

1 April 2015



CONDITIONAL SALE AND PURCHASE AGREEMENT ENTERED INTO FOR THE SALE OF THE COMPANY'S ASSETS TO SGX-LISTED MATEX INTERNATIONAL LIMITED

As foreshadowed in its announcements dated 31 December 2014 and 17 March 2015, on 31 March 2015 Blackgold International Holdings Limited (ASX:BGG) (**Company**) entered into a conditional Sale and Purchase Agreement (**SPA**) with Matex International Limited (**Matex**), a company incorporated under the laws of Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited (**SGX-ST**).

Matex will purchase the Company's wholly-owned subsidiary, Blackgold Holdings HongKong Limited (**BGG HK**, and together with its subsidiaries and associated company, **BGG HK Group**), for a proposed total purchase price of up to S\$475 million (**Consideration**) pursuant to the terms of the SPA (**Proposed Acquisition**).

Execution of the SPA follows the Company and Matex entering into a Heads of Agreement on 30 December 2014 (**HOA**) details of which were set out in the Company's announcement dated 31 December 2014. Execution of the HOA followed LionHeart Holding Group Corp (**LionHeart**), a wholly-owned subsidiary of SGX-listed Vibrant Group Limited (**Vibrant**) exercising a right to nominate an SGX listed entity to acquire BGG HK.

The Consideration shall comprise of (i) S\$25 million cash; and (ii) subject to any adjustment to the Consideration, such number of Matex shares calculated by dividing S\$450 million by the Issue Price (defined below) (**Consideration Shares**). The issue price shall be calculated by dividing the mutually agreed valuation of Matex of S\$50 million by the total number of issued shares of Matex immediately prior to completion of the Proposed Acquisition (**Completion**) including any shares that may be issued under the Mandate Placement(s), (defined below) if any, and adjusted for the Share Consolidation (defined below) (**Issue Price**), provided always that the requirements of the Listing Manual or the Catalist Rules, as the case may be, are complied with.

On Completion, such number of Consideration Shares representing approximately:

- (i) 69% of the aggregate number of Consideration Shares will be issued to the Company and then, subject to all applicable laws, rules and regulations, distributed to the Company's shareholders by way of an equal capital reduction in accordance with the Corporations Act 2001 (Cth) and the ASX Listing Rules, with the timing to be determined following consultation with all regulatory authorities (**Proposed Distribution**);
- (ii) 25% of the aggregate number of Consideration Shares will be issued to LionHeart, a wholly-owned subsidiary of Vibrant (a substantial shareholder in the Company), in connection with an agreement with Vibrant regarding the S\$25 million convertible bond issue previously announced to ASX on 19 November 2014 and 9 December 2014; and
- (iii) 6% of the aggregate number of Consideration Shares will be issued to Portman Capital Development Ltd. consultants to the Company.

COMPANY DIRECTORS & MANAGEMENT

Directors

| | |
|--------------------------|----------------------|
| Executive Director & CEO | Yu Guo Peng |
| Non-Executive Chairman | Chi Ho (James) Tong |
| Executive Director | |
| Non-Executive Director | Jun Ou |
| Non-Executive Director | John Wu ZhongHan |
| Non-Executive Director | Sophia Huang Wei-Her |
| | Prof Guangfu Yang |

Management

| | |
|--|-------------------------------|
| Deputy General Manager | |
| Deputy General Manager, Enterprise Management | Zhongxiao Zhu Yijiang Peng |
| Chief Financial Officer | |
| Chief Geologist | Shaokui Chen |
| Deputy General Manager and Chief of the Production Technology Department | Wenming Yeo Jun Shao |

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In the event the BGG HK Group is valued by the independent qualified valuer for less than S\$500 million, the Consideration will be reduced on a proportionate basis. For example, if the Valuation Report states that the BGG HK Group is valued at S\$475 million, being 95% of S\$500 million, the Consideration shall accordingly be adjusted to 95%, i.e. S\$451.25 million. Notwithstanding the foregoing, if the Valuation Report states that the BGG HK Group is valued at or less than S\$425 million, Matex may terminate the SPA with written notice to the Company, whereupon neither the Company nor Matex shall have any claim against the other, save that either the Company or Matex may pursue any claim against the other arising from any antecedent breach of the SPA.

It is envisaged that all current members of the Matex board will resign effective from Completion and the Company's nominees will, subject to, *inter alia*, approval of Matex's shareholders, be appointed.

Under the terms of the SPA, Matex will undertake a share consolidation exercise, at such ratio to be determined, to meet certain minimum issue price requirements under the SGX-ST Listing Manual or the Catalist Rules, as the case may be (**Share Consolidation**). Matex may also undertake placement(s) at such time and to such place(s) to be determined by Matex's board of directors (if any) (**Mandate Placement(s)**), and a placement of new Matex shares upon Completion to satisfy the shareholding spread and distribution requirements under the SGX-ST Listing Manual or the Catalist Rules, as the case may be, if required (**Compliance Placement**).

Matex will also, in connection with the Proposed Acquisition, issue such number of new shares representing:

- approximately 5.0% of the enlarged issued share capital of Matex to Merlion Capital Pte Ltd (**Merlion Shares**);
- an aggregate issue price of S\$3 million to Daiwa Capital Markets Singapore Limited (**Daiwa Shares**); and
- approximately 0.285% of the enlarged issued share capital of Matex to Canaccord Genuity Singapore Pte Ltd,

on Completion at the Issue Price (collectively, **Adviser Shares**).

Matex's enlarged share capital means Matex's share capital after (i) completion of the Mandate Placement(s) (if any), (ii) completion of the Share Consolidation, and (iii) the allotment and issue of all of the Consideration Shares and Adviser Shares (but not the shares issued pursuant to the Compliance Placement, if any).

In conjunction with the Proposed Acquisition, M Global Limited, an entity associated with the Chief Executive Officer and Managing Director, and controlling shareholder of Matex, Dr. Tan Pang Kee, will acquire Matex's subsidiaries, associated companies, business, assets and liabilities of any kind, existing as at the date of the sale and purchase agreement for the Proposed Disposal and on or prior to the date of completion of the Proposed Disposal, on terms to be agreed between Matex and M Global Limited and for a consideration of no less than S\$25 million (**Proposed Disposal**).

The Proposed Acquisition is likely to constitute:

- (a) (in respect of Matex) a "reverse takeover" under Chapter 10 of the SGX-ST Listing Manual and will be subject to, *inter alia*, the approval of Matex's shareholders and the SGX-ST; and
- (b) (in respect of the Company) a disposal of the Company's main undertaking under ASX Listing Rule 11.2 which will be subject to, *inter alia*, the approval of the Company's shareholders.

In connection with the Proposed Acquisition, Matex may apply to the SGX-ST for the transfer of the listing and quotation of Matex's ordinary shares from the Mainboard of the SGX-ST to Catalist, in accordance with the applicable Catalist Rules.



Completion of the Proposed Acquisition and the Proposed Disposal will occur concurrently, or not at all. Completion is subject to several conditions precedent, including, *inter alia*, mutual satisfactory due diligence, approval by shareholders of the Company and Matex, applicable regulatory approvals being obtained, Matex remaining listed on the SGX-ST until Completion and receipt of:

- (a) an independent valuation report prepared by an independent qualified valuer on the BGG HK Group; and
- (b) a technical report prepared by an independent qualified person, Behre Dolbear Asia, Inc., in compliance with all applicable requirements of the SGX-ST Listing Manual.

Asset Appraisal Limited has been jointly nominated by Matex and the Company and appointed by the Company as the independent qualified valuer of the BGG HK Group.

The SPA is governed by the laws of the Republic of Singapore and Completion will occur no later than the date falling 30 days after the date on which the last of the conditions precedent have been satisfied or waived in accordance with the terms of the SPA. All conditions precedent must be satisfied or waived by the Long-Stop Date, being the date falling twelve (12) months from the date of the SPA (or such other date as the parties may agree in writing). If any of the conditions precedent are not satisfied or waived by the Long-Stop Date, the SPA will cease (save for the surviving provisions) and neither party will have a claim against the other except for a claim arising from any antecedent breach of the SPA.

Further details of the Proposed Transaction are set out in Matex's announcement of today's date available on the SGX-ST website.

Due to the conditional nature of the Proposed Acquisition, investors are cautioned about investing in the Company in reliance on Completion occurring.

ENDS

Blackgold International Holdings Limited

Chi Ho (James) Tong

Chairman



Disclaimer

Certain statements included in this announcement constitute forward looking information. This information is based upon a number of estimates and assumptions made by the Company in light of its experience, current conditions and expectations of future developments, as well as other factors that the Company believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable, they are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, commodity prices, exploration, acquisition, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward-looking information is no guarantee of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Forward-looking information is made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by law.

About Blackgold

Blackgold International Holdings Limited (ASX Code: BGG) is a Chongqing, China-based producer of high value thermal coal. Blackgold listed on ASX on 22 February 2011.

Blackgold currently operates four existing underground thermal coal mines, the Caotang Mine and the Heiwan Mine in Fengjie County, Chongqing in the PRC, the Baolong Mine in Wushan County, Chongqing in the PRC and the Changhong Mine in the area bordering Xishui County of Guizhou and Qijiang County of Chongqing in the PRC.