

BLACKGOLD NATURAL RESOURCES LIMITED

(Company Registration Number: 199704544C)

(Incorporated in the Republic of Singapore)

SIGNING OF NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO S\$20 MILLION CONVERTIBLE BOND FACILITY

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of BlackGold Natural Resources Limited (the “**Company**” and, together with its subsidiaries, the “**Group**” or “**BlackGold**”) wishes to announce that on 30 November 2017, it entered into a non-binding memorandum of understanding (the “**MOU**”) with an undisclosed lender (the “**Lender**”), which is an international financial institution with established presence in Hong Kong and a rapidly expanding network across the globe, to raise up to S\$20 million by way of the issuance of convertible bonds (“**Convertible Bonds**”) to finance BlackGold’s acquisition of its equity interest in an ongoing cooperation project for the development, construction, operation and maintenance of a 2 x 300 megawatt coal-fired power plant in Riau province, Sumatra, Indonesia (the “**Riau-1 Project**”).

This follows the Company’s earlier announcement released on 18 September 2017 in relation to BlackGold signing a Heads of Agreement (“**HOA**”) with various parties to form a new consortium (the “**Consortium**”) for the Riau-1 Project.

This MOU is legally non-binding, except for certain provisions relating to, *inter alia*, confidentiality and the governing laws of the MOU.

Pursuant to the MOU, BlackGold and the Lender (collectively, the “**Parties**”) shall consider entering into a loan facility (the “**Proposed Facility**”) in relation to the Riau-1 Project for investment purposes. The loan facility will be in the form of the issuance of Convertible Bonds to the Lender, which are convertible into new ordinary shares in the capital of the Company (the “**New Shares**”). Upon successful completion of satisfactory due diligence, the Parties will enter into a definitive agreement or term sheet for the Proposed Facility. The MOU shall be valid until 23 February 2018, before which the Consortium, of which BlackGold is a part, must complete the signing of the Power Purchase Agreement (“**PPA**”) with PT Perusahaan Listrik Negara (“**PLN**”).

2. THE LENDER

The Lender is an unrelated third party which has no connection (including business relationships) with the Company, its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares, as provided for by Rule 812 of SGX-ST Listing Manual Section B: Rules of Catalyst (the “**Listing Manual**”). The Lender does not hold any shares in the Company at the date of this announcement.

3. SALIENT TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Loan Facility are summarised as follows:

Facility Type:	Convertible Bond
Currency:	Singapore Dollar (“ S\$ ”)
Principal Amount:	S\$20 million
Power Purchase Agreement:	BlackGold is part of the Consortium that is participating in the Riau-1 Project. It is intended for the Riau-1 Project to enter into a power purchase agreement (“ PPA ”) with PLN for the sale of electricity to PLN.
Conversion Price:	The sum of: i) the volume weighted average price (“ VWAP ”) on the date of the definitive agreement(s) to be entered into by the parties in respect of the Transaction; and ii) 50% of the last 30 trading days’ VWAP before the date of such definitive agreement(s).
Maturity Date:	Unless converted, the Convertible Bonds will mature on the date falling thirty-six (36) months from the drawdown date.
Use of Proceeds	To acquire a portion of BlackGold’s equity interest in the joint venture company to be incorporated together with China Huadian Engineering Co., Ltd. (“ CHEC ”) and PT Pembangkitan Jawa-Bali (“ PJB ”) pursuant to the ongoing cooperation project in respect of the Riau-1 Project, including other incidentals required for working capital purposes.

SAC Capital Private Limited has been appointed as the placement agent for the Convertible Bonds.

4. CONDITIONS PRECEDENT

The completion of the Loan Facility is subjected to the following conditions precedent:

- (i) Satisfactory completion of final due diligence including business, financial and legal review of the Company by the Lender;
- (ii) The incorporation of the joint venture company for the purposes of the Riau-1 Project by CHEC, PJB and the Company; and
- (iii) The Riau-1 Project obtaining the PPA from PLN.

5. TERMINATION

The termination of the MOU shall be the earliest of the following:

- (i) Parties mutually agreeing to the termination of the MOU; or
- (ii) Upon the Parties entering into the term sheet or definitive agreement; or
- (iii) The Riau-1 Project failing to sign the PPA by 23 February 2018.

6. RATIONALE FOR THE PROPOSED FACILITY

The Board believes that the Proposed Facility is in the best interests of the Group and its shareholders for the following reasons: -

- (i) The Convertible Bonds will provide a portion of the financing required to acquire the Group's equity interests in the Riau-1 Project, which, barring unforeseen circumstances, represents an opportunity for the Group to broaden its asset and earnings bases, as well as to provide a long-term recurring source of revenue and profit from its long-term exclusive right to sell coal to the Riau-1 Project for the duration of the PPA; and
- (ii) Given the Group's current business and operational focus is in coal mining, the MOU provides a potential for the obtainment of financial resources necessary to make an investment in the Indonesian electrical power generation which, barring unforeseen circumstances, will provide consistent and sustainable financial growth in the future.

7. INFORMATION ON PLN, PJB AND CHEC

PLN is Indonesia's state-run power distribution company.

PJB is a power generation company with the aim of promoting Indonesia's economic development by providing high-quality, reliable and sustainable energy supply. PJB is a wholly-owned subsidiary of PLN.

CHEC is a state-owned power engineering company in China. CHEC's core businesses encompass high tech product research and development, engineering design, general contracting, as well as energy technology research and services. CHEC is currently involved in project construction, investment, operation and maintenance of various power projects located in Indonesia.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, controlling shareholders or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Facility, save for their respective shareholdings in the Company, if any.

9. FURTHER ANNOUNCEMENTS

The Company will provide the necessary updates as and when there are material developments to the MOU and/or upon the execution of a definitive agreement or term sheet in respect of the Proposed Facility.

10. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are hereby reminded to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors of the Company are reminded that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Philip Cecil Rickard
Executive Director and Chief Executive Officer
30 November 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the 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. Sebastian Jones (Telephone number: +65 6532 3829), at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.
