

## **NICHE CAPITAL EMAS HOLDINGS BERHAD (“NICE” OR THE “COMPANY”)**

### **PROPOSED AGREEMENT TO GRANT EXPLORATION RIGHT**

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Reference is made to the Company’s circular to shareholders dated 3 June 2021 (“Circular”) in relation to amongst others, the diversification of NICE and its subsidiaries (“NICE Group”) existing business to include exploration of minerals, mining and mineral related business. Unless otherwise stated, defined terms in this announcement shall carry the same meanings as defined in the Circular.

#### **1. INTRODUCTION**

The Board of Directors of NICE (“Board”) wishes to announce that on 5 July 2023, Novaworth Sdn Bhd (“Novaworth”), a wholly-owned subsidiary of the Company, had entered into an Agreement to Grant Exploration Right with Spate Precious Metals Sdn Bhd (“SPM”) (“Earn In Agreement”) to carry out in-ground exploration and/or prospecting and incidental technical works on an area measuring approximately 910 hectares located at Hutan Simpan Kekal Sokor Taku, Mukim Sokor, Daerah Ulu Kusial, Jajahan Tanah Merah, Negeri Kelantan.

The salient terms of the Earn In Agreement are detailed in Section 2.3 below

#### **2. AGREEMENT TO GRANT EXPLORATION RIGHTS**

Pursuant to the Exclusive Mining Agreement dated 6 November 2020 and a Supplemental Agreement dated 2 July 2021 between Jayamas Mining Sdn Bhd (“JMSB”) and SPM (“Sokor South Mining Agreement”), JMSB has irrevocably and exclusively appointed SPM wholly and exclusively to carry out mining operation which to mean all mining operations and matters or operations ancillary or in connection therewith including developing, mining, extracting, processing, removing, producing and selling of gold won, extracted or obtained from the selected mining leases under the Sokor South Mining Agreement as follow:-

- (i) Lot 12553 (Lease/Registration No.: ML3/2019) measuring approximately 155.1 hectares in Hutan Simpan Kekal Sokor Taku, Mukim Sokor, Daerah Ulu Kusial, Jajahan Tanah Merah, Negeri Kelantan; and
- (ii) Lot 12554 (Lease/Registration No.: ML4/2019) measuring approximately 755.2 hectares in Hutan Simpan Kekal Sokor Taku, Mukim Sokor, Daerah Ulu Kusial, Jajahan Tanah Merah, Negeri Kelantan.

(collectively, referred to as “Sokor South Area”).

Please refer to Section 2 and Appendix IV of the Circular for further information on the relationship between the parties.

Pursuant to the Earn In Agreement, SPM agreed to grant in favour of Novaworth the exclusive rights to carry out in-ground exploration and prospecting works for gold and incidental technical works for the purposes of ascertaining the existence, location, quantity, quality and/or commercial value of the gold deposits and to examine the feasibility of undertaking mining operation on Sokor South Area for a period of 24 months with the option to enter into an unincorporated joint venture with SPM over the Sokor South Area where exercise of the option shall confer upon Novaworth (or such third party nominated by Novaworth at its sole and absolute discretion) the right to exclusively develop and use the Sokor South Area for the purposes of mining operation including but not limited to developing, mining, extracting, processing, removing, producing and selling of gold won, extracted or obtained from the Sokor South Area.

## 2.1. SPM

SPM is a company incorporated in Malaysia on 28 September 2020 under the Companies Act 2016 (“Act”). SPM’s principal activities are mining and quarrying activities.

As at 5 July 2021, being the latest practicable date prior to the date of this announcement (“LPD”), the directors of SPM are Fong Kok Chin and Wong Kai Fatt.

As at LPD, SPM’s issued share capital is RM300,000.00 comprising 300,000 ordinary share in SPM. Fong Kok Chin is the sole shareholder of SPM.

## 2.2. NOVAWORTH

Novaworth was incorporated in Malaysia on 10 July 2020 under the Act as a private limited company. Novaworth is a wholly-owned subsidiary of NICE. Novaworth is currently dormant and the intended principal activity of Novaworth is exploration and prospecting of minerals.

As at LPD, Novaworth’s issued share capital is RM1 comprising 1 ordinary shares.

As at LPD, the directors of Novaworth are Julian Foo Kuan Lin and Yeong Chee Jong Nicky.

## 2.3. SALIENT TERMS OF THE EARN IN AGREEMENT

No.	Description	Key Terms
1.	<b>Mining Leases / Sokor South Area</b>	(1) Lot 12553 (Lease/Registration No.: ML3/2019) measuring approximately 155.1 ha (2) Lot 12554 (Lease/Registration No.: ML4/2019) measuring approximately 755.2 ha  all located at Hutan Simpan Kekal Sokor Taku, Mukim Sokor, Daerah Ulu Kusial, Jajahan Tanah Merah, Negeri Kelantan.
2.	<b>Consideration</b>	RM5.0 million payable by Novaworth to SPM within 30 days from Earn In Agreement date
3.	<b>Key Rights and Obligations</b>	(1) Subject to the payment of the Consideration, SPM agrees to grant in favour of Novaworth the exclusive rights to: <ul style="list-style-type: none"><li>➤ carry out the exploration works on the Sokor South Area;</li><li>➤ enter upon the Sokor South Area freely and without interruption at its own risks with or without workmen and to bring upon the Sokor South Area any carts, carriers, bulldozers and other vehicles and to affix or install any equipment, machinery and fixtures on the Sokor South Area as Novaworth may at its absolute discretion deem appropriate for the purposes of carrying out and/or implementing the exploration works;</li><li>➤ explore, prospect, drill and/or obtain specimens and/or samples of gold deposits within the Sokor South Area and to remove such specimens and/or samples;</li><li>➤ use water, sand and gravel, road, canal and river on or over the Sokor South Area as required for the purposes of the exploration works; and</li></ul>

No.	Description	Key Terms
		<ul style="list-style-type: none"> <li>➤ in general to occupy and use the Sokor South Area for any matters or operations in connection with foregoing purposes</li> </ul> <p>for a period of <u>24 MONTHS</u> from Earn In Agreement date. All costs and expenses incurred therefrom shall be fully borne by Novaworth.</p>
	(2)	SPM shall deliver vacant possession of the Sokor South Area to Novaworth upon the execution of Earn In Agreement.
	(3)	<p>SPM further grants in favour of Novaworth an exclusive option to enter into an unincorporated joint venture over the Sokor South Area ("Option"), the exercise of which shall confer upon Novaworth the following exclusive rights and benefits:</p> <ul style="list-style-type: none"> <li>➤ right to exclusively develop and use the Sokor South Area for the purposes of the intended mining operation (including to develop, mine, extract, process, remove, produce and sell gold);</li> <li>➤ right to undertake such works and/or activities ancillary or incidental to or in connection with the above mining rights including to store, transport and process gold;</li> <li>➤ right to sell and retain all yield and proceeds and interest of gold;</li> <li>➤ right to enter upon the Sokor South Area freely and without interruption at its own risk with or without workmen and to bring upon the Sokor South Area any carts, carriers, bulldozers and other vehicles and to affix or install any equipment, machinery and fixtures on the Sokor South Area for the purposes of carrying out and/or implementing the intended mining operation;</li> <li>➤ right to use water, sand and gravel, road, canal and river on or over the Sokor South Area as required by Novaworth in connection with the intended mining operation; and</li> <li>➤ in general to occupy and use the Sokor South Area for any matters or operations in connection with the foregoing purposes for a period commencing from Earn In Agreement date until the expiry of the tenure of the respective Mining Leases (including extensions or renewals thereof from time to time), both dates inclusive ("JVA Term").</li> <li>➤ Novaworth shall be entitled to the balance proceeds, yields and/or other benefits and interests to the gold won, extracted or obtained from the Sokor South Area absolutely after deducting the following:- <ul style="list-style-type: none"> <li>▪ Paying JMSB's entitlement at the following rate: <ul style="list-style-type: none"> <li>❖ 30% of the Produced Gold for alluvial and/or eluvial gold; and</li> <li>❖ 25% of the Produced Gold for hard rock (large scale operation).</li> </ul> </li> </ul> </li> </ul>

No.	Description	Key Terms
		<ul style="list-style-type: none"> <li>▪ Tribute payable to SPM at the rate of 10% of Produced Gold</li> </ul>
		<p>subject to the payment obligations stipulated under the joint venture agreement to be entered into between SPM and Novaworth (“Joint Venture Agreement”).</p>
		<p>(4) Other proposed salient terms under the proposed Joint Venture Agreement are as follow:-</p>
		<ul style="list-style-type: none"> <li>➤ All costs and expenses incurred from and/or in connection with the exercise of the foregoing rights shall be fully borne by Novaworth.</li> <li>➤ If required by Novaworth, SPM shall provide or cause to be provided in favour of Novaworth a limited and specific power of attorney to enable Novaworth to do all acts, things or performances relating to the Sokor South Area and/or the Mining Leases and/or the exercise of the mining rights and/or such other rights of Novaworth pursuant to the terms of the Joint Venture Agreement including the payment of royalties, renewal of Mining Leases and any acts, duties and obligations of SPM under the Joint Venture Agreement and/or such other terms and conditions as shall be mutually agreed upon by the parties.</li> <li>➤ SPM will not during the JVA Term whether directly or indirectly solicit, encourage, initiate, discuss, negotiate and/or grant with respect to, or facilitate or enter into any agreement or arrangement in respect of, any transaction or arrangement relating to the Mining Leases and/or the Sokor South Area which are similar in nature to the transactions or arrangements contemplated under the Joint Venture Agreement.</li> <li>➤ The rights, benefits, powers and authority conferred upon Novaworth under the terms of the Joint Venture Agreement shall be irrevocable save and except with the prior written consent of Novaworth or by virtue of the terms and conditions of the Joint Venture Agreement.</li> </ul>
		<p>(5) The Option is exercisable for a period of <u>36 MONTHS</u> from Earn In Agreement date (subject to any extension of period as may be mutually agreed by the parties)(“Option Period”). Upon receipt of a notice of exercise of Option from Novaworth, SPM shall enter into a Joint Venture Agreement with Novaworth within 30 business days from the date of the said notice of exercise of Option or such extension of period as may be agreed by Novaworth.</p>
		<p>(6) The Option shall be deemed to have lapsed if unexercised by Novaworth within the Option Period.</p>

No.	Description	Key Terms
4.	<b>Events Of Default and Termination</b>	<p>(1) The occurrence of any of the following events shall be deemed an event of default under Earn In Agreement (hereinafter referred to collectively as “Events of Default” and an “Event of Default” shall be construed accordingly) on the part of the Party who is in default (hereinafter referred to as “Defaulting Party” whereas the other Party hereto shall be referred to as “Non-defaulting Party”):</p> <ul style="list-style-type: none"> <li>➤ the Defaulting Party breaches any material terms or stipulations of Earn In Agreement or fails to observe its obligations hereunder which is not capable of rectification, or if capable of rectification is not so remedied within Thirty (30) Days (or such shorter timeframe as may be prescribed by the Relevant Authorities) after receipt of a written notice from the Non-defaulting Party requiring such remedy or rectification;</li> <li>➤ any material representation or warranty made by the Defaulting Party under Earn In Agreement shall prove to have been incorrect or misleading and which is not capable of rectification, or if capable of rectification is not so remedied within Thirty (30) Days (or such shorter timeframe as may be prescribed by the Relevant Authorities) after receipt of a written notice from the Non-defaulting Party requiring such remedy or rectification;</li> <li>➤ the Defaulting Party shall fail to observe or comply with any term, condition, direction, requirement, regulation, guideline or legislation applicable in relation to the Mining Leases and/or the Sokor South Area and on its part to be observed;</li> <li>➤ the Exclusive Mining Agreement and/or the Mining Leases shall be terminated or revoked or not renewed by the Relevant Authorities for any reasons whatsoever (which, unless it is due to the act or omission of Novaworth, shall be deemed as an Event of Default on the part of SPM);</li> <li>➤ any step is taken or a petition shall be presented or an order is made or a resolution is passed for the winding-up or dissolution of the Defaulting Party;</li> <li>➤ the Defaulting Party shall become insolvent or compound with or make arrangements with its creditors or go into liquidation whether voluntarily (save for the purposes of permitted amalgamation or reconstruction) or compulsorily;</li> <li>➤ a Receiver or Manager and/or special administrator shall be appointed whether pursuant to any charge or debenture whatsoever over the undertakings or properties or assets or any part thereof of the Defaulting Party; or</li> <li>➤ the Defaulting Party is unable to pay its debts within the meaning of Section 466 of the Companies Act 2016 or any statutory modification or re-enactment thereof or stops, suspends or threatens suspension of payment thereof.</li> </ul>

No.	Description	Key Terms
		<p>(2) Upon the occurrence of an Event of Default, the Non-defaulting Party shall be entitled to terminate Earn In Agreement by serving a written notice of termination of Thirty (30) Days upon the Defaulting Party whereupon Clause 6.3 (Effects of Expiration of Term or Termination) hereunder shall apply OR ALTERNATIVELY to take such actions or proceedings at the costs of the Defaulting Party to seek enforcement of the terms of Earn In Agreement by way of specific performance (whether in addition to or in substitution of any claims for damages) against the Defaulting Party and to claim all reliefs flowing therefrom.</p> <p>(3) Upon the expiry of the Term or earlier termination of Earn In Agreement, the following provisions shall apply:</p> <ul style="list-style-type: none"> <li>➤ Novaworth shall peaceably yield up to SPM the vacant possession of the Sokor South Area in a good state of repair, order and condition and forthwith cease all Exploration Works, remove its equipment, machinery and material from the Sokor South Area and hand over possession of the Sokor South Area to SPM.</li> <li>➤ If Earn In Agreement is terminated due to any act, omission or default on the part or attributable to SPM, Novaworth shall be entitled to claim for the refund of the Consideration and any other payments made by Novaworth pursuant to or by virtue of the terms of Earn In Agreement (including but not limited to the payments made pursuant to Clause 4.1.7 hereof) from SPM without interest, which refund shall be made by SPM within Seven (7) Business Days from the effective date of termination, failing which Novaworth shall be further entitled to a late refund interest calculated at the rate of Ten Per Centum (10%) per annum on daily basis on the outstanding sum to be refunded.</li> <li>➤ The Non-defaulting Party shall be entitled to claim and/or recover any and all Losses incurred or suffered as a result of the termination and/or act or default of the Defaulting Party.</li> </ul> <p>Thereafter, Earn In Agreement shall absolutely determine and cease to have any further legal effect but without prejudice to any other rights or remedies available to either Party hereto accrued prior to the effective date of termination or expiration, as applicable, of Earn In Agreement.</p>
5.	<b>Assignment</b>	Novaworth shall be entitled to transfer or assign its rights or obligations (or any part thereof) under Earn In Agreement by way of written notification to SPM. SPM shall not without the prior written consent of the Novaworth assign, transfer, charge or otherwise deal with all or any of its rights or obligations under Earn In Agreement.
6.	<b>Governing Laws</b>	The Agreement shall be governed by the laws of Malaysia. The parties agree to submit to the exclusive jurisdiction of the courts of Malaysia.

### **3. RATIONALE**

The Earn In Agreement is part of the Group's plan to expand its mining business and will enable the Group to widen its mining prospects on the mining area where the Group is currently operating.

Barring unforeseen circumstances, NICE believes that the Earn In Agreement should contribute positively to the Group's earnings.

### **4. RISK FACTOR**

The NICE Group had in June 2021, diversified into exploration of minerals, mining and mineral related businesses. As such, the Earn In Agreement is not expected to expose the NICE Group to additional inherent risk in relation to the mining industry.

### **5. EFFECTS OF THE AGREEMENT TO GRANT EXPLORATION RIGHTS**

#### **5.1. Share Capital And Substantial Shareholders' Shareholdings**

The Earn In Agreement will not have any effect on the issued share capital and substantial shareholders' shareholding of the Company as it does not involve issuance of new ordinary shares in NICE.

#### **5.2. Earnings and Earnings per Share**

The Earn In Agreement effect on the earnings and earnings per share of the NICE Group for the financial year ended 30 June 2023 will depend on the various factors which includes, amongst others, the quantum of gold which the Group is able to identify deposits and mine as well as the prices of gold at the material time.

Barring unforeseen circumstances, the Earn In Agreement is expected to contribute towards the Group's future earnings, earnings per share as and when the Group is able to successfully mine from the enlarged mining area and expected profits from the sale of minerals extracted are realised.

#### **5.3. Net Assets ("NA"), NA per Share and Gearing**

The Earn In Agreement is not expected to have a material effect on the NA, NA per share and gearing of the Group.

### **6. INTERESTS OF DIRECTOS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED**

None of the Directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Earn In Agreement.

### **7. DIRECTORS' STATEMENT**

The Board after having considered all aspects of the Earn In Agreement is of the opinion that the Earn In Agreement is in the best interest of NICE.

**8. APPROVALS REQUIRED**

The Earn In Agreement is not subject to the approval of shareholders of the Company and/or any other relevant authorities

**9. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Earn In Agreement pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 10.35% derived by the Consideration over the audited net assets of RM48,322,279 as at 30 June 2022.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

The Earn In Agreement are available for inspection at the Registered Office of NICE at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this Announcement.

This announcement is dated 5 July 2023.