BLUMONT
博诺有限公司

BLUMONT GROUP LTD.

(Company Registration No. 199302554G)
(Incorporated in the Republic of Singapore)

Second Supplementary Bidder's Statement

1. Introduction

This document is the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) to the bidder's statement dated 24 April 2014 (**Bidder's Statement**) issued by Blumont Group Ltd. (**Blumont**) in relation to its off-market takeover bid for all the ordinary shares in Merlin Diamonds Limited (**Merlin**). This Second Supplementary Bidder's Statement is dated 6 June 2014.

This Second Supplementary Bidder's Statement supplements and should be read together with the Bidder's Statement, as well as the first supplementary bidder's statement by Blumont dated 2 May 2014.

A copy of this Second Supplementary Bidder's Statement has been lodged with ASIC and the ASX on 6 June 2014. Neither ASIC, the ASX nor any of their officers, take any responsibility for the contents of this Second Supplementary Bidder's Statement. A copy of this Second Supplementary Bidder's Statement will also be released by Blumont on SGXNET in Singapore. The SGX assumes no responsibility for the correctness of any of the statements, reports contained/referred to or opinions expressed in this Second Supplementary Bidder's Statement.

Capitalised terms in this Second Supplementary Bidder's Statement have the same meaning as that in the Bidder's Statement unless the context requires otherwise.

Unless otherwise stated, the exchange rates used in this Second Supplementary Bidder's Statement are the exchange rates published by the Reserve Bank of Australia at 4pm (Sydney time) on the business day before the date of this Second Supplementary Bidder's Statement.

2. Changes in Blumont Directors and Directors' interests

Blumont notes that Mr Tan Gim Kang, Arran was appointed to the Blumont Board as an independent director on 30 May 2014. Mr Tan was also appointed as a member of the Audit Committee, Remuneration Committee and the Nominating Committee of Blumont with effect from 30 May 2014. Mr Tan has substantial experience in the private sector. Mr Tan is currently the assistant general manager of SY Precast Pte Ltd which is a company that produces precast concrete components and supplies them to projects of the Housing Development Board in Singapore as well as private projects. Prior to that, Mr Tan held a number of senior roles including project management, construction management and engineering with various private companies. Mr Tan graduated with a Bachelor of Engineering (Civil) from the University of Canterbury in 1986.

On 31 May 2014, Mr Goh Boon Kok resigned as a director of Blumont due to personal reasons. Following the cessation of Mr Goh's appointment, on 31 May 2014, Mr Calvin Lim Huan Kim was designated as the Lead Independent Director and Chairman of the Audit Committee and Mr Tan Gim Kang was designated as the Chairman of the Nominating Committee.

As at the date of this Second Supplementary Bidder's Statement, the Blumont Board consists of the following directors:

(a) Mr James Hong Gee Ho (Executive Director);

(b) Mr Calvin Lim Huan Kim (Independent Non-Executive Director);

(c) Mr Ng Kim Huatt (Independent Non-Executive Director); and

(d) Mr Tan Gim Kang, Arran (Independent Non-Executive Director).

The Blumont Directors' interests as at the date of the Second Supplementary Bidder's Statement are set out in the table below.

Name of Director	Direct Interest Shares	%	Deemed Interest Shares	%
Mr James Hong Gee Ho (Executive Director)	-	-	2,500,000	0.097%
Mr Calvin Lim Huan Kim (Independent Non-Executive Director)	1,700,000	0.066%	-	-
Mr Ng Kim Huatt (Independent Non-Executive Director)	-	-	-	-
Mr Tan Gim Kang, Arran (Independent Non-Executive Director)	-	-	-	-

3. Update on the Wintercrest Facility

3.1 Variation

On 30 May 2014, Blumont announced on SGXNET that it had agreed with Wintercrest to vary the terms of the Wintercrest Facility (**Varied Wintercrest Facility**). To give effect to this variation, Blumont and Wintercrest have signed the following agreements:

(a) a 'Supplemental Facility Agreement' amending the Wintercrest Facility Agreement (**Supplemental Wintercrest Facility Agreement**);

(b) a Deed of Amendment to the Blumont SSD (**Amended Wintercrest SSD**); and

(c) a Debenture.

The principal terms of the Varied Wintercrest Facility are set out below. Merlin Shareholders should note that references in the Bidder's Statement to the Wintercrest Facility and related documents should be read in the context of the variations noted below.

In addition, Blumont will be required to enter into a 'Share Charge' in favour of Wintercrest over Blumont's shares in Blumont Copper, the terms of which are yet to be finalised.

3.2 Principal terms

(a) Variation of Principal Amount and Available Drawdowns

The total principal amount of the Wintercrest Facility has been reduced from US$30 million (approximately A$27.8 million) to US$23.5 million (approximately A$21.8 million). As noted in Section 4.10 of the Bidder's Statement, Blumont has drawn down an aggregate amount of US$13.5 million (approximately A$12.5 million) under the original terms of the Wintercrest Facility, leaving a balance amount of US$10 million (approximately A$9.3 million) permitted to be drawn upon under the Wintercrest Facility (**Available Wintercrest Drawdowns**). Blumont has requested a drawdown of the amount of the Available Wintercrest Drawdowns and is yet to receive this amount in full.

(b) Use of Proceeds

The proceeds of the Available Wintercrest Drawdowns must be applied towards the following:

(i) for payment to Azarga, Celsius and Merlin in respect of various investments made by Blumont in those companies (please refer to Section 4 of the Bidder's Statement for more details on these investments);

(ii) for funding other investments by Blumont in the Mineral and Energy Resources Sector by the Blumont Group (to date, no investments have been determined); and

(iii) for general working capital purposes.

(c) Extension of Repayment Date

The repayment date for all amounts drawn down under the Wintercrest Facility, including those that had been drawn down prior to the date of the Varied Wintercrest Facility, has been extended from 23 June 2014 to 15 March 2015 (or such other later date as Wintercrest, in its sole discretion, may agree). Merlin Shareholders should note that all references in the Bidder's Statement to the Wintercrest Facility maturity date and the fact that Blumont was required to repay all amounts owing under the Wintercrest Facility by 23 June 2014 should be read in the context of this extension to 15 March 2015. All other statements in the Bidder's Statement relating to the repayment of the Wintercrest Facility, the consequences which flow from that obligation to repay and the risks to Merlin Shareholders remain valid and should be read in the context of the variations noted in this Second Supplementary Bidder's Statement.

(d) Interest Rate

The interest rate has been increased from 10% per annum to 12% per annum, which is to be applied to the loan outstanding as and from 9 May 2014. Interest accrued under the Wintercrest Facility will now be repaid on the maturity date instead of on a monthly basis.

(e) Security

As referred to in the Bidder's Statement, Blumont has already granted Wintercrest security over certain of its investments in the Mineral and Energy Resources Sector under various share mortgages, including the Blumont SSD (see Section 12.12(d) of the Bidder's Statement). As a result of the Varied Wintercrest Facility, the Blumont Group has now also agreed to grant security to Wintercrest over:

(i) all investments owned by Blumont in any company whose principal activities consists of the exploration for or extraction of minerals, oil or gas (excluding companies that purely provide services or equipment to other companies engaged in these activities), which will include any shares acquired by Blumont in Genesis and Merlin after the conclusion of the Genesis Takeover Bid and the Takeover Bid, respectively);

(ii) Blumont's shares in Blumont Copper Pte. Ltd.;

(iii) Blumont's bank accounts; and

(iv) all amounts owing to Blumont by Blumont Copper Pte. Ltd., Powerlite, Celsius and Cokal.

(f) Fees

Blumont will pay Wintercrest:

(i) an extension fee of 5% of the amount drawn down under the Available Wintercrest Drawdowns;

(ii) an administration fee of 1.0% of the aggregate principal amount outstanding under the Wintercrest Facility for each calendar month, commencing as of the month of the first drawdown under the Supplemental Wintercrest Facility Agreement (this is instead of the current administration fee of 0.5%); and

(iii) a cancellation fee of 5% of the amount cancelled under the Supplemental Wintercrest Facility Agreement (as described in Section 3.2) and a cancellation fee of 5% of any amount not drawn down of the Available Wintercrest Drawdowns.

Blumont will also continue to pay to the arranger an arranger fee of 4% of each drawing.

3.3 Security over Blumont's current and future investments in the Mineral and Energy Resources Sector

As noted in the Bidder's Statement (particularly in Sections 4.6 and 12.12(d)), Blumont has granted Wintercrest a security interest (by way of a charge) over its shareholdings in Celsius, Cokal and Kidman.

By virtue of the Amended Wintercrest SSD, Blumont has now granted Wintercrest the same security interest over the Merlin Shares it acquired prior to the Takeover Bid (being 16,000,000 Merlin Shares). Under the Amended Wintercrest SSD, Wintercrest is restricted from taking any action or exercising any rights which may be available to it under the Amended Wintercrest SSD in respect of these Merlin Shares (**Exercise Restriction**) until the end of the Takeover Bid (which is currently scheduled to close on 31 July 2014 or such date as extended under the Corporations Act). However, if the Takeover Bid closes after 31 July 2014, the Exercise Restriction only applies where not all of the conditions of the Takeover Bid have been satisfied or waived at the time that the closing date of the Takeover Bid has been extended. In any event, the Exercise Restriction expires on 30 September 2014.

Merlin Shareholders should note that, under the terms of the Varied Wintercrest Facility, Blumont has agreed to grant Wintercrest a specific security interest (in the form of a charge) over all Genesis Shares that Blumont acquires as a result of acceptances under the Genesis Takeover Bid and all Merlin Shares which Blumont acquires as a result of acceptances under the Takeover Bid.

Other than as set out above, all other terms of the Blumont SSD remain in full force and effect. Merlin Shareholders should refer to Section 12.12(d) of the Bidder's Statement for the key terms of the Blumont SSD. In particular, Merlin Shareholders should note that, on the occurrence of an event of default (which Blumont considers are standard types of events for finance arrangements similar to the Wintercrest Facility), Wintercrest has the power to take possession of the charged property (which, after close of the Genesis Takeover Bid, would include any Genesis Shares acquired by Blumont as a result of the Genesis Takeover Bid and after close of the Takeover Bid would include any Merlin Shares acquired by Blumont as a result of the Takeover Bid), to deal with it, to appoint a receiver, as well as various other powers in respect of the secured property. Accordingly, as set out in the Bidder's Statement (see Sections 1.4 and 9.3), Merlin Shareholders should be aware that there is a risk that Blumont may not be able to repay or refinance all amounts owing under the Wintercrest Facility by 15 March 2015, in which case this may result in Wintercrest exercising the securities set out in this Section 3 of this Second Supplementary Bidder's Statement and, in particular, acquiring Blumont's investments in the Mineral and Energy Resources Sector.

4. Update on Blumont Group's Mineral and Energy and Resources Sector Assets

4.1 Investment in Celsius Coal Limited

On 16 May 2014, Blumont and Celsius entered into a deed of variation (**Varied CLA Convertible Note Deed**) of the 'Convertible Note Deed' dated 6 February 2013 (**CLA Convertible Note Deed**). Under the Varied CLA Convertible Note Deed, Blumont and Celsius agreed, subject to Celsius receiving payment of US$750,000 (approximately A$696,000):

(a) that the outstanding amounts due under the CLA Convertible Note Deed would be reduced from A$1,500,000 to US$750,000 (approximately A$696,000);

(b) to release one another from any breaches or defaults under the CLA Convertible Note Deed occurring before the date of the Varied CLA Convertible Note Deed; and

(c) that all other terms of the CLA Convertible Deed remain in full force and effect – Merlin Shareholders should refer to Section 12.12(i) of the Bidder's Statement for further details of the material terms of the CLA Convertible Note Deed.

4.2 Funding of the Blumont Group's projects and interests

As noted in Section 4.10 of the Bidder's Statement, Blumont intends to utilise the funds raised by the Wintercrest Facility for the purpose of funding the Blumont Group's activities. Please see Section 3.2(b) of this Second Supplementary Bidder's Statement for details of the use of proceeds under the Varied Wintercrest Facility. Blumont advises that, to the extent that its future funding requirements in relation to its investments in the Mineral and Energy Resources Sector exceed the amounts allocated to such investments under the Available Wintercrest Drawdowns, Blumont will consider its funding options at the relevant time which may include additional debt or equity funding.

As detailed in Section 3 of this Second Supplementary Bidder's Statement, Blumont has requested a drawdown of the amount of the Available Wintercrest Drawdowns and is yet to receive this amount in full. Following the full amount of the proceeds being available to Blumont, Blumont will be able to provide further details of any changes in the nature or extent of its investments and acquisitions in the Mineral and Energy Resources Sector.

As stated in the Bidder's Statement, Merlin Shareholders should be aware that Blumont will require additional funds to advance each of Merlin's projects and Genesis' projects should each of the Takeover Bid and the Genesis Takeover Bid become unconditional and Blumont respectively controls Merlin and Genesis. Blumont does not intend to fund either of Merlin's ongoing operations and projects, or Genesis' ongoing operations and projects, from Blumont's existing reserves or financing facilities.

5. Update on Conditions

In relation to the Condition set out at Section 11.5(m) of the Bidder's Statement, Blumont notes as follows:

(a) in Section 11.6(c) of the Bidder's Statement, Blumont indicated that it would not seek to rely on the non-satisfaction of this Condition unless the rolling 5 day VWAP of Blumont's Shares as quoted on the SGX ending on any trading day on the SGX-ST (**Blumont VWAP**) falls below S$0.0272;

(b) Blumont notes that, at various times before the date of this Second Supplementary Bidder's Statement, the Blumont VWAP has fallen below S$0.0272 and therefore the Condition has been triggered; and

(c) Blumont waives the non-satisfaction of this Condition for the period prior to the date of this Second Supplementary Bidder's Statement.

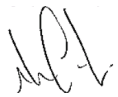
6. Enquiries

Please contact the Blumont Offer Information Line on 1800 677 648 (for callers within Australia) or +61 1800 677 648 (for callers outside of Australia) if you have any questions in relation to our Offer or this Second Supplementary Bidder's Statement.

APPROVAL OF SECOND SUPPLEMENTARY BIDDER'S STATEMENT

This Second Supplementary Bidder's Statement has been approved by a unanimous resolution passed by way of written resolutions of the directors of Blumont.

Signed for and on behalf of Blumont by Mr. James Hong Gee Ho, being a director of Blumont, who is authorised to sign by a resolution passed by way of a written resolution of the directors of Blumont.



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Mr James Hong Gee Ho
Director

Dated: 6 June 2014