



## I M QUARRIES LIMITED

(Incorporated in the Republic of Singapore)  
(UEN 201120428N | ARBN 154 095 897)

26 July 2018

Ms Ingrid Wei  
Market Surveillance Analyst  
National Stock Exchange of Australia  
1 Bligh Street  
Sydney NSW 2000  
Australia

Dear Ingrid

### RESPONSE TO PERIODIC DISCLOSURE QUERY

We refer to your letter dated 20 July 2018, and are pleased to set out below our responses to the questions raised in your letter using the same numbered paragraph as in your letter.

1. Our business operations for the past 12 months comprised solely on completing procedures required to commercialize the Group's Houyao Garnet Project. The process to obtain all requisite permits and approvals to develop a garnet mine on the Houyao Garnet Project site is tedious and cumbersome. It involved the preparation and filing of a number of different reports to different regulatory departments different levels of government. Until recently, we have not reached any significant milestone in this process which makes a public announcement thereof meaningful. A significant milestone was reached recently when our 55% owned subsidiary received the approval for the re-designation of a portion of the Houyao Garnet Project site for development into a garnet mine from the Land and Resources Department of Inner Mongolia Autonomous Region. This was duly announced to the market on 26 July 2018 when the approval letter was received.
2. Detailed breakdown of "Other expenses" for the period ended 31 March 2018 are set out below:

License fees	34,622
Office rental	52,615
Office , furniture and computer expenses	22,913
General expenses	22,164
Travel expenses	68,279
Staff Salary	75,000
Telephone and fax	2,595
Bank charges	325
Gifts and samples	620
Entertainment	768
Professional and and other listing fees	109,681
Expenses incurred by subsidiaries	41,881
	<u>431,462</u>

3. Until the garnet mine we intend to develop become operational and cash-flow positive, we intend to depend on fund-raising to meet our cash requirements. We believe our valuation will become progressively higher when further significant milestones towards commercialization of the Houyao Garnet Project is reach. Therefore, we plan to carry out such fund-raising exercises at appropriate stages of our development, that is to say when significant milestones towards the commercialization of the Houyao Garnet Project are reached.

4. Listing Rule 6.54 states:

The issuer shall carry out, directly or indirectly, a sufficient level of operations **or have** tangible assets of sufficient value and/or **intangible assets for which a sufficient potential value can be demonstrated to the Exchange** to warrant the continued listing on the Exchange of the issuer's securities.

[Emphasis added]

The right to develop a garnet mine on the Houyao Garnet Project is our most significant asset. We believe this asset has great potential when commercial operations start on the Houyao Garnet Project, and the basis for this belief is an independent geologist's report prepared under the JORC and Valmin Codes by Mr Peter Peebles, a competent person, of Darlington Geological Services Pty Ltd. A copy of this report was attached to our Circular to Shareholders dated 12 August 2015. This belief is further fortified and validated by the recent decision of the Land and Resources Department of Inner Mongolia Autonomous Region to approve the re-designation of a portion of the Houyao Garnet Project for mine development.

5. A copy of the current exploration licence in relation to the Houyao Garnet Project is attached. We understand that this will not be released to the market. A mining licence (or its equivalent) has not been issued.
6. Our business plan for the next 3 to 5 years remains unchanged. It is to continue with work required to obtain all the needful permits and approvals to develop a garnet mine on the Houyao Garnet Project, and thereafter, to develop this mine. These required permits and approvals include the mining permit, safe production permit and approval of the environmental impact assessment report of the mine.
7. A summary of the results and of the assets and liabilities of the Group for the last 5 financial years are set out below:

	FY2014 SGD	FY2015 SGD	FY2016 SGD	FY2017 SGD	FY2018 SGD
<b>ASSETS</b>	2	0	1,476,711	2,929,420	2,438,348
<b>LIABILITIES</b>	40,948	220,284	477,364	503,804	442,832
<b>RESULTS</b>	(681,122)	(179,338)	(595,341)	(73,711)	(431,462)

Please let us know if you require further information or have any further query.

Yours faithfully  
For and on behalf of  
**I M QUARRIES LIMITED**

Chong Hock Tat, Robin  
Director