



M M P RESOURCES LIMITED

(Company Registration No. 200613299H)
Incorporated in the Republic of Singapore

Proposed Acquisition - Entry into Binding Term Sheet

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of MMP Resources Limited (the “**Company**”) and collectively with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 4 December 2018 entered into a binding term sheet (the “**Term Sheet**”) with Lloyds Energy Limited (the “**Vendor**”, and the Vendor and the Company collectively, the “**Parties**”) in respect to the acquisition of the Vendor’s 50% issued share capital (the “**Sale Shares**”) in a joint venture limited liability company (the “**Target Company**”) incorporated under the laws of Russia. The Target Company holds the legal and beneficial interests in 100% of an operating gas field in the North-West Region of the Russian Federation, referred to as the Asia One (“**Asia One**”).
- 1.2 The terms, conditions and additional information for the Proposed Acquisition are not limited to those set forth in the Term Sheet and are subject to the Parties’ entry into a comprehensive definitive agreement (the “**Definitive Agreement**”).

2. INFORMATION ON THE VENDOR, THE TARGET COMPANY AND THE SALE SHARES

2.1 Vendor

The Vendor is the legal and beneficial owner of the Sale Shares. The Vendor is a company incorporated in Bermuda and was established in April 2013. The Vendor’s guiding strategy is to become a leading global “Gas to Wire” liquefied natural gas (“**LNG**”) player, linking major international gas suppliers and gas consumers (at a domestic supply level i.e. national power authorities). The Vendor has a unique integrated business, one that results in a true “Gas-to-Wire” LNG supply chain. The Vendor operates in three distinct business divisions / units: (i) natural gas extraction; (ii) near shore floating liquefied natural gas (“**NSFLNG**”) and floating storage and regasification and power plant (“**NSFRPP**”); and (iii) sales and marketing of LNG by way of long term supply contracts via self-managed NSFLNG facilities, and LNG Spot Trading. For further information on the Vendor, please refer to the announcement released by the Company on 25 October 2018.

As at the date of this announcement, the Vendor does not hold any shares in the Company (each a “**Share**”).

2.2 Target Company

The Target Company is a limited liability company incorporated under the laws of Russia, and has an issued and paid-up share capital of Russian Ruble ₹\$10,000 represented by 10,000 shares. The principal business of the Target Company is the supply of natural gas. As at the date of this announcement, the Target Company does not have any subsidiaries or associated companies.

The principal business the JV Co is the supply of Natural Gas. The JV Co is the sole legal and beneficial owner of the Asia One operating gas field in the Nenets Autonomous District, in the North-West region of the Russian Federation. Natural gas production in the area amounted to approximately 139 million cubic meters, which supplies local communities, and the rest is produced to meet the industrial requirements of oil fields.

3. RATIONALE FOR THE PROPOSED ACQUISITION

Subject to, amongst others, approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Company intends to diversify into the natural gas and energy business through the Proposed Acquisition as part of the corporate strategy of the Group to provide shareholders with better returns and long-term growth.

The Company also intends to dispose its existing Japanese assets after the completion of the Proposed Acquisition. With the completion of the Proposed Acquisition, the Company will be deemed a “mineral, oil and gas company” for the purposes of the Mainboard Rules of the SGX-ST Listing Manual (the “**Listing Rules**”).

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1 The Proposed Acquisition

Subject to the terms and conditions of the Definitive Agreement to be entered into by and between the Company and the Vendor, the Company shall purchase from the Vendor and the Vendor agrees to sell to the Company all of the Vendor’s interest in the issued and paid up share capital of the Target Company, representing 50% of the entire issued and paid up share capital of the Target Company.

4.2 Consideration

4.2.1 The amount of Consideration

The aggregate purchase consideration (the “**Consideration**”) payable by the Company for the Proposed Acquisition will be based on a valuation by Gaffney, Cline & Associates (the “**GCA**”), a global oil and gas subsidiary of Baker Hughes, a General Electric Company to be commissioned by the Company to prepare the independent qualified person’s reports on Asia One, or such other third party industry professional to be appointed by the Company.

Based on a preliminary technical and financial report provided by the Vendor, the Company understands that the current project valuation of Asia One, prior to further capital expenditure is approximately S\$50,000,000, with the Vendor’s equity interests in the Target Company being valued at approximately S\$25,000,000. Accordingly, subject to the final valuation report to be issued by GCA (or such other third party industry professional), the Company expects the Consideration to be approximately S\$25,000,000 (or approximately US\$18,300,000).

Pursuant to the Term Sheet, the Consideration will be satisfied in two (2) tranches as follows:

- (a) Tranche 1: the sum of US\$500,000, by way of payment in cash on the date of completion of the Proposed Acquisition (the “**Completion Date**”), such portion of the Consideration to be funded entirely in cash, by way of funds raised and/or to be raised by way of borrowings, future placement and/or issuance of bonds; and
- (b) Tranche 2: subject to the Option (as defined below), the remaining amount of the Consideration (the “**Second Tranche Payment**”), by way of payment in cash by such date falling no later than 120 days after the Completion Date (the “**Second Tranche Payment Date**”).

As at the date of the Term Sheet, the Parties have not agreed on the final amount of the Consideration which shall be determined based on, among others, the valuation report prepared by GCA (or such other third party industry professional) on the Sale Shares.

4.2.2 The Option

The Vendor shall have the option to elect for all or any part of the Second Tranche Payment to be satisfied by way of the issuance of such number of new Shares (the “**Consideration Shares**”) in favour of the Vendor (the “**Option**”). The issue price of each Consideration Share shall be such amount to be mutually agreed by the Parties (the “**Issue Price**”).

The Option may be exercised by the Vendor at any time after completion of the Proposed Acquisition and no later than 5 business days before the Second Tranche Payment Date (or such other extended period of time as may be mutually agreed by the Parties) (the “**Option Period**”).

In the event that the Vendor exercises the Option, the issuance and allotment of the Consideration Shares shall at all times be subject to, among others, the following conditions being satisfied:

- (a) the completion of the Proposed Acquisition;
- (b) (if applicable) the approval(s) of the shareholders of the Company (the “**Shareholders**”) having been obtained at an extraordinary general meeting of the Company (the “**EGM**”) and such approval(s) remaining in full force and effect in respect of the issue and allotment of the Consideration Shares to the Vendor at the Issue Price;
- (c) (if applicable) the Securities Industry Council of Singapore (the “**SIC**”) having granted the Vendor and its concert parties (and not having revoked or repealed such grant) a waiver of the Vendor’s obligations to make a mandatory offer under Rule 14 of the Singapore Code on Takeovers and Mergers (the “**Code**”) for the Shares not held by the Vendor and its concert parties and from having to comply with the requirements of Rule 14 of the Code arising from the issuance of the Consideration Shares subject to:
 - (i) any condition that the SIC may impose which are reasonably acceptable to the Vendor; and
 - (ii) the independent Shareholders approving at an EGM a resolution to waive their rights to receive a mandatory takeover offer from the Vendor and its concert parties for all the Shares not already owned by them and persons acting in concert with them under Rule 14 of the Code;
- (d) the issue and allotment of the Consideration Shares to the Vendor at the Issue Price not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Definitive Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company and / or the Vendor; and
- (e) the receipt by the Company from the SGX-ST of the listing and quotation notice (“**LQN**”) for the listing and quotation of the Consideration Shares on the Main Board of the SGX-ST, such LQN remaining in full force and effect and not having been revoked or amended, and where such approval is subject to conditions, such conditions being acceptable to the Parties.

4.2.3 Completion date for issuance of the Consideration Shares

In the event that the Vendor exercises the Option prior to the expiry of the Option Period, completion of the issuance and allotment of the Consideration Shares shall take place at such place as the Parties may mutually agree in writing and on such date falling within 7 calendar days after the fulfilment of all of the conditions precedent provided above.

4.3 Conditions Precedent for the Proposed Acquisition

Completion of the Proposed Acquisition is further conditional upon, *inter alia*, the following conditions having been fulfilled:

- (a) the Company obtaining such approval(s) required from the Board in connection with the Definitive Agreement and the transactions contemplated therein;
- (b) the Vendor procuring the Target Company to obtain such approval(s) required from the Target Company's board of directors in connection with the Definitive Agreement and the transactions contemplated therein;
- (c) the Company receiving all necessary approvals from its Shareholders at an EGM to be convened including such approvals as may be required pursuant to Chapter 10 of the Listing Rules and for the issuance and allotment of the Consideration Shares to the Vendor in the event that the Vendor exercises the Option, and where such approval(s) is / are subject to any conditions, such condition(s) being complied with;
- (d) the Company being satisfied in its discretion that there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change in the business, assets, prospects, performance, financial position, results of operation and / or conditions (financial or otherwise) of the Target Company; and
- (e) business and operational, financial and legal due diligence on the Target Company having been completed by the Company, including, where necessary, meetings with the Target Company's key stakeholders, customers, suppliers and partners and the results of such due diligence investigations being satisfactory to the Company.

4.4 Completion

Completion of the Proposed Acquisition shall take place on the date falling within 7 calendar days after the fulfilment of the conditions precedent for the Proposed Acquisition under the Definitive Agreement, unless they are waived by the relevant Parties (to the extent permitted under the applicable laws).

4.5 Long Stop Date

If any of the conditions precedent for the Proposed Acquisition is not fulfilled or waived by the relevant Parties (subject to whether such condition precedent is capable of being waived by the relevant Party) by the Long Stop Date (as defined below), the Definitive Agreement shall cease and determine and (save for any antecedent breach) no Party shall have any claim against the other Party for costs, damages, compensation or anything whatsoever.

The Parties have agreed that the long stop date for the Proposed Acquisition (the "**Long Stop Date**") shall be 4 months from the date of the Definitive Agreement or such other date as the Parties may mutually agree in writing.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective shareholding interests in the Company and as disclosed in this announcement, none of the Directors or, as far as the Company is aware, controlling Shareholders, has any interest, direct or indirect, in the Term Sheet or the Proposed Acquisition.

6. TERM SHEET AVAILABLE FOR INSPECTION

A copy of the Term Sheet will be available for inspection during normal business hours at the Company's registered office at 6 Eu Tong Sen Street #12-20 The Central Singapore 059817 for a period of 3 months from the date of this announcement.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

8. CAUTIONARY STATEMENT

The Company wishes to highlight that completion of the Proposed Acquisition is subject to the Parties entering into the Definitive Agreement and the relevant conditions precedents being fulfilled and there is no certainty or assurance that the Parties will enter into the Definitive Agreement or that the Proposed Acquisition will be completed or that no changes will be made to the terms of the Proposed Acquisition. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants, and/or other professional advisers if they are in doubt about the actions that they should take.

9. FURTHER ANNOUNCEMENTS

The Company will make further announcements where necessary upon the signing of the Definitive Agreement, or as and when there any material developments in relation to the Proposed Acquisition.

By Order of the Board

Drew Ethan Madacsi
Non-Executive Chairman

5 December 2018