

BLACKGOLD NATURAL RESOURCES LIMITED
(Company Registration Number: 199704544C)
(Incorporated in the Republic of Singapore)

**NON-BINDING TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE
ISSUED AND PAID-UP SHARE CAPITAL OF TENGRI COAL AND ENERGY PTE. LIMITED**

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Blackgold Natural Resources Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 5 April 2021 entered into a non-binding term sheet (the “**Term Sheet**”) with MGL Development Pte. Ltd. (“**Vendor**” and together with the Company, the “**Parties**” and each a “**Party**”) in relation to the proposed acquisition of the entire issued and paid-up share capital of Tengri Coal and Energy Pte. Limited (“**Target**”, and together with its subsidiaries, the “**Target Group**”) free from all encumbrances and with all rights attaching thereto as at the date of the completion of the proposed acquisition by the Company (hereinafter referred to as the “**Proposed Acquisition**”).

The Proposed Acquisition, if undertaken and completed, is expected to result in a “Reverse Take-over” (“**RTO**”) of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is subject to, *inter alia*, the approval of shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting to be convened (the “**EGM**”) and the approval of the SGX-ST.

The Term Sheet is not intended to be legally binding between the Parties, except for certain provisions relating to, (i) exclusivity, (ii) confidentiality, (iii) governing law and dispute resolution, and (iv) rights of third parties. As such, the Proposed Acquisition remains subject to the entry into the subsequent definitive documentation for the Proposed Acquisition.

2. INFORMATION ON THE TARGET GROUP

The information in this section relating to the Target Group and Vendor is based on information provided by and/or representations made by the Vendor. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

As the date of this announcement, the Target is a private company limited by shares incorporated in Singapore on 16 March 2011 with an issued and paid-up share capital of US\$910,001 comprising 910,001 ordinary shares. The Vendor is the sole shareholder of the Target.

The Target owns the entire issued and paid-up share capital of Tengri Petrochemicals LLC (“**TPL**”), and TPL in turn owns the entire issued and paid-up share capital of Tsaidam Energy LLC (“**Tsaidam Energy**”). Both TPL and Tsaidam Energy are the operating entities of the Target Group.

TPL is a limited liability company incorporated in Mongolia and holds mining licences issued to mine coal deposits in Bayan soum, Tuv province, Mongolia. Tsaidam Energy is a limited liability company incorporated in Mongolia and holds licences for the construction of power plants and energy facilities in Mongolia.

The Vendor was introduced to the Company by UOB Kay Hian Private Limited (“**UOBKH**”). Pursuant to the terms of the Term Sheet, an introducer’s fee shall be payable to UOBKH on completion of the Proposed Acquisition. For more details, please refer to Paragraph 4.10 below.

3. RATIONALE

The Proposed Acquisition is in line with the Group's strategy to expand its business through mergers and acquisitions.

It will enable the Group to diversify and expand its geographical footprint beyond Southeast Asia and will also allow the Group to vertically integrate its coal supply chain from mining to electricity power supply.

4. PRINCIPAL TERMS OF THE TERM SHEET

4.1. Indicative Purchase Price

The purchase price ("**Purchase Price**") for the shares comprising the entire issued and paid-up share capital of the Target ("**Sale Shares**") payable by the Company to the Vendor shall be S\$1,000,000,000 (as may be adjusted pursuant to the Term Sheet). The Purchase Price was agreed at after arm's length negotiations and based on a willing-buyer willing-seller basis, taking into account the assets owned by the Target Group including its power plant licence, offtake agreements and indicated and inferred mineral resources.

The Purchase Price shall be adjusted based on the valuation of the Target Group and assets held by the Target Group as set out in an independent valuation report (to be prepared in accordance with the Catalist Rules) to be commissioned by the Company ("**Target Independent Valuation Report**").

For the avoidance of doubt, the Parties have also agreed that the Company shall have an indicative ascribed value of US\$150 million (i.e. S\$202,500,000, based on the agreed exchange rate of US\$1:S\$1.35), to be adjusted based on the valuation of the Company and assets held by the Company (the "**Purchaser Ascribed Value**") as set out in an independent valuation report to be commissioned by the Company ("**Purchaser Independent Valuation Report**").

The Company shall appoint an international reputable independent firm of professional valuers (the "**Independent Valuer**") to prepare both the Target Independent Valuation Report and the Purchaser Independent Valuation Report. The valuations for the Target Independent Valuation Report and the Purchaser Independent Valuation Report shall be conducted on a consistent basis, applying the same methodology and assumptions and standards. The determination of the valuation of the Target Group and assets held by the Target Group and the valuation of the Company and assets held by the Company by the Independent Valuer shall be final and binding on the Parties.

The Purchase Price shall be satisfied by the allotment and issue by the Company to the Vendor (or its nominees) of new ordinary shares in the capital of the Company ("**Consideration Shares**") at an issue price ("**Issue Price**") to be determined based on the formula set out in Paragraph 4.2. On Completion (as defined below in Paragraph 4.3), the Vendor will become a controlling shareholder of the Company.

4.2. Issue Price of Consideration Shares

The Issue Price shall be determined based on the formula as agreed and as set out below:

$$\text{Issue Price} = \frac{\text{Purchaser Ascribed Value}}{\text{Total number of Shares in issue immediately preceding the date of Completion}}$$

4.3. *Conditions Precedent*

Pursuant to the Term Sheet, the completion of the Proposed Acquisition ("**Completion**") is subject to, but not limited to, the following conditions precedent ("**Conditions Precedent**"):-

- (a) within 60 days from the date of the Term Sheet (or such other period as the Parties may agree to in writing), satisfactory execution of all legal documentation including but not limited to a sale and purchase agreement or other such agreements in respect of the Proposed Acquisition (the "**Definitive Agreements**");
- (b) within 21 days from the execution of the Definitive Agreements (or such other period as the Parties may agree to in writing), completion of the Placement Exercise (as defined below in Paragraph 4.4). If the completion of the Placement Exercise does not occur within 21 days from the execution of the Definitive Agreements (or such other period as the Parties may agree to in writing), either Party shall have the right to terminate the Definitive Agreements, in which case neither Party shall have any claim against the other Party for costs, damages, compensation or otherwise, save for any rights, claims or remedies available or already accrued to the other Party prior to such termination;
- (c) the Vendor and the Company shall jointly approve the appointment of professionals and advisers of the Company and payment of their professional costs and expenses;
- (d) the completion date of the Proposed Acquisition shall not be later than twelve (12) months from the date of the execution of the Definitive Agreements, subject to such extension as the Parties may agree to in writing and subject to any directives or Catalist Rules and/or the SGX-ST with regard to the completion of a reverse takeover;
- (e) all applicable governmental and regulatory approval/clearance for the Proposed Acquisition and the circular to be addressed to the Company's shareholders relating to the Proposed Acquisition, from the Company's sponsor and SGX-ST (including approval for the listing and quotation of the Consideration Shares on the SGX-ST) having been received and not withdrawn or revoked as at the completion of the Proposed Acquisition, and if approval is subject to any condition(s) or restriction(s) imposed by the SGX-ST, such condition(s) being reasonably acceptable to the Company and the Vendor;
- (f) the Securities Industry Council ("**SIC**") having granted the Vendor and parties acting in concert with it ("**Vendors Concert Group**"), and such grant remaining in full force and effect, a waiver of their obligation to make a mandatory offer under Rule 14 of the Singapore Code on Take-overs and Mergers ("**Takeover Code**") for the Shares not owned or controlled by the Vendors Concert Group and from having to comply with the requirements of Rule 14 of the Takeover Code, subject to the passing of a whitewash resolution and such other conditions that the SIC may impose which are reasonably acceptable to the Parties, and to the extent that any such conditions are required to be fulfilled or satisfied on or before Completion, they are so fulfilled;
- (g) the obtaining of all necessary corporate and third party consents, including but not limited to the approval of the Company's shareholders for (i) the Proposed Acquisition and proposed payment of Introducer's Fee (as defined below in Paragraph 4.10), (ii) the allotment and issue of the Consideration Shares, (iii) the Share Consolidation (as defined below in Paragraph 4.9), and (iv) the Compliance Placement (as defined below in Paragraph 4.7);
- (h) satisfactory completion by the Company of financial and legal due diligence exercises on the Target, including but not limited to the sighting of the technical report prepared by a qualified person which complies with the Catalist Rules;
- (i) satisfactory completion by the Vendor of financial and legal due diligence exercises on the Company;

- (j) the Company shall prior to the signing of the Definitive Agreements, procure irrevocable undertakings (in form and substance satisfactory to the Vendor) from the shareholders listed in Schedule 2 of the Term Sheet, who hold an aggregate of at least 50.1% shareholding in respect of all the shares it/he owns or controls, directly or indirectly, in the Company to not dispose of their interests in the Company prior to the EGM and to vote in favour of the transactions contemplated hereunder and in the Definitive Agreements (including the (i) the Proposed Acquisition and the proposed payment of Introducer's Fee, (ii) the allotment and issue of the Consideration Shares, (iii) the Share Consolidation, and (iv) the Compliance Placement) ("**Irrevocable Undertakings**"); and
- (k) there being no breach of any warranty, representation, undertaking or obligation by the Parties as set out in the Definitive Agreements.

4.4. *Placement Exercise*

Immediately after the signing of the Definitive Agreements, the Parties agree that (a) the Company will undertake a placement of shares in the capital of the Company (the "**Placement Exercise**") arranged by the Company or the Target of which 80% of the proceeds from the Placement Exercise will be used strictly for the payment of professional costs and expenses in connection with the Proposed Acquisition with the remaining 20% to be used by the Company for its own working capital, and (b) the abovementioned 80% of the proceeds of the Placement Exercise shall be placed in a bank account to be jointly controlled by both the Vendor and the Company or their respective representatives.

4.5. *Exclusivity Period*

For a period of ninety (90) days after the execution of the Term Sheet, or up to date of the termination of the Term Sheet (whichever is earlier),

- (a) the Parties shall, and the Parties shall procure that their respective officers, directors, employees and agents shall:-
 - (i) not directly or indirectly solicit, initiate, encourage or engage in any other proposals from any other person;
 - (ii) immediately cease and not directly or in directly solicit, participate in, entertain or encourage any negotiations or discussions or understandings with any other person or provide non-public information to any other person,concerning the transactions contemplated in the Term Sheet (the "**Proposed Transactions**"), any transactions similar to the Proposed Transactions or any transaction that will affect the execution or successful consummation of the Proposed Acquisition; and
- (b) the Company shall procure that Rockfield Lake Limited, Twin Gold Ventures S.A. and Novel Creation Holdings Limited shall not reduce their shareholding in the Company as at the date of the Term Sheet.

4.6. *Definitive Agreements*

The Parties shall negotiate in good faith to agree and sign the Definitive Agreements reflecting the terms and conditions set out in the Term Sheet.

4.7. *Compliance Placement*

Where necessary, in order to comply with the free float requirements of the rules of the SGX-ST in respect of companies listed on Catalist or the Mainboard, as the case may be, and to provide sufficient trading liquidity for the shares in the Company, the Parties (upon the advice of Company's sponsor in relation to the Proposed Acquisition) shall discuss and evaluate such appropriate steps required to achieve a minimum public float of 15%, or the requisite percentage, of the enlarged share capital of the Company which may include placing out such number of

issued shares held by the Vendor, as well as new ordinary shares to be issued by the Company (the "**Compliance Placement**"), provided always, that any underwriting and/or placement commission, brokerage, listing fees, professional fees and miscellaneous expenses incurred relating to and/or in connection with the Compliance Placement shall be borne by each relevant party in the proportion to which the number of shares offered by each such relevant party bears to the total number of shares offered under the Compliance Placement.

4.8. *Transfer to Mainboard of SGX-ST*

The Parties agree that the Target may satisfy the eligibility requirements for Mainboard listings on the SGX-ST and as such the Company intends to seek a transfer of the listing of the Company from the Catalist Board of the SGX-ST to the Mainboard of the SGX-ST concurrent with the completion of the Proposed Acquisition ("**Proposed Mainboard Transfer**").

4.9. *Share Consolidation*

In conjunction with the Proposed Acquisition and the Proposed Mainboard Transfer, the Company agrees to undertake a share consolidation exercise (the "**Share Consolidation**") based on such ratio as may be mutually agreed between the Company and the Vendor, if necessary, to allow the Company to comply with the requirement of the listing rules of the SGX-ST's Mainboard ("**Mainboard Rules**") for a minimum issue price of S\$0.50 under Rule 1015(3)(d) of Mainboard Rules.

4.10. *Introducer's Fee*

Subject to the approval by the shareholders of the Company at an extraordinary general meeting to be convened, the Company agrees to pay UOBKH an introducer's fee in the form of the Company's shares being 4.88% of the market capitalisation of the Company at the time of completion of the Proposed Acquisition for introducing the Vendor to the Company for the purposes of the Proposed Acquisition (the "**Introducer's Fee**").

4.11. *Governing Law and Jurisdiction*

The Term Sheet is governed by the laws of the Republic of Singapore. The Parties agree that they shall endeavour to amicably resolve all differences; failing which all disputes to be referred to arbitration by the Singapore International Arbitration Centre under its prevailing rules.

5. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

The Company's Independent Non-Executive Chairman, Mr Soh Sai Kiang, is employed by UOBKH as a Director of Capital Markets (Singapore). UOBKH had introduced the Vendor and the Target Group to the Company, and under the terms of the Term Sheet, UOBKH is entitled to the Introducer's Fee upon completion of the Proposed Acquisition.

Save for the foregoing, none of the Directors or, as far as the Directors are aware, controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than in his capacity as a director or shareholder of the Company).

6. **FURTHER ANNOUNCEMENT**

The Company will make further announcements, in compliance with the requirements of Chapter 10 of the Catalist Rules, upon the execution of the Definitive Agreements and/or when there are material developments in respect of the Proposed Acquisition.

Shareholders and potential investors are advised to execute caution in trading the shares in the Company as there is no certainty or assurance as at the date of this announcement the Definitive

Agreements will be entered into, the terms and conditions of the Proposed Acquisition will not differ from that set out in the Term Sheet, or the Proposed Acquisition will be undertaken at all.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Soh Sai Kiang
Independent Non-Executive Chairman
9 April 2021

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr David Yeong (Telephone number: +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.
