

## BLACKGOLD NATURAL RESOURCES LIMITED

(Company Registration Number: 199704544C)

(Incorporated in the Republic of Singapore)

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- I. **MEMORANDUM OF UNDERSTANDING WITH SANY INTELLIGENT MINING TECHNOLOGY CO. LTD (三一智矿科技有限公司) ;**
  - II. **OFFTAKE AGREEMENT WITH XIAMEN RUNPU IMPORT AND EXPORT CO., LTD (厦门市润璞进出有限公司);**
  - III. **CONVERTIBLE BOND AGREEMENTS WITH (I) JINZHOU BUSINESS INVESTMENT LOGISTICS CO., LTD (锦州商投物流有限公司) (II) ATRIUM ASIA CAPITAL PARTNERS PTE LTD AND (III) KINGPIN INVESTMENT (PTE. LTD.) FOR THE PROPOSED ISSUE OF INTEREST-FREE CONVERTIBLE BONDS CONVERTIBLE INTO ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY; AND**
  - IV. **MINING COLLABORATION AGREEMENTS**
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### 1. INTRODUCTION

- 1.1 The board of directors (“**Board**”) of BlackGold Natural Resources Limited (the “**Company**”, and together with its subsidiaries referred to as the “**Group**”) wishes to announce that the Company has entered in the following agreements:
- (i) a binding memorandum of understanding (“**Cooperation MOU**”) dated 29 January 2020 with Sany Intelligent Mining Technology Co., Ltd (三一智矿科技有限公司) (“**Sany**”), pursuant to which the parties have agreed to cooperate on, *inter alia*, the expansion of, and utilisation of Sany’s smart mining technology in, markets comprising ASEAN, Papua New Guinea and Australia, and other activities (“**Proposed Sany Cooperation**”);
  - (ii) a memorandum of cooperation agreement (“**Offtake Agreement**”) dated 29 January 2020 with Xiamen Runpu Import and Export Co., Ltd (厦门市润璞进出有限公司) (“**Xiamen Runpu**”) for the supply of coal to Xiamen Runpu;
  - (iii) three (3) separate convertible bond subscription agreements (“**Convertible Bonds Agreements**”) dated 30 January 2020 with each of (i) Jinzhou Business Investment Logistics Co., Ltd (锦州商投物流有限公司) (“**JBIL**”); (ii) Atrium Asia Capital Partners Pte Ltd (“**Atrium Asia**”); and (iii) Kingpin Investment (Pte. Ltd.) (“**Kingpin**”) (collectively, the “**Subscribers**”), pursuant to which the Company proposes to issue to the Subscribers convertible bonds (“**Bonds**”) of up to an aggregate S\$25.0 million in two (2) tranches, namely Series A Bonds and Series B Bonds (the “**Proposed Bonds Subscription**”); and
  - (iv) a mining collaboration agreement (“**Mining Collaboration Agreement**”) dated 29 January 2020 with Kho Industries Pte Ltd (“**Kho Industries**”), pursuant to which the

Company has agreed to collaborate with Kho Industries on an exclusive basis to operate the mining concessions owned by the subsidiaries of Kho Industries (“**Proposed Mining Collaboration**”).

- 1.2 The abovementioned agreements in paragraph 1.1 are not inter-conditional.
- 1.3 The issuance of new shares upon the conversion of certain Bonds and the issuance of shares as referral fees for the Offtake Agreement and Convertible Bonds Agreement would be subject to the approval of shareholders of the Company (“**Shareholders**”) in general meeting(s). For more details, please refer to paragraphs, 3.4, 4.7 and 8.2 of this announcement. Shareholders’ are advised that save for the foregoing, no Shareholders’ approval is required for the transactions contemplated in paragraphs 1.1 (i) to (iv) above.

## **2. PROPOSED SANY COOPERATION**

### **2.1 Information on Sany**

Sany a wholly-owned subsidiary of Sany Heavy Equipment International Holdings Co., Ltd. (“**Sany Heavy Equipment**”), which is a Hong Kong listed company with a market capitalisation of approximately HKD 12.7 billion as at 2 February 2020.

Sany Heavy Equipment is a heavy machinery manufacturer specialising in research and development, manufacturing and sale of coal mining and excavation equipment, whole set of roadheaders and coal mining and transportation vehicles and mining equipment as well as port machinery and marine heavy machinery in China. Sany Heavy Equipment is part of the Sany Group, a global manufacturer of industry-leading construction and mining equipment, port and oil drilling machinery, and renewable wind-energy systems.

### **2.2 Principal terms of the Cooperation MOU**

Pursuant to the binding Cooperation MOU, the parties have agreed to cooperate on certain activities including the following:

- (a) the expansion of, and utilisation of Sany’s smart mining technology in, markets comprising the ASEAN countries, Papua New Guinea and Australia; and
- (b) development of coal mining and other resource mining related engineering, procurement and commissioning projects in the ASEAN countries, Papua New Guinea and Australia.

Pursuant to the terms of the Cooperation MOU, in respect of any specific activity, the parties will enter into specific transaction agreements and cost-sharing agreements to detail the scope of work, costs or expenses, sales revenue or profits, and the manner in which they will be shared or borne by the parties. The Company will update Shareholders on details of any specific agreements in accordance with the Catalist Rules.

The Proposed Sany Cooperation is on an exclusive basis and valid for a period of three (3) years commencing from 10 January 2020.

### 3. COAL OFFTAKE AGREEMENT FOR THE PROPOSED SUPPLY OF COAL

#### 3.1 Information on Xiamen Runpu

Xiamen Runpu is majority owned by Beijing-based Hua Kong Group (华控集团), a state-owned Chinese enterprise with a focus on infrastructure development and investments. Xiamen Runpu is a qualified supplier of thermal coal to several Chinese state-owned energy enterprises with power generation facilities in the People's Republic of China.

#### 3.2 Offtake Agreement

Pursuant to the Offtake Agreement, the Company has agreed to supply Xiamen Runpu a minimum quantity of not less than 4.8 million tonnes of coal per year at an average of 400,000 tonnes per month. The quality of the coal shall meet the requirements of the downstream customers, and the price of the coal shall be based on the Argus/Coalindo Indonesian Coal Index Report.

The term of the Offtake Agreement commences on 29 January 2020 and ends on 29 January 2021.

#### 3.3 Offtake Consultancy Fee

Xiamen Runpu was introduced to the Company by Mr Subhas s/o V Nathan (the “**Offtake Consultant**”).

Pursuant to an agreement dated 29 January 2020 between the Company and the Offtake Consultant (“**Offtake Referral Agreement**”), if the aggregate sales generated by the Company from the Offtake Agreement during (i) the term of the Offtake Agreement; or (ii) the first twenty-four (24) months commencing from the commencement date of the Offtake Agreement, whichever is shorter, shall be equal to or more than USD40,000,000 (“**Sales Target**”), the Offtake Consultant is entitled to a fixed fee of S\$2,000,000 (“**Offtake Referral Fee**”). The Offtake Referral Fee is payable on or before the date falling thirty (30) days from the date the Sales Target is satisfied.

The Offtake Referral Fee is payable by way of issuance of 133,333,333 new Shares (“**Offtake Referral Shares**”) at an issue price of S\$0.015 per Offtake Referral Share to the Offtake Consultant. The issue price of S\$0.015 represents a premium of approximately 16.28% to the volume weighted average price of S\$0.0129 (being the full market day immediately preceding the date of signing of the Offtake Referral Agreement). In the event the Company does not obtain the listing and quotation and other requisite approval from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and relevant share issue mandate in respect of the Offtake Referral Shares by the date the Offtake Referral Fee is payable, the Offtake Referral Fee shall be paid in cash to the Offtake Consultant.

The Offtake Referral Shares represent approximately 13.28% of issued share capital of the Company as at the date of this announcement (i.e., 1,003,743,770 Shares) (“**Existing Share Capital**”) and approximately 11.73% of the issued share capital of the Company immediately upon allotment and issuance of the Offtake Referral Shares. As at the date of this

announcement, Mr Nathan has indicated that he is not seeking a board seat after being allotted and issued the Offtake Referral Shares.

The Offtake Consultant is not related to any of the Directors, substantial Shareholders, or their respective associates. The Offtake Consultant is not a restricted person under Rule 812 of the Catalist Rules, and is not co-operating or acting in concert with any other Shareholders to obtain or consolidate effective control of the Company through the Offtake Referral Shares. There is also no past or present connection (including business relationship) between the Company, its subsidiaries, its Directors or substantial shareholders and the Offtake Consultant (including its director and shareholder).

#### 3.4 Shareholders' Approval- Offtake Referral Shares

The issuance of the Offtake Referral Shares shall be subject to specific Shareholders' approval at a general meeting. The Sponsor on behalf of the Company will be submitting an additional listing confirmation to the SGX-ST for the listing and quotation of the Offtake Referral Shares on Catalist.

### 4. PROPOSED BONDS SUBSCRIPTION

The Company has entered into three (3) Convertible Bonds Agreements dated 30 January 2020 with each of, (i) Jinzhou Business Investment Logistics Co., Ltd (锦州商投物流有限公司) ( "JBIL" ); (ii) Atrium Asia Capital Partners Pte Ltd ("Atrium Asia"); and (c) Kingpin Investment (Pte. Ltd.) ("Kingpin") (collectively, the "Subscribers"), pursuant to which the Company proposes to issue to the Subscribers convertible bonds ("Bonds") of up to an aggregate S\$25.0 million in two (2) tranches, Series A and Series B (the "Proposed Bonds Subscription").

#### 4.1 Principal terms of the Proposed Bonds Subscription

The principal terms of the Proposed Bonds Subscription are summarised as follows:

**Subscription of Series A Bonds** : Subject to the satisfaction of the General Conditions Precedent (as defined in paragraph 4.3.1 below), each Subscriber will subscribe for an initial tranche of Bonds ("Series A Bonds") as follows:

- (a) JBIL : S\$3.0 million
- (b) Atrium Asia : S\$1.0 million
- (c) Kingpin : S\$1.0 million

In aggregate, the Series A Bonds will raise S\$5.0 million.

**Option to subscribe for Series B Bonds** : Subject to the satisfaction of the General Conditions Precedent and the Series B Conditions Precedent (as

defined in paragraph 4.3.2 below), each Subscriber has the option to subscribe for additional Bonds ("**Series B Bonds**") of an aggregate principal amount as follows:

- (a) JBIL : Up to S\$12.0 million
- (b) Atrium Asia : Up to S\$4.0 million
- (c) Kingpin : Up to S\$4.0 million

In aggregate, the Series B Bonds will raise S\$20.0 million.

The option to subscribe for the Series B Bonds may be exercised in full or in part, and in one or multiple tranches, provided that the aggregate principal amount of Series B Bonds subscribed shall not exceed the maximum amount stipulated above, and that each exercise shall be for a minimum of S\$1 million or integral multiples thereof.

**Conversion Right  
and Conversion  
Period**

- :
- (a) Any Series A Bonds may be converted into duly authorised, validly issued, fully paid and unencumbered new Shares ("**Conversion Shares**"), at the option of the Subscriber, at any time on or before the Maturity Date (as defined below); and
  - (b) Any Series B Bonds may be converted into duly authorised, validly issued, fully paid and unencumbered Conversion Shares, at the option of the Subscriber, at any time in the event the Bonds on or before the Maturity Date,

**PROVIDED THAT** no Series A Bonds and Series B Bonds may be converted by any holder of Bonds (a "**Bondholder**") into any Conversion Shares ("**Relevant Conversion Shares**") unless:

- (i) the listing and quotation and other requisite approval issued by the SGX-ST for the listing and quotation of the Conversion Shares on Catalist ("**Listing Approval**") in respect of the Relevant Conversion Share has been obtained and not revoked or amended, and if any conditions are attached to the Listing Approval ("**Listing Conditions**"), such Listing Conditions (i) being on terms reasonably satisfactory to the Company; and (ii) which are required to be fulfilled on or before the relevant date of conversion having been fulfilled on or before that date to the satisfaction of the SGX-ST or waived by the SGX-ST;

- (ii) the Company has obtained a share issue mandate in respect of the Conversion Shares, and such share issue mandate shall remain valid and existing and not terminated; and
- (iii) unless otherwise approved by Shareholders in general meeting, the total number of Shares directly or deemed to be held by such Bondholder immediately before the exercise of the Conversion Right, together with the number of Relevant Conversion Shares to be issued and allotted upon conversion of the relevant Bonds shall not result in the such Bondholder holding, directly or indirectly, Shares representing fifteen percent (15%) or more of the total issued share capital of the Company immediately after the issue and allotment of the Relevant Conversion Shares.

**Conversion Price for Series A Bonds and Series B Bonds** : S\$0.015, subject to adjustments in accordance with the provisions of the Convertible Bonds Agreements.

The Conversion Price was agreed to by the parties to the Convertible Bonds Agreement (“**Parties**”) at arm’s length basis with reference to the current market price. The Conversion Price represents a premium of approximately 16.28% to the volume weighted average price of S\$0.0129 for trades done on the Company’s shares on the SGX-ST on 28 January 2020 (being the full market day immediately preceding the date of signing of the Convertible Bonds Agreements).

**Conversion Shares** : Up to 1,666,666,666 new Shares to be allotted and issued by the Company upon conversion of the Series A Bonds and Series B Bonds.

Upon conversion of Series A Bonds and Series B Bonds, the Conversion Shares represent in aggregate approximately 166.05% of the Existing Share Capital and approximately 58.75% of the enlarged issued share capital of the Company immediately following the conversion of all the Bonds and issuance of the Subscriber Introducer Shares (defined below)<sup>1</sup> (“**Post Conversion Enlarged Capital**”).

**JBIL’s Covenants** : Pursuant to the Convertible Bonds Agreement entered into with JBIL, **JBIL has undertaken to the Company**

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<sup>1</sup> The Post Conversion Enlarged Capital consists of 2,837,077,102 Shares, comprising the Existing Share Capital, the 1,666,666,666 Conversion Shares and 166,666,666 Subscriber Introducer Shares.

**that JBIL shall not exercise the Conversion Right** if the total number of Shares directly or deemed to be held by such Bondholder immediately before the exercise of the Conversion Right, together with the number of Conversion Shares to be issued and allotted upon conversion of the relevant Bonds shall result in the such Bondholder holding, directly or indirectly, Shares representing thirty percent (30%) or more of the total issued share capital of the Company immediately after the issue and allotment of the Conversion Shares.

**Subscription Date** : (a) In respect of the Series A Bonds, Parties shall complete the subscription of the Series A Bonds on the date falling five (5) business days from the date the last of the General Conditions Precedents have been fulfilled; and (b) in respect of any tranche of Series B Bonds, Parties shall complete the subscription of the Series A Bonds on the date falling five (5) Business Days from the relevant date of the subscription notice in respect of the Series B Bonds has been delivered and received by the Company.

**Interest** : The Bonds are interest-free.

**Redemption** : Unless converted to Conversion Shares, the Bonds shall be redeemed at one hundred per cent (100%) of their principal amount on the Maturity Date, or if required by a Bondholder upon a Relevant Event.

**Relevant Event** : A Relevant Event occurs:

- (a) when the Shares ceased to be listed or admitted to trading or suspended for a period equal to or exceeding twenty (20) trading days on the SGX-ST; or
- (b) the Company fails to obtain the Listing Approval and/or a share issue mandate in respect of the Conversion Shares on or before the next annual general meeting to be convened by the Company after the date of the Convertible Bonds Agreements,

whereupon, each Bondholder will have the right, at such Bondholder's option, to require the Company to redeem all or some only of such Bondholder's Bonds.

**Maturity Date for Series A Bonds and Series B Bonds** : The date falling thirty-six (36) months from the date the relevant Bonds have been issued and registered, or such other date as the Parties may agree in writing ("**First**

**Maturity Date**”), provided always that the Bondholder shall have the sole and absolute discretion to extend the redemption date for a further twelve (12) months from the expiry of the First Maturity Date.

**Status of the Bonds** : The Bonds constitute, direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking *pari passu* and rateably without any preference among themselves, and, subject as mentioned above and save as otherwise provided under any applicable laws or regulations, equally with all other present and future, direct, unconditional, unsubordinated and unsecured obligations of the Company from time to time outstanding.

**Status of Conversion Shares** : The Conversion Shares will be duly authorized and they will be validly issued as fully paid-up Shares and the Conversion Shares shall be issued unencumbered and free from any security interests, claims (including preemptive rights) or liens and will be freely transferable and shall rank *pari passu* in all respects with all other then existing Shares, except that such Conversion Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date of which is before the date the Bonds are converted, and will be admitted to listing on Catalist.

**Adjustments to Conversion Price** : The Conversion Price will be subject to adjustments under Adjustment Events (as defined below) in accordance with the following formula:

$$\text{NCP} = \text{CP} \times (\text{OSC} / \text{NSC})$$

NCP : is the new Conversion Price;  
CP : is the Conversion Price;  
OSC : is the total number of issued Shares immediately before such event; and  
NSC : is the total number of issued Shares immediately after such event.

The Conversion Price shall from time to time be adjusted as provided in these Conditions in all or any of the following cases (“**Adjustment Event**”):

- (a) any consolidation, subdivision or conversion of the Shares; or
- (b) any issue by the Company of Shares credited as fully paid-up by way of capitalisation of profits or



reserves (whether of a capital or income nature) to its shareholders; or

(c) an offer or invitation made by the Company to its shareholders whereunder they may acquire or subscribe for Shares by way of rights; or

(d) an issue by the Company of Shares other than being an Adjustment Event requiring an adjustment under (a), (b) or (c) above.

**Non-transferability** : A Bond, upon issue, may not be transferred save and except with the prior written approval of the Company.

Pursuant to the terms of the Convertible Bonds Agreements, a Subscriber may assign the option to subscribe the Series B Bonds (or any part thereof, subject to a minimum of S\$1.0 million or integral multiples thereof) to any person designated by the Subscribers at their absolute discretion.

**Listing Status** : The Bonds shall not be listed on any stock exchange.

The Sponsor will be submitting an additional listing confirmation to the SGX-ST on behalf of the Company for the listing and quotation of the Conversion Shares on Catalist.

**Governing Law** : The law of the Republic of Singapore.

#### 4.2 **Offer pursuant to Section 272B of the Securities and Futures Act (Cap 289) (“SFA”)**

The Bonds are offered for subscription by way of a private placement pursuant to an exempted offer under section 272B of the SFA.

#### 4.3 **Conditions Precedent**

##### 4.3.1 General Conditions Precedent

The Subscriber is not obliged to subscribe and pay for any Bonds unless the following conditions precedent (“**General Conditions Precedent**”) have been satisfied by the date falling sixty (60) days from the date of the Convertible Bonds Agreement, or such other date as the Parties may mutually agree to in writing (“**Cut-Off Date**”) and remains satisfied on the relevant subscription date:

(i) the Shares of the Company remaining listed and quoted on Catalist;

- (ii) all applicable governmental and regulatory approvals required in connection with the subscription of the Bonds, other than the Listing Approval having been obtained and not revoked;
- (iii) all warranties being accurate and correct in all respects at each Subscription Date; and
- (iv) the Company not having experienced or suffered any event or series of events on or after the date of this Agreement that, individually or in the aggregate, would reasonably be expected to have a material adverse effect.

If any of the General Conditions Precedent above is not waived, satisfied on or before the Cut-Off Date, the Convertible Bonds Agreement shall forthwith *ipso facto* cease and the Parties shall be released and discharged from their respective obligations under this Agreement save and except certain surviving clauses and any antecedent breaches.

#### 4.3.2 Series B Bonds Conditions Precedent

In addition to, and without prejudice to the General Conditions Precedent in paragraph 4.3.1, the Subscriber shall not be obliged to complete the subscription of the Series B Bonds (or any part thereof) unless the following conditions ("**Series B Conditions Precedent**") are satisfied:

- (i) a Series B subscription notice in respect of the Series B Bonds has been issued and received by the Subscriber within the period commencing from the date of the Convertible Bonds Agreement and ending on the First Maturity Date of the Series A Bonds and in any case no later than 5.00pm of the last day of such period; and
- (ii) there having been no occurrence of any event of default at any time after the date of the Convertible Bonds Agreements and the subscription date of the relevant Series B Bonds.

#### 4.4 **Use of Proceeds**

The estimated net proceeds from the issue of the Series A Bonds, after deduction of professional fees and related expenses of approximately S\$80,000 and assuming the full conversion of the Series Bonds, is approximately S\$4.92 million ("**Series A Net Proceeds**"). The Company intends to use the Series A Net Proceeds as follows:

<b>Use of Series A Net Proceeds</b>	<b>Amount</b>	<b>% of Series A Net Proceeds</b>
Payment of outstanding professional fees due to Group's auditors, legal and Sponsor	S\$795,000	16.16%
Payment of outstanding director's fees	S\$167,000	3.39%
Working capital	S\$3,958,000	80.45%

<b>TOTAL</b>	<b>S\$4,920,000</b>	<b>100%</b>
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Pending the deployment of the Series A Net Proceeds, the Series A Net Proceeds may be deposited with banks and/or financial institutions or used for investment in short-term money markets or debt instruments or used for other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Company.

In the event the Subscribers shall exercise the option to subscribe for the Series B Bonds, up to S\$20,000,000 may be raised ("**Series B Proceeds**"). As and when the option for the Series B Bonds are exercised, the Series B Proceeds raised may, at the discretion of the Directors, be used for working capital and/or such other purposes as the Directors may deem fit.

<b>Use of Series B Proceeds</b>	<b>Amount</b>	<b>% of Series B Net Proceeds</b>
Acquisition of coal concessions	S\$5,000,000	25%
Payment of outstanding royalties/dead rent (i.e., fixed rental payable for mines)/borrow-to-use forestry permit	S\$1,440,000	7.20%
Working capital	\$13,560,000	67.80%
<b>TOTAL</b>	<b>S\$20,000,000</b>	<b>100%</b>

The Company will make periodic announcements on the utilisation of the proceeds from the Proposed Bonds Subscription as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated in this announcement, and provide a status report on the use of the proceeds in the Company's annual reports until such time the proceeds have been fully utilised. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the proceeds in the announcements and annual reports. Where there is a material deviation in the use of the proceeds, the Company will announce the reasons for such deviation.

The Directors are of the opinion that, barring any unforeseen circumstances:

- (i) after taking into consideration the present bank facilities, the working capital available to the Group is not sufficient to meet its present requirements; and
- (ii) after taking into consideration the present bank facilities and the Series A Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

#### 4.5 Information on the Subscribers

<b>Particulars of Subscriber</b>	<b>No. of Shares to be allotted and issued upon conversion of Series A Bonds held</b>	<b>% of issued share capital immediately upon conversion of Series A Bonds</b>	<b>No. of Shares to be allotted and issued upon conversion of all Bonds held<sup>(1)</sup></b>	<b>% of Post Conversion Enlarged Capital</b>
<b><u>JBIL</u></b> Coal logistics service provider based in the PRC.	200,000,000	14.96%	1,000,000,000	35.25% <sup>(2)</sup>
<b><u>Atrium Asia</u></b> Boutique investment firm with interests in financial services and a variety of growing investments in Asia.	66,666,666	4.99%	333,333,333	11.75%%
<b><u>Kingpin</u></b> An investment holding company that is wholly owned by Mr Yang Tse Pin, who has more than 30 years of experience in the building construction and property development industries.	66,666,666	4.99%	333,333,333	11.75%%

**Notes:**

- (1) Assumes that the Subscribers fully subscribes and converts Series A Bonds and Series B Bonds.
- (2) Pursuant to the Convertible Bonds Agreement entered into with JBIL, JBIL has undertaken to the Company that JBIL shall not exercise the Conversion Right if the total number of Shares directly or deemed to be held by JBIL immediately before the exercise of the Conversion Right, together with the number of Conversion Shares to be issued and allotted upon conversion of the relevant Bonds will result in JBIL holding, directly or indirectly, Shares representing thirty percent (30%) or more of the total issued share capital of the Company immediately after the issue and allotment of the Conversion Shares. Accordingly, while the conversion of the Series A Bonds and Series B Bonds issued under the Convertible Bonds Agreement with JBIL could result in the allotment and issuance of Shares representing 30.26% of the Post Conversion Enlarged Capital, such Conversion Right cannot be exercised if it would result in JBIL holding 30% or more of the issued capital of the Company.

Each of the Subscribers were introduced to the Company by Alvin Chang Jit Huat (“**Mr Chang**”). Each Subscriber is an independent third party unrelated to any of the Directors, substantial Shareholders or controlling Shareholders, or their respective associates (as defined in the Catalist Rules), of the Company.

As at the date of this announcement and to the best of the Company’s knowledge, the Subscribers are not restricted persons under Rule 812 of the Catalist Rules, and are not co-operating or acting in concert with any other Shareholders to obtain or consolidate effective control of the Company through the Proposed Bonds Subscription.

There is also no past or present connection (including business relationship) between the Company, its subsidiaries, its Directors or substantial Shareholders and the Subscribers.

As at the date of this announcement, each Subscriber does not have any shareholding interests, direct or indirect, in the Company.

#### 4.6 **Bonds Referral Shares**

Pursuant to an agreement between the Company and Mr Chang ("**Bonds Referral Agreement**"), Mr Chang is entitled to a referral fee amounting equivalent to 10% of the principal amount of Bonds subscribed, payable by the issue of new Shares ("**Bonds Referral Shares**") at an issue price of S\$0.015 per Bonds Referral Share. The issue price of S\$0.015 represent premium of approximately 16.28% to the volume weighted average price of S\$0.0129 for trades done on the Company's shares on the SGX-ST for the full market day on 28 January 2020 (being the full market day immediately preceding the date of signing of the Bonds Referral Agreement).

Assuming that the Bonds are fully subscribed, Mr Chang will be entitled to receive S\$2,500,000 payable by the allotment and issuance of 166,666,666 Bonds Referral Shares. The Bonds Referral Shares represent 16.60% of the Existing Share Capital and approximately 5.87% of Post Conversion Enlarged Capital. As at the date of this announcement, Mr Chang has indicated that he is not seeking a board seat after being allotted and issued the Bonds Referral Shares.

The Bonds Referral Shares shall be issued and allotted to Mr Chang after completion of the subscription of the relevant Bonds and after the Company has obtained the listing and quotation and other requisite approval from the SGX-ST and relevant share issue mandate in respect of the Bonds Referral Shares. In the event such listing and quotation and other requisite approval by SGX-ST and/or a share issue mandate in respect of the Bonds Referral Shares is not obtained by the Company within thirty (30) days from the next annual general meeting to be convened by the Company after completion of the subscription of the relevant Bonds, the Company shall pay the Subscriber Referral Fee in cash.

Mr Chang is not related to any of the Directors, substantial Shareholders, or their respective associates. Mr Chang is not a restricted person under Rule 812 of the Catalist Rules, and is not co-operating or acting in concert with any other Shareholders to obtain or consolidate effective control of the Company through the Bonds Referral Shares. There is also no past or present connection (including business relationship) between the Company, its subsidiaries, its Directors or substantial shareholders and Mr Chang.

#### 4.7 **Shareholders' Approval- Bonds Referral Shares and Series B Conversion Shares**

Under the terms and conditions of the Bonds, unless otherwise approved by Shareholders in general meeting, no Bonds may be converted if the total number of Shares directly or deemed to be held by a Bondholder immediately before the exercise of the Conversion Right, together with the number of Conversion Shares to be issued and allotted upon conversion of the relevant Bonds will result in the such Bondholder holding, directly or indirectly, Shares representing fifteen percent (15%) or more of the total issued share capital of the Company immediately after the issue and allotment of the Conversion Shares.

In view of the maximum amount of Bonds which JBIL may subscribe and the number of Conversion Shares that could be allotted and issued on exercise of the Conversion Rights, the Company intends to seek shareholders' approval for the potential transfer of controlling interest to JBIL in accordance with Rule 803 of the Catalist Rules.

Separately, the Company will be seeking a specific share issue mandate for the issuance and allotment of the (i) Bonds Referral Shares, and (ii) Conversion Shares for the Series B Bonds ("**Series B Conversion Shares**"). Please refer to paragraph 8.2 for more details.

The Sponsor will be submitting an additional listing confirmation to the SGX-ST on behalf of the Company for the listing and quotation of the Bonds Referral Shares on Catalist and will update Shareholders' on material developments on the Offtake Agreements in due course.

#### 4.8 Financial effects of the Proposed Bonds Issue

4.8.1 The financial effects of the Proposed Bonds Subscription (including the allotment and issuance of the Conversion Shares) set out below are strictly for the purposes of illustration only and do not purport to be an indication or projection of the results and financial position of the Company and the Group after completion. These illustrative financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 ("**FY2018**):

- (a) the assumption that there is no adjustment event which will result in an adjustment to the Conversion Price, the maximum number of Conversion Shares to be allotted and issued upon conversion of the Series A Bonds shall be 333,333,333 Shares and the maximum number of Conversion Shares to be allotted and issued upon conversion of the Series B Bonds shall be 1,333,333,333 Shares;
- (b) (for the purpose of computing the LPS after the Proposed Bonds Subscription) the assumption that the Proposed Bonds Subscription was completed on 1 January 2018;
- (c) (for the purpose of computing the NTA per Share and gearing of the Group), the assumption that the Proposed Bond Subscription was completed on 31 December 2018;
- (d) the Offtake Referral Shares is disregarded; and
- (e) the computation does not take into account any expenses that may be incurred in relation to the Proposed Bonds Subscription

#### 4.8.2 NTA per Share

*As at 31 December 2018*

	<b>Before issuance of Conversion Shares and Bonds Referral Shares</b>	<b>After issuance of Conversion Shares and Bonds Referral Shares</b>

NTA (US\$)	7,229,493	7,229,493
Number of Shares	1,003,743,770 <sup>(1)</sup>	2,837,077,102
NTA (US\$ cents)	0.72	0.25

**Notes:**

- (1) The total number of shares outstanding as at 31 December 2018 has been adjusted for (i) the issuance and allotment of 3,800,000 Shares pursuant to BlackGold Employee Share Award Scheme on 21 June 2019; and (ii) the issuance and allotment of 63,333,333 placement Shares on 31 July 2019 to Mr Luhendri pursuant to a share placement agreement, thereby resulting in the total number of issued Shares of the Company increasing from 936,610,437 940,410,437 Shares to 1,003,743,770 Shares.

#### 4.8.3 LPS

*For the financial year ended 31 December 2018*

	<b>Before issuance of Conversion Shares and Bonds Referral Shares</b>	<b>After issuance of Conversion Shares and Bonds Referral Shares</b>
Loss attributable to owners of the Company (US\$')	6,139,065	7,972,716 <sup>(2)</sup>
Weighted average number of Shares	1,001,049,934 <sup>(1)</sup>	2,834,383,266
Loss per Share (US\$ cents)	0.61	0.28

**Notes:**

- (1) The weighted average number of Shares as at 31 December 2018 has been adjusted for (i) the issuance and allotment of 3,800,000 Shares pursuant to BlackGold Employee Share Award Scheme on 21 June 2019; and (ii) the issuance and allotment of 63,333,333 placement Shares on 31 July 2019 to Mr Luhendri pursuant to a share placement agreement, thereby resulting in the weighted average number of Shares of the Company increasing from 933,916,601 Shares to 1,001,049,934 Shares.
- (2) The loss attributable to owners of the Company after issuance of Conversion Shares and Bonds Referral Shares took into account the share issue expense arising from the issuance of the Bonds Referral Shares amounting to S\$2.5 million (approximately US\$1.8 million).

## 5. **PROPOSED MINING COLLABORATION**

### 5.1 **Information on Kho Industries**

Kho Industries is a global multi-industries company, involved in mining, metallurgy, petrochemical, petroleum and sulfur industry. Through its subsidiaries based in Indonesia, Kho Industries owns and operates four thermal coal concessions ("**Kho Concessions**"), with a land size of approximately 10,000 hectares, in Berau Province, West Kalimantan, Indonesia, that is in close proximity to other mines with proven thermal coal deposits.

## 5.2 Mining Collaboration Agreement

### 5.2.1 Collaboration

Under the Mining Collaboration Agreement, the parties have agreed to collaborate with each other on an exclusive basis to explore and develop the mining concessions into operational mines, and to extract, excavate and sell any natural mineral or metal deposits situated on or within the concessions.

The collaboration with Kho Industries would be for a period of 120 months from the date of the Mining Collaboration Agreement, or the date the Company determines the extraction, excavation and sale of any deposits is no longer commercially viable.

### 5.2.2 Responsibilities of the parties

Pursuant to the Mining Collaboration Agreement, the Company is responsible for, *inter alia*:

- (i) providing the necessary funding to cover all costs and expenses for the exploration and development of the concessions and the extraction, excavation, transportation and sale of any deposits;
- (ii) providing all the necessary equipment and labour required for the exploration and development of the concessions and the extraction, excavation, transportation and sale of any deposits;
- (iii) planning and scheduling the exploration and development of the concessions and the extraction, excavation, transportation and sale of any deposits;
- (iv) carrying out the exploration and development of the concessions; and
- (v) carrying out the extraction, excavation, transportation and sale of any deposits.

Pursuant to the Mining Collaboration Agreement, Kho Industries is responsible for, *inter alia*:

- (a) obtaining and maintaining all approvals, licenses, permits and consents required for the collaboration, e.g., mining, forestry and land use licence/permit, permits for heavy equipment access, hauling road usage, laying and construction of any roads, etc.; and
- (b) maintaining a good working relationship with local government and local people to facilitate a smooth, and to ensure a safe, orderly and stable working environment to the Company and its offices, employees, agents, and subcontractors, and ensure the security and safety of assets and equipment of the Company.

### 5.2.3 Collaboration fees

Pursuant to the Mining Collaboration Agreement with Kho Industries, legal and beneficial title to any coal deposit extracted and/or excavated from the concessions shall belong to the



Company, and the parties agree that the Company shall pay to Kho Industries an agreed collaboration fee for every extracted tonne of coal.

## **7. RATIONALE**

### **7.1 Rationale for the Proposed Sany Cooperation, the Offtake Agreement and the Proposed Mining Collaboration**

The Group is presently engaged in the production and sale of low-calorie coal, with a specific focus on supplying coal to power plants located in Riau province, Sumatra, Indonesia.

Since the formation of the current Group following a reverse takeover in 2015, the Group has invested resources, time and effort to build up the business foundation of the Company – through investing in its people, infrastructure, and equipment. While the Group's financial performance has faced several headwinds since its establishment, it is of the view that, barring unforeseen circumstances, the Group is poised to benefit from the local and international demand for low-calorie coal in the long term. As such, the Group has continually explored opportunities to expand into other resource segments with the goal to diversify its revenue base and strengthen its business foundation.

The Group believes the Proposed Sany Cooperation, the Offtake Agreement and the Proposed Mining Collaboration are synergistic and, barring any unforeseen circumstances, can provide the Group strong headway into new growth areas in the thermal coal resource industry, thus generating a stable and recurring source of revenue.

Under the Mining Collaboration Agreement, the Company has secured a favourable price for the thermal coal extracted from Kho Industries' concessions, and with the Offtake Agreement in place, the Company will ensure that there is a ready buyer for such thermal coal.

Separately, under the Mining Collaboration Agreement, the Company will be providing the funding, equipment and labour to explore, develop, extract and excavate concessions owned by Kho Industries. Through the exclusive cooperation with Sany under the Cooperation MOU, the Group will tap on Sany's expertise, technology and resources to ramp up the collaborations with Kho Industries and to expedite the production of thermal coal under the Kho Concession. Such cooperation with Sany will also apply to any future concessions which the Group may secure, manage and/or operate.

For more details of the Proposed Sany Cooperation, the Offtake Agreement, and the Proposed Mining Collaboration please refer to paragraphs 2, 3 and 5 and of this announcement.

In view of the Group's plan to venture into the thermal coal industry and into new geographical regions, the Board will consider if the Group shall seek Shareholders' approval to diversify the Group's business, or if otherwise required under the Catalist Rules.

### **7.2 Rationale for the Proposed Bonds Subscription**

The Directors are of the view that the issuance of the Bonds is beneficial to Group as it will increase financial resources available to the Group to meet its present working capital

requirements and to support its growth plans in the resource industry, particularly in thermal coal and gold.

Part of the Series A Net Proceeds will be used as general working capital for the purposes of (i) settling outstanding professional fees due to the Group's auditors; (ii) settling outstanding tax liabilities; (iii) settling outstanding directors' fees, (iv) settling general overheads of the Group and (v) other operating expenses of the Group.

Under the Mining Collaboration Agreement, the Company will, *inter alia*, fund the costs and expenses for the exploration and development of the relevant concessions and the extraction, excavation, transportation and sale of any deposits in the relevant concessions. The funds raised from the issuance of the Series B Bonds, if any, would provide the Group with additional working capital to facilitate the activities contemplated under the Mining Collaboration Agreement, as well as other working capital requirements.

## **8. AUTHORITY TO ISSUE SHARES**

### **8.1 Series A Conversion Shares**

The allotment and issuance of the Conversion Shares to be issued upon conversion of the Series A Bonds will be made pursuant to the authority granted under the General Mandate.

The General Mandate authorises the Company to issue new Shares or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares; provided that the aggregate number of Shares to be issued under the General Mandate shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the grant of the General Mandate (the "**Relevant Share Capital**") and that the aggregate number of Shares to be issued other than on a pro rata basis to Shareholders shall not exceed 50% of such Relevant Share Capital.

As at the date the General Mandate was obtained, the Company had an issued share capital comprising 1,003,743,770 Shares. Based on the foregoing and the terms of the General Mandate, the Company may issue up to 501,871,885 new Shares on a non *pro rata* basis. As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate.

Upon conversion of the Series A Bonds, the Company will allot and issue an aggregate 333,333,333 new Shares, which is within the limits of the General Mandate

### **8.2 Shareholders' Approval- Series B Conversion Shares, Bonds Referral Shares and Offtake Referral Shares**

The Company will convene a shareholders' meeting to seek shareholders' approval for the allotment and issue of the (i) Series B Conversion Shares, (ii) Bonds Referral Shares, and (iii) Offtake Referral Shares (the "**Shareholders' Approval**").

A circular to the Shareholders in relation to the issue and allotment of the, (i)Series B Conversion Shares, (ii)Bonds Referral Shares, and (iii)Offtake Referral Shares will be despatched by the Company in due course (the “Circular”).

Until such Shareholders’ Approval is obtained, under the terms of the Bonds, the Series B Bonds subscribed by the Investor (or its assignee) may not be converted into Conversion Shares.

## **9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or (so far as they are aware) the controlling shareholders of the Company has any interest, direct or indirect (other than through their respective directorships and shareholdings in the Company), in the Proposed Sany Cooperation, the Offtake Agreement, the Proposed Bonds Subscription and the Proposed Mining Collaboration.

## **10. DIRECTORS’ RESPONSIBILITY STATEMENT**

This announcement has been reviewed and approved by the Directors (including those who may have been delegated detailed supervision of the preparation of this announcement). 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 Sany Cooperation, the Offtake Agreement, the Proposed Bonds Subscription and the Mining Collaboration Agreement, and 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 have been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context

## **11. DOCUMENT FOR INSPECTION**

A copy of the following documents are available for inspection during normal business hours at the Company’s registered office located at 7 Temasek Boulevard #08-07 Suntec Tower Singapore 038987 for a period of three (3) months from the date of this announcement:

- (i) the Cooperation MOU;
- (ii) the Offtake Agreement;
- (iii) the Mining Collaboration Agreement; and
- (iv) the Convertible Bonds Agreements.

**By Order of the Board**

Philip Soh Sai Kiang  
Independent Non-Executive Chairman  
5 February 2020

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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.

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