

BLACKGOLD NATURAL RESOURCES LIMITED

(Formerly known as **NH CERAMICS LTD**)
(Company Registration Number: 199704544C)
(Incorporated in the Republic of Singapore)

SIGNING OF A NON-BINDING TERM SHEET FOR THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ENSBURY INTERNATIONAL LIMITED

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of BlackGold Natural Resources Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 19 August 2015, entered into a non-binding term sheet (the “**Term Sheet**”) with Gain Capital Group Pte Ltd (“**Gain Capital Group**”) and Mr Terrence Timothy Tyler (“**Mr Tyler**”) (each, a “**Vendor**” and collectively, the “**Vendors**”) for the proposed acquisition by the Company of the entire issued share capital (the “**Sale Shares**”) of Ensbury International Limited (the “**Target Company**”, and together with its subsidiaries, the “**Target Group**”) from the Vendors (the “**Proposed Acquisition**”).

The Term Sheet sets out the main principles of the definitive legal documentation (including but not limited to a sale and purchase agreement and other such agreements) to be entered into between the parties in respect of the Proposed Acquisition (“**Definitive Agreements**”). The Proposed Acquisition will be subject to the parties executing the Definitive Agreements and further details will be announced in the event that the Definitive Agreements are entered into by the Company.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Target Company and its subsidiaries

The Target Company is an investment holding company incorporated in British Virgin Islands. As at the date of this announcement, the shareholders of the Target Company are Gain Capital Group (90%) and Mr Tyler (10%).

The Target Company currently holds shares representing the entire issued share capital of Ensbury Kalteng Pte Ltd (“**Ensbury Kalteng**”), an investment holding company incorporated in Singapore, and shares representing 4% of the issued share capital of PT Ensbury Kalteng Mining (“**PT EK Mining**”), a company incorporated in Indonesia. Ensbury Kalteng holds the remaining 96% issued share capital of PT EK Mining.

PT EK Mining is primarily engaged in the business of gold mining in Indonesia. It currently holds five (5) mining concessions over mining blocks measuring in aggregate 21,110

hectares (collectively, the “**Assets**”) located in Central Kalimantan, Indonesia, comprising (a) a block covering a total area of 1,716 hectares (the “**Pangkut Block**”) which has been in production since 2011; and (b) four (4) blocks covering a total area of 19,394 hectares which are currently under feasibility study. The mining blocks comprising the Assets are under a 6th generation Contract of Work, a permit issued by the relevant Indonesian authorities that grants the holder the sole right to conduct activities over all mineral deposits within the concessions, including *inter alia*, exploration activities, mining, processing, transporting and trading of the minerals.

2.2 Vendors

Gain Capital Group is an investment holding company incorporated in Singapore. Mr Johannes Budisutrisno Kotjo, the brother of Mr Stefanus Rijanto Kotjo (a controlling shareholder of the Company with an aggregate deemed interest in 37.3% of issued share capital of the Company as at the date of this announcement) and the uncle of Mr James Rijanto (an executive Director of the Company), is one of the ultimate beneficial shareholders of Gain Capital Group, holding effective interest of 15% in Gain Capital Group.

Mr Tyler is an American citizen who currently serves as the site superintendent of the Assets. Mr Tyler possesses more than 30 years of experience in the gold mining industry and has been working on the Assets since its inception in 1997.

Save for the above, each of the shareholders or ultimate beneficial shareholders of Gain Capital Group as well as Mr Tyler is not related to any of the Directors or controlling shareholders of the Company, and their respective associates.

2.3 Indicative Purchase Price

The indicative purchase price payable by the Company for the Sale Shares is US\$100 million, and was arrived at after an arm’s length negotiation on a willing-buyer willing-seller basis, subject to the Minimum Valuation (as defined in the section below) of the Assets (to be completed by an independent qualified valuer which complies with the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”)) being not less than US\$100 million. The indicative purchase price shall be satisfied by way of cash and/or the allotment and issuance of new ordinary shares in the share capital of the Company (the “**Consideration Shares**”) at an issue price per Consideration Share to be determined upon the execution of the Definitive Agreements.

Pursuant to the Term Sheet, the completion of the Proposed Acquisition shall be conditional upon, *inter alia*:

- (a) a valuation of the Assets (as completed by an independent qualified valuer which complies with the Catalist Rules) being not less than US\$100 million (the “**Minimum Valuation**”);

- (b) all applicable governmental and regulatory approval as well as clearance for the Proposed Acquisition and a circular to be addressed to the Company's shareholders relating to the Proposed Acquisition, from the SGX-ST and the Company's sponsor having been received and not withdrawn or revoked as at the completion of the Proposed Acquisition, and if approval is subject to any condition(s) or restriction(s) imposed by the SGX-ST, such condition(s) being reasonably acceptable to the Company and the Vendors;
- (c) the obtaining of all necessary corporate and third party consents, including but not limited to the approval of the Company's shareholders for (i) the Proposed Acquisition; and (ii) the allotment and issue of the Consideration Shares, if required;
- (d) satisfactory completion by the Company of financial, legal and operational due diligence exercises on the Target Group; and
- (e) the key management of the Target Group (such persons to be identified in the Definitive Agreements) shall enter into one (1) year service agreements with the Company or its respective subsidiary, on the date of completion of the Proposed Acquisition, whereby any notice of termination of such service agreement shall be at least six (6) months. The terms of such service agreements shall be subject to review and recommendation by the Company's Remuneration Committee and approval by the Board.

2.4 Introducer's Fee

The Company will pay Champwave Global Limited ("**Champwave Global**") an introducer's fee of up to S\$1,500,000 for introducing the Vendors to the Company for the purpose of the Proposed Acquisition on terms to be finalised (the "**Introducer's Fee**"). Champwave Global is an investment holding company incorporated in British Virgin Islands. Champwave Global is not an interested person in connection with the Proposed Acquisition. The shareholder(s) of Champwave Global is not related to any of the Directors or controlling shareholders of the Company, and their respective associates.

2.5 Due Diligence

Pursuant to the Term Sheet, the Company and/or its authorised representatives shall be granted full access to all the premises, books, documents, correspondence, specialty reports (if any) and records of the Target Group and that the executives and employees, agents and/or appointed representatives of the Target Company shall be instructed to give as soon as possible all such information and explanations as the Company and/or its authorised representatives may reasonably request.

2.6 Exclusivity

The parties to the Term Sheet have agreed that prior to the date falling two (2) months from the date of the Term Sheet (“**Term Sheet Expiry Date**”), the parties shall procure that their respective officers and directors shall:

- (i) not solicit, initiate, encourage or engage in any other proposals from any other person; and
- (ii) immediately cease and not negotiate, entertain any discussions or understandings with any other person,

in respect of any transaction that will affect the execution or successful consummation of the Proposed Acquisition.

Further, the parties have agreed that they will in good faith proceed expeditiously to do all acts and things necessary or desirable to negotiate and agree on the terms of the Definitive Agreements before the expiration of the Term Sheet Expiry Date. Upon the expiry of the Term Sheet Expiry Date, parties may mutually agree to extend the Term Sheet Expiry Date for a practicable period for finalising the Definitive Agreements.

This Term Sheet shall be governed in accordance with the laws of the Republic of Singapore.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition presents the Company with an investment opportunity to acquire a new business with growth potential in the long run, which will enable the Company to remain competitive and enhance shareholders’ value by diversifying its asset and revenue stream.

The Group is principally engaged in the coal mining business in Indonesia. In the event the Definitive Agreements are entered into, the Company will seek its shareholders’ approval at an extraordinary general meeting for, *inter alia*, the Proposed Acquisition and the proposed diversification of the Group’s business to include gold mining, in each instance, in accordance with the Catalist Rules.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement and through his shareholding in the Company (if any), none of the Directors has any interest, direct or indirect, in the Proposed Acquisition. To the best knowledge of the Directors, none of the controlling shareholders of the

Company has any interest, direct or indirect, in the Proposed Acquisition, save as disclosed in this announcement and through his shareholding in the Company.

5. CAUTIONARY STATEMENT

Shareholders of the Company should note that the terms of the Proposed Acquisition as set out in the Term Sheet are indicative and non-binding (except for several surviving provisions), and that the Proposed Acquisition is subject to numerous conditions and further due diligence by the Company. There is no certainty or assurance as at the date of this announcement that the parties will be able to enter into the Definitive Agreements, or that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof (including those set out in paragraphs 2.3 and 2.4 above). Accordingly, shareholders of the Company are advised to exercise caution when trading in the shares of the Company.

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement.

Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Philip Cecil Rickard
Executive Director and Chief Executive Officer
20 August 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

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 Ms Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road, #21-02 Singapore 068896, telephone (65) 6854 6150.
