BLUMONT GROUP LTD.
(Company Registration No.: 199302554G)
(Incorporated in the Republic of Singapore)

STATEMENT BY THE BOARD ON THE EMPHASIS OF MATTER BY THE AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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1. INTRODUCTION

The board of directors (the "**Board**") of Blumont Group Ltd. (博诺有限公司) (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its previous announcement (the "**Previous Announcement**") dated 17 April 2015 in relation to the inclusion by the Company's independent auditors, Moore Stephens LLP, in its Independent Auditors' Report of an emphasis of matter in respect of the Group's ability to continue as a going concern on the audited financial statements of the Group for the financial year ended 31 December 2014 (the "**FY2014 Audited Financial Statements**").

2. OPINION OF THE BOARD

The Board has assessed the relevant portion of the emphasis of matter (the "**Emphasis of Matter**") set out in Note 2(b) (*Going Concern Assumption*) of the Group's annual report for the financial year ended 31 December 2014 (the "**FY2014 Annual Report**"), as reproduced below:

"Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2014 remains appropriate after taking into consideration the following factors:

(i) Management is evaluating various strategies to improve profitability and generate significant positive cash flows from the Group's current business activities. Management has prepared a cash flow forecast which shows that the Group will have sufficient cash resources to satisfy its day-to-day operations for the next twelve months from 31 December 2014. This includes fund raising activities listed in paragraph (ii) below.

(ii) Subsequent to 31 December 2014;

- The Group has completed the placement of shares in the capital of the Company, which raised net proceeds of approximately S$1.7 million as disclosed in Note 38(d) to the financial statements.

- The Group has successfully extended the maturity period of the Wintercrest Financing Loans for a further 12 months from 15 March 2015 to 15 March 2016 together with a repayment schedule and other conditions as disclosed in Note 38(e) to the financial statements.

- The Group has proposed a renounceable non-underwritten rights cum warrants issue subject to the approval of the shareholders of the Company at an extraordinary general meeting to be convened by the Company as disclosed in Note 38(f) to the financial statements. If the rights cum warrants issue is fully subscribed, it will raise an estimated net proceeds of approximately S$28.7 million."

The Board is satisfied that the above steps proposed by the management of the Company have been carefully considered, and while a material uncertainty exists, are achievable. The Board therefore supports the steps proposed by the management of the Company.

The Board is confident that the fund raising proposals will be able to raise sufficient funds necessary to fund the Group's operational requirements for the next 12 months, and the Board supports the decision to adopt the going concern assumption in preparing the accompanying financial statements for the Company's FY2014 Annual Report.

3. BASIS OF THE BOARD'S OPINION

The Board has reviewed the Group's cash flow requirements for the next 12 months and the fund raising initiatives announced by the Company and believe that although uncertainties exist, there are reasonable grounds to believe that the Company will be able to raise sufficient funds to enable the Group to fund its operations in the next 12 months. The basis for making this statement is as follows:

(a) **Placement of Shares.** As announced on 20 January 2015, the Company entered into a placement agreement with Mr Vigneswaran T Subramaniam (the "**Subscriber**"), pursuant to which the Subscriber had agreed to subscribe for, and the Company had agreed to allot and issue to the Subscriber, 100,000,000 new ordinary shares in the capital of the Company ("**Shares**") at S$0.01705 for each Share. This placement was completed on 5 February 2015 and raised net proceeds of approximately S$1.7 million. The net proceeds are to be used to start the Group's development of land and as working capital for the Group.

(b) **Disposal of shares in Discovery Metals Limited.** As announced by the Company on 17 February 2015, the Company has sold 30,033,521 shares in Discovery Metals Ltd. during the period from 12 February 2015 to 17 February 2015, by way of open market sales on the Australian Securities Exchange, for total net proceeds of approximately A$1.00 million (approximately S$1.05 million). The net proceeds are to be applied towards partial repayment of the amounts owing by the Company to Wintercrest Advisors LLC ("**Wintercrest**") under the Wintercrest Facility (as defined below).

(c) **Extension of Maturity Date of Wintercrest Loan Facility.** On 24 December 2013, the Company entered into a financing loan facility agreement with Wintercrest, under which Wintercrest was to make available to the Company a financing loan facility of the sum of up to US$30,000,000 at an interest rate of 10% per annum (the "**Wintercrest Facility**"). On 29 May 2014, the Company entered into a supplemental agreement with Wintercrest to reduce the Wintercrest Facility to US$23,500,000. The maturity period of the Wintercrest Facility was also extended from 30 June 2014 to 15 March 2015, and the interest rate was adjusted from 10% to 12% per annum.

As announced on 13 March 2015, Wintercrest agreed to extend the maturity date of the Wintercrest Facility a further 12 months to 15 March 2016. Accordingly, all amounts due under the Wintercrest Facility will be payable on or before 15 March 2016, and in accordance with the repayment schedule set out in the supplemental agreement dated 13 March 2015.

(d) **The Rights cum Warrants Issue.** As announced by the Company on 18 March 2015 and 31 March 2015, the Company is proposing to undertake a renounceable non-underwritten rights issue of up to 2,866,149,999 new Shares ("**Rights Shares**") and free detachable warrants ("**Warrants**"), on the basis of one Rights Share with one Warrant for every one existing Share, with each Warrant entitling its holder to subscribe for one new Share (the "**Rights cum Warrants Issue**"). If all the Rights Shares are fully subscribed, the Rights cum Warrants Issue will raise net proceeds of up to approximately S$28.56 million. The Company intends to use the net proceeds from the Rights cum Warrants Issue to make partial repayment of the Wintercrest Facility and for working capital purposes. The Rights cum Warrants Issue is subject to approval of shareholders of the Company at an extraordinary general meeting to be convened. The Company has submitted necessary applications to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the Rights Shares and Warrants.

The Directors have assessed past statistics for rights issues done by companies listed on the SGX-ST and concluded that most rights issues have been fully subscribed by shareholders. However, the Independent Auditors' Emphasis of Matter may affect the ability of the Company to achieve a full subscription for the Rights cum Warrants Issue.

In addition to the above fund raising initiatives, the Company's management is constantly working on other fund raising initiatives, for which announcements will be made when appropriate.

Accordingly, the Board is of the view that the above initiatives, along with the other measures described in the "Going Concern Assumption" note (Note 2(b)) in the FY2014 Annual Report, will ensure that the assets of the Group are utilised in an optimum manner and the Company will be able to raise sufficient funds to fund the Group's operations for the next 12 months.

4. ORDERLY TRADING

The Board confirms that, to the best of its knowledge, based on the disclosures made by the Company on the SGX-ST (including the FY2014 Annual Report, the Previous Announcement and this Announcement), sufficient information is available for the market to continue trading in an orderly manner. The Board has reached this conclusion based on the fact that as at the date of this Announcement, all information required to be disclosed under Rule 703 of the Listing Manual of the SGX-ST has been so disclosed to the public.

BY ORDER OF THE BOARD
Blumont Group Ltd.

Ng Kim Huatt
Executive Director
21 April 2015