

CIRCULAR DATED 15 AUGUST 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of BlackGold Natural Resources Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or transferee.

An application will be made to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the dealing in, listing of and quotation for the New Shares (as defined in this Circular) arising from the ESAS (as defined in this Circular) on the Catalist board of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“**Sponsor**”), SAC Advisors Private Limited, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Circular.

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

The contact person for the Sponsor is Mr Sebastian Jones, Director, SAC Advisors Private Limited at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone: (65) 6532 3829.

SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.



BLACKGOLD NATURAL RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199704544C)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED ADOPTION OF THE BLACKGOLD SHARE AWARD SCHEME

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	28 August 2017 at 9.00 a.m.
Date and time of Annual General Meeting	:	30 August 2017 at 9.00 a.m.
Place of Annual General Meeting	:	NUSS Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119241

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DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout, unless the context otherwise requires:

- “AGM” or “Annual General Meeting”** : The annual general meeting of the Company
- “Associate”** : (i) In relation to any Director, chief executive officer of the Company, a Substantial Shareholder or a Controlling Shareholder (being an individual) means:
- (a) his immediate family;
 - (b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more
- (ii) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “Auditors”** : The auditors of the Company for the time being
- “Award”** : A contingent award of fully paid Shares granted under the ESAS
- “Board”** : The board of Directors of the Company
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST known as Catalist
- “Catalist Rules”** : Any or all of the rules in Section B of the Listing Manual: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 15 August 2017 in relation to the proposed adoption of the ESAS
- “Committee”** : The Remuneration Committee of the Company, or such other committee comprising Directors duly authorised and appointed by the Board to administer the ESAS
- “Companies Act”** : Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
- “Company”** : BlackGold Natural Resources Limited
- “Constitution”** : The constitution of the Company, as may be amended or modified from time to time
- “Control”** : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company

DEFINITIONS

“Controlling Shareholder”	: A person who: <ul style="list-style-type: none">(i) holds directly or indirectly 15.0% or more of the nominal amount of all voting Shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or(ii) in fact exercises Control over the Company
“CPF”	: The Central Provident Fund
“Directors”	: The directors of the Company from time to time
“EPS”	: Earnings per Share
“ESAS” or “BlackGold Share Award Scheme”	: The proposed BlackGold Share Award Scheme, details of which are provided in paragraph 2 of this Circular
“ESOS” or “BlackGold Employee Share Option Scheme”	: Has the meaning ascribed to it in paragraph 2.1 of this Circular
“Group”	: The Company and its subsidiaries
“Group Employee”	: Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the ESAS in accordance with the provisions thereof
“Group Executive Director”	: A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Independent Directors”	: The non-executive independent Directors of the Company from time to time
“Latest Practicable Date”	: 8 August 2017, being the latest practicable date prior to the printing of this Circular
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Market Price”	: The price equal to the average of the last done price or closing price for a Share, as determined by reference to the daily official list or other publication published by SGX-ST for five (5) Market Days on which Shares of the Company are traded on the SGX-ST immediately preceding the relevant date of grant, rounded to the nearest one decimal place (in cents) in the event of fractional prices
“New Shares”	: The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the ESAS
“Non-Executive Director”	: A director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director
“NTA”	: Net tangible assets of the Group
“Option”	: The right to subscribe for Shares granted or to be granted pursuant to the ESOS and for the time being subsisting
“Participant”	: A person who is selected by the Committee to participate in the ESAS in accordance with the provisions of the ESAS
“Performance Target”	: The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the ESAS

DEFINITIONS

“Record Date”	: The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders of the Company must be registered with the Company or with CDP, as the case may be, in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholder”	: Registered holders of Shares except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shares”	: Ordinary shares in the capital of the Company
“Share Registrar”	: M & C Services Pte. Ltd.
“Sponsor”	: SAC Advisors Private Limited
“Substantial Shareholder”	: A person who has an interest or interests in one or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
“Vesting Date”	: In relation to Shares which are the subject of an Award which has been released in accordance with Rule 10 of Appendix A, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares will vest pursuant to Rule 10

Currencies, Units and Others

“S\$” and “cents” or “¢”	: Singapore dollars and cents, respectively
“%” or “per cent.”	: Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act. The terms “**subsidiary**” and “**treasury shares**” shall have the meanings ascribed to it in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term or word defined under the Securities and Futures Act (Chapter 289) of Singapore, the Act, the Catalist Rules or any statutory or regulatory modification thereof and used in this Circular shall where applicable have the same meaning ascribed to it under the Securities and Futures Act (Chapter 289) of Singapore, the Act, the Catalist Rules, or such statutory modification, as the case may be, unless otherwise provided.

All discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of a day in the Circular is a reference to Singapore time unless otherwise stated and shall include such other date(s) or time(s) as may be announced from time to time by or on behalf of the Company.

LETTER TO SHAREHOLDERS

BLACKGOLD NATURAL RESOURCES LIMITED

(Company Registration Number: 199704544C)
(Incorporated in the Republic of Singapore)

Directors

Intekhab Ahmad Khan s/o (Independent Non-Executive Chairman)
Teffail Mohamed Khan
Philip Cecil Rickard (Executive Director)
James Rijanto (Executive Director)
Nandakumar s/o Ponniya (Lead Independent Non-Executive Director)
Bala Chandran s/o A (Independent Non-Executive Director)
Kandiah
Gerald Lim Thien Su (Independent Non-Executive Director)
Bangun Madong Parulian (Independent Non-Executive Director)
Samosir

Registered Office

7 Temasek Boulevard
#06-02A Suntec Tower 1
Singapore 038987

15 August 2017

To: The Shareholders of BlackGold Natural Resources Limited

Dear Sir/Madam,

THE PROPOSED ADOPTION OF THE BLACKGOLD SHARE AWARD SCHEME

1. INTRODUCTION

The Directors propose to seek Shareholders' approval for the proposed adoption of the ESAS during the AGM to be held on 30 August 2017.

The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the aforesaid proposal to be tabled at the AGM and to seek the Shareholders' approval for the matters as set out in Resolution 9 of the Notice of AGM. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

Shareholders are advised that the Sponsor and the SGX-ST assume no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED BLACKGOLD SHARE AWARD SCHEME

2.1 Background

The Existing BlackGold Employee Share Option Scheme

The Company has an existing share option scheme known as the "BlackGold Employee Share Option Scheme" which was approved and adopted by Shareholders at an extraordinary general meeting of the Company on 28 January 2015 ("ESOS"). As at the Latest Practicable Date, the Company has no outstanding and unexercised Options which were granted under the ESOS, and no Shares have been delivered upon exercise of Options since the commencement of the ESOS.

As at the Latest Practicable Date, no Options were granted to the Controlling Shareholders and their Associates.

Save for the ESOS (details of which are set out above), the Company has no other share schemes in place as at the date of this Circular.

The Company wishes to propose the adoption of a new share scheme to be known as the "BlackGold Share Award Scheme" (for the purpose of this Circular, the "ESAS"). Under the ESAS, the Participants are granted fully-paid shares, free of charge, upon achieving prescribed Performance Target of the Company prior to the expiry of the prescribed performance period.

LETTER TO SHAREHOLDERS

The ESAS differs from the ESOS in that Awards granted under the ESAS represent the right of a Participant to receive fully paid Shares (or their equivalent cash value), free of charge, provided that certain conditions are met. For Options granted under the ESOS, however, the holder of Option is required to pay the Exercise Price for the Shares arising upon the exercise of the Option.

2.2 Objectives of and Rationale for the ESAS

The objectives of the ESAS, which is subject to the approval of the Shareholders, are as follows:

- (a) to attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders;
- (b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, the Group;
- (c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (d) to give recognition to the contributions made by the Participants to the success of the Group; and
- (e) to retain key employees of the Group whose contributions are essential to the long-term prosperity of the Group.

The ESAS will provide the Participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESAS forms an integral component of the compensation plan and is designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and/or the Group.

The ESAS also allows the Group to provide an incentive for Participants to achieve certain specific Performance Target by awarding fully paid Shares to Participants after these targets have been met. The assessment criteria for granting the Awards under the ESAS will be based on specific Performance Target or to impose time-based service conditions, or a combination of both.

The aggregate number of Shares to be issued under the ESAS and the ESOS collectively shall not exceed the maximum limit of 15.0% of the Company's total number of issued Shares (excluding treasury shares) from time to time.

Upon the grant of Shareholders' approval for the adoption of the ESAS, an application will be made by the Company, through the Sponsor, to the SGX-ST for the listing of and quotation for the New Shares on Catalist. An appropriate announcement on the outcome of the application will be made in due course. Shareholders are advised that, if granted, the in-principle approval from SGX-ST for the listing and quotation for the New Shares issued under the ESAS, is not to be taken as an indication of the merits of the Shares, the ESAS, the Company or its Subsidiaries.

2.3 Rationale for Participation by Non-Executive Directors (including Independent Directors)

While the ESAS caters principally to full-time employees of the Group, it is recognised that there are other persons who make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group. Such persons include the Non-Executive Directors.

The Non-Executive Directors are persons from different professions and working backgrounds, bringing to the Group their wealth of knowledge, experience, business expertise and contacts in the business community. They play an important role in helping the Group shape its business strategy by allowing the Group to draw on their diverse backgrounds and working experience. It is crucial for the Group to attract, retain and incentivise the Non-Executive Directors. By aligning the interests of the Non-Executive Directors with the interests of the Shareholders, the Company aims to instil a sense of commitment on the part of the Non-Executive Directors towards serving the short and long-term objectives of the Group.

LETTER TO SHAREHOLDERS

The Directors are of the view that including the Non-Executive Directors in the ESAS will show the Company's appreciation for them and further motivate them in their contribution towards the success of the Group.

For the purpose of assessing the contributions of the Non-Executive Directors, the Committee will propose a performance framework comprising mainly non-financial performance measurement criteria, such as the extent of involvement and responsibilities shouldered by the Non-Executive Directors. In addition, the Committee will also consider the scope of advice given, the nature and extent of their input, assistance and expertise rendered to the committees on which they sit and the impact thereof on the growth, success and development of the Company and the Group and the recommendations made by the Non-Executive Directors. The Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

2.4 Summary of the ESAS

The principal terms of the ESAS are summarised and set out below, and the rules of the ESAS are set out in Appendix A of this Circular.

2.4.1 Eligibility

The ESAS allows for participation by confirmed employees of the Group (including Group Executive Directors) and Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the date of grant of the Award provided that none shall be an undischarged bankrupt at the relevant time, and who, in the absolute discretion of the Committee will be eligible to participate in the ESAS.

Controlling Shareholders and/or their Associates who meet the criteria in the above paragraph are not eligible to participate in the ESAS. In addition, Consultants of the Group, who advise on matters relating to, *inter alia*, general strategic and business planning and the review of potential joint-venture partners and projects, are not eligible to participate in the Scheme as they are not full time employees of the Company.

Save as prescribed by Rule 853 of the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the ESAS may be amended from time to time at the absolute discretion of the Committee.

2.4.2 Awards

The Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, and in relation to a performance-related Award, upon the Participant achieving prescribed Performance Target.

The selection of the Participants and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the ESAS shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

In the case of a performance-related Award, the Performance Target will be set by the Committee depending on each individual Participant's job scope and responsibilities. The Performance Target to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth for the Group. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Target could be based on criteria such as sales growth, growth in earnings and returns on investment. In addition, the Participant's length of service with the Group, achievements of past Performance Target, ability to value-add to the Group's performance and development and overall enhancement to Shareholder value, amongst others, will be taken into account.

LETTER TO SHAREHOLDERS

Awards may be granted at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

An Award letter confirming the Award will be sent to each Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, in relation to the Award:

- (a) in relation to a performance-related Award, the Performance Target and the performance period during which the prescribed Performance Target are to be met;
- (b) the number of Shares to be vested on the Participant; and
- (c) the date by which the Award shall be vested.

The Committee will take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the predetermined Singapore dollar amount which the Committee decides that a Participant deserves for meeting his Performance Target. For example, Shares may be awarded based on predetermined Singapore dollar amounts such that the quantum of Shares comprised in the Award is dependent on the closing price of the Shares transacted on the Market Day that such Award is vested. Alternatively, the Committee may decide for absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the ESAS comply with the relevant Catalist Rules.

2.4.3 Size and Duration of the ESAS

The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (i) all Awards granted under the ESAS; and (ii) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, including but not limited to the ESOS, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

The Directors believe that the size of the ESAS will give the Company sufficient flexibility to decide the number of Shares to be offered under the ESAS. However, it does not indicate that the Committee will issue Shares up to the prescribed limit. The Committee will exercise its discretion in deciding the number of Shares to be granted to each Participant under the ESAS. This, in turn, will depend on, and be commensurate with, the performance and value of the Participant to the Group.

The ESAS shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the ESAS is adopted by the Company in by way of written resolutions, provided always that the ESAS may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The ESAS may be terminated at any time at the discretion of the Committee or, by resolution of the Company in a general meeting, subject to all relevant approvals which may be required and if the ESAS is so terminated, no further Awards shall be granted by the Committee hereunder.

Notwithstanding the expiry or termination of the ESAS, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

LETTER TO SHAREHOLDERS

2.4.4 Operation of the ESAS

The Committee shall have the discretion to determine whether Performance Target have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of the subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Target if the Committee decides that it would be a fairer measure of performance.

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved the Performance Target.

Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will be delivering Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants. In determining whether to issue new Shares, to deliver existing Shares and/or pay the aggregate Market Price in cash to Participants upon release of their Awards, the Company shall take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing New Shares or purchasing existing Shares.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the date of issue of the New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank pari passu with other existing Shares then in issue.

The "aggregate Market Price" of the Shares to be paid in cash to a Participant in lieu of allotment or transfer, shall be calculated in accordance with the following formula:

$$A = B \times C$$

Where:

- A is the aggregate Market Price of the Shares to be paid to the Participant in lieu of all or some of the Shares to be issued or transferred upon the Release of an Award;
- B is the Market Price of each Share; and
- C is such number of Shares (as determined by the Committee in its sole and absolute discretion) to be issued or transferred to a Participant upon the Release of an Award in accordance with the rules of the ESAS

2.4.5 Variation of Capital

If a variation in the issued ordinary share capital of the Company whether by way of a capitalisation issue or other circumstances (for example, rights issue, capital reduction, subdivision, consolidation of shares or distribution) shall take place, then:

- (A) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (B) the class and/or number of Shares over which future Awards may be granted under the ESAS,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine, at its own discretion, the manner in which such adjustment shall be made.

LETTER TO SHAREHOLDERS

Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (aa) the issue of securities as consideration for an acquisition or a private placement of securities;
- (bb) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (cc) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the ESOS and the ESAS; and
- (dd) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

Notwithstanding the provisions of the rules of the ESAS:

- (1) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (2) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

2.4.6 Modifications or Alterations to the ESAS

Any or all the provisions of the ESAS may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:

- (A) any modification or alteration which would be to the advantage of the Participants under the ESAS shall be subject to the prior approval of Shareholders in a general meeting; and
- (B) no modification or alteration shall be made without due compliance with the Catalist Rules and such other regulatory authorities as may be necessary.

2.5 Reporting Requirements

2.5.1 Announcement

Under the Catalist Rules, an immediate announcement must be made on the date of the grant of an Award and provide details of the grant, including the following:

- (i) date of grant;
- (ii) market price of the Shares on the date of grant of the Award;
- (iii) number of Shares granted under the Award;
- (iv) number of Shares granted to Directors under the Award, if any; and
- (v) the vesting period in relation to the Award.

2.5.2 Disclosures in the Annual Report

The following disclosures (as applicable) will be made by the Company in the annual report for so long as the ESAS is in operation:

- (i) the names of the members of the Committee administering the ESAS;
- (ii) in respect of the following Participants:
 - (a) Directors of the Company; and

LETTER TO SHAREHOLDERS

- (b) Participants (other than those in paragraphs (ii)(a) above) who received Shares pursuant to the vesting of Awards granted under the ESAS which, in aggregate, represent five per cent. (5.0%) or more of the total number of Awards available under the ESAS, the following information:
 - (1) name of the Participant;
 - (2) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;
 - (3) the aggregate number of Shares comprised in Awards granted to such Participant since the commencement of the ESAS to the end of the financial year under review;
 - (4) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participants pursuant to the vesting of Awards under the ESAS since the commencement of the ESAS to the end of the financial year under review; and
 - (5) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and
- (iii) such other information as may be required by the Catalist Rules or the Companies Act.

2.6 Role and Composition of Committee

The Committee shall be responsible for the administration of the ESAS.

The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the ESAS) for the implementation and administration of the ESAS as they think fit including, but not limited to:

- (i) imposing restrictions on the number of Awards that may be vested within each financial year; and
- (ii) amending Performance Target, if by so doing it would be a fairer measure of performance for a Participant or for the ESAS as a whole.

In compliance with the requirements of the Catalist Rules, any Participant of the ESAS who is a member of the Committee shall not be involved in the deliberation or decision in respect of Awards granted to or to be granted to him.

2.7 Financial Effects of the ESAS

2.7.1 Potential Costs of the Awards

Financial Reporting Standard 102 (“**FRS 102**”), Share-based Payment, is effective for all companies for the financial year beginning 1 January 2005. The ESAS if settled by way of issuance of new Shares or purchasing of existing shares, would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the grant date and the Vesting Date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the Vesting Date, with a corresponding increase in equity.

Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the Vesting Date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the Vesting Date, no adjustment to the charge to profit or loss is made.

LETTER TO SHAREHOLDERS

The amount charged to profit or loss would be the same whether the Company settles the Awards by issuing new Shares or by purchasing existing Shares. In the case of a performance-related award, the amount of the charge to profit or loss also depends on whether or not the Performance Target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the Performance Target is a market condition, the probability of the Performance Target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to amounts charged to profit or loss are made if the market condition is not met. However, if the Performance Target is not a market condition, the fair value per Share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to profit or loss if the Awards do not ultimately vest.

In the event that the Participants receive cash, the Company shall measure the fair value of the liability at the grant date. Until the liability is settled, the Company shall re-measure the fair value of the liability at each accounting date and at the date of settlement, with changes in the fair value recognised in profit or loss.

2.7.2 Share Capital

The ESAS will result in an increase in the Company's issued share capital where new Shares are issued to Participants. The number of new Shares issued will depend on, among others, the size of the Awards granted under the ESAS. In any case, all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, including but not limited to the aggregate number of Shares available under the ESAS and the ESOS collectively shall not exceed 15.0% of the total issued share capital of the Company (excluding treasury shares) and from time to time. If instead of issuing New Shares to the Participants, treasury shares are transferred to Participants or the Company pays the equivalent cash value, the ESAS would have no impact on the Company's total number of issued Shares.

2.7.3 NTA

The ESAS will result in a charge to the Company's profit or loss over the period from the grant date to the Vesting Date of the Awards. The amount of the charge will be computed in accordance with FRS 102. When the New Shares are issued under the ESAS, there would be no effect on the NTA. However, if instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants, or the Company pays the equivalent cash value, the NTA would be impacted by the cost of the Shares purchased or the cash payment, respectively.

2.7.4 EPS

The ESAS will result in a charge to earnings equivalent over the period from the grant date to the Vesting Date of the Awards. The amount of the charge will be computed in accordance with FRS 102. It should be noted that the delivery of Shares to Participants of the ESAS will generally be contingent upon the Participants meeting the prescribed Performance Target and conditions.

2.8 Shareholders' Approval

The proposed adoption of the ESAS is conditional upon the approval of the Shareholders at the AGM.

LETTER TO SHAREHOLDERS

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholding interests of the Directors and the Substantial Shareholders (who are not Directors) are set out below:

Director	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Intekhab Ahmad Khan s/o Teffail Mohamed Khan ⁽²⁾	–	–	36,996,294	3.97	36,996,294	3.97
Philip Cecil Rickard ⁽³⁾	–	–	13,967,607	1.50	13,967,607	1.50
James Rijanto ⁽⁴⁾	–	–	13,967,607	1.50	13,967,607	1.50
Nandakumar s/o Ponniya	–	–	–	–	–	–
Bala Chandran s/o A Kandiah	–	–	–	–	–	–
Gerald Lim Thien Su	–	–	–	–	–	–
Bangun Madong Parulian Samosir	–	–	–	–	–	–
Substantial Shareholder (who are not Directors)						
Twin Gold Ventures S.A.	204,170,960	21.93	–	–	204,170,960	21.93
Sujono Hadi Sudarno ⁽⁵⁾	–	–	218,138,567	23.43	218,138,567	23.43
Rockfield Lake Limited	150,386,197	16.16	–	–	150,386,197	16.16
Lerman Ambarita ⁽⁶⁾	–	–	150,386,197	16.16	150,386,197	16.16
Novel Creation Holdings Limited	82,162,556	8.83	–	–	82,162,556	8.83
Sudiarso Prasetyo ⁽⁷⁾	–	–	82,162,556	8.83	82,162,556	8.83

Notes:

- 1 Based on 930,860,437 Shares in issue as at the Latest Practicable Date.
- 2 Pursuant to Section 7 of the Act, Mr Intekhab Khan is deemed to be interested in 36,996,294 Shares held by Kaalasona Limited.
- 3 Pursuant to Section 7 of the Companies Act, Mr Philip Cecil Rickard is deemed to be interested in 13,967,607 Shares held by Cerenti Investments Ltd.
- 4 Pursuant to Section 7 of the Companies Act, Mr James Rijanto is deemed to be interested in 13,967,607 Shares held by Cerenti Investments Ltd.
5. Mr Sujono Hadi Sudarno holds 100% of the issued and paid-up share capital of Twin Gold Ventures S.A. Mr Sudarno also holds 33.33% of the issued and paid-up share capital of Cerenti Investments Ltd, which in turn holds 1.50% of the issued and paid-up share capital of BlackGold Natural Resources Limited. Accordingly, Mr Sudarno is deemed interested in 218,138,567 shares held by both Twin Gold Ventures S.A. and Cerenti Investments Ltd by virtue of section 4 of the Securities and Futures Act.
6. Mr Lerman Ambarita is deemed interested in 150,386,197 Shares held by Rockfield Lake Limited.
7. Mr Sudiarso Prasetyo is deemed interested in 82,162,556 Shares held by Novel Creation Holdings Limited.

Save as disclosed in this Circular, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect, in the Shares.

LETTER TO SHAREHOLDERS

4. ACTIONS TO BE TAKEN BY SHAREHOLDERS

4.1 Appointment of Proxies

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf, may complete, sign and return the proxy form ("**Shareholder Proxy Form**") attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the Share Registrar's office at M & C Services Pte. Ltd. at 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time appointed for the holding of the AGM. The completion and return of the Shareholder Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM in place of his proxy/proxies if he wishes to do so. In such event, the Shareholder Proxy Form will be deemed to be revoked.

4.2 When Depositor regarded as Shareholder

A Depositor shall not be entitled to attend and vote at the AGM unless he is shown to have Shares of the Company entered against his name in the Depository Register as certified by CDP not less than 72 hours before the time fixed for the AGM.

5 ABSTENTION FROM VOTING

All Directors who are entitled to participate in the ESAS, shall abstain from voting in respect of their holdings of Shares (if any) and shall not accept appointments as proxies for voting at the AGM in respect of the ordinary resolution relating to the ESAS unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the ordinary resolution relating to the ESAS.

Shareholders (including Group Employees, Group Executive Directors and Non-Executive Directors, who are also Shareholders) who are entitled to participate in the ESAS, should also abstain from voting at the AGM in respect of the ordinary resolution relating to the ESAS and should not accept nominations as proxies or otherwise for voting at the AGM in respect of such resolutions unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the ordinary resolution.

6 DIRECTORS' RECOMMENDATION

All Directors are interested in the ESAS by virtue of their eligibility to participate in the ESAS. They have accordingly abstained from making any recommendation on the ordinary resolution in respect of the proposed adoption of the ESAS. In view of their being potential Participants, all Directors who are also Shareholders shall abstain from voting at the AGM in respect of the ordinary resolution relating to the proposed adoption of the ESAS.

Each Director shall also decline to accept appointment as proxies for any Shareholder to vote on the ordinary resolution relating to the proposed adoption of the ESAS unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which the votes are to be cast in respect of the said resolution.

7 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information and opinions given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed adoption of the ESAS, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 7 Temasek Boulevard #06-02A Suntec Tower 1 Singapore 038987 during normal business hours from the date of this Circular up to and including the date of the AGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2016;
- (c) the rules of the ESOS; and
- (d) the proposed rules of the ESAS.

Yours faithfully

For and on behalf of the Board of Directors of
BLACKGOLD NATURAL RESOURCES LIMITED

Philip Cecil Rickard
Executive Director and Chief Executive Officer

APPENDIX A – RULES OF THE BLACKGOLD SHARE AWARD SCHEME

1. NAME OF THE ESAS

This ESAS shall be called the “BlackGold Share Award Scheme”.

2. DEFINITIONS

In this ESAS, unless the context otherwise requires, the following words and expressions shall have the following meanings:

- “Adoption Date”** : The date on which the ESAS is adopted by the Company
- “Associate”** : (i) In relation to any Director, chief executive officer of the Company, a Substantial Shareholder or a Controlling Shareholder (being an individual) means:
- (a) his immediate family;
 - (b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more
- (ii) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “Auditors”** : The auditors of the Company for the time being
- “Award”** : A contingent award of fully paid Shares granted under the ESAS
- “Board”** : The board of Directors of the Company
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST known as Catalist
- “Catalist Rules”** : Any or all of the rules in Section B of the Listing Manual: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Committee”** : The Remuneration Committee of the Company, or such other committee comprising Directors duly authorised and appointed by the Board to administer the ESAS
- “Companies Act”** : Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
- “Company”** : BlackGold Natural Resources Limited
- “Control”** : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company

APPENDIX A – RULES OF THE BLACKGOLD SHARE AWARD SCHEME

“Controlling Shareholder”	: A person who: <ul style="list-style-type: none">(i) holds directly or indirectly 15.0% or more of the nominal amount of all voting Shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or(ii) in fact exercises Control over the Company
“Directors”	: The directors of the Company
“ESAS” or “BlackGold Share Award Scheme”	: The BlackGold Share Award Scheme, as modified or supplemented from time to time
“ESOS” or “BlackGold Employee Share Option Scheme”	: The BlackGold Employee Share Option Scheme approved and adopted by the Shareholders in the EGM held on 28 January 2015, as modified or amended from time to time
“Group”	: The Company and its subsidiaries
“Group Employee”	: Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the ESAS in accordance with the provisions thereof
“Group Executive Director”	: A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Market Price”	: The price equal to the average of the last done price or closing price for a Share, as determined by reference to the daily official list or other publication published by SGX-ST for five (5) Market Days on which Shares of the Company are traded on the SGX-ST immediately preceding the relevant date of grant, rounded to the nearest one decimal place (in cents) in the event of fractional prices
“New Shares”	: The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the ESAS
“Non-Executive Director”	: A director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director
“Option”	: The right to subscribe for Shares granted or to be granted pursuant to the ESOS and for the time being subsisting
“Participant”	: A person who is selected by the Committee to participate in the ESAS in accordance with the provisions of the ESAS
“Performance Target”	: The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the ESAS
“Record Date”	: The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders of the Company must be registered with the Company or with CDP, as the case may be, in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Rules”	: The rules of the ESAS, as the same may be amended or supplemented from time to time

APPENDIX A – RULES OF THE BLACKGOLD SHARE AWARD SCHEME

“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholder”	: Registered holders of Shares except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shares”	: Ordinary shares in the capital of the Company
“Vesting Date”	: In relation to Shares which are the subject of an Award which has been released in accordance with Rule 10, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares will vest pursuant to Rule 10

Currencies, Units and Others

“S\$” and “cents” or “¢”	: Singapore dollars and cents, respectively
“%” or “per cent.”	: Percentage or per centum

The terms “**Depositor**” and “**Depository Agent**” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act. The terms “**subsidiary**” and “**treasury shares**” shall have the meanings ascribed to it in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this ESAS to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term or word defined under the Securities and Futures Act (Chapter 289) of Singapore, the Act, the Catalist Rules or any statutory or regulatory modification thereof and used in this ESAS shall where applicable have the same meaning ascribed to it under the Securities and Futures Act (Chapter 289) of Singapore, the Act, the Catalist Rules or such statutory modification, as the case may be, unless otherwise provided.

Any reference to a time of day in this ESAS shall be a reference to Singapore time unless otherwise stated.

The headings in this ESAS are inserted for convenience only and shall be ignored in construing this ESAS.

3. OBJECTIVES

3.1 The main objectives of the ESAS are as follows:

- (a) to attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders;
- (b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of the Group;
- (c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (d) to give recognition to the contributions made by the Participants to the success of the Group; and
- (e) to retain key employees of the Company whose contributions are essential to the long-term prosperity of the Group.

APPENDIX A – RULES OF THE BLACKGOLD SHARE AWARD SCHEME

4. ELIGIBILITY

- 4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the ESAS at the absolute discretion of the Committee:
- (a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
 - (b) Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.
- 4.2 Non-Executive Directors (including Independent Directors) who satisfy the eligibility requirements in Rule 4.1 shall also be eligible to participate in the ESAS, to the extent permissible under the laws of Singapore (including the Companies Act).
- 4.3. Participants who are also Shareholders and are eligible to participate in the ESAS must abstain from voting on any resolution relating to the ESAS, including the participation in the ESAS and grant of Awards to the Participants, and should not accept nominations as proxies or otherwise for voting in respect of such resolution unless specific instructions have been given in the proxy instrument on how the votes are to be casted.
- 4.4 For the purposes of determining eligibility to participate in the ESAS, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.5 There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.
- 4.6 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the ESAS may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATIONS UNDER THE ESAS

- 5.1 The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (a) all Awards granted under the ESAS; (b) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, including but not limited to the ESOS, shall not exceed 15.0% of the total number of the issued Shares (excluding treasury shares) of the Company from time to time.
- 5.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the ESAS.

6. DATE OF GRANT

The Committee may grant Awards at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

APPENDIX A – RULES OF THE BLACKGOLD SHARE AWARD SCHEME

7. AWARDS

- 7.1 The selection of the Participants and number of Shares which are the subject of each Award to be granted to a Participant in accordance with the ESAS shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.
- 7.2 In the case of a performance-related Award, the Performance Target will be set by the Committee depending on each individual Participant's job scope and responsibilities. The Performance Target to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Target could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with the Group, achievement of past Performance Target, value-add to the Group's performance and development and overall enhancement to shareholder value, amongst others, will be taken into account.
- 7.3 As soon as reasonably practicable after an Award is finalised by the Committee, the Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify, *inter alia*, the following:
- (a) in relation to a performance-related Award, the Performance Target for the Participant and the period during which the Performance Target shall be met;
 - (b) the number of Shares to be vested on the Participant; and
 - (c) the date by which the Award shall be vested.
- 7.4 The Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the predetermined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Target. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the ESAS will comply with the relevant rules of the Catalist Rules.
- 7.5 Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

8. VESTING OF THE AWARDS

- 8.1 Notwithstanding that a Participant may have met his Performance Target, no Awards shall be vested:
- (a) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;
 - (b) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;
 - (c) subject to Rule 8.2, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or

APPENDIX A – RULES OF THE BLACKGOLD SHARE AWARD SCHEME

- (d) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the ESAS (as set out in Rule 3) have not been met.

8.2 A Participant shall be entitled to an Award so long as he has met the Performance Target notwithstanding that he may have ceased to be employed by the Group after the fulfilment of such Performance Target. For the purpose of this Rule 8.2, the Participant may be entitled to an Award if he ceases to be so employed in any of the following events, namely:

- (a) through ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) death;
- (d) retirement at or after the legal retirement age;
- (e) retirement before the legal retirement age with the consent of the Committee; or
- (f) any other event approved by the Committee.

9. TAKE-OVER AND WINDING UP OF THE COMPANY

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall (notwithstanding that the vesting period for the Award has not expired) be entitled to the Shares under the Awards if he has met the Performance Target which fall within the period commencing on the date on which such offer for a take-over of the Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6)-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the last date on which the Performance Target are to be met); or
- (b) the date of expiry of the period for which the Performance Target are to be met, provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Participant shall be obliged to fulfil such Performance Target until the expiry of such specified date or the expiry date of the Performance Target relating thereto, whichever is earlier, before an Award can be vested.

9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding the provisions herein and the fact that the vesting period for such Award has not expired but subject to Rule 9.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

9.3 If an order or an effective resolution is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested shall be deemed or become null and void.

APPENDIX A – RULES OF THE BLACKGOLD SHARE AWARD SCHEME

- 9.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provisions of this Rule 9.4) and thereupon, the Committee shall make an absolute determination as to whether each affected Participant has met the Performance Target prior to the date not later than two business days prior to the proposed general meeting of the Company, and if the Committee determines that a Participant has met the Performance Target, the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Participant credited as fully paid.
- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.
- 10. RELEASE OF AWARDS**
- 10.1 In relation to a performance-related Award, as soon as reasonably practicable after the end of each performance period, the Committee shall review the Performance Target specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.
- 10.2 The Committee shall have the discretion to determine whether Performance Target have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Target if the Committee decides that a changed Performance Target would be a fairer measure of performance.
- 10.3 In relation to a performance-related Award, the awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved the Performance Target.
- 10.4 Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants or payment of the aggregate Market Price of the Shares in cash in lieu of allotment or transfer.
- 10.5 In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, the Committee will take into account factors such as (but not limited to) the cost to the Company of releasing an Award, wholly or partly, in the form of cash rather than Shares. In considering the cost factor, the Committee will take into account relevant factors such as taxation issues arising from the issue of New Shares and/or purchase of existing Shares and the payment of cash, the availability of cash for payment and the cost of funding the cash payment, if necessary.
- 10.6 The Committee will procure, upon approval of the Board, the allotment or transfer to each Participant of the number of Shares which are to be released to that Participant pursuant to an Award under Rule 7. Any proposed issue of New Shares will be subject to there being in force at the relevant time the requisite Shareholders approval under the Companies Act for the issue of Shares. Any allotment of New Shares pursuant to an Award will take into account the rounding of odd lots.

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- 10.7 Where New Shares are to be allotted or any Shares are to be transferred to a Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review of the Committee referred to in Rule 10.1. On the Vesting Date, the Committee will procure the allotment or transfer of each Participant of the number of Shares so determined.
- 10.8 Where New Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after allotment, where necessary, apply to the SGX-ST for the permission to deal in and for the listing and quotation of such Shares on the SGX-ST.
- 10.9 Shares which are allotted or transferred on the release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of either:
- (a) the securities account of that Participant maintained with CDP; or
 - (b) the securities sub-account of that Participant maintained with a Depository Agent,
- in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.
- 10.10 New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award, shall be subject to all the provisions of the Constitution of the Company and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date of issue of the New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. “Record Date” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 10.11 Shares which are allotted, and/or treasury shares which are transferred, on the vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Committee.
- 10.12 In determining the number of Shares which are the subject of the Award, the value of each such Share shall in no event (including on adjustment pursuant to the provisions of the ESAS) be less than the par value of a Share.
- 10.13 If payment in cash for the aggregate Market Price of the Shares is to be made in lieu of allotment or transfer, the payment shall be made within ten (10) Market Days after the Vesting Date of the Award.
- 10.14 The “aggregate Market Price” of the Shares to be paid in cash to a Participant in lieu of allotment or transfer, shall be calculated in accordance with the following formula:

$$A = B \times C$$

Where:

- A is the aggregate Market Price of the Shares to be paid to the Participant in lieu of all or some of the Shares to be issued or transferred upon the Release of an Award;
- B is the Market Price of each Share; and
- C is such number of Shares (as determined by the Committee in its sole and absolute discretion) to be vested to a Participant upon the Release of the Award in accordance with these rules.

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11. VARIATION OF CAPITAL

11.1 If a variation in the issued ordinary share capital of the Company whether by way of a capitalisation issue or other circumstances (for example, rights issue, capital reduction, subdivision, consolidation of shares or distribution) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the ESAS,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

11.2 The following events shall not normally be regarded as a circumstance requiring adjustment:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the ESAS; and
- (d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

11.3 Notwithstanding the provisions of Rule 11.1:

- (a) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

12. ADMINISTRATION OF THE ESAS

12.1 The ESAS shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

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- 12.2 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the ESAS) for the implementation and administration of the ESAS as they think fit including, but not limited to:
- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
 - (b) amending Performance Target if by so doing, it would be a fairer measure of performance for a Participant or for the ESAS as a whole.
- 12.3 Any decision of the Committee made pursuant to any provision of the ESAS (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested) or to disputes as to the interpretation of the ESAS or any rule, regulation, procedure thereunder or as to any rights under the ESAS.
- 12.4 The Committee shall ensure that the rules of the ESAS are in compliance with the Companies Act and the applicable laws and regulations in Singapore, including but not limited to, the Catalist Rules.

13. NOTICES AND ANNUAL REPORT

- 13.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 13.3 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the ESAS continues in operation:
- (a) the names of the members of the Committee administering the ESAS;
 - (b) in respect of the following Participants:
 - (i) Directors of the Company; and
 - (ii) Participants (other than those in paragraphs (b)(i) above) who have received Shares pursuant to the vesting of the Awards granted under the ESAS which, in aggregate, represent five per cent. (5.0%) or more of the total number of Shares available under the ESAS, the following information:
 - (aa) the name of the Participant;
 - (bb) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;
 - (cc) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the ESAS to the end of the financial year under review;
 - (dd) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the ESAS since the commencement of the ESAS to the end of the financial year under review; and
 - (ee) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and

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(c) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included.

14. MODIFICATIONS TO THE ESAS

14.1 Any or all the provisions of the ESAS may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:

(a) any modification or alteration which would be to the advantage of Participants under the ESAS shall be subject to the prior approval of Shareholders in a general meeting; and

(b) no modification or alteration shall be made without due compliance with the Catalist Rules and such other regulatory authorities as may be necessary.

14.2 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

15. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant (who is a Group Employee) shall not be affected by his participation in the ESAS, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

16. DURATION OF THE ESAS

16.1 The ESAS shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the ESAS may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

16.2 The ESAS may be terminated at any time at the discretion of the Committee or by an ordinary resolution of the Company in general meeting subject to all other relevant approvals which may be required and if the ESAS is so terminated, no further Awards shall be offered by the Company thereunder.

16.3 Notwithstanding the expiry or termination of the ESAS, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

17. TAXES

All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the ESAS shall be borne by that Participant.

18. COSTS AND EXPENSES

18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the ESAS to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the ESAS including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

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19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or transferring the Shares or applying for or procuring the listing of the Shares on the SGX-ST.

20. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

21. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

22. GOVERNING LAW

The ESAS shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the ESAS, and the Company irrevocably submits to the exclusive jurisdiction of the courts of the Republic of Singapore.