
Press Release – For Immediate Release

BlackGold Signs Agreement for a RTO Transaction Valued at S\$1 Billion; To Undertake Placement of New Shares to Fund the Related Acquisitions Costs and Expenses as well as Working Capital

- ***BlackGold to acquire TEC Group that has two operating entities in Mongolia, one entity holding mining licences to mine coal deposits in Bayan soum, Tuv province in Mongolia (“Target Concessions”), and the other entity holding licences to construct power plants and energy facilities in the country (“Licences”)***
- ***Mongolia's economic growth is expected to recover gradually to 4.8% in 2021 and accelerate to 5.7% in 2022⁽¹⁾***
- ***The purchase price of S\$1 billion shall be adjusted based on an independent valuation of TEC Group and its assets***
- ***BlackGold shall have an indicative ascribed value of S\$202.5 million under the agreement***

SINGAPORE, 28 May 2021 – BlackGold Natural Resources Limited (“BlackGold” or the “Company”, and together with its subsidiaries, the “Group”) is pleased to announce that it has signed a sale and purchase agreement (“SPA”) with MGL Development Pte. Ltd. (“MGL”) following the announcement of a non-binding term sheet signed between BlackGold and MGL in April 2021.

The SPA with MGL is in relation to a proposed acquisition of the entire issued and paid-up share capital of Tengri Coal and Energy Pte. Limited (“TEC”, and together with its subsidiaries, the “TEC Group”) by the Company.

Upon completion of the proposed acquisition, it will result in a “reverse takeover” (“RTO”) of BlackGold and this transaction is subject to, *inter alia*, the approval of shareholders of the Company at an extraordinary general meeting to be convened and the approval of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

MGL is the sole shareholder of TEC, which owns the entire issued and paid-up share capital of Tengri Petrochemicals LLC (“TPL”). TPL in turn owns the entire issued and paid-up share capital of Tsaidam Energy LLC (“Tsaidam Energy”).

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

The purchase price of S\$1 billion shall be adjusted based on the valuation of the TEC Group and its assets (including the Licences, Target Concessions, offtake agreements and indicated

and inferred mineral resources) as set out in an independent valuation report. The purchase price shall be satisfied by the allotment and issuance by the Company to MGL (and/or its nominees) of new ordinary shares in the capital of the Company at an issue price based on a prescribed formula as set out in the SPA.

Under the SPA, the indicative ascribed value of the Group and its assets is S\$202.5 million (equivalent to US\$150.0 million), to be adjusted based on the valuation of the Group and its assets as set out in a separate independent valuation report.

Both independent valuation reports will be prepared by an internationally reputable independent firm of professional valuers that will be appointed by BlackGold upon agreement between BlackGold and MGL.

Aligned with the Group's strategy to expand its business through mergers and acquisitions, the proposed acquisition will enable the Group to diversify and expand its geographical footprint beyond Southeast Asia. In addition, it will allow the Group to vertically integrate its coal supply chain from mining to electricity power supply.

As it is likely that the TEC Group may be eligible for a listing on the Mainboard of the SGX-ST, the Company intends to seek a transfer of its listing from the Catalist Board to the Mainboard of the SGX-ST, in connection with this transaction.

Mongolia's Economic Growth is Expected to Recover Gradually in 2021 and Accelerate in 2022

Over the past three decades, Mongolia has transformed itself with political and economic reforms, tripling its GDP per capita since 1991.⁽²⁾ Vast quantities of untapped mineral resources in Mongolia have made the country attractive for foreign investments, boosting the country's economic growth over the years.

According to Mongolia's Energy Ministry, around 80% of the electrical supply is produced domestically and 20% is imported.⁽³⁾

Coal is the primary source of electricity generation in Mongolia, accounting for an estimated 85% of the total electricity generation in the country. Since 1990, the energy consumption in Mongolia has increased 124.62% to reach 7.3 terawatt hour in 2018.⁽⁴⁾

According to a recent report by the Asian Development Bank, it projects Mongolia's economic growth to recover to 4.8% in 2021 compared to the 5.3% contraction seen in 2020 before climbing to 5.7% in 2022, boosted by domestic demand, investment, increased private credit, and a full recovery across economic sectors.⁽¹⁾

(1) <https://www.adb.org/news/mongolia-growth-gradually-recover-2021-ADB>

(2) <https://www.worldbank.org/en/country/mongolia/overview>

(3) http://www.xinhuanet.com/english/2020-12/15/c_139591571.htm

(4) <https://www.iea.org/countries/mongolia>

Mr. Soh Sai Kiang, Chairman of BlackGold, commented, “Energy is an essential building block of an economy and Mongolia’s economic growth will further spur energy demand as seen historically.

Leveraging on the track record and business networks of TEC Group in Mongolia, this acquisition provides us with immediate access and scalability to a new geographical market and harness new growth opportunities within the mining and energy industry.

We believe that this transaction will be accretive to our shareholders and it will create a stronger business foundation to tap new opportunities in our targeted markets.”

Speaking on behalf of TEC Group, Mr. Philip Moynagh, CEO of Tsaidam Energy, added, “The Tengri Energy Group has initiated and developed a large portfolio of assets in the energy sector that is aligned with Mongolia’s economic growth.

The assets include over half a billion tonnes of coal, licences and designs for state of the art power plants, licences and designs for hundreds of kilometers of transmission infrastructure, offtake agreements for the generated electricity, construction and debt agreements with Chinese state owned enterprises, and equity agreements with a US investment company. The first 600MW project, a US\$860 million capital expenditure project, is now ready for groundbreaking.

BlackGold’s capabilities and resource-related activities are synergistic to our growth strategy. And a Singapore listing will accelerate our plans in the development of an Asia-centric energy value chain platform to serve the growing energy demand in Asia.”

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This document is to be read in conjunction with BlackGold’s exchange filings on 28 May 2021, which can be downloaded via www.sgx.com.

Issued on behalf of BlackGold Natural Resources Limited by 8PR Asia Pte Ltd.

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About BlackGold Natural Resources Limited

(Bloomberg Code: BHR:Singapore / Reuters Code: BLAC.SI / SGX Code: BHR)

BlackGold Natural Resources Limited is a resource company with a strategic focus on capitalising on the growth trends in the resource industry in Asia, Papua New Guinea and Australia.

For additional information, please visit <http://www.blackgold-group.com>.

This announcement has been reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor") in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

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.

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