

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

**RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES
TRADING LIMITED**

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 queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 9 April 2021 in relation to the Company’s announcement dated 9 April 2021 of the non-binding term sheet in relation to the proposed acquisition (the “**Proposed Acquisition**”) of the entire issued and paid-up share capital of Tengri Coal and Energy Pte. Limited (the “**Previous Announcement**”) and wishes to provide the Company’s responses to the queries raised as follows:

Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to it in the Previous Announcement.

Question 1

The Target is in the business of mine coal and power plants in Mongolia. What will happen to the Company’s existing business post-RTO? In view of the different jurisdictions in Indonesia and Mongolia, will there be a major change in the Group’s Board and management team?

Company’s Response

As the date of this announcement, the Company has not entered into any arrangement or agreement with any party in respect of the Company’s existing business and it is anticipated that the Group will maintain the existing business post-RTO. Should there be any definitive plans with respect of such existing business, the same will be disclosed in due course in accordance with the Catalist Rules.

As stated in the Previous Announcement, it is expected that the Proposed Acquisition would result in a reverse takeover under Chapter 10 of the Catalist Rules. Accordingly, it is expected that upon completion of the Proposed Acquisition, the Vendor will procure changes to the composition of the Board of Directors and will appoint a new management team.

In particular, under the Term Sheet:

- (a) the Vendor shall be entitled to nominate a new board of directors for the Company on the date of completion of the Proposed Acquisition; and
- (b) the Company will procure that its existing board of directors, save for two (2) current board members who will either be reappointed or replaced by the Company with two new board members of their choosing, will step down on the date of completion of the Proposed Acquisition.

Subject to the parties signing the Definitive Agreements, the details of the new Board of Directors and the management will be disclosed in the circular to be despatched to shareholders in due course (“**Circular**”).

Shareholders are reminded that, save for certain provisions (as provided in the Previous Announcement), the Term Sheet is non-binding and there is no certainty or assurance that any Definitive Agreements will be entered into, or that the Proposed Acquisition will be completed.

Question 2

Who are the owners of the Target?

Company's Response

The Target is owned by MGL Development Pte. Ltd. (the "**Vendor**"). The Vendor is a private company incorporated in Singapore, and its principal activity is commercial and industrial real estate management. The sole director of the Vendor is Tan Kuan Yang, Andrew.

As at the date of this response, the shareholders of the Vendor are as follows:

Shareholder	Number of shares held in the Vendor
Irves Investments Pte. Ltd.	490
Han Aoge	10
Paul Andrew Mc Elearney	10
Philip Moynagh	30
Matthew Eugene Mc Donald	30
Koh Kwee Ngee	10
Chong Hong Chiang	10
Tan Kuan Yang, Andrew	5
Hundred Trees Holding Limited	405

Question 3

The Purchase Price of S\$1 billion was agreed at after arm's length negotiations and based on a willing-buyer willing-seller basis, taking into account the assets owned by the Target Group including its power plant licence, offtake agreements and indicated and inferred mineral resources. Was a valuation conducted on the Target before to derive the S\$1 billion?

Company's Response

The information in this section relating to the Target Group is based on information provided by the Vendor. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

A valuation was not previously conducted on the Target. The indicative Purchase Price of S\$1 billion was arrived at based on an estimation of the findings of a NI 43-101 report on three (3) mining licences in the Province of Tuv, Mongolia held by the Target Group and a financial analysis of the power plant to be built by the Target Group.

As disclosed in the Previous Announcement, under the terms of the Term Sheet, the Purchase Price will be adjusted based on a valuation to be performed on the Target Group and assets

held by the Target Group by an internationally reputable independent firm of professional valuers to be commissioned by the Company ("**Independent Valuation Report**"). Such report is to be prepared in accordance with the Catalyst Rules.

The Independent Valuation Report will be made available to shareholders of the Company in the Circular.

Question 4

The Company is paying UOBHK an introducer's fee in the form of the Company's shares being 4.88% of the market capitalisation of the Company upon completion of the RTO. How are these fees derived? Is it a market norm for such deals? Is it reasonable and in the best interest of the Company and existing shareholders?

Company's Response

As stated in the Previous Announcement, the Proposed Acquisition is in line with the Group's strategy to expand its business through mergers and acquisitions. It will enable the Group to diversify and expand its geographical footprint beyond Southeast Asia and will also allow the Group to vertically integrate its coal supply chain from mining to electricity power supply.

The Company had relied on an external professional party, namely UOBKH, who had the relevant networks and connections to introduce and refer potential parties to work and collaborate with the Group.

The Introducer's Fee is payable only if the Proposed Acquisition is completed and will be payable in shares. There are precedents of such similar rate and similar structure for Introducer's Fee and the Company's reverse takeover completed in March 2015 is one of the example (i.e. being 50,847,458 introducer's shares out of the completion number of shares issued of 788,708,783. This amounts to approximately 6.45%).

The Company believes that the Introducer's Fee is reasonable given that the Proposed Acquisition meets the unique strategic needs of the Group set out above and is in the interest of the Group and its existing Shareholders.

The payment of the Introducer's Fees will be tabled for the approval by the Company's shareholders together with the Proposed Acquisition, and further details of such payment and the Board's recommendation will be set out in the Circular.

Question 5

The Company's Independent Non-Executive Chairman, Mr Soh Sai Kiang, is an employee of the introducer, UOBKH. Is he considered independent for this RTO and will abstain from making Board decisions on this RTO?

Company's Response

As at the date of the Previous Announcement, the Board has assessed that Mr Soh is independent for the purposes of this RTO. Notwithstanding the foregoing, Mr Soh will abstain from any decisions relating on this RTO.

Question 6

It is stated that “the Company shall procure that Rockfield Lake Limited, Twin Gold Ventures S.A. and Novel Creation Holdings Limited shall not reduce their shareholding in the Company as at the date of the Term Sheet.”

What is the rationale for this condition?

Company’s Response

As stated in paragraph 4.3 of the Previous Announcement, it is a condition of the Term Sheet that, prior to the signing of the Definitive Agreement, the Company shall procure the Irrevocable Undertakings from shareholders of the Company, including, Rockfield Lake Limited, Twin Gold Ventures S.A. and Novel Creation Holdings Limited (“**Relevant Shareholders**”). Under the Irrevocable Undertakings, the Relevant Shareholders shall not dispose of their interests in the Company prior to the EGM and shall vote in favour of the transactions contemplated under the Term Sheet and in the Definitive Agreements.

The Vendor has negotiated for such term in the Term Sheet to ensure that adequate support for the Proposed Acquisition can be obtained prior to the signing of the Definitive Agreement.

Question 7

In view of the RTO, what is the status of the proposed strategic collaboration with S Lad Group which was announced in July and Dec 2020?

Company’s Response

As at the date of this announcement, the Company has not entered into any definitive agreements in relation to the proposed strategic collaboration with S Lad Group (the “**Possible Transaction**”) and, save for the non-binding letter of intent, no definitive proposal, or the like, has been received by the Company in relation to the Possible Transaction.

The Company is in the process of terminating the Possible Transaction and will make the necessary announcements to keep shareholders updated as and when there are any material developments on the Possible Transaction.

By Order of the Board

Soh Sai Kiang
Independent Non-Executive Chairman
14 April 2021

This announcement has been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**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 David Yeong (Telephone number: +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.
