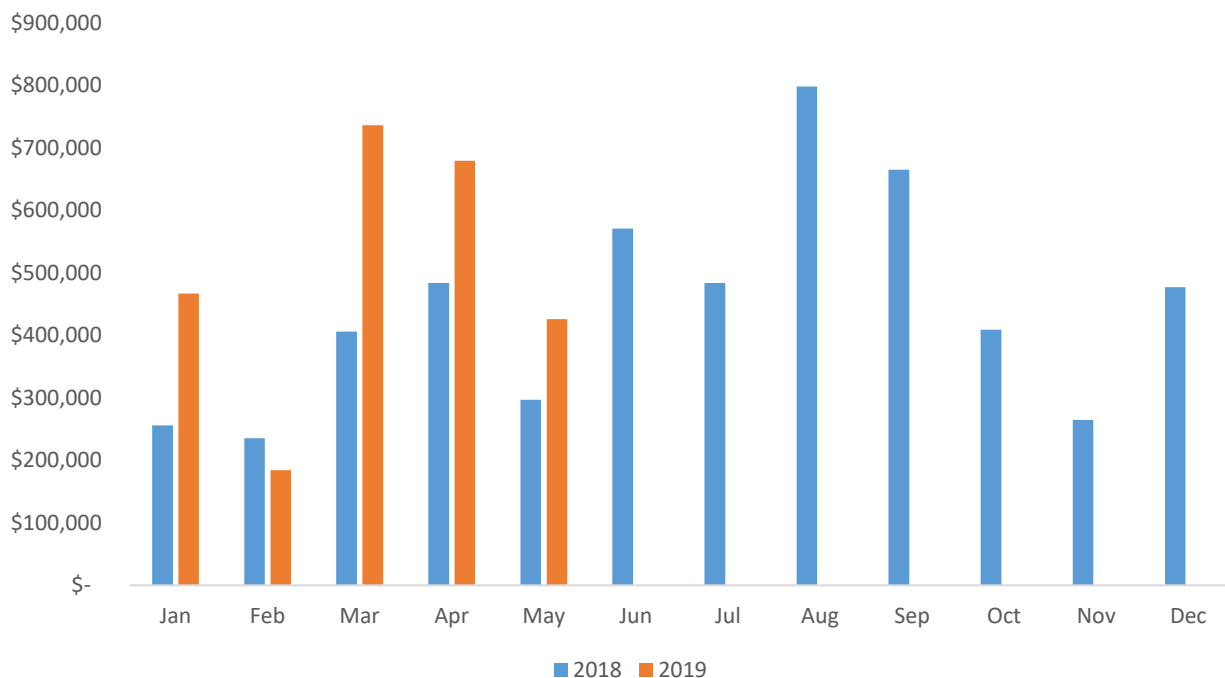
Nepal EBITDA



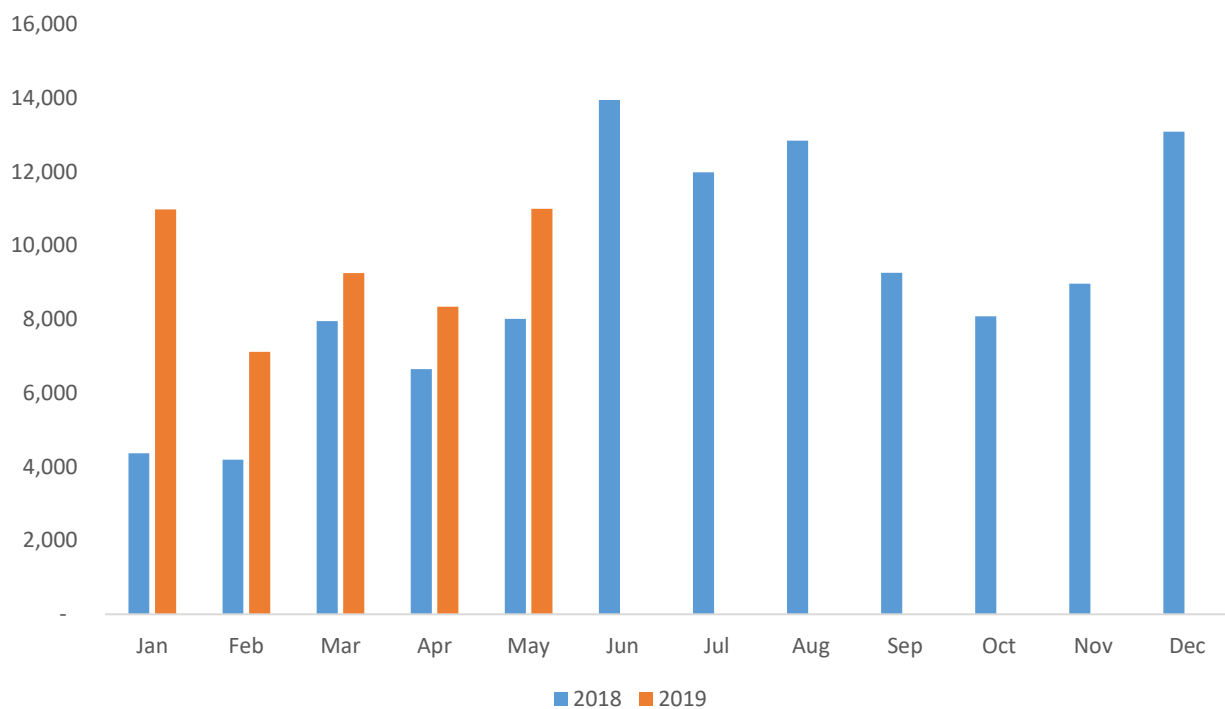
Tiger Palace Drop (NPR)



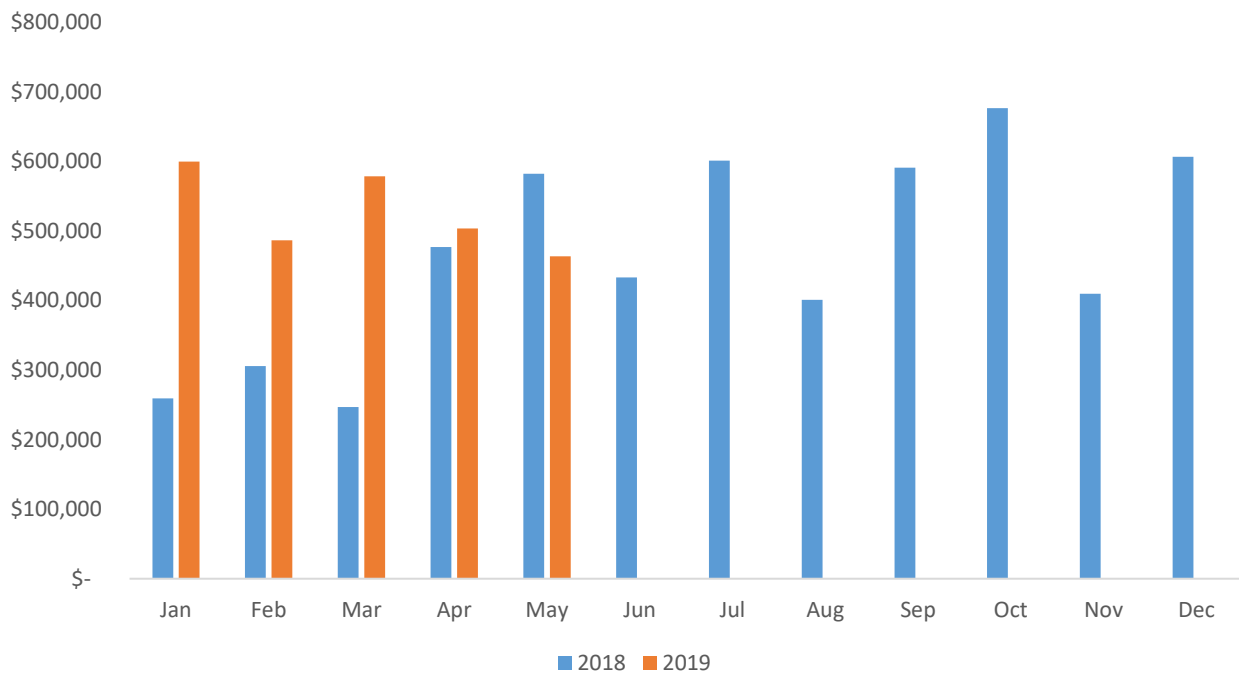
Tiger Palace GGR (USD)



Tiger Palace - Casino Footfall



TMC Kathmandu - Gross Gaming Revenue (USD)



Vietnam settlement update

As disclosed in the Trading Update dated 30 April 2019, the second instalment payment due from the Company's former Vietnam partner in respect of the terminated Entertainment Services Agreement was due on 11 April 2019 and was not paid. The Company is pleased to announce that following discussions with the former Vietnam partner it has received an initial payment of US\$200,000. The Company continues to work to receive the balance due and has reserved its rights to use all avenues available to it to ensure the monies are paid.

Strategic Initiatives

As disclosed in its previous announcements to the market, the Company has appointed Union Gaming as its exclusive adviser in relation to locating potential strategic partners or purchasers of the Company's Nepal operations. The Company has received a number of approaches in relation to this process and will update the market further when and if appropriate.

Capital Requirements and Going Concern disclosure

The Company, as disclosed in its Annual Report released today, notes that the cessation of a material part of the Company's business is a potential event of default under the terms of its Bonds. The Company has not received any notification of default from its Bondholders and continues to work with its Bondholders during this time. In addition, the Company has received a waiver in relation to the upcoming EBITDA covenant test for the 6 months ended 30 June 2019, which with the loss of its Vietnam operations it is unlikely to meet.

Considering the above, there is a material uncertainty related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Group has prepared a cash flow forecast showing the requirement for additional funds in order to finance the Group for the next twelve months, including the scheduled maturity of US\$2,000,000 of bonds in March 2020.

The directors have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate, based upon the ability for the Group to obtain funding through various sources, including the strategic initiatives outlined above.

The directors have reasonable expectations that they will be able to raise additional funding needed for the Group to continue to pay its debts as and when they fall due, make principal repayments to its bondholder commencing in March 2020, and execute against its milestones in the medium term.

Release of Annual Report

The Company today releases its Annual Report and Appendix 4E for the year ended 31 December 2018. The release of the Annual Report and Appendix 4E was delayed due to the discovery of the Accounting Irregularities as disclosed on 1 March 2019, and as disclosed on 24 May 2019 the impact on the financial statements was US\$54,000.

Additionally, and as disclosed on 24 May 2019, the Company's auditor, Grant Thornton, has issued a disclaimer of opinion in relation to the financial statements for the year ended 31 December 2018 as it has been unable to obtain sufficient appropriate 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.

The Company's investigation of the Accounting Irregularities found that the transactions were one-off in nature and has found no evidence of any further Accounting Irregularities.

In the Directors' opinion, the Annual Report for the year ended 31 December 2018 gives a true and fair view of the financial performance and financial position of the Company as at the balance date of the financial report. The Company continues to work with its auditor in relation to obtaining an unqualified opinion in future reporting periods.

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 & CEO
Silver Heritage Group Limited
Tel: +852 9547 2847