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1. **ENTRY INTO TERM SHEET IN RESPECT OF THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF MMJV PTE. LTD. BY ASIAPHOS LIMITED; AND**
 2. **PROPOSED BONUS WARRANTS ISSUE BY NORWEST CHEMICALS PTE. LTD.**
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1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”, and each director, a “**Director**”) of AsiaPhos Limited (the “**Company**”) refers to the holding announcement dated 23 September 2020 (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed in the Announcement.
- 1.2 The Board is pleased to announce that the Company has on 29 September 2020 entered into a non-binding term sheet (“**Term Sheet**”) with Mining and Minerals Industries Holding Pte. Ltd. (the “**Vendor**”, together with the Company, the “**Parties**”) to acquire the entire issued and paid-up share capital of MMJV Pte. Ltd. (the “**Target Company**”) (the “**Proposed Acquisition**”). The Proposed Acquisition will constitute a “Reverse Takeover” under Chapter 10 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).
- 1.3 In connection with the Proposed Acquisition, the Company is also contemplating the entry into the Proposed Share Consolidation (as defined in paragraph 3.2.4), the Proposed Warrant Issue (as defined in paragraph 3.3.1), the Factory Disposal (as defined in paragraph 3.5.5) and the Proposed Whitewash Waiver (as defined in paragraph 3.5.9) (the Proposed Share Consolidation, Proposed Warrant Issue, Factory Disposal and Proposed Whitewash Waiver, collectively, the “**Proposed Transactions**”). The Company will be appointing a full sponsor in relation to the Proposed Acquisition and the Proposed Transactions, as required.
- 1.4 The Term Sheet provides that it shall form the basis of the definitive agreements relating to the Proposed Acquisition (the “**Definitive Agreements**”). The Term Sheet shall automatically terminate if the Definitive Agreements are not executed by 31 October 2020 (the “**Term Sheet Termination Date**”).
- 1.5 **Shareholders of the Company (the “Shareholders”) should note that the commercial terms in the Term Sheet relating to the Proposed Acquisition and the Proposed Transaction and as disclosed in this announcement are non-binding (save for clauses relating to the exclusivity period, confidentiality and miscellaneous provisions) and are subject to, *inter alia*, further due diligence and negotiations between the Parties and the entry into the Definitive Agreements. The Company will make further announcements as and when there are material updates to the foregoing, in accordance with the Catalist Rules.**

2. DETAILS OF THE TARGET GROUP AND THE VENDOR

The information on the Target Company, the Target Group (as defined below) and the Vendor in this paragraph was provided by the Target Company and the Vendor. In respect of such information, neither the Company nor any of its Directors has independently verified the accuracy or correctness of the same and the responsibility of the Company and the Board is limited to ensuring that such information has been properly extracted and reproduced herein in the context that the information is being disclosed in this announcement and its annexures. In connection with the Proposed Acquisition, the Company and the Board will be carrying out the necessary due diligence on the Target Company and the Target Group.

- 2.1 The Target Company is a private company limited by shares incorporated in Singapore on 22 March 2019. As at the date of the Term Sheet, the Target Company has an issued and paid-up capital of S\$1,000 comprised of 1,000 ordinary shares. The Target Company, its subsidiaries and its associated companies (the “**Target Group**”) are a Singapore-led gold and copper mining group of companies, which hold controlling interests in three (3) gold and copper mining concessions in the Republic of the Philippines. Further information on the mining concessions, including their locations, size and estimated resources can be found in **Annex A** to this announcement. In connection with the Proposed Acquisition and as set out in paragraph 3.5.2 below, the Company will be carrying out the necessary due diligence on the Target Company and the Target Group in due course.
- 2.2 The Vendor is a private company limited by shares incorporated in Singapore. The entire issued and paid-up share capital of the Target Company is owned by the Vendor.

3. SALIENT TERMS OF THE TERM SHEET

3.1 Sale Shares

The Company shall acquire the entire issued and paid-up share capital of the Target Company (the “**Sale Shares**”) from the Vendor free from all claims charges, liens, mortgages, pledges or other encumbrances together with all rights attached thereto in consideration of the Consideration Shares (as defined below).

3.2 Purchase Consideration

3.2.1 In consideration for the Sale Shares, the Company shall issue and allot to the Vendor (or its nominee as it may direct in its sole discretion) such number of fully paid-up ordinary shares in its capital (the “**Consideration Shares**”) equivalent in aggregate to S\$72 million or fifty per cent. (50%) of the Agreed Valuation (as defined below) of the Target Group, whichever is the lower (the “**Purchase Consideration**”).

The “Agreed Valuation” refers to the amount equivalent to the valuation of the Target Company as set forth in a valuation report to be issued by an independent and qualified valuer (the “**Valuation Report**”). Any convertible or exchangeable debentures of the Target Group that will be discharged at the completion of the Proposed Acquisition (“**Completion**”) will be excluded from the Agreed Valuation.

3.2.2 The Purchase Consideration was determined on a willing-buyer and willing-seller basis, and is based on the indicative valuation of the Target Group as at October 2019 and the subsequent revaluation of such value in the Valuation Report. The Company will make the relevant disclosures in accordance with the Catalist Rules as and when there are further developments in relation to the Valuation Report.

3.2.3 The agreed issue price for the Consideration Shares shall be S\$0.005 per Consideration Share (the “**Pre-Consolidation Issue Price**”), which was determined based on, *inter alia*,: (i) the Parties’ perceived value of the Company of S\$8 million on a willing-buyer, willing seller basis; (ii) the outstanding payables to Dr. Ong Hian Eng and Norwest Chemicals Pte. Ltd. set out in paragraphs 3.4.3 and 3.4.4 below (the “**Material Debts**”); (iii) that save for the Material Debts, there will be no other actual or contingent liabilities which will be outstanding from the Company, its subsidiaries and its associated companies at Completion; (iv) the fact that following the full exercise of all the warrants issued pursuant to the Proposed Warrant Issue, NWC will no longer be a subsidiary of the Company at Completion and the Company will no longer have any business operations; and (v) the existing issued and paid-up 1,031,524,685 ordinary shares in the capital of the Company (the “**Shares**”) as at the date of the Term Sheet. The Pre-Consolidation Issue Price represents a discount of approximately 75% from

the weighted average trading price of the Company's shares of S\$0.0217 on the market day preceding the date of entry into the Term Sheet.

- 3.2.4 The Pre-Consolidation Issue Price shall be subject to adjustments in respect of any consolidation (the "**Proposed Share Consolidation**") of the Shares that may be required to comply with the relevant listing rules of the SGX-ST.

3.3 **Bonus Warrants**

- 3.3.1 Prior to or concurrently with Completion, the Company shall procure the issuance of warrants (the "**Warrants**") by its subsidiary, NWC to the Company's existing shareholders (the "**Shareholders**") (the "**Proposed Warrant Issue**"). The Company will be obtaining the relevant shareholders' and other regulatory approvals for the Proposed Warrant Issue as necessary.
- 3.3.2 The Warrants shall be issued to the Shareholders such that the full conversion of all Warrants by the Shareholders will result in the Shareholders owning in aggregate at least 99% of the total enlarged issued and paid-up share capital of NWC. Accordingly, NWC will cease to be a subsidiary of the Company upon the full conversion of all Warrants by the Shareholders. The Warrants shall be issued on a pro rata basis to the Shareholders in the proportion of their shareholding in the Company before Completion (excluding the effects of the issuance of the Consideration Shares).
- 3.3.3 Please refer to paragraph 4 of this announcement for the rationale and further details on the Proposed Warrant Issue.

3.4 **Obligations of the Vendor and the Company**

The Definitive Agreements shall contain the customary obligations for a transaction of this nature, including but not limited to the following:

- 3.4.1 the Vendor procuring or obtaining all necessary consents, permits and approvals required or necessary to be obtained by the Target Group for the Proposed Acquisition, the issuance and allotment of the Consideration Shares and the transfer of the Sale Shares from the Vendor;
- 3.4.2 the Company procuring or obtaining all necessary consents, permits and approvals (including from the Shareholders and Directors) required or necessary to be obtained by the Company for the Proposed Acquisition, the Factory Disposal (as defined in paragraph 3.5.5 below) and all matters ancillary thereto, including but not limited to a pre-clearance from the SGX-ST and all approvals from the relevant authorities and the Shareholders on the Proposed Transactions.. For the avoidance of doubt, the Proposed Transactions shall all be inter-conditional amongst each other;
- 3.4.3 the Company procuring the repayment and full and final discharge of all debentures owing by the Group to Dr. Ong Hian Eng, on or before Completion, subject to the relevant shareholder and regulatory approvals and on terms and conditions that are mutually acceptable to the Company and the Vendor. As at the date of this announcement, the amount owing to Dr. Ong Hian Eng is S\$750,000;
- 3.4.4 the Company procuring the repayment and full and final discharge of all debentures owing by the Company to NWC, on or before Completion, subject to the relevant shareholder and regulatory approvals and on terms and conditions that are mutually acceptable to the Company and the Vendor. As at 30 June 2020, the amount owing to NWC is S\$2.8 million;
- 3.4.5 the Company submitting a pre-clearance letter to the SGX-ST to, *inter alia*, disclose the Proposed Acquisition and the Proposed Warrant Issuance (the "**PCL**"), and the Company obtaining a pre-clearance from the SGX-ST for the Proposed Acquisition, the Proposed Warrant Issuance and the Proposed Transactions and such other matters

raised in the PCL on such terms and conditions that are acceptable to the Company and the Vendor ("**SGX Pre-Clearance Approval**");

- 3.4.6 the Vendor procuring the raising of further capital (whether as debt or equity) by the Target Group and setting aside at least S\$2.8 million of such proceeds for the purpose of discharging the Material Debts, and such sum being maintained as cash or cash equivalents; and
- 3.4.7 the Company procuring the execution of irrevocable undertakings by its substantial Shareholders in favour of the Company to exercise all of the Warrants held by them before the expiry of said Warrants.

3.5 **Key Conditions Precedents**

The Definitive Agreements shall contain the customary conditions precedent for a transaction of this nature, including but not limited to the following:

- 3.5.1 the completion of all of the obligations of the Parties set out in paragraph 3.4 above, unless waived in writing by the relevant Party;
- 3.5.2 the completion of financial, legal, operational and any other due diligence on the Target Group by the Company, and the results of which being reasonably satisfactory to the Company;
- 3.5.3 the issuance of the Valuation Report;
- 3.5.4 the completion of the Proposed Share Consolidation;
- 3.5.5 the completion of the sale of the Company's factory ("**Factory**") ("**Factory Disposal**") in the People's Republic of China, the repayment of the outstanding loan in respect of the Factory to Bohai Bank and the corresponding discharge of the corporate guarantee granted by the Company to Bohai Bank, all of which shall be on terms and conditions mutually acceptable to the Company and the Vendor;
- 3.5.6 the receipt of the SGX Pre-Clearance Approval for the matters disclosed in the PCL, and where conditions are imposed by the SGX-ST in respect of the Proposed Transactions, such conditions being reasonably acceptable to the Company and the Vendor;
- 3.5.7 the receipt of the necessary approvals from the Shareholders and relevant regulatory authorities, including but not limited to the approval in-principle from the SGX-ST (and not having been revoked or withdrawn on or prior to Completion) for the Proposed Transactions and such other corporate action(s) in connection with the Proposed Transactions, and where such approval is obtained subject to any condition(s), such condition(s) being reasonably acceptable to the Company and the Vendor;
- 3.5.8 the receipt and non-withdrawal of the listing and quotation notice from the SGX-ST for, *inter alia*, the Proposed Transactions, on terms reasonably acceptable to the Company and the Vendor; and
- 3.5.9 the fulfilment of any such condition that the Securities Industry Council of Singapore may impose which are reasonably acceptable to the Vendor and the Company (including without limitation, the ordinary resolution to be passed by the Shareholders (the "**Proposed Whitewash Resolution**")), the waiver by the Securities Industry Council of Singapore of the obligation imposed upon the Vendor and its concert parties to make a general offer of all the Shares of the Company and from having to comply with Rule 14 of the Singapore Code on Takeovers and Mergers (the "**Whitewash Waiver**"), and the grant of the Whitewash Waiver remaining in full force and effect on and before Completion.

3.6 **Completion**

The long-stop date for Completion shall be one (1) year from the date of the Definitive Agreements.

3.7 **Exclusivity**

During the period from the date of this Term Sheet until the Term Sheet Termination Date (the "**Exclusive Period**"), the Vendor and the Company shall not solicit any third parties in connection with a possible acquisition of the Sale Shares (in the case of the Vendor) or the acquisition of another target (in the case of the Company), whether in whole or in part, and to the extent that the any of the Vendor or the Company receives any unsolicited approach in connection therewith during the Exclusive Period, they shall promptly notify the other of the same.

4. **RATIONALE FOR THE PROPOSED ACQUISITION AND PROPOSED WARRANT ISSUE**

4.1 As disclosed in the Announcement, the Group's operations in Mines 1 and 2, and the Feng Tai mine were interrupted following a directive from the Mianzhu City Government to vacate and rehabilitate Mine 2 and the Feng Tai mine, in addition to the stoppage of mining operations imposed by the PRC Government at Mine 1 and the non-renewal of the Mine 1 mining and exploration licences (the "**Mining Interruptions**"). In relation to the Mining Interruptions, the Group's management continues to be in discussion with the PRC Government on compensation proposals and the Group's lawyers have submitted a request for arbitration to the PRC Government. However, the Board expects that any outcome as a result of such discussions or arbitration may take years and may require substantial funding.

4.2 As the ongoing discussions and arbitration in connection with the Mining Interruptions would be led by NWC, the rationale for the Proposed Warrant Issue is to ensure that Shareholders have a continued opportunity to participate in the rewards and risks associated with the ongoing discussions and arbitration post-Completion and after the disposal of NWC. While the Company is currently contemplating the Proposed Warrant Issue as a means to dispose of NWC, the disposal of NWC by way of the Proposed Warrant Issue is subject to, *inter alia*, the Company's further discussions with its professional advisers and approval from SGX-ST. In the event that the Company decides to dispose of NWC by an alternative means, the Company will make the relevant announcement to update Shareholders at the appropriate juncture. For clarity, although the Proposed Warrants Issue is a condition precedent to the Proposed Acquisition, the Proposed Warrants Issue is not conditional upon completion of the Proposed Acquisition.

4.3 In light of the foregoing, the Company has sought to restore the Company's financial position and to transform the Company into a more suitable listing platform for new assets. In this regard, the Board is of the view that the Proposed Acquisition is in the best interest of the Company and that the Proposed Acquisition presents an opportunity for the Company to acquire a business with the potential for growth and which will likely enhance shareholder value.

5. **FINANCIAL EFFECTS**

The Company is in the process of finalising the financial effects of the Proposed Acquisition on the share capital, net tangible assets, earnings per share and gearing of the Group and will, where applicable, disclose the relevant information when the Definitive Agreements are entered into.

6. **RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES**

The Proposed Acquisition is governed by the rules in Chapter 10 of the Catalist Rules. As the Company is in the process of reviewing the financial statements of the Target Group, the Company will disclose the relative figures of the Proposed Acquisition where applicable when the Definitive Agreements are entered into. The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover of the Company pursuant to Rule 1015 of the Catalist Rules.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective interests in the Shares of the Company (as the case may be) and as disclosed herein, none of the Directors, controlling shareholders or their associates have any interest, direct or indirect in the Proposed Acquisition and the Proposed Transactions.

8. FURTHER INFORMATION

The Company will make the necessary announcements as and when there are further material developments on the Proposed Acquisition, the Proposed Transactions and other matters contemplated by this announcement, in compliance with the requirements of Chapter 10 of the Catalist Rules, where applicable.

The Company undertakes that it will comply with the requirements of Chapter 10 of the Catalist Rules, including but not limited to seeking Shareholders' approval for the Proposed Acquisition and the Proposed Transactions (where applicable).

9. RESPONSIBILITY STATEMENT

The Directors of the Company 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 of the Proposed Acquisition, the Proposed Transactions and the Group, 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 (including information relating to the Vendors and the Target Group) 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.

10. DOCUMENTS FOR INSPECTION

Copies of the Term Sheet will be made available for inspection during normal business hours at the Company's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623), and/or the company's principal place of business at 22 Kallang Avenue #03-02 Hong Aik Industrial Building, Singapore 339413 for a period of three (3) months from the date of this announcement.

11. CAUTIONARY STATEMENT

Shareholders are advised that the Term Sheet is non-binding and the Proposed Acquisition and the Proposed Transactions are subject to numerous conditions and further due diligence by the Vendor and the Company, including the entry into Definitive Agreements. As such, there is no assurance that the Parties will be able to complete the Proposed Acquisition and the Proposed Transactions. Shareholders are therefore asked to exercise caution when dealing in

the shares of the Company and should consult their legal, financial, tax and other professional advisers if they have any doubt as to the action to take.

BY ORDER OF THE BOARD

Dr. Ong Hian Eng
Executive Director
AsiaPhos Limited

2 October 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

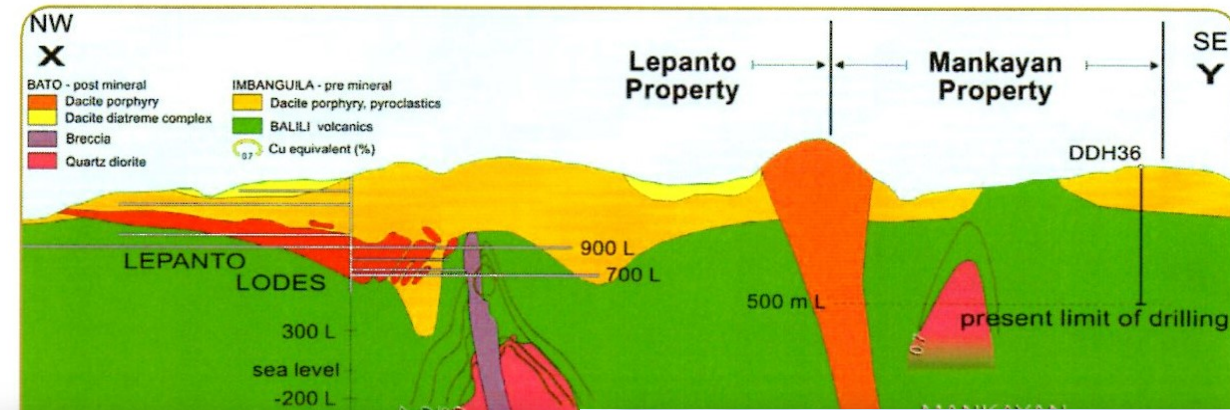
This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Mr. Liao H.K.
Telephone number: 6221 0271*

ANNEX A

**INFORMATION ON THE THREE (3) MINING CONCESSIONS LOCATED IN THE REPUBLIC OF
THE PHILIPPINES**

Mankayan Copper & Gold Project



Key Facts

Location:	Located in Northern Luzon, about 260 kilometers from Manila and close to the center of Mankayan mineral district where large copper deposits have been discovered.
Size:	534 hectares
Mineralization:	Porphyry copper-gold deposit
Level of Exploration	Over 53,000 meters of drill holes
Estimated Resources:	Combined Mineral Resource of 257.8 million tonnes containing 9.6 million ounces of gold equivalent. Indicated Mineral Resource of 221.6 million tonnes @ 0.49% Cu and 0.52 g/t Au Inferred Mineral Resource of 36.2 million tonnes @ 0.44% Cu and 0.48 g/t Au JORC 2004 compliant, being upgraded to JORC 2012

JORC Resource Category	Ore Size (Million Tonnes)	Copper Grade (%)	Gold Grade (g/t)	Contained Copper (Mt)	Contained Gold (Moz)	Total contained Gold Equivalent (Moz)
Indicated	221.6	0.49	0.52	1.1	3.7	8.36
Inferred	36.2	0.44	0.48	0.2	0.6	1.24
Indicated + Inferred	257.8	0.465	0.5	1.3	4.3	9.60

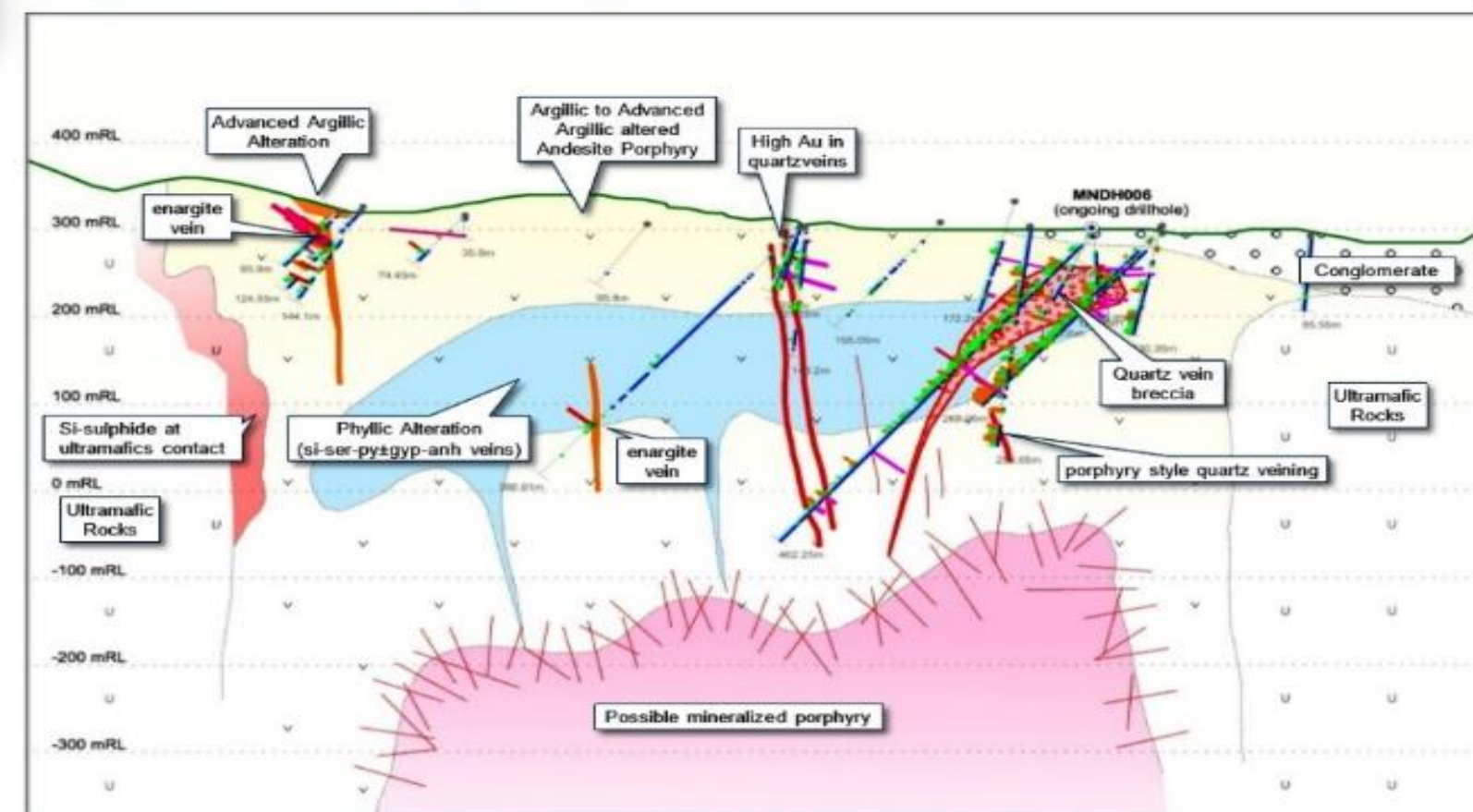
Mainit Gold Project



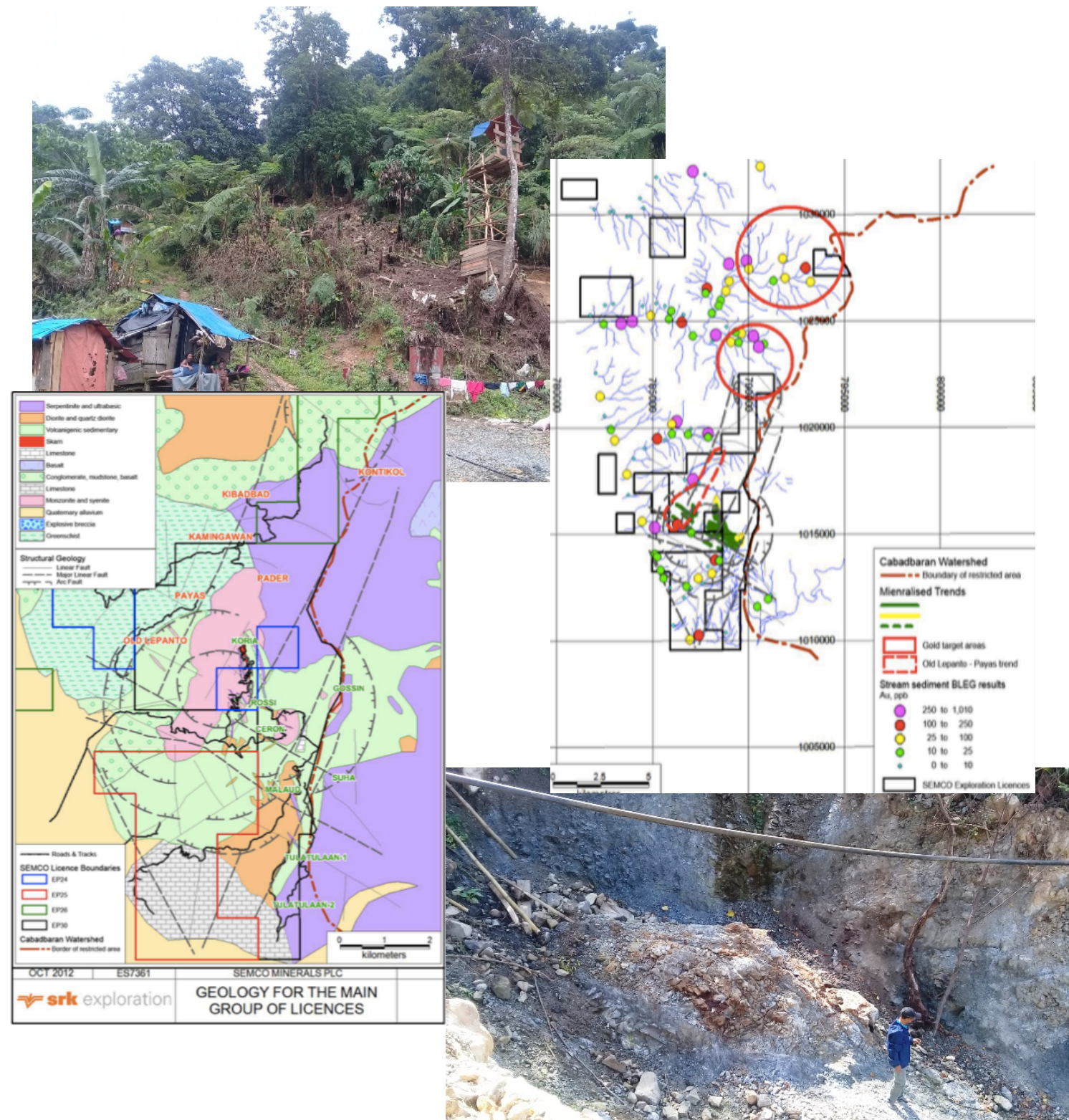
Key Facts

Location:	Located in the central part of Mindanao Island, approximately 30 kilometers northeast of Iligan City. Favorably situated within a geologically-favorable zone where Tampakan Copper Project is situated.
Size:	761 hectares
Mineralization:	Epithermal gold vein deposit with bulk porphyry copper at depth
Level of Exploration	Over 6,000 metres of drill holes
Estimated Resources:	Inferred Mineral Resource of 720,000 tonnes @ 2.0 g/t Au resulting in about 46,000 oz of Gold

Idealised Cross Section



Semco Gold & Copper Project



Key Facts

Location:	The project area is within the Surigao - Agusan mineral district, which is host to several known epithermal and porphyry Cu and Au deposits such as the Siana Gold Mine of Greenstone Resources Corporation with a resource of > 2M ounces and the Boyungan Cu-Au Deposit of Silangan Mining Corporation with a resource of >300 Mt @ 0.6% Cu and 0.6 Au g/t
Size:	4,395 hectares
Mineralization:	Epithermal gold veining and porphyry copper-gold
Level of Exploration	Regional mapping, soil sampling, petrography, IP geophysical survey and 3,000m diamond drilling
Small-scale mining	<ul style="list-style-type: none"> • There are 25 Small Scale miners operating on site having different royalty agreements • Small-scale miners need Semco approval to become legal miners on its tenement • Proven gold district with historical production and identified potential ore sources. • Strong local community support from province down to barangay