

RESTRUCTURING OF SHAREHOLDING INTEREST POWERTECH URANIUM CORP AND AZARGA RESOURCES LIMITED

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 the Company’s announcement dated 28 February 2014 (the “**Previous Announcement**”) on the proposed merger (the “**Transaction**”) of Azarga Resources Ltd (“**Azarga**”) with Toronto Stock Exchange-listed Powertech Uranium Corp (“**Powertech**”). Unless otherwise defined herein, all terms used in this announcement shall bear the same meanings ascribed to them in the Previous Announcement.

2. COMPLETION OF TRANSACTION

The Board is pleased to announce that the Transaction has completed on 29 October 2014 (the “**Completion Date**”). Pursuant to the terms of the Transaction and a transaction support agreement amongst Azarga, Powertech and the Company’s wholly-owned subsidiary, Powerlite Ventures Limited. (“**Powerlite**”), Powertech has purchased all of the Group’s shares in Azarga (“**Azarga Shares**”), in exchange for common shares in Powertech (“**Powertech Shares**”), at a rate of 3.65 Powertech Shares for each Azarga Share. Powertech has also completed a) a consolidation of its outstanding common shares on the basis of one post-consolidation Powertech Share for 10 pre-consolidation Powertech Shares (“**Consolidation**”); and b) a private placement of its shares for gross proceeds of C\$5.0 million (“**Placement**”).

Prior to the Completion Date, Powerlite held 49,462,493 Azarga Shares, representing approximately 43.08% of Azarga’s total issued share capital. Azarga in turn held approximately 44.34% of the total issued share capital of Powertech. The Company therefore had an effective interest of approximately 19.10% in Powertech.

As a result of the Transaction, Consolidation and Placement, Powerlite owns 18,053,810 Powertech Shares, representing 30.39% of the total issued share capital of Powertech. Azarga is now a wholly-owned subsidiary of Powertech. Powertech has been renamed to “Azarga Uranium Corp.” and is now an associated company of the Company.

3. BACKGROUND ON POWERTECH

(Information relating to Powertech has been extracted from publicly available sources.)

3.1. Corporate Information

Powertech is a company incorporated in British Columbia, Canada, on 10 February 1984. Its shares are listed and quoted for trading on the Toronto Stock Exchange (“**TSX**”) as well as the Frankfurt Stock Exchange. Its registered office is at 5575 DTC Parkway Suite 140, Greenwood Village, Colorado, USA 80111.

From the Completion Date, Powertech's board of directors will consist of Alexander Molyneux (Non Executive Chairman), Richard F. Clement, Jr. (President and Chief Executive Officer), Curtis Church (Vice President, International Operations), Douglas E. Eacrett (Independent Director), Apolonius (Paul) Struijk (Independent Director), Matthew O'Kane and Joseph Havlin.

As at 28 October 2014, Powertech has a total issued share capital of 59,403,732 Powertech Shares and 3,375,503 unlisted options which may be exercised and result in new Powertech Shares being issued.

3.2. Nature of Business

Powertech is a mineral exploration / development company which, through its wholly-owned subsidiary, Powertech (USA), Inc. ("**Powertech USA**"), is focused on the exploration and development of uranium properties in the United States.

3.3. Mineral and Resources Portfolio

Powertech's principal assets are comprised of mineral properties in Colorado, South Dakota and Wyoming. The properties have been acquired through purchase agreements, lease agreements or staking claims.

(a) Dewey-Burdock Project

The Dewey-Burdock Project is located in Custer and Fall River Counties, South Dakota. It is comprised of approximately 50 mining leases and approximately 370 mining claims covering approximately 14,500 surface acres and 17,800 net mineral acres. This project is Powertech's primary focus of development. 10,580 acres of the project are currently licensed by the Nuclear Regulatory Commission ("**NRC**") and Powertech requires regulatory approvals from two additional major agencies prior to initiation of construction and operation of the project.

Two NI 43-101-compliant Technical Reports were prepared in relation to the Dewey-Burdock Project. First, the "Updated Technical Report on the Dewey-Burdock Uranium Project" prepared by Jerry Bush (Certified Professional Geologist – Wyoming PG No. 630) dated 1 March 2010 (the "**Dewey-Burdock Report**"). Secondly, the "Preliminary Economic Assessment Dewey Burdock Project" prepared by SRK Consulting (U.S.), Inc. ("**SRK**") dated 17 April 2012 (the "**Dewey-Burdock PEA**"). Both reports are available on Powertech's website.

The Dewey-Burdock Report contained the following table presenting the categorised resources for the Dewey-Burdock Project at both a 0.20 and a 0.50 grade-thickness ("**GT**") cut-off:

2010 Dewey-Burdock Resources – 0.20 GT

	Tons	Average Grade	Points (U₃O₈)
Indicated Resources	1,561,560	0.214% U ₃ O ₈	6,684,285
Inferred Resources	1,597,957	0.153% U ₃ O ₈	4,884,536
Total Dewey – Burdock	3,251,653	0.178% U₃O₈	11,568,821

2010 Dewey-Burdock Resources – 0.50 GT

	Tons	Average Grade	Points (U ₃ O ₈)
Indicated Resources	1,561,560	0.214% U ₃ O ₈	6,684,285
Inferred Resources	1,259,438	0.179% U ₃ O ₈	4,525,500
Total Dewey – Burdock	2,820,998	0.198% U₃O₈	11,209,785

(b) Centennial Project

The Centennial Project is located in Weld County, Colorado. Through property purchase and/or lease agreements, it is comprised of approximately 3,600 acres of surface rights and approximately 7,100 acres of mineral rights.

A NI 43-101-compliant “Preliminary Assessment” dated 6 August 2010 (the “**Centennial Preliminary Assessment**”) was prepared by SRK for the Centennial Project and is available on Powertech’s website. Based on the Centennial Preliminary Assessment, the total resource base within the Centennial Project are as follows:

2010 Centennial Resources – 0.20 GT Cut-off (Voss 2010)

	Tons	Average Grade	Points (U ₃ O ₈)
Indicated Resources	6,873,199	0.09% U ₃ O ₈	10,371,571
Inferred Resources	1,364,703	0.09% U ₃ O ₈	2,325,514

2010 Centennial Resources – 0.50 GT Cut-off (Voss 2010)

	Tons	Average Grade	Points (U ₃ O ₈)
Indicated Resources	5,111,154	0.11% U ₃ O ₈	8,120,866
Inferred Resources	488,507	0.09% U ₃ O ₈	641,470

(c) Aladdin Project

The Aladdin Project is located in Crook County, Wyoming. Powertech controls approximately 14,500 acres of mineral rights on this project.

A NI 43-10-compliant “Technical Report on the Aladdin Uranium Project” dated June 21, 2012 was prepared by Jerry Bush, Certified Professional Geologist – No. 03574 (the “**Aladdin Report**”) and is available on Powertech’s website. Based on the Aladdin Report, the total resource base within the Aladdin Project are as follows:

Total Indicated Resources at 0.20 GT Cut-Off

	Tons	Average Grade	Points (U ₃ O ₈)
Fall River	61,575	0.12%	147,778
Lakota	404,657	0.11%	890,245
Total	466,232	0.111%	1,038,023

Total Inferred Resources at 0.20 GT Cut-Off

	Tons	Average Grade	Points (U₃O₈)
Fall River	37,557	0.12%	90,136
Lakota	5,064	0.11%	11,119
Total	42,611	0.119%	101,255

Total Indicated Resources at 0.40 GT Cut-Off

	Tons	Average Grade	Points (U₃O₈)
Fall River	19,349	0.19%	73,527
Lakota	150,209	0.16%	480,668
Total	169,558	0.163%	554,195

Total Inferred Resources at 0.40 GT Cut-Off

	Tons	Average Grade	Points (U₃O₈)
Fall River	9,938	0.19%	37,766
Lakota	1,517	0.16%	4,854
Total	11,455	0.186%	42,620

3.4. Financial Information

A summary of the latest audited consolidated financial statements of Powertech for its financial years ended 31 December 2013 and 31 December 2012 are as follows:

	FY2013 (US\$)	FY2012 (US\$)
Consolidated Statement of Comprehensive Income		
Results from operating activities	(2,358,487)	(2,143,289)
Net finance income	(12,065,645)	150,362
Loss before tax	(14,424,132)	(1,992,927)
Income tax expense / benefit	-	369,948
Loss for the year	(14,424,132)	(1,622,979)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss	(14,424,132)	(1,622,9279)
Consolidated Statement of Financial Position		
Total current assets	449,467	742,056
Total non-current assets	38,928,454	49,299,819
Total assets	39,377,921	50,041,875
Total current liabilities	2,621,485	748,755
Total liabilities	3,366,313	1,819,681
Net Assets	36,011,608	48,222,194

The book value, net tangible asset (“**NTA**”) value and latest available open market value of the Powertech Shares the Group has received pursuant to the Transaction are as follows:

	Powertech Shares
Book value ⁽¹⁾	US\$36,011,608
NTA value ⁽¹⁾	US\$36,011,608
Latest available open market value ⁽²⁾	C\$2,305,815

Notes:

- (1) Based on the latest announced consolidated financial statements of Powertech for the financial year ended 31 December 2013.
- (2) Based on the volume weighted average price (“**VWAP**”) of each Powertech Share of C\$0.38816 on 28 October 2014, being the last market day immediately preceding the Completion Date.

Additional information on Powertech can be found at its website at www.powertechuranium.com.

4. BACKGROUND ON AZARGA URANIUM CORP.

4.1. Description

Immediately after the completion of the Transaction, Powertech intends to consolidate its outstanding shares on a basis to be agreed upon by Powertech and Azarga. Azarga has become a wholly-owned subsidiary of Powertech and previous Azarga shareholders have become shareholders of Powertech holding approximately 77% of the outstanding Powertech Shares. The resulting entity, Azarga Uranium Corp. (the “**Combined Entity**”) is expected to carry on both Powertech’s and Azarga’s business and change its name to “Azarga Uranium Corp.”. Of the 7 directors on the Combined Entity’s board of directors, 5 directors are nominees of Azarga.¹

4.2. Azarga-related Mineral and Resources Portfolio

Apart from Powertech’s assets as described in paragraph 3.3 above, Azarga Uranium Corp. will also own Azarga’s existing assets, which include interests in uranium assets in the United States and the Kyrgyz Republic, including:

- (a) a 18.56% interest in Black Range Minerals Limited (a company listed on the Australian Stock Exchange (the “**ASX**”)), which is engaged in the development of Colorado uranium properties and holds uranium and coal projects in the USA;
- (b) an 80% interest in UrAsia in Kyrgyzstan LLC (“**UrAsia**”), which has uranium interests in the north of the Kyrgyz Republic; and
- (c) a 12.32% interest in Anatolia Energy Limited, an ASX-listed uranium exploration company holding a portfolio of exploration licenses in the Republic of Turkey.

A NI 43-101-compliant “Technical Report on the Kyzyl Ompul Licence, Kyrgyz Republic” dated 14 April 2014 (the “**Kyzyl Report**”) was prepared by Ravensgate Mining Industry Consultants for Powertech, Azarga and UrAsia. The Kyzyl Report was announced by Powertech on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) on 13 May 2014.

¹ Powertech MD&A, August 11, 2014 p. 10

The Kyzyl Ompul Licence is held by UrAsia, with the most advanced uranium prospect identified termed “Kok Moinok”. The Kyzyl Report provides the following estimate of the mineral resource at Kok Moinok:

Kok Moinok – Mineral Resource Estimates (using Lower Cut-Off of 100ppm U₃O₈) – Effective date: December 2013								
Kok Moinok	Cut off	Measured + Indicated		Inferred		Total Resources		Contained U₃O₈ (Million Pounds)
		Tonnes (Mt)	U₃O₈ (ppm)	Tonnes (Mt)	U₃O₈ (ppm)	Tonnes (Mt)	U₃O₈ (ppm)	
Current Ravensgate Model	100 ppm (U ₃ O ₈)	-	-	15.13	225.2	15.13	225.2	7.51

Note: A conversion factor of 2.20462 was utilised to derive contained U₃O₈ in pounds.

The Kyzyl Report goes on to state as follows:

“An assessment was made of two Exploration target zones identified at Kok Moinok, which were based on historic Soviet Era drilling data. This historic drilling is not immediately verifiable, and therefore downgrades the relative confidence of any estimates carried out for target reporting purposes and as per the NI 43-101 guidelines the estimates should be viewed as a conceptual assessment only. In addition, these areas are sparsely drilled, making it difficult to define the likely final volumes which can be estimated for mineralised material that is present in these areas.”

5. RATIONALE FOR THE TRANSACTION

Since late 2012, the Group has embarked on a new strategy to acquire and hold multiple and diversified mineral and energy resources assets and it has been actively pursuing and acquiring new investment opportunities in this sector.

On 21 August 2013, the Company announced its intention to seek the approval of the shareholders of the Company (“**Shareholders**”) to include the business of exploration, development and production of mineral and energy resources and investments in mineral and energy resources projects and companies (collectively, the “**Mineral and Energy Resources**”) as an additional core business activity of the Company. With the Transaction, the Company hopes to be part of a major global uranium play, adding value to the Shareholders and strengthening its position in the Mineral and Energy Resources industry.

6. PRINCIPAL TERMS OF THE TRANSACTION

6.1. Share Purchase Agreement

Under an agreement dated 25 February 2014, Powertech agreed to purchase all Azarga Shares from the holders of Azarga Shares (“**Azarga Shareholders**”), in exchange for 3.65 Powertech Shares for each Azarga Share held, rounded down to the next whole number of Powertech Shares. As the holder of 49,462,493 Azarga Shares, as a result of the Transaction, Consolidation and Placement, Powerlite owns 18,053,810 Powertech Shares. As at 28 October 2014, being the full market day immediately preceding the Completion Date, the Powertech Shares were trading at C\$0.035.

6.2. Transaction Support Agreement

As at the date of the announcement, Powerlite has entered into a Transaction Support Agreement with Azarga and Powertech (the “**Transaction Support Agreement**”) to consent to the Transaction and the sale of Powerlite’s Azarga Shares to Powertech.

6.3. Escrow Agreement

The Powertech Shares issued to Powerlite pursuant to the Transaction are subject to escrow restrictions in accordance with the applicable securities laws and policies of the TSX. 4,513,452 Powertech Shares, being 25% of the Powertech Shares held by Powerlite, will be held in escrow until 12 months after the Completion Date, with the remaining 13,540,358 Powertech Shares to be released 24 months after the Completion Date. In the event Powerlite acquires additional Powertech Shares, these will be added to the Powertech Shares already in escrow and released in accordance with the terms stipulated in this paragraph.

7. RELATIVE BASES UNDER RULE 1006 OF THE LISTING MANUAL

The Transaction constitutes a restructuring of the Company’s shareholdings in Azarga and Powertech such that the Company’s effective interest in Azarga’s assets (other than Powertech), after completion of the Transaction, Placement and Consolidation, is reduced from 43.08% to 30.39%; and the Company’s effective interest in Powertech’s existing assets is increased from a 19.10% effective interest to 30.39% (“**Equity Share**”).

Based on the audited financial statements of Azarga for the financial year ended 31 December 2013, Azarga has incurred a loss for the year of US\$17,034,279.

The relative figures for the Transaction, being that pursuant to the Transaction, Powerlite ultimately disposes of 12.69% interest in Azarga in consideration of acquiring an additional 11.29% interest in Powertech (“**Acquisition**”), computed on the bases set out in Rule 1006 of the Listing Manual Part A: Mainboard Rules of the SGX-ST (the “**Listing Manual**”) are set out below.

	Bases	Percentage (%)
(a)	Net asset value of the assets to be disposed of ⁽¹⁾ , compared with net asset value of the Company and its subsidiaries (collectively, the “ Group ”)	4.8
(b)	Net losses ⁽²⁾ attributable to the assets disposed, compared with the Group’s net profits	6.8
(c)	Aggregate value of the consideration given (the “ Transaction Consideration ”) ⁽³⁾ , compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares ⁽⁴⁾	1.2
(d)	The total number of equity securities issued as consideration for the Transaction, compared with the number of equity securities previously in issue	Not applicable

- | | | |
|-----|--|---------------------------------|
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. | Not applicable for acquisitions |
|-----|--|---------------------------------|

Notes:

- (1) Based on the audited financial statements of Azarga for the financial year ended 31 December 2013, the net asset value attributable to the assets being disposed of pursuant to the Transaction amounts to approximately US\$2,160,738 (approximately S\$2,749,350). The unaudited net asset value for the Group as at 30 June 2014 was S\$57,577,000.
- (2) Net profit/(loss) is defined as profit or loss before income tax, minority interests and extraordinary items. Based on the audited financial statements of Azarga for the financial year ended 31 December 2013, the net losses attributable to the assets being disposed of pursuant to the Transaction amounts to approximately US\$519,505 (approximately S\$661,025). The unaudited profit before income tax for the Group for the six-month period ended 30 June 2014 was S\$9,725,000.
- (3) Where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the NAV represented by such shares, whichever is higher. The aggregate value of the Transaction Consideration, being the Acquisition, is based on the NAV of US\$475,540 (approximately S\$605,082) of the Powertech Shares on 30 June 2014.
- (4) Market capitalisation is determined by multiplying the number of shares by the weighted average price of such shares transacted on the market day preceding the Completion Date. As at the date of this announcement, the Company has 2,609,387,832 issued shares. The market capitalisation of the Company for the purposes of the Transaction is approximately S\$52,187,757 based on the VWAP of S\$0.020 per share on 29 October 2014, being the last traded market day prior to the Completion Date.

8. FINANCIAL EFFECTS OF THE TRANSACTION

The *pro forma* financial effects of the Transaction as set out below are for illustrative purposes only and do not reflect the future financial results or position of the enlarged group after the completion of the Transaction.

The objective of presenting the *pro forma* financial effects of the Transaction as shown below is to illustrate what the historical financial information might have been had the Transaction been completed at an earlier date. However, such financial information is not necessarily indicative of the results of the operations or the related effects in the financial position that would have been attained had the Transaction been completed at the earlier date.

The financial effects in this section are based on the audited accounts of the Company for the 12 months ended 31 December 2013. The *pro forma* financial effects of the Transaction have been prepared based on the following assumptions:

- (a) the Transaction was completed on 1 January 2013 for the purpose of computing the *pro forma* financial effects on the earnings per share ("**Share**") of the Company ("**EPS**"); and
- (b) the Transaction was completed on 31 December 2013 for the purpose of computing the *pro forma* financial effects on the NTA per share of the Company.

8.1. Effect on EPS

For illustrative purposes only, and assuming the Transaction was completed at the beginning of the financial year ended 31 December 2013, the *pro forma* financial effects of the Transaction on the EPS are as follows:

	Before the Transaction	After the Transaction
Loss of the Company (S\$)	(70,815,041)	(71,229,852) ⁽¹⁾
Weighted average number of Shares	1,877,852,984	1,877,852,984
EPS (cents)	(3.771)	(3.793)

Note:

- (1) The figure is derived by adding the Equity Share of the loss for the six-month period ended 30 June 2014 of Powertech of approximately US\$(326,003) (approximately S\$(414,811)) and the net loss of the Company of S\$70,815,041.

8.2. Effect on NTA

For illustrative purposes only, and assuming the Transaction was completed at the end of the financial year ended 31 December 2013, the *pro forma* effects of the Transaction on the NTA per Share are as follows:

	Before the Transaction	After the Transaction
NTA value (S\$)	74,288,190	73,873,379 ⁽¹⁾
Weighted average number of Shares	2,583,006,879	2,583,006,879
NTA per Share (cents)	2.876	2.86

Note:

- (1) The figure is derived by adding the Equity Share of the loss for the six-month period ended 30 June 2014 of Powertech of approximately US\$(326,003) (approximately S\$(414,811)) and the NTA of the Company of S\$74,288,190.

9. COMPLIANCE LISTING MANUAL RULE 704 (17)(a) – ASSOCIATED COMPANY – QUOTED SECURITIES

The Company hereby discloses in accordance with Rule 704(17)(a) on the current status of its investment in associated company – quoted securities as follows:

The Group	Before the Transaction S\$ million	After the Transaction S\$ million
	29 October 2014	29 October 2014
1. Market Value	0.8	0.7
2. Aggregate cost of investment	1.3*	34.4**
3. Provision for diminution in value	-	-

4. Aggregate cost of investment as a % of its NTA***	1.6%	44.73%
--	------	--------

*based on the effective interest (deemed interest) held by the Group under Financial Assets – Available-For-Sale – quoted securities.

**based on cost of investment (direct interest) held by the Group under associated company – quoted securities reclassified from Financial Assets – Available-For-Sale (unquoted securities) as a result of Transaction and Consolidation.

***based on the NTA of the Group as at 31 December 2013 amounts to S\$76.91 million.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of the Company (the “**Directors**” and each, a “**Director**”) (other than in his capacity as a Director or Shareholder) or controlling shareholders of the Company (other than in its capacity as a Shareholder) has any interest, direct or indirect, in the Transaction.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Transaction Support Agreement will be made available for inspection during normal business hours at the registered office of the Company at 298 Tiong Bahru Road, #20-02/03 Central Plaza, Singapore 168730 for a period of three months from the date of this announcement.

12. UPDATES

The Company will disclose any updates or further information on the Transaction when it is appropriate to do so.

BY ORDER OF THE BOARD

Blumont Group Ltd.

Ng Kim Huatt
Executive Director
30 October 2014