

**BLACKGOLD NATURAL RESOURCES LIMITED**  
(Company Registration Number: 199704544C)  
(Incorporated in the Republic of Singapore)

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**RESPONSES TO SGX QUERIES IN RELATION TO PROPOSED ACQUISITION OF THE ENTIRE  
ISSUED AND PAID-UP SHARE CAPITAL OF TENGRI COAL AND ENERGY PTE. LIMITED**

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*Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings ascribed to them in the Previous Announcements (as defined herein).*

The Board of Directors (the “**Board**” or the “**Directors**”) of BlackGold Natural Resources Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcements made by the Company in relation to the Term Sheet entered into between the Company and the Vendor in respect of the Proposed Acquisition, the Company’s response to queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the signing of the Sale and Purchase Agreement in relation to the Proposed Acquisition, as well as the Company’s response to queries raised by the SGX-ST on 9 April 2021, 14 April 2021, 28 May 2021, and 1 June 2021 respectively (collectively, the “**Previous Announcements**”) and wishes to address the following queries raised by the SGX-ST on 2 June 2021:

The information set out in this announcement relating to the Target Group and/or Vendor is based on information provided by and/or representations made by the Vendor, and the Directors have not conducted an independent review or verification of the accuracy of such statements and information.

**Query 1**

We note that the construction of the power plants and energy facilities in Mongolia has not been completed and the coal mines in Bayan Soum, Tuv province, Mongolia are still in the exploration phase. As such, Target Group have yet to commence operations and are not revenue generating. However, the Target Group has entered into 2 offtake agreements.

- a. When will the Target Group’s obligations for the 2 offtake agreements commence?
- b. When is the expected date of completion of the power plants and energy facilities in Mongolia?
- c. When does the Target Group expect its mine to begin production and generate revenue?
- d. Please provide basis for the Target’s confidence in being able to meet its obligations under the offtake agreements to supply power for 25 years, even though the mines are in exploratory stage and power plants are not completed yet.
- e. What is the current market rate for power? How was the rate of 7 cents/kWhr in the offtake agreement arrived at? Is this rate locked in for the entire 25 years’ duration of the agreement? Will the rate of 7cents/kWhr change when there are changes to the market rate or the cost of producing / supplying power changes?

**Company’s Response to Query 1**

- a. According to the offtake agreements, the planned commencement date for the sale of electricity is 1 June 2022. Notwithstanding, it is the intention of the Target Group to defer the commencement date. Accordingly, the Target Group intends to commence negotiations / discussions with the National Dispatching Center LLC (“**NDC**”), a Mongolia state owned enterprise, with regards to the commencement date sometime in the third quarter of 2021.
- b. The expected date of completion of the power plants and energy facilities is expected to be around 24 months from receipt of funding by the Target Group for the construction of the power plants and energy facilities.

- c. The coal mines are expected to be ready for production 12 months from the receipt of funding by the Target Group. The current intention of the Target Group is to produce coal from the coal mines as feedstock for the power plants. Although the Target Group has only planned for and signed offtake agreements for the 600MW power plants at this stage, the Target Group has plans to build more power plants which will use the coal produced from the Target's coal mines as feedstock.
- d. Taking into consideration the demand for electricity supply in Mongolia, the Target Group is confident of negotiating and renewing the offtake agreement with NDC to postpone the commencement of the sale of electricity. In addition, Tengri Resources LLC has agreed to postpone the commencement of the sale of electricity under its offtake agreement, to a date to be agreed between parties in due course.
- e. The market rate of electricity supply in Mongolia is government regulated but this does not affect the initial agreed tariff under the offtake agreements which is locked in for a period of three (3) years from the commencement of commercial operation of the relevant power plant. The parties shall negotiate a revised tariff from the fourth year onwards taking into account any changes in the production costs.

As mentioned in the Company's announcement dated 28 May 2021 with regards to the signing of the Sale and Purchase Agreement, more details and information on, among others, the Target Group Companies and their businesses will be set out in the Circular to be issued by the Company to Shareholders at a later stage for the purpose of seeking Shareholders' approval in relation to, *inter alia*, the transactions contemplated under the Sale and Purchase Agreement at the EGM.

#### **Query 2**

It was announced that the Target had previously (i) entered into an agreement with IMMC to undertake a RTO on Toronto Stock Exchange in Aug 2018; and (ii) entered into a sale and purchase agreement with QT Vascular (listed on SGX Catalyst) to undertake an RTO in Aug 2020. However, both agreements were terminated.

- a. Please provide details on the stage of application for the 2 above-mentioned RTOs when they were terminated.
- b. Were any submissions made to the respective Exchanges? If so, were there comments raised by the respective Exchanges?
- c. What were the conditions precedent which were not fulfilled leading to the termination of the 2 agreements?

#### **Company's Response to Query 2**

- a. The Target Company wishes to clarify that both RTOs were at a preliminary stage prior to termination, and no formal applications or submissions were made to the Toronto Stock Exchange or the SGX-ST in relation to the respective RTOs.
- b. Please refer to the Company's response in Query 2(a) above.
- c. Reverse takeover of IMMC

As mentioned in the Company's response to SGX on 1 June 2021 (the "**1 June 2021 Announcement**"), the previous holding company of the Target Group and IMMC had mutually agreed to terminate the share purchase agreement. The rationale for the termination was, among other considerations, due to the views of the owners and management of the Target Group to seek a listing on a stock exchange (including by way of a reverse takeover) located in Asia, as elaborated in the 1 June 2021 Announcement. For the avoidance of doubt, the termination was not due to any particular conditions precedent not being met.

### Reverse takeover of QT Vascular

As announced by QT Vascular in its announcement via the SGXNET on 22 November 2020, the following conditions precedent under the conditional sale and purchase agreement (the "**QTV SPA**") had not been fulfilled or waived:

i. Compliance Placement

The Compliance Placement (including identification of the placement agent), being finalised on terms agreed between QT Vascular and the previous holding company of the Target Group within three (3) months from the date of the QTV SPA.

ii. SGX-ST Approval

The approval of the SGX-ST being obtained in respect of the transactions contemplated in the QTV SPA (the "**QTV Transactions**") (including preclearance from the SGX-ST on material issues in connection with the QTV Transactions being obtained within three (3) months from the date of the QTV SPA) and if such approval is subject to conditions, such conditions being reasonably acceptable to the parties to the QTV SPA and if required by the SGX-ST, such conditions being fulfilled or satisfied on or before completion of the QTV SPA, and such approval remaining in full force and effect.

### Query 3

If the Proposed Acquisition is aborted or terminated under the terms of the Introducer Agreement, the Company is required to pay UOBKH S\$350,000 notwithstanding that the Placement Exercise does not occur. If the Placement Exercise is successfully completed but the Proposed Acquisition is aborted or terminated prior to completion, the Company is required to pay up to another S\$150,000.

- a. Is it a market norm for termination fees to be paid to the introducer in the event the Proposed Acquisition and Placement is not completed?
- b. How is such clause in the Introducer Agreement in the best interest of the Company and its Shareholders?

### Company's Response to Query 3

- a. The Company is not aware of any market norm for termination fees as every transaction is different in its own right and so are the terms surrounding it.
- b. In its evaluation of the terms of the Introducer Agreement, the Company has determined that it may not be sufficient to consider the termination fees in isolation. Rather, in evaluating the appropriateness of the termination fees, the Company has taken into account all the terms surrounding the Proposed Acquisition, including but not limited to those contained in the Introducer Agreement, as well as the following considerations:
  - i. the benefits that the Company may realise, should the Proposed Acquisition be successfully completed;
  - ii. the role of UOBKH in introducing the Vendor to the Company, without which the Proposed Acquisition would not have incepted; and
  - iii. the provision of other services by UOBKH as disclosed in the Company's responses to query 5d by the SGX, contained within the 1 June 2021 Announcement.

In view of the above considerations, the Board is of the view that the termination fees are acceptable. Nevertheless, the Board wishes to highlight that, should the Proposed Acquisition be aborted or terminated, the Company will endeavor to negotiate / discuss with UOBKH to reduce any fees payable.

**By Order of the Board**

Soh Sai Kiang  
Independent Non-Executive Chairman  
4 June 2021

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This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

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