

**SAPPHIRE CORPORATION LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 198502465W)

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**A. INCORPORATION OF A NEW WHOLLY-OWNED SUBSIDIARY; AND  
B. UPDATE ON MANCALA HOLDINGS PTY LTD (“MANCALA”)**

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**A. Incorporation of a new wholly-owned subsidiary, Mancala Holdings Limited**

The Board of Directors (the “**Board**”) of Sapphire Corporation Limited (the “**Company**”) wishes to announce that the Company has incorporated a new wholly-owned subsidiary in Cayman Island known as Mancala Holdings Limited (“**Mancala Holdings**”), with an issued and paid up share capital of US\$1.00 comprising one share. Mancala Holdings will be principally engaged in investment holding relating to mining services business. Mr. Teh Wing Kwan (the Group Chief Executive Officer and Managing Director) and Mr. Lim Jun Xiong (the Non-Executive Chairman and Independent Director) have been appointed as directors of Mancala Holdings.

The abovementioned incorporation was funded with the Group’s internal resources and is not expected to have a material impact on the Group’s consolidated earnings per share and net tangible assets per share for the current financial year ending 31 December 2016.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, (other than through their shareholdings in the Company), in the abovementioned incorporation.

Further to the announcement by the Company on 6 January 2016, the Company has been in discussions with various strategic investors who are mining specialist funds and/or engaged in mining-focused businesses (the “**Mining Investors**”). The primary objective for the incorporation of Mancala Holdings is to facilitate future fund raising exercises for the mining services business of the Group, which may eventually lead to a dilution in the Group’s shareholding in Mancala.

**B. Update on Mancala**

The Board refers to the announcements of the Company dated 9 October 2013, 7 January 2014, 4 April 2014 and 6 January 2016 in relation to the acquisition of Mancala (the “**Previous Announcements**”) and wishes to provide an update on the acquisition of Mancala to the shareholders of the Company (“**Shareholders**”) as follows.

Unless otherwise defined in this announcement, all capitalised terms used in this section shall bear the same meanings as ascribed to them in the Previous Announcements.

***Satisfaction of the Second Tranche Consideration***

In 2014, the financial year-end of Mancala has been changed from 30 June to 31 December to coincide with that of the Company. Pursuant to the finalisation of annual returns and tax returns which Mancala has filed with the relevant authorities in relation to its financial affairs for FY2014, the Company has fully satisfied the Second Tranche Consideration of A\$3,785,833 in the following manner:

- (a) the Company has paid the Second Cash Amount of A\$1,720,833 to the Vendors; and

- (b) the Company has issued 0% non-convertible corporate bonds with an aggregate face value of A\$2,065,000 to the Vendors which the Company shall redeem on or before 30 November 2016 ("**First Corporate Bonds**") **in place of** issuing Consideration Shares in satisfaction of the Second Shares Amount of A\$2,065,000. Accordingly, upon the issuance of the First Corporate Bonds, there shall be no issuance of Consideration Shares in the capital of the Company to the Vendors.

The incorporation of Mancala Holdings and issuance of non-convertible corporate bonds will allow the Group, via Mancala, to pursue a dedicated fund raising strategy for mining services business under a structure that can facilitate funding, or other forms of direct support, by the Mining Investors in due course.

There have been on-going discussions with the Mining Investors relating to potential investments in the Group's mining services business, which could potentially lead to a dilution of the Company's interests in Mancala. The Company will provide further updates in relation to the discussions with the Mining Investors as may be necessary and/or appropriate.

#### ***Satisfaction of Final Tranche Consideration***

In respect of the FY2015 Financial Statements of Mancala which were previously received by the Company, the Company is currently awaiting the finalisation of annual returns and tax returns which Mancala needs to file with the relevant authorities in relation to its financial affairs for FY2015. Barring unforeseen circumstances, the Company expects to satisfy the Final Tranche Consideration in 2016.

The Company may also issue additional non-convertible 0% corporate bond(s) to the Vendors **in place of** issuing Consideration Shares (in the share capital of the Company) in satisfaction of the Final Tranche Consideration, depending on the outcome of its on-going discussions with the Mining Investors and the Group's aforesaid funding strategy for its mining services business.

The Company will provide further updates in relation to the satisfaction of the Final Tranche Consideration as may be necessary and/or appropriate.

#### ***Caution in trading***

Shareholders and investors are advised to exercise caution when dealing in the Company's shares as there is no certainty or assurance as at the date of this announcement that the potential investments in Mancala and/or Mancala Holdings by the Mining Investors will materialise. The Company will make the necessary announcements as and when there are further developments on the potential investments by the Mining Investors. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board  
**SAPPHIRE CORPORATION LIMITED**

Teh Wing Kwan  
Group Chief Executive Officer and Managing Director  
15 July 2016