

MANHATTAN RESOURCES LIMITED

(Incorporated In the Republic of Singapore)

(Company Registration No. 199006289K)

NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF AT LEAST 51% OF THE ISSUED SHARE CAPITAL OF PT KARIANGAU POWER

1. Introduction

- 1.1 The board of directors (**Board** or **Directors**) of Manhattan Resources Limited (the **Company** or **MRL** or **Buyer**) is pleased to announce that the Company has entered into a non-binding memorandum of understanding (**MOU**) dated 14 March 2016 with Energy Resource Investment Pte. Ltd. (**Seller**, and together with the Buyer, the **Parties**) in relation to the proposed acquisition by the Buyer of at least 51% of the issued and paid-up ordinary shares (**Target Shares**) of PT Kariangau Power (**PT KP**) (the **Proposed Acquisition**).
- 1.2 The MOU is not intended to be legally binding between the Parties, except for certain provisions relating to governing law and dispute settlement.

2. Information on PT KP and the Seller

The information on PT KP and the Seller was provided by the Seller. In respect of such information, MRL and the Directors have not independently verified the accuracy and correctness of the same and MRL's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1 PT KP

PT KP is a limited liability company duly established under the laws of the Republic of Indonesia in 2007, and has an issued and paid-up share capital of IDR 45,000,000,000 comprising 45,000 ordinary shares. The principal business activities of PT KP relate to the operation of a coal-fired steam power plant in the Kariangau industry area, Balikpapan, East Kalimantan, Indonesia.

As at the date of the MOU, each of the Seller and Dato' Dr. Low Tuck Kwong (**LTK**) (who is a Controlling Shareholder of MRL) holds 25% and 75% equity interest in PT KP respectively, comprising 11,250 ordinary shares with nominal value of IDR 11,250,000,000 and 33,750 ordinary shares with nominal value of IDR 33,750,000,000, respectively. As at 31 December 2015, the Seller has extended a shareholder loan of US\$ 28,019,933.85 to PT KP (**Shareholder's Loan**), and it is intended that the Seller will capitalise the Shareholder's Loan in full whereupon its shareholding in PT KP will increase to more than 51% (**Loan Capitalisation**).

Mr Low Yi Ngo, who is a director of MRL, is the president director of PT KP and LTK is the president commissioner of PT KP.

2.2 The Seller

The Seller is an exempt private company limited by shares which is incorporated in Singapore in 2005. The Seller has an issued and paid-up share capital of S\$750,000, comprising 750,000 ordinary shares. Mr Low Yi Ngo and Ms Elaine Low, who are directors of MRL, each holds approximately 33.3% shareholding interest in the Seller. The remaining approximately 33.3% of shareholding interest in the Seller is held by the immediate family of LTK, Mr Low Yi Ngo and Ms Elaine Low. Accordingly, the Seller is an "interested person"

and the Proposed Acquisition would constitute an “interested person transaction” within the meaning of Chapter 9 of the Listing Manual.

Mr Low Yi Ngo and Ms Elaine Low are also directors of the Seller.

3. Rationale for the Proposed Acquisition

- 3.1 The current core business of the Company is in the barging business. To achieve long term sustainable growth and to reduce reliance on its existing business, the Company intends to include new revenue streams to broaden its earning base. The Proposed Acquisition serves as a natural extension of the Company’s existing barging business and the Company’s on-going ventures into energy-related businesses.
- 3.2 The Company wishes to tap on the opportunities arising from the rising demand for electricity in Indonesia, coupled with the Indonesian government’s support in granting an exclusive distribution rights in certain areas of Indonesia to PT KP. It is expected that the Proposed Acquisition will offer a steady income stream underpinned by the current agreements that PT KP has in place and would augment the Company’s assets in Indonesia. The Proposed Acquisition is consistent with the Company’s strategy to diversify its revenue streams.

4. Principal Terms of the MOU

4.1 Proposed Acquisition

The Seller is to transfer to the Buyer at least 51% shares of PT KP, fully paid-up and free from any encumbrances.

4.2 Conditions Precedent

Completion of the Proposed Acquisition (**Completion**) will be conditional upon customary conditions precedent, including but not limited to the following unless waived (in whole or in part) by the Buyer (**Conditions Precedent**):

- (a) legal opinion(s) from the Indonesian legal counsel acceptable to the Buyer confirming that the Loan Capitalisation has been legally and validly completed;
- (b) the completion and satisfactory outcome of all financial and legal due diligence investigations by the Buyer into the financial, contractual, tax, trading positions and prospects of PT KP and title to its assets;
- (c) the approval by the shareholders and the board of directors of the Buyer in respect of the transactions contemplated having been obtained;
- (d) the approval by the shareholders and the board of directors of the Seller in respect of the transactions contemplated having been obtained;
- (e) all necessary consent, approvals and waivers under any applicable laws, rules and regulations in respect of the transactions contemplated (including the Loan Capitalisation), having been obtained on terms reasonably satisfactory to the Buyer, and such consent, approvals and waivers not having been amended or revoked before Completion;
- (f) no material adverse change in the business, operations, prospects or assets of PT KP; and
- (g) all representations, warranties and undertakings of the Seller remain true, complete, accurate and correct in all material respects.

4.3 Loan Capitalisation

The Seller undertakes that the Shareholders' Loan shall be capitalised in full prior to Completion.

4.4 Representations and Warranties

The Parties will give the customary representations and warranties for a transaction of this nature, including but not limited to the business, operations and financial condition of PT KP, the legal and beneficial ownership of the Target Shares, and the capacity and authority of the respective parties to enter into the transaction.

4.5 Definitive Agreements

The detailed terms of the proposed transaction and all other rights and obligations of such transaction are subject to the execution and delivery of the definitive agreements to be negotiated and mutually agreed to by the Parties.

5. Interests of Directors and Controlling Shareholders

Save as disclosed and save for their shareholdings in the Company, none of the Directors or Controlling Shareholders of the Company, has any interest, direct or indirect, in the Proposed Acquisition.

6. Further Announcements

The Company will make further announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in respect of the Proposed Acquisition.

7. Directors' Responsibility Statement

The Directors (including those who have been delegated supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this announcement in its proper form and context.

8. Caution in Trading

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Parties will enter into any definitive agreements in respect of the Proposed Acquisition, or the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock-brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Choo Hsun Yang
Executive Director/CFO
14 March 2016