

## LIFEBRANDZ LTD

(Company Registration Number. 200311348E)

(Incorporated in the Republic of Singapore)

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### NON-BINDING TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION BY THE COMPANY OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TOLUKUMA GOLD MINES LIMITED

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#### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Lifebrandz Ltd (the “**Company**”) wishes to announce that the Company has, on 12 July 2016, entered into a non-binding term sheet (the “**Term Sheet**”) with Asidokona Mining Resources Pte. Ltd. (“**Vendor**”), pursuant to which it was proposed that the Company intends to acquire the entire issued and paid-up share capital of Tolukuma Gold Mines Limited (“**Target Company**”), held by the Vendor (“**Proposed Acquisition**”), free from all encumbrances and with all rights attaching thereto as at the date of the completion of the Proposed Acquisition.

Shareholders of the Company (“**Shareholders**”) are advised that the Proposed Acquisition is subject to the parties entering into a definitive sale and purchase agreement and/or such other agreements as may be required in respect of the Proposed Acquisition (the “**Definitive Agreements**”) on such final terms and conditions as the parties may mutually agree and are advised to read this announcement in its entirety, in particular the Cautionary Statement as set out in paragraph 9 of this announcement.

#### 2. INFORMATION ON THE TARGET COMPANY AND THE VENDOR AS AT THE DATE OF THIS ANNOUNCEMENT.

The Target Company is a company incorporated in Papua New Guinea (“**PNG**”) and the owner of a non-operational gold mine held under a mining lease No. 104 issued under the Mining Act 1992 of PNG (“**Mining Lease 104**”). The Target Company also holds five (5) exploration licenses and one (1) exploration license under application. The Mining Lease 104 and the aforesaid exploration licences and exploration licence under application covers a combined area of approximately 1,239 square kilometres in Central PNG.

The Vendor is an investment holding company incorporated in Singapore and the sole shareholder of the Target Company. The Vendor is wholly-owned by Mr Soh Sai Kiang.

Mr Soh is a co-founder and non-executive chairman of Artivision Technologies Ltd, a company listed on the Catalist board of the SGX-ST, and its group of companies, as well as, the lead independent director of Sin Heng Heavy Machinery Ltd, a company listed on the Mainboard of the SGX-ST. Mr Soh is also the Director of Capital Markets (Singapore) of UOB Kay Hian Pte Ltd.

#### 3. SALIENT TERMS OF THE PROPOSED ACQUISITION

The salient terms of the Proposed Acquisition as set out in the Term Sheet are as follows:

### 3.1 Consideration

The purchase consideration for all of the shares in the issued share capital of the Target Company shall be US\$212 million (“**Consideration**”) which shall be satisfied in its entirety by the allotment and issue of new ordinary shares in the share capital of the Company (“**Consideration Shares**”) to the Vendor at an issue price to be calculated based on a valuation of the Company of at least US\$20 million.

The Consideration was arrived at after arm’s length negotiations between the Company and the Vendor, subject to the valuation of the assets of the Target, as shown in the valuation report to be prepared by a qualified valuer in accordance with the Catalist Rules (“**Valuation Report**”) being not less than US\$212 million.

### 3.2 Fund Raising

The Company shall raise up to US\$20 million by way of convertible bonds on terms to be agreed between the parties (“**Fund Raising**”).

### 3.3 Asset Loan

Subject to the completion of the Fund Raising, the Company shall grant a loan of up to US\$17 million to the Target Company for its working capital purposes within 2 months from the execution of Definitive Agreements (the “**Asset Loan**”). The Asset Loan shall be secured by the shares in the issued share capital of the Target Company (“**Security**”).

The Target Company shall be allowed to raise a total of US\$17 million in borrowings (which amount shall include any of the Asset Loan disbursed) and parties agree that such borrowings shall be secured by the Security on a *pari passu* basis between the Company and other lenders.

### 3.4 Working Capital

The Company shall utilize the remaining US\$3 million from the Fund Raising in the following manner:

- (a) S\$70,000 a month towards the expenses and working capital of the Company and its existing business; and
- (b) other general working capital of the Company and all professional fees in connection with the Proposed Acquisition.

### 3.5 Conditions Precedent

The completion of the Proposed Acquisition is subject to, but not limited to, the following conditions precedent:

- (i) the execution of the Definitive Agreements, on terms and conditions that are mutually agreeable by the parties;
- (ii) the findings of a report prepared in accordance with Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists

and Minerals Council of Australia and Valuation Report being satisfactory and in compliance with the Catalist Rules;

- (iii) approval of the Fund Raising and Asset Loan by the Shareholders and the regulatory authorities (including its sponsor and the SGX-ST, if applicable);
- (iv) approval of the Proposed Acquisition, issue of Consideration Shares and Compliance Placement Shares, and the Whitewash Resolution (as defined below) by the Shareholders and the regulatory authorities (including its sponsor (if applicable), the SGX-ST and the Securities Industry Council ("**SIC**"), where applicable);
- (v) the receipt and non-withdrawal of the approval-in-principle of the SGX-ST for, among other things, the listing and quotation of the Consideration Shares, and the Compliance Placement Shares;
- (vi) the receipt and non-withdrawal of the approval of the SIC granted to the Vendor ("**SIC Approval**") to dispense with the requirements of Rule 14 of the Code to make an offer to the Shareholders arising from the issue to the Vendor of the Consideration Shares, subject to the conditions set out in the SIC Approval;
- (vii) completion of satisfactory due diligence on the Target Company and its subsidiaries;
- (viii) completion of satisfactory due diligence on the Company and its subsidiaries;
- (ix) completion of the Fund Raising and Asset Loan;
- (x) execution of the Irrevocable Undertakings (as defined below) by each of Chng Weng Wah, Chan Hui Lan Catherine, Ang Nam Wah Albert and Lim Fook Hing;
- (xi) there being no breach of any warranty, representation, undertaking or obligation by the parties as set out in the Definitive Agreements; and
- (xii) all applicable governmental or regulatory clearance in relation to the Proposed Acquisition.

### **3.6 Irrevocable Undertakings**

Each of Chng Weng Wah, Chan Hui Lan Catherine, Ang Nam Wah Albert and Lim Fook Hing shall undertake to vote in favour of the Fund Raising, the Asset Loan the Proposed Acquisition; the issue of the Consideration Shares and the Compliance Placement Shares and the Whitewash Resolution (the "**Irrevocable Undertakings**").

### **3.7 Compliance Placement**

Upon completion of the Proposed Acquisition, the Company shall carry out a compliance placement in the form of a sale of Consideration Shares or placement of new Shares to public investor ("**Compliance Placement Shares**") to enable the Company to comply with the shareholding spread and distribution requirements set out in the Catalist Rules.

### **3.8 Whitewash Resolution**

A whitewash resolution (“**Whitewash Resolution**”) will be sought from Shareholders to waive their rights to receive a general offer as a result of the Proposed Acquisition. An independent financial adviser will be appointed by the Company to advise Shareholders on the Whitewash Resolution.

#### **4. EXCLUSIVITY**

The parties agree that during the period of two (2) months from the date of this Term Sheet or such other date as the parties may mutually agree to in writing (“**Term Sheet Period**”), each of them shall not enter into any negotiation, understanding, contracts, or agreements with any third party with the intention of entering into any transaction similar to the Proposed Acquisition.

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

None of the Directors or controlling shareholders of the Company has any interest, whether direct or indirect, in the Proposed Acquisition, save through his shareholding in the Company (if any). The Company has no common directors or controlling shareholders with the Target and/or the Vendor.

#### **6. RESPONSIBILITY STATEMENT**

The Directors and Vendor 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 and constitutes full and true disclosure of all material facts about the Term Sheet and the Company, and the Directors and Vendor 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 and Vendor has 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.

#### **7. CIRCULAR TO SHAREHOLDERS AND FURTHER ANNOUNCEMENTS**

Further announcements on the Proposed Acquisition, including the terms, financial effects and other information as may be required by the Catalist Rules, will be made in due course when the Definitive Agreements are signed, or as and when appropriate.

The Company shall also in due course prepare the circular containing further details of the Proposed Acquisition and enclosing the notice of extraordinary general meeting to be convened in connection therewith to be despatched to Shareholders.

#### **8. DOCUMENTS FOR INSPECTION**

A copy of the Term Sheet is available for inspection during normal business hours at the business office of the Company at 1001 Jalan Bukit Merah #06-11, Singapore 159455 for a period of three (3) months from the date of this announcement.

## **9. CAUTIONARY STATEMENT**

Shareholders are advised that the Proposed Acquisition is subject to the parties entering into the Definitive Agreements on such final terms and conditions as the parties may mutually agree there is no assurance that the parties will enter into the Definitive Agreements in relation to the Proposed Acquisition. Shareholders should to exercise caution when dealing in the shares of the Company, and should consult their legal, financial, tax and other professional advisers if they have any doubt as to the action to take.

### **By Order of the Board**

**Chng Weng Wah**

**Chief Executive Officer / Executive Director**

12 July 2016

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This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("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 details of the contact person for the Sponsor is: -

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