

19 November 2014

- **S\$25M CONVERTIBLE BOND ISSUE**
- **RIGHT TO NOMINATE A SGX MAINBOARD ENTITY TO PURCHASE BLACKGOLD'S ASSETS**

COMPANY DIRECTORS & MANAGEMENT

Directors

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

Management

Deputy General Manager	Zhong Xiao Zhu
Deputy General Manager, Enterprise Management	Yi Jiang Peng
Chief Financial Officer	Shao Kui Chen
Chief Geologist	WenMing Yeo
Deputy General Manager and Chief of the Production Technology Department	Jun Shao

ADDRESS

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Blackgold International Holdings Limited (ASX:BGG) (**Blackgold**) is pleased to announce that it has entered into a binding term sheet with Vibrant Group Limited (SGX:VIGB) under which:

- Blackgold issues convertible bonds to Vibrant's wholly owned subsidiary, LionHeart Holding Group Corp (**LHGC**), with a total face value of up to S\$25 million; and
- Blackgold grants LHGC the right to nominate a Singapore Exchange (**SGX**) Mainboard listed entity (SGX ListCo) to purchase Blackgold's Hong Kong subsidiary (which holds the group's Chinese operating assets) under a transaction that would see Blackgold's assets listed on SGX Mainboard and, subject to applicable laws and required approvals, Blackgold's shareholders holding shares traded on SGX (**RTO**).

The Company's Directors have for some time considered that there is little interest amongst the Australian investors in Blackgold, and that with low liquidity ASX undervalues Blackgold. As a result it is difficult for the company to raise funds. Judging from the valuation and trading liquidity of mining companies listed on the SGX, Blackgold's Board believes that investors in Singapore will view the company more favourably and therefore higher trading liquidity can be expected compared to the existing trading valuation.

Proceeds raised under the bond issue will be used for acquisitions and to supplement existing working capital.

Vibrant Group Limited has a relevant interest in approximately 5.8% of Blackgold's issued shares.

Material terms

The material terms of the binding term sheet are as follows:

1. Subject to the parties entering into a definitive convertible bond agreement by no later than 21 November 2014 (or such other date as the parties agree), LHGC will subscribe for convertible bonds under the following tranches:

ASX: BBG



- (a) S\$15m by no later than 28 November 2014.
- (b) S\$3.75m by no later than 28 February 2015.
- (c) S\$6.25m upon an SGX Mainboard listed entity acquiring Blackgold Hong Kong Ltd (the entity holding Blackgold's Chinese assets).

The bonds are unsecured and bear interest at 7.5% per annum.

The bonds will, subject to ASX Listing Rules, convert to Blackgold fully paid ordinary shares at a conversion price of A\$0.10 per share if a sale and purchase agreement is not entered into between Blackgold and SGX ListCo within 4 months or if completion of the RTO does not occur within 18 months.

- 2. Blackgold grants LHGC the right to nominate an SGX Mainboard listed entity (**SGX ListCo**) to, subject to agreeing a formal share sale and purchase agreement, acquire Blackgold Hong Kong Ltd for fully paid ordinary shares in SGX ListCo (**Consideration Shares**), with the number of shares and value subject to minimum limits which are significantly in excess of Blackgold's existing market capitalisation.
- 3. As part consideration for subscribing for the convertible bond, Blackgold will assign 25% of the Consideration Shares to LHGC. Subject to applicable laws and regulations, Blackgold will distribute the remaining Consideration Shares to eligible Blackgold shareholders on a pro rata basis.
- 4. Exercising the right and completion of the sale of Blackgold Hong Kong Ltd to SGX ListCo is subject to certain conditions, including the following:
 - (a) Blackgold and SGX ListCo entering into a formal share sale and purchase agreement for Blackgold Hong Kong Ltd, with the purchase price greater than a specified minimum amount.
 - (b) Blackgold and SGX ListCo undertaking due diligence to their absolute discretion.
 - (c) All parties obtaining or satisfying all regulatory approvals, including shareholder and ASX/SGX approval (to the extent required).
 - (d) An independent expert retained by Blackgold opining that the RTO is reasonable for Blackgold shareholders.
 - (e) All necessary third party consents being obtained.
 - (f) No material adverse changes to either Blackgold Hong Kong or SGX ListCo, or breach of warranty.
- 5. The parties each give limited warranties customary for a transaction of this nature.

Timetable

The parties expect to sign a definitive convertible bond agreement by no later than 21 November 2014 (or such other date as the parties agree).

LHGC must exercise the right to nominate an SGX ListCo by 18 March 2015, failing which the right will lapse and (subject to regulatory approvals) the convertible bonds convert to Blackgold



shares. Blackgold will, to the extent required approvals are not obtained, redeem the unpaid balance of the convertible bonds.

The parties expect any RTO to complete by no later than 18 May 2016.

Advisors

Blackgold's financial advisor is Daiwa Capital Markets Singapore Limited and its legal advisors Chancery Law Corporation (Singapore) and Kings Park Corporate Lawyers (Australia). Portman Capital Limited is acting as consultant.

ENDS

Yours faithfully

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, metal 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.

About Blackgold

Blackgold International Holdings Limited (ASX Code: BGG) is a Chongqing, China-based producer of high value thermal coal predominantly sold for industrial power generation to power plant customers in Shanghai. Blackgold listed on ASX on 22 February 2011. Blackgold intends to continue to increase its coal production through internal growth and via acquisition to become a significant producer of high value thermal coal.

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 (previously referred to as the Wushan MaoJia Wang Coal 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.

Location of Blackgold's Mines

