

## 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 ISSUE OF CONVERTIBLE SENIOR NOTES BY THE COMPANY TO CREDE CAPITAL GROUP, LLC

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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 17 July 2016, entered into a non-binding term sheet (“**Term Sheet**”) with an investor, Crede Capital Group, LLC, or its nominee (“**Investor**”),

Pursuant to the terms and conditions of the Term Sheet, the Company has agreed to issue, and the Investor has agreed to subscribe for US\$20 million in principal amount of convertible senior notes (“**Notes**”), denominated in not less than US\$200,000 or integral multiples thereof, in up to four (4) tranches each of a principal amount equal to the applicable Note Issue Price (as defined in paragraph 2.1 of this announcement). The Notes shall pay interest semi-annually at the rate of six per cent. (6%) per annum on the principal amount of the Note, and will mature in 24 months from the date of subscription of each respective tranche of the Notes unless previously converted (“**Crede Subscription**”).

Shareholders of the Company (“**Shareholders**”) are advised that the Crede Subscription is subject to the parties entering into a subscription agreement and/or such other agreements as may be required in respect of the Crede Subscription (“**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 8 of this announcement.

#### 2. SALIENT TERMS OF THE CREDE SUBSCRIPTION

##### 2.1 Note Issue Price

The Note Issue Price for each tranche of the Notes shall be the amount of US\$5 million or, at the election of the Investor, the amount equal to one-sixth of the aggregate dollar value of all shares of the Company (“**Shares**”) traded on the Catalist board (“**Catalist**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in the 20 days on which the SGX-ST is open for securities trading (“**Trading Days**”) immediately preceding the applicable subscription date, provided always that the aggregate of the Note Issue Price for all the Notes shall not be more than US\$20 million (“**Note Issue Price**”).

##### 2.2 Interest

The Notes shall pay interest semi-annually at the rate of six per cent. (6%) per annum on the principal amount of the Note, and will mature in 24 months from the date of subscription of the each respective tranche of the Notes unless previously converted.

### 2.3 Conversion Price

The initial conversion price of the first tranche of the Notes ("**Tranche 1 Notes**") shall be set at 65% of the closing price per Share on the Trading Day immediately prior to the subscription date of the Tranche 1 Notes.

The initial conversion price of the subsequent tranches shall be the lower of:

- (i) 65% of the average of the traded volume-weighted average price ("**VWAP**") per Share in the 20 Trading Days prior to each tranche's respective subscription date; or
- (ii) 65% of the closing bid price on the day prior to the subscription date.

On every 21<sup>st</sup> Trading Day following the respective subscription date, and each successive 21<sup>st</sup> Trading Day thereafter, the conversion price of the respective tranches shall be adjusted to the lower of the following:

- (i) 65% of the average traded VWAP in the 20 Trading Days prior to the adjustment date; or
- (ii) 65% of the closing bid price on the day prior to the adjustment.

### 2.4 Subscription Date

The Tranche 1 Notes shall be issued within five (5) business days of the fulfilment of the Conditions Precedent (as defined in paragraph 2.6 below). Subsequent tranches will be issued on any date falling during the period of 20 business days immediately following the subscription date of the preceding tranche as the Investor may elect.

The last subscription date for the Notes shall be the earlier of (a) the subscription date of the fourth tranche of Notes or (b) the subscription date on which the aggregate Note Issue Prices for all issued Notes is equal to US\$20 million (the applicable subscription date being the "**Last Subscription Date**");

### 2.5 Covenants by the Company

Unless otherwise agreed to in writing by the Investor, the Company shall undertake to the Investor that:

- (i) it shall not enter into or amend any employment, service or consultancy agreements with the existing executive directors, officers and key executives of the Company and their respective associates (as defined in the Catalist Rules) for the period between the date of the subscription agreement and the subscription date of the Tranche 1 Notes; and
- (ii) it shall use its best endeavours to:
  - (a) prepare and submit to the Monetary Authority of Singapore an application no later than fourteen business days following the date of the subscription agreement to seek a Whitewash Waiver (as defined in paragraph 2.6(iii) below); and

- (b) convene an extraordinary general meeting of the Company to obtain the necessary Shareholders' approvals no later than 14 business days following the clearance of the circular by the SGX-ST.

## 2.6 Conditions Precedent

The Investor shall not be obliged to subscribe and pay for any of the Notes unless, *inter alia*, the following conditions precedent have been satisfied on or before the date falling three (3) months from the date of the Subscription Agreement (and on each relevant subscription date of the Notes:

- (i) the Shares remaining listed on Catalist;
- (ii) the approval-in-principle issued by the SGX-ST for the listing and quotation of the Shares to be issued upon conversion of the Notes having been obtained;
- (iii) a waiver granted by the Securities Industry Council of Singapore of the requirement of the Investor to make a mandatory general offer for the Company pursuant to the Singapore Code on Take-Overs and Mergers having been obtained ("**Whitewash Waiver**");
- (iv) there being no event of default existing under any other financial agreement of the Company;
- (v) any other conditions customary for these types of transactions, including necessary governmental, regulatory and Shareholder's approvals;
- (vi) the provision of duly executed undertakings by each of the controlling shareholders, directors, and the senior executives of the Company and their respective associates (as defined in the Catalist Rules) to the Investor not to sell or transfer any Shares from the date of the Subscription Agreement and ending on the date falling 90 days following the Last Subscription Date, unless otherwise approved by the Investor; and
- (vii) there being no material adverse change in the business or financial condition of the Company,

(collectively, the "**Conditions Precedent**").

## 3. **BACKGROUND ON THE INVESTOR**

The Investor is an accredited, institutional investor based in the United States of America. It is a leading international investment firm and a provider of innovative financial solutions. The Investor has completed numerous investment portfolios in more than eight (8) countries in emerging growth companies, with a particular focus on life sciences, healthcare, energy, natural resources, media, social media, lifestyle, technology and special situations. Headquartered in Los Angeles, and with offices in New York and Beijing, the Investor has invested in more than 70 companies, providing both growth capital as well as business assistance that has been instrumental in many of these companies developing their business plans, technologies, and financial market sponsorship. As a result of the significant capital it has deployed in many of its portfolio companies, the Investor has made numerous filings globally, reflecting large ownership positions and meeting the associated regulatory reporting requirements.

The Investor was introduced to the Company by Socius Capital Partners, Inc, (“**SCP**”), an arranger appointed by the Company pursuant to an arranger service agreement dated 10 July 2016 (“**Arranger Agreement**”). Pursuant to the terms of the Arranger Agreement, the Company shall pay to SCP an arranger fee comprising (i) cash payment of an amount equivalent to 10% of the actual amount invested by the Investor; and (ii) equity payment in the form of stock option equivalent to 10% of the outstanding shares of the Company and a strike price of S\$0.002 (payable by the Company), measured immediately on the date the Investor remits the investment amount to the Company.

None of the Directors or controlling shareholders of the Company are related to the Investor.

#### **4. SHAREHOLDERS’ APPROVAL FOR THE ISSUE OF NOTES**

The Company will be seeking the approval of Shareholders for the Crede Subscription. For such purpose, the Company will be convening an extraordinary general meeting (“**EGM**”) to seek the approval of its Shareholders for the Crede Subscription, the circular and the notice of EGM thereof, will be despatched to the Shareholders in due course.

#### **5. RATIONALE AND USE OF PROCEEDS**

The intended use of proceeds is set out in paragraphs 3.3 and 3.4 of the Company’s announcement dated 12 July 2016 in relation to the proposed acquisition by the company of the entire issued and paid-up share capital of Tolukuma Gold Mines Limited (“**Target Company**”) (“**Proposed Acquisition**”).

Assuming that the Notes are subscribed in full by the Investor, the proceeds from the issue of the Notes will be utilised in the following proportions:

- (a) US\$17 million shall be granted by the Company to the Target Company as a loan for its working capital purposes;
- (b) S\$70,000 a month shall be used towards the expenses and working capital of the Company and its existing business; and
- (c) any balance shall be used towards the other general working capital of the Company and all professional fees in connection with the Proposed Acquisition.

The Company will make announcements as to the use of the proceeds from the Notes as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

#### **6. GENERAL**

None of the Directors or controlling shareholders of the Company has any interest, whether direct or indirect, in the Crede Subscription, save through his shareholding in the Company (if any).

None of the Notes will be issued to any person or groups of persons prohibited under Rule 812 of the Catalist Rules.

## **7. 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.

## **8. CAUTIONARY STATEMENT**

Shareholders are advised that the Crede Subscription 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 Crede Subscription. Shareholders should 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**

19 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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