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Acquisitions and Disposals :: Discloseable Transaction :: Conditional Sale & Purchase Agreement	
* Asterisks denote mandatory information	
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Announcement is submitted with respect to *	LERENO BIO-CHEM LTD.
Announcement is submitted by *	Barbara Seng Suet Shee
Designation *	Company Secretary
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Announcement Title *	Conditional Sale & Purchase Agreement
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Description	See Attached
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Attachments

 Proposed_Acquisition_Of_Astam_Mining_Pte_Ltd.pdf
 Total size = **337K**
 (2048K size limit recommended)



LERENO BIO-CHEM LTD.
(Incorporated in Singapore)
(Company Registration No. 197401961C)

PROPOSED ACQUISITION OF ASTAM MINING PTE LTD

1. INTRODUCTION

Further to the announcement on 4 January 2010, the board of directors (the "**Board**") of Lereno Bio-Chem Ltd. (the "**Company**" or "**LBC**") wishes to announce that the Company had entered into a conditional sale and purchase agreement (the "**Agreement**") dated 8 April 2010 with PT. Eastbourne Minerals Resources, Teranova Group Limited (collectively the "**Vendors**") and Astam Mining Pte Ltd ("**Astam Mining**") for the acquisition by the Company of five per cent. (5%) equity interest in the issued share capital of Astam Mining (the "**Proposed Acquisition**") for a consideration of S\$10,000,000 (the "**Purchase Consideration**").

The Purchase Consideration will be satisfied by the allotment and issue of new warrants (the "**Consideration Warrants**") to the Vendors (or to such persons as the Vendors may designate in writing), with each Consideration Warrant carrying the right to convert into one new ordinary share in the capital of the Company. Further details of the Proposed Acquisition are set out in paragraph 3 below.

2. INFORMATION ON ASTAM MINING AND THE VENDORS

2.1 Information on Astam Mining

Astam Mining, a company incorporated in Singapore on 2 April 2009, is in the business of mining and quarrying as well as general wholesale trade (including general importers and exporters). Astam Mining is wholly-owned by the Vendors, being PT. Eastbourne Minerals Resources ("**PT. Eastbourne Minerals**") (60%) and Teranova Group Limited (40%).

As at the date of this announcement, Astam Mining has not commenced operations. Astam Mining intends to enter into an exclusive master supply contract for bauxite with PT. Eastbourne Mining wherein PT. Eastbourne Mining will supply bauxite to Astam Mining on an exclusive basis for the duration that the Mining Site (as defined below) is able to product bauxite. PT. Eastbourne Mining is a mining services contractor incorporated in Indonesia with its registered office at Plaza Marein 19th Floor Complex Sudirman Kav 76-78 Jakarta 12910, Indonesia. The shareholders of PT. Eastbourne Mining are not related to any of our Controlling Shareholders or Directors.

On 11 May 2009, PT. Eastbourne Mining was granted the power of attorney (the "**POA**") by PT. Lanang Bersatu ("**PT. Lanang**") to, *inter alia*, represent PT. Lanang in relation to all matters related to (i) exploration and development of bauxite at the Mining Site (as defined below), (ii) exploitation of the Mining Site, (iii) carry out any activities in relation to the development of the Mining Site; and (iv) sign any required documentation in relation to the activities at the Mining Site on behalf of PT. Lanang. PT. Lanang is a company incorporated in Indonesia with its registered office at Jalan Let. Jend. R. Soeprpto, RT17/RWVII, Kelurahan Tengah Kecamatan Delta Pawan, Kabupaten Ketapang, West Kalimantan, Indonesia and it holds an exploratory licence for a bauxite mine situated in Silingan Kecamatan Marau Kabupaten Ketapang, Kalimantan, Indonesia (the "**Mining Site**"). The shareholders of PT. Lanang are not related to any of our Controlling Shareholders or Directors.

2.2 Information on the Vendors

PT. Eastbourne Minerals

PT. Eastbourne Minerals Resources is a company incorporated in Indonesia with its registered address at Plaza Marein 19th Floor Complex Sudirman Kav 76-78 Jakarta 12910, Indonesia. It is a trading company specialising in the trading of minerals such as coal, iron ore, manganese and lead. The shareholders of PT. Eastbourne Minerals are Choo Hean and Burhan Telasman, who are not related to our Controlling Shareholders or Directors.

Teranova Group Limited

Teranova Group Limited is a company incorporated in the British Virgin Islands with its registered address at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands 1495253. It is an investment holding company, wholly owned by Phoon Wui Nyen who is not related to our Controlling Shareholders or Directors.

3. PRINCIPAL TERMS AND SALIENT FEATURES OF THE PROPOSED ACQUISITION

3.1 Sale and Purchase

Astam Mining has an issued and paid-up share capital of S\$100,000 comprising 100,000 ordinary shares as at the date of this announcement. Pursuant to the Agreement, the Company will acquire five per cent. (5%) equity interest in the issued share capital of Astam Mining (comprising 5,000 ordinary shares) which are held by the Vendors (the "**Vendor Shares**"). Subsequent to the completion of the Proposed Acquisition, the shareholders of Astam Mining will comprise PT. Eastbourne Minerals (57.0%), Teranova Group Limited (38.0%) and the Company (5.0%).

The Vendor Shares are to be acquired: (a) free from all claims, charges, liens, equities and other encumbrances; and (b) together with all rights, dividends, entitlements and benefits attaching to the Vendor Shares as at and from the completion of the Proposed Acquisition.

3.2 Purchase Consideration

The Purchase Consideration of S\$10,000,000 payable by the Company to the Vendors for the Vendor Shares was arrived at on a willing-buyer willing-seller basis, with reference to the following formula:-

Purchase Consideration = PER x NPAT

Where:

"PER" means the price earnings ratio, which is determined to be four (4) times; and

"NPAT" means the estimated net profit after tax of S\$2,500,000 to be achieved by Astam Mining for the four months from the Approval Date (as defined in paragraph 3.3 below), based on its accounts pursuant to a special audit by a reputable certified public accounting firm acceptable to the Company (the "**Special Audit**").

3.3 Salient Terms of the Agreement

The Purchase Consideration shall be satisfied by the allotment and issue of such number of Consideration Warrants to the Vendors (or to such persons as the Vendors

may designate in writing) at an issue price per Consideration Warrant which shall be equivalent to the closing market price of the Company's shares on the date of the approval from the Company's shareholders for the contemplated transactions in respect of the Agreement (the "**Approval Date**") and upon the terms and subject to the conditions of a warrant deed.

The Consideration Warrants are not transferable and shall be unlisted. Each Conversion Warrant shall be convertible into one (1) share in the Company (the "**Conversion Share**") on or before the expiry of four (4) months from the Approval Date, provided that:-

- (a) Astam Mining achieves the NPAT of S\$2.5 million for the four months from the Approval Date, based on its audited accounts pursuant to the Special Audit;
- (b) the Vendors having procured the payment of S\$2.5 million from Astam Mining to the Company subject to the Condition Subsequent (as defined below) ("**Payment Conversion Condition**"), and
- (c) the Vendors can show that Astam Mining has offtake contract(s) for bauxite (the "**Contracts**") which can provide a NPAT of at least S\$200 million over a period of four (4) calendar years from the Approval Date, as confirmed by a firm of technical experts acceptable to the Company,

(the "**Conversion Conditions**").

The Condition Subsequent refers to Astam Mining having complied with the whitewash procedures pursuant to section 76 of the Companies Act (the "**Whitewash Procedures**") in relation to the Payment Conversion Condition. The Vendors have undertaken to procure Astam Mining to complete the Whitewash Procedures within 2 calendar months from the Completion Date.

In the event that the Consideration Warrants are not converted into Conversion Shares due to the Vendors not being able to fulfill the Conversion Conditions, the Consideration Warrants that are not converted at the end of four (4) months from the Approval Date shall be automatically cancelled.

3.4 Completion

The completion of the Proposed Acquisition ("**Completion**") shall take place on 31 May 2010 or such other date as the parties may otherwise agree in writing.

3.5 Conditions Precedent

Completion and the obligations of the parties under the Agreement shall be conditional upon the fulfilment of, *inter alia*, the following conditions (the "**Conditions Precedent**"):-

- (a) the completion of a due diligence exercise by the Company (legal, technical, financial or otherwise) on Astam Mining and PT. Eastbourne Mining (collectively known as the "**Astam Group**") (the "**Due Diligence**") and the results of such exercise being satisfactory to the Company;
- (b) all necessary approvals, consents and waivers (whether governmental, corporate or otherwise) for the Agreement and the transactions contemplated therein having been obtained and not having been revoked or withdrawn by third parties (including without limitation, government bodies, stock exchanges and other relevant authorities having jurisdiction over the transactions contemplated under the Agreement, and if such approvals, consents and waivers are obtained subject to any conditions such conditions are fulfilled on or before Completion;

- (c) all necessary approval, consents and waivers of Collins Stewart Pte. Limited (the "**Sponsor**") required for Completion and all transactions contemplated under the Agreement being given and not having been withdrawn by the Sponsor (or such relevant competent regulatory authority, as the case may be), including the approval of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of Conversion Shares upon issue and allotment; and if such approvals, consents and waivers are obtained subject to any conditions such conditions are fulfilled on or before Completion;
- (d) where applicable, the Securities Industry Council (the "**SIC**") having granted the Vendors, and parties acting in concert with them, (the "**Obligated Parties**") a waiver of their obligation to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") arising from or in connection with all transactions contemplated under the Agreement, such waiver not being revoked, subject to any conditions that the SIC may impose;
- (e) the approval of the Directors of the Company being obtained for the Agreement and all transactions contemplated under it and the issue and allotment of the Consideration Warrants and Conversion Shares;
- (f) the shareholders of the Company approving at the general meeting:-
 - (i) the Agreement and all transactions contemplated under it, including as soon as practicable after Completion, and subject to all requisite regulatory approvals being obtained;
 - (ii) the waiver by the shareholders of the Company, other than the Obligated Parties, of their rights to receive a mandatory general offer from the Obligated Parties in relation to the Agreement, if required (the "**Proposed Whitewash Resolution**"); and
 - (iii) the proposed issue and allotment of the Consideration Warrants;
- (g) the subscription for, issue and allotment, and offering (if any) of, the Consideration Warrants not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore or in any other jurisdiction affecting the Vendors;
- (h) the Vendor Shares constituting five per cent. (5%) of the entire issued and paid up share capital of Astam Mining;
- (i) the appointment of an independent financial adviser to render an opinion to the Company's independent directors on the Agreement and the Proposed Whitewash Resolution, if required;
- (j) there being no circumstance or event occurring that may have a material adverse effect on the businesses, operations, prospects or condition (financial or otherwise) of the Astam Group;
- (k) the Company being satisfied, in its absolute discretion, with the presentation, method of preparation of and bases for the audited accounts of the Astam Group for the financial years 2009 and 2010 and the results of the performance of the Astam Group and its financial positions as shown by those accounts;
- (l) the business of the Astam Group being carried out in the normal manner and the Astam Group not having disposed of any assets or assumed or incurred

any liabilities (including contingent liabilities) other than those in connection with its ordinary course of business from date of the Agreement to Completion;

- (m) there being no change of circumstances which would render it unlawful, inadvisable, inexpedient or not commercially viable for the Company to carry out the Agreement;
- (n) if required by the Company, the entry into a shareholders' agreement between the parties in relation to Astam Mining on terms to be agreed between the parties;
- (o) where necessary, amendments to the memorandum and articles of association of Astam Mining acceptable to the parties;
- (p) the completion of a valuation of Astam Mining and its business and assets by an independent reputable valuer, if requested by SGX-ST;
- (q) all warranties and representations under the Agreement being complied with, and being true, accurate and correct in all respects as at Completion;
- (r) the passing of resolutions by the board of directors and shareholders of Astam Mining, approving the sale of the Vendor Shares to the Company and the undertaking of Astam Mining's obligations under the Agreement;
- (s) PT. Eastbourne, having successfully obtained its necessary business and operating licences and permits in Indonesia to enable it to carry on its activities as mining service contractors and suppliers; and
- (t) PT. Lanang having successfully applied for its "Izin Usaha Pertambangan", together with all other necessary permits and licences to enable it to carry on its business as owners of the mine.

If any one of the conditions precedent is not fulfilled or not waived such that Completion does not take place, or if for any reason, on or before 31 May 2010, or such other later date as the parties to the Agreement may in their absolute discretion determine in writing, the Agreement shall *ipso facto* cease and no party shall have any claim against any other party save for antecedent breaches.

3.6 Other terms of the Agreement

- (a) The Vendors and the Astam Group further agree and acknowledge that in meeting the relevant NPAT figures on which the Conversion Conditions is conditional upon, the Company shall not be required to grant or issue or agree to grant or issue any mortgages, charges, debentures or other securities or give or agree to give any guarantees or indemnities in favour of and/or for the benefit of the Vendors and/or the Astam Group, save and except by written agreement with the Company.
- (b) The Vendors have jointly and severally undertaken, represented and warranted to and with the Company and its successors in title that Astam Mining has and/or will have a sufficient supply of bauxite that can fulfil its delivery obligations of bauxite under the Contracts.

3.7 Shareholders' approval

The Company will be seeking shareholders' approval for the Proposed Acquisition and the issue of the Consideration Warrants, in an extraordinary general meeting of the Company to be conducted.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition will allow the Company to diversify its operations from biofuels into the mineral resources industry.

5. RELATIVE FIGURES UNDER RULE 1006

The relative figures computed on the bases pursuant to Rule 1006(a) to (d) of the Section B of the Listing Manual of the SGX-ST: Rules of Catalyst (the "Listing Manual") in respect of the Proposed Acquisition and based on the audited consolidated financial statements of the Company and the Group for FY2009 are set out as follows:-

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not meaningful ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	31% ⁽²⁾
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue.	Equal to or less than 81% ⁽³⁾

Notes:-

- (1) Not meaningful as the Group was loss-making in FY2009.
- (2) Based on the Purchase Consideration of S\$10,000,000 and the market capitalisation of the Company of S\$32,726,206 as at 7 April 2010 (being the market day preceding the date of the Agreement) (computed using 1,536,441,620 shares of the Company in issue and weighted average price of S\$0.02130 of LBC's shares transacted on 7 April 2010).
- (3) The number of Consideration Warrants to be issued will be determined only on the Approval Date. We note that the minimum share price of the Company is S\$0.005 and assuming such a minimum share price, the largest number of Consideration Warrants that may be issued will be 2,000,000,000. As such, the largest number of Conversion Shares that may be issued pursuant to the Proposed Acquisition (subject to, *inter alia*, fulfillment of the Conversion Conditions) will be 2,000,000,000. In addition, pursuant to the completion of the Rights Issue in early May 2010 (before the Completion of the Proposed Acquisition), the enlarged number of shares of the Company will be 2,458,306,592 shares. Based on the above assumptions, the relative figure under Rule 1006(d) will be equal to or less than 81%.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition on the Company as set out below are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or financial position of the Company after the completion of the Proposed Acquisition.

The financial effects of the Proposed Acquisition on the share capital, earnings, consolidated net tangible assets ("NTA") and gearing of the Company have been prepared based on the audited consolidated financial statements of the Company for the financial year ended March 2009 ("FY2009"). For the purpose of illustrating the financial effects of the Proposed Acquisition, the financial effects are based on, *inter alia*, the following assumptions:-

- (a) For the purpose of computing the financial effects of the Proposed Acquisition on the earnings of the Company, the Proposed Acquisition is assumed to have been completed on 1 April 2008;
- (b) For the purpose of computing the financial effects of the Proposed Acquisition on the NTA and gearing of the Company, the Proposed Acquisition is assumed to have been completed on 31 March 2009; and
- (c) The issue of 2,000,000,000 Conversion Shares (being the maximum number of new shares that may be issued by the Company pursuant to the conversion of a maximum of 2,000,000,000 Consideration Warrants which is derived assuming a minimum share price of the Company of S\$0.005). In the event the share price of the Company on the Approval Date is higher than S\$0.005, the number of Consideration Warrants and consequently, the number of Conversion Shares, will decrease accordingly.

6.1 Share Capital

The effect of the Proposed Acquisition on the issued share capital of the Company is as follows:-

	Before the Proposed Acquisition		After the Proposed Acquisition	
	No. of Shares ('000)	S\$'000	No. of Shares ('000)	S\$'000
Existing share capital	1,404,619	22,316	1,404,619	22,316
Add: New Shares to be Issued	-	-	2,000,000	10,000
Enlarged share capital	1,414,619	22,316	3,404,519	32,316

6.2 Loss per Share ("LPS")

The effect of the Proposed Acquisition on the LPS of the Company in FY2009 is as follows:-

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss of the Company (S\$'000)	(9,127)	(9,127)
Weighted number of issued shares	1,383,576,457	3,383,576,457

Loss per Share (cents)	(0.66)	(0.27)
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6.3 NTA

The financial effect of the Proposed Acquisition on the NTA of the Company as at 31 March 2009 is as follows:-

S\$'000	Before the Proposed Acquisition	After the Proposed Acquisition
NTA of the Company (S\$'000)	11,205	21,205
Number of issued shares	1,404,618,120	3,404,618,120
NTA per share (cents)	0.80	0.62

6.4 Gearing

The financial effect of the Proposed Transactions on the gearing of the Company as at 31 March 2009 is as follows:-

S\$'000	Before the Proposed Acquisition	After the Proposed Acquisition
Total Borrowings (S\$'000)	2,568	2,568
Shareholders' funds (S\$'000)	11,253	21,253
Gearing (times)	0.23	0.12

7. INTERESTS OF CONTROLLING SHAREHOLDERS AND DIRECTORS

None of the controlling shareholders or Directors of the Company has any interest, direct or indirect, in the Proposed Acquisition.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquires that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material aspects as at the date of this Announcement, and that there are no material facts the omission of which would make this Announcement misleading.

Where information relating to the Vendors has been extracted from published or otherwise available sources or is otherwise based on information obtained from the Vendors, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources or, as the case may be, reflected or reproduced in this Announcement.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection by prior written appointment during normal business hours at the Company's registered office presently at 149

Rochor Road #05-13/15 Fu Lu Shou Complex Singapore 188425 for a period of three (3) months from the date of this Announcement.

10. CIRCULAR TO SHAREHOLDERS

A circular to the shareholders, together with notice of the extraordinary general meeting will be despatched to shareholders in due course. The circular will contain, *inter alia*, details of the Proposed Acquisition.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. The Proposed Acquisition is subject to numerous conditions and the terms of the Agreement. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stockbroker, bank manager, solicitor, accountant, or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board of Directors
Lereno Bio-Chem Ltd

Ong Puay Koon
Managing Director and Chief Executive Officer
9 April 2010

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the SGX-ST. Collins Stewart Pte. Limited 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 contact person for the Sponsor is Mr Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.