

FOR IMMEDIATE RELEASE

Blumont to acquire highly prospective diamond mine in Australia through takeover bid for ASX-listed Merlin Diamonds

Highlights:

- *Further to an earlier announcement to acquire a 10.92% stake in Merlin Diamonds, Blumont today announces a takeover bid for all of the remaining shares in Merlin Diamonds*
- *Merlin Diamonds' flagship diamond project is the only diamond mine in Australia's Northern Territory*
- *The Project has a combined Mineral Resource and Ore Reserve of 30.1 million tonnes representing a total contained 7.2 million carats, making it the second largest combined diamond resource and reserve in Australia*

SINGAPORE – 28 February 2014– Singapore Exchange Mainboard-listed Blumont Group Ltd. (博诺有限公司) (“**Blumont**” and together with its subsidiaries, the “**Group**”) has reaffirmed its foray into the precious stones sector with a proposed takeover bid (“**Takeover Bid**”) of Australia’s third **largest** diamond producer, Merlin Diamonds Limited (“**Merlin Diamonds**”). Merlin Diamonds is listed on the Australian Securities Exchange (“**ASX**”).

Blumont had earlier announced on 17 February 2014 that it will be subscribing for 26 million shares in Merlin Diamonds at A\$0.075 per share. This represented approximately 10.92% of the enlarged share capital of Merlin Diamonds.

In a move that reaffirmed its confidence in Merlin Diamonds’ flagship diamond project, Blumont is proposing to make an off market takeover bid to acquire up to an additional 358,455,396 shares at an implied bid price of A\$0.1518 per Merlin Diamonds share (the “**Takeover Offer**”). The Takeover Offer is subject to Blumont acquiring a relevant interest in a minimum of 50.1% Merlin Diamonds shares in issue, which would include any MED shares that Blumont acquires from the placement and acceptances to the Takeover Offer.

The Bid Price represents a premium of approximately 76.47% over the closing share price of Merlin Diamonds on the ASX on 27 February 2014 (being the last trading day prior to the announcement of the Takeover Bid).

To satisfy the Takeover Bid consideration, Blumont will be issuing and allotting 5.7 new fully paid ordinary shares (“**Consideration Shares**”) for every 2 Merlin Diamond shares. The Takeover Bid consideration will comprise up to approximately 1,021,597,879 Consideration Shares representing approximately 39.55% and 28.34% respectively of Blumont’s existing and enlarged share capital. The implied issue price of S\$0.05958 per Consideration Share represents a discount of 2.33% to the closing share price of Blumont on 27 February 2014.

Merlin Diamonds is currently developing its flagship Merlin Diamond Mine Project (the “**Project**”), which is located some 100km south of the settlement of Borroloola in the Northern Territory. The Project has a Probable Ore Reserve of 11.1 million tonnes, for an average grade of 26 carats per hundred tonnes (“**cpht**”), representing a contained 2.89 million carats, and a Indicated and Inferred Mineral Resource of 19.02 million tonnes, for an average grade of 24 cpht, representing a total contained 4.31 million carats.¹ This gives the Project a combined

¹Based on the Joint Ore Reserves Committee (JORC) Code 2004 Edition.

Mineral Resource and Ore Reserve of 30.1 million tonnes representing a total contained 7.2 million carats, making the Project the second largest combined diamond resource and reserve in Australia.

The proceeds from the subscription will be used for the further development of the Project, which is the only diamond mine in Australia's Northern Territory.

The Project is renowned for producing top quality white, yellow, cognac and champagne diamonds, including Australia's largest diamond, a 104.73 carat stone. Pre-feasibility production trials have recovered 10,600 carats of diamonds, valued at USD\$351 per carat².

Engineering studies aimed at increasing production rates of the borehole mining equipment at the Project continued during the quarter ended 31 December 2013. Merlin Diamonds aims to restart production at the Project upon completion of the engineering works and are raising the funds required for recommencing operations.

There is also further exploration potential in relation to the Project and the surrounding areas and Merlin Diamonds continues to carry out exploration work in relation to the same.

Blumont's Chairman-Designate, Mr Alex Molyneux, said:

"As a disciplined investor, we always act in the best interests of the Group and our shareholders. After evaluating the potential of the Merlin Diamond Mine project, we think that current valuations are very attractive, and since the opportunity arose for us to acquire it fully, we decided to take it. This will give us full access to the second largest combined diamond resource and reserve in Australia, which fits in well with our strategy to build Blumont into a multiple mineral and energy resources company. We are very excited about this project as we believe it is a good asset and will be value accretive in time to come."

²Valuation performed by Independent Diamond Valuers Pty Ltd in June 2011

About Blumont Group Ltd. (SGX: A33 / Bloomberg: BLUM SP / Reuters: BLUM.SI / SGX: A33)

Since late 2012, Blumont Group Ltd. has embarked on a new strategy to focus on diversified mineral and energy resources assets across geographies and has been actively pursuing and acquiring new investment opportunities in this sector. It has taken stakes or is in the process of taking stakes in various projects involved in thermal and coking coal, copper, lead, zinc, silver and uranium.

The Group's legacy businesses include an investment holding division which makes investments in transferable securities including, but not limited to, marketable shares, warrants and debentures. The sterilisation division provides contract sterilisation and polymerisation services to various industries. The property division is engaged in the development, sale and long-term holding of properties for rental and property-related income.

About Merlin Diamonds Limited (ASX: MED)

Merlin Diamonds Limited ("**Merlin Diamonds**") is the owner of the Merlin Diamond Mine, the Northern Territory's only operating diamond mine, and Australia's third **largest** diamond producer.

The Merlin Diamond Mine, the Merlin Diamond's flagship project, commenced production in 2013. The Merlin Diamond Mine is famous for producing large, high clarity, super white, and high value diamonds. Australia's largest diamond, a 104.73 carat stone, was discovered at Merlin.

Merlin Diamonds also hold extensive exploration ground in and around the Merlin diamond mine, and is actively working to explore for additional sources of diamonds.

Issued for and on behalf of Blumont Group Ltd.

For more information, please contact:

August Consulting Pte Ltd

Tel: +65 6733 8873

Karen TING: karenting@august.com.sg

Wrisney TAN: wrisney@august.com.sg