

**UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD
 ENDED 30 JUNE 2020**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR
 AND FULL YEAR RESULTS**
**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND
 SIX MONTHS ENDED 30 JUNE 2020**

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited consolidated financial results of the Group for the second quarter (“**2Q2020**”) and six months (“**6M2020**”) ended 30 June 2020. The corresponding unaudited consolidated financial results for the second quarter (“**2Q2019**”) and six months (“**6M2019**”) ended 30 June 2019 are presented for comparison.

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding year
Consolidated Statement of Comprehensive Income

	GROUP					
	Unaudited 2Q2020	Unaudited 2Q2019	Change +/-	Unaudited 6M2020	Unaudited 6M2019	Change +/-
	US\$	US\$ (restated)	%	US\$	US\$ (restated)	%
Sales	2,097,413	1,919,951	9	4,832,420	2,900,367	67
Cost of Sales	(1,856,825)	(1,772,182)	5	(3,904,131)	(2,587,526)	51
Gross Profit	240,588	147,769	63	928,289	312,841	197
Other income	3,147	2,517	25	6,623	6,971	(5)
Currency translation differences	142,017	153,207	(7)	(541,211)	398,843	n.m.
Fair value losses	(168,071)	-	n.m.	(95,064)	-	n.m.
Expenses						
- Administrative	(652,445)	(734,732)	(11)	(1,530,929)	(1,443,847)	6
- Finance	(257,345)	(114,844)	124	(496,522)	(273,595)	81
- Others	-	(246)	n.m.	-	(5,550)	n.m.
Loss before tax	(692,109)	(546,329)	27	(1,728,814)	(1,004,337)	72
Income tax expense	-	(50)	n.m.	-	(86)	n.m.
Loss net of tax	(692,109)	(546,379)	27	(1,728,814)	(1,004,423)	72

n.m. denotes not meaningful

Restated comparatives for 2Q2019 and 6M2019 reflect the financial figures in the Company's audited financial statements for year ended 31 December 2019

	GROUP					
	Unaudited 2Q2020 US\$	Unaudited 2Q2019 US\$ (restated)	Change +/- %	Unaudited 6M2020 US\$	Unaudited 6M2019 US\$ (restated)	Change +/- %
Other Comprehensive Income/Loss:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Currency translation differences arising from consolidation	(275,980)	(167,075)	65	597,362	(414,540)	n.m.
Other comprehensive (losses) / gains, net of tax	(275,980)	(167,075)	65	597,362	(414,540)	n.m.
Total comprehensive loss, net of tax	(968,089)	(713,454)	36	(1,131,452)	(1,481,963)	(20)
Net loss attributable to:						
- Equity holders of the Company	(691,663)	(545,012)	27	(1,721,472)	(1,002,457)	72
- Non-controlling interests	(446)	(1,367)	(67)	(7,342)	(1,966)	273
	(692,109)	(546,379)	27	(1,728,814)	(1,004,423)	72
Total comprehensive loss attributable to:						
- Equity holders of the Company	(960,442)	(709,992)	35	(1,136,986)	(1,411,214)	(19)
- Non-controlling interests	(7,647)	(3,462)	121	5,534	(7,749)	n.m.
	(968,089)	(713,454)	36	(1,131,452)	(1,418,963)	(20)

n.m. denotes not meaningful

1(a)(ii) The total comprehensive income/(loss) attributable to equity holders of the Company include the following credits/(charges):-

	GROUP					
	Unaudited 2Q2020 US\$	Unaudited 2Q2019 US\$ (restated)	Change +/- %	Unaudited 6M2020 US\$	Unaudited 6M2019 US\$ (restated)	Change +/- %
Interest income	2,272	2,517	(10)	4,714	5,597	(16)
Staff costs	(198,999)	(320,579)	(38)	(393,700)	(638,989)	(38)
Professional fees, travelling and corporate social responsibility expenses	(170,439)	(126,284)	35	(407,959)	(237,284)	72
Legal and licensing expenses	(72,555)	(85,312)	(15)	(165,927)	(180,713)	(8)
Rental expenses	(12,299)	(19,919)	(38)	(21,315)	(42,955)	(50)
Mining, geology and survey expenses	-	(562)	n.m.	(152,548)	(562)	n.m.
Depreciation of property, plant and equipment	(15,741)	(22,278)	(29)	(16,817)	(43,709)	(71)
Impairment of property, plant and equipment	-	(246)	n.m.	-	(4,835)	n.m.

n.m. denotes not meaningful

Restated comparatives for 2Q2019 and 6M2019 reflect the financial figures in the Company's audited financial statements for year ended 31 December 2019

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	GROUP		COMPANY	
	Unaudited As at 30/6/2020 US\$	Audited As at 31/12/2019 US\$	Unaudited As at 30/6/2020 US\$	Audited As at 31/12/2019 US\$
ASSETS				
Current assets				
Cash and cash equivalents	616,328	89,132	584,364	1,528
Restricted cash	20,599	171	-	-
Trade and other receivables	1,603,788	4,865,841	102,091	31,938
Inventories	1,047,586	405,659	-	-
Deposits and prepayments	1,375,961	469,855	24,270	13,231
	4,664,262	5,830,658	710,725	46,697
Non-current assets				
Property, plant and equipment	108,752	106,716	56,762	76,852
Investment in subsidiaries	-	-	1,415	707
Restricted cash	178,379	185,363	-	-
	287,131	292,079	58,177	77,559
Total assets	4,951,393	6,122,737	768,902	124,256
LIABILITIES				
Current liabilities				
Trade and other payables	2,049,146	1,642,951	1,215,255	1,465,217
Accrued operating expenses	4,574,284	3,832,025	699,083	487,699
Borrowings	77,405	2,909,188	35,951	36,941
Financial liabilities, at amortised cost	896,549	-	896,549	-
Financial liabilities, at FVPL	583,695	-	583,695	-
Current income tax liability	379	393	310	321
	8,181,458	8,384,557	3,430,843	1,990,178
Non-current liabilities				
Borrowings	18,752	38,592	16,626	35,936
Other non-current liabilities	160,827	153,542	-	-
Loans from shareholders	3,795,949	3,895,589	-	-
Provisions	290,783	221,465	-	-
	4,266,311	4,309,188	16,626	35,936
Total liabilities	12,447,769	12,693,745	3,447,469	2,026,114
NET LIABILITIES	(7,496,376)	(6,571,008)	(2,678,567)	(1,901,858)

	GROUP		COMPANY	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	US\$	US\$	US\$	US\$
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	56,312,822	56,312,822	171,410,017	171,410,017
Currency translation reserve	(1,947,243)	(2,531,727)	544,828	481,364
Other reserve	1,820,731	1,614,648	296,169	296,169
Accumulated losses	(63,439,757)	(61,718,287)	(174,929,581)	(174,089,408)
	(7,253,447)	(6,322,544)	(2,678,567)	(1,901,858)
Non-controlling interests	(242,929)	(248,464)	-	-
Total equity	(7,496,376)	(6,571,008)	(2,678,567)	(1,901,858)

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(a) the amount repayable in one year or less, or on demand;

	As at 30/6/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Borrowings	-	77,405	2,813,983	95,205

Secured borrowings are financing facilities provided from third party banks and are secured by the account receivables of the Group.

Unsecured borrowings comprises lease liabilities and an unsecured revolving loan facility denominated in IDR from a third party financier that is used to fund working capital requirements.

The average interest rate on borrowings in aggregate amounted to 2.42% for the quarter.

(b) the amount repayable after one year;

	As at 30/6/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Borrowings	-	18,752	-	38,592
Shareholders' loans	-	3,795,949	-	3,895,589

The above relates to shareholders' loans from Twin Gold Ventures S.A. ("**TGV**") and Novel Creation Holdings Limited ("**Novel Creation**") (together, the "**Lenders**"). These loans are non-interest bearing, unsecured and repayable upon demand.

On 20 March 2020, the Group entered into a sixth supplemental deed with the Lenders to extend until 31 March 2022 the period during which the Lenders have agreed not to demand repayment. There has been no request for repayment to date, which can be further extended by the shareholder.

The Group has drawn down US\$4,184,847 of the shareholders' loan to date and the remaining undrawn facility amounts to US\$35,815,153. The Group has not drawn on its shareholder loan facilities in 2Q2020. Any movements arising are from fair valuation of shareholders' loan.

(c) Details of any collateral

Not Applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Unaudited 2Q2020 US\$	Audited 2Q2019 US\$ (restated)
Cash flows from operating activities		
Total loss	(692,109)	(546,379)
Adjustments for:		
- Depreciation of property, plant and equipment	15,741	22,278
- Impairment of property, plant and equipment	-	246
- Fair value losses, financial liabilities FVPL	168,071	-
- Share-based compensation expenses	-	18,169
- Interest income from fixed deposits and current account	(2,272)	(2,517)
- Interest expense	257,345	114,844
- Income tax expense	-	50
- Unrealised currency translation differences	(81,922)	(151,390)
	<u>(335,146)</u>	<u>(544,699)</u>
Change in working capital:		
Inventories	30,585	435,427
Deposit and prepayments	(927,446)	12,482
Trade and other receivables	4,467,056	(821,053)
Trade and other payables	(23,947)	2,146,962
Provision for employee benefits	(1,562)	5,481
Other provisions	35,528	16,303
Net cash provided by operating activities	<u>3,245,068</u>	<u>1,250,903</u>
Cash flows from investing activities		
Addition of property, plant and equipment	-	(246)
Interest received	2,272	2,517
Net cash provided by investing activities	<u>2,272</u>	<u>2,271</u>
Cash flows from financing activities		
Repayment of borrowings	(3,671,719)	(1,774,181)
Repayment of lease liabilities	(9,218)	(21,954)
Interest paid	(857)	(150)
(Withdrawal) / placement of restricted cash	(18,900)	21,318
Net cash used in financing activities	<u>(3,700,694)</u>	<u>(1,774,967)</u>
Net decrease in cash and cash equivalents	(453,354)	(521,793)
Cash and cash equivalents at the beginning of the period	1,029,443	550,412
Effects of currency translation on cash and cash equivalents	40,239	4,452
Cash and cash equivalents at the end of the period	<u>616,328</u>	<u>33,071</u>

Restated comparatives for 2Q2019 reflect the financial figures in the Company's audited financial statements for year ended 31 December 2019

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP - Current period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 31 March 2020 (restated)	56,312,822	1,820,731	(1,678,464)	(62,748,094)	(235,282)	(6,528,287)
Total comprehensive loss for the period	-	-	(275,890)	(691,663)	(7,647)	(968,089)
Balance at 30 June 2020	<u>56,312,822</u>	<u>1,820,731</u>	<u>(1,947,243)</u>	<u>(63,439,757)</u>	<u>(242,929)</u>	<u>(7,496,376)</u>

GROUP - Prior period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 31 March 2019 (restated)	55,619,594	1,593,783	(558,152)	(62,685,321)	(248,835)	(6,278,931)
Share issued as equity compensation plan	115,887	-	-	-	-	115,887
Employee share awards - Value of employee services	-	(97,718)	-	-	-	(97,718)
Total comprehensive loss for the period	-	-	(164,980)	(545,012)	(3,462)	(713,454)
Balance at 30 June 2019 (restated)	<u>55,735,481</u>	<u>1,496,065</u>	<u>(723,132)</u>	<u>(63,230,333)</u>	<u>(252,297)</u>	<u>(6,974,216)</u>

COMPANY - Current period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 31 March 2020 (restated)	171,410,017	296,169	595,992	(174,472,361)	(2,170,183)
Total comprehensive loss for the period	-	-	(51,164)	(457,220)	(508,384)
Balance at 30 June 2020	<u>171,410,017</u>	<u>296,169</u>	<u>544,828</u>	<u>(174,929,581)</u>	<u>(2,678,567)</u>

COMPANY - Prior period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 31 March 2019 (restated)	170,716,790	275,304	497,784	(173,106,253)	(1,616,375)
Share issued as equity compensation plan	115,887	-	-	-	115,887
Employee share awards - Value of employee services	-	(97,718)	-	-	(97,718)
Total comprehensive loss for the period	-	-	(4,145)	(316,907)	(321,052)
Balance at 30 June 2019 (restated)	<u>170,832,677</u>	<u>177,586</u>	<u>493,639</u>	<u>(173,423,160)</u>	<u>(1,919,258)</u>

Restated comparatives reflect the financial figures in the Company's audited financial statements for year ended 31 December 2019

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in the Company's share capital

	No. of Shares	Share capital (US\$)
As at 31 March 2020	1,003,743,770	171,410,017
As at 30 June 2020	<u>1,003,743,770</u>	<u>171,410,017</u>

There were no changes in the issued and paid-up share capital of the Company from 31 December 2019 to 30 June 2020.

The Company has, on 26 March 2020, partially completed the issue of its Series A Convertible Bonds. An aggregate of S\$2 million out of S\$5 million of Series A Convertible Bonds were issued. As of the date of this announcement, there have not been any conversion of the Series A Convertible Bonds to new shares. A total of 333,333,333 new shares may be issued at conversion at a conversion price of 1.5 Singapore Cents if Series A Convertible Bonds were fully converted. The allotment and issuance of 1,333,333,333 new shares of Series B Convertible Bonds which will raise an amount of S\$20 million will be subjected to the approval of shareholders of the Company. A circular to shareholders will be despatched by the Company in due course.

There were no other outstanding convertibles or share options granted as at 30 June 2020 and 30 June 2019.

There were no treasury shares or subsidiary holdings held or issued as at 30 June 2020 and 30 June 2019.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2020	As at 31 December 2019
Number of issued shares excluding treasury shares	1,003,743,770	1,003,743,770

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares.

1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings.

2. Please state whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.

The figures have not been audited or reviewed by the Company's auditors.

3. If the figures have been audited or reviewed, please provide a statement on whether there are any qualifications or emphasis of matter.

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

a) Updates on the efforts taken to resolve each outstanding audit issue.

This is not required for any audit issue that is a material uncertainty relating to going concern.

In the Company's latest audited financial statements for the financial year ended 31 December 2019 ("**FY 2019**"), PricewaterhouseCoopers LLP, the Group's auditors, has issued a disclaimer of opinion in respect of the Going Concern ("**Going Concern Assumption**").

Details relating to the Group's comments on the Going Concern Assumption and its efforts taken to resolve the matter may be found in paragraph 8 of this announcement.

b) Confirmation from the Board that the impact of all outstanding audit issues on the consolidated financial statements have been adequately disclosed.

The Board confirms that all impact of outstanding audit issues on the financial statements in relation to FY2019 have been adequately disclosed.

4. Please state whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been followed.

Accounting policies and methods of computations used in the consolidated financial statements for the period ended 30 June 2020 are consistent with those applied in the financial statements for the year ended 31 December 2019, except for the adoption of accounting standards (including its subsequent amendments) and interpretations applicable for the financial period beginning 1 January 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the new/revised Singapore Financial Reporting Standards ("**SFRS**") that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group's

accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS.

The following is the new or amended SFRS(I) that is relevant to the Group:

- SFRS(I) 3 Business Combination

The adoption of the new or revised accounting standards and interpretations do not have any material effect on the financial statements of the Group.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	6M2020 US\$	6M2019 US\$
Loss for the financial period	<u>(1,721,472)</u>	<u>(1,002,457)</u>
Weighted average number of shares for the purpose of computing basic loss per share	<u>1,003,743,770</u>	<u>936,820,382</u>
Basic loss per share (cents)	(0.17)	(0.11)
Weighted average number of shares for the purpose of computing fully diluted loss per share	<u>1,075,198,650</u>	<u>936,820,382</u>
Fully diluted loss per share (cents)	(0.16)	(0.11)

For the purpose of calculating the weighted average number of shares and the diluted losses per share for 6M2020, the Company has assumed the conversion of the partial issuance of the Series A convertible bonds (S\$2 million out of the S\$5 million) that was subscribed on 26 March 2020.

7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) Current financial period reported on; and**
(b) Immediately preceding financial year.

	30 Jun 2020 US\$	31 Dec 2019 US\$
Net assets of the Group	(7,496,376)	(6,571,008)
No. of ordinary shares in issue	1,003,743,770	1,003,743,770
Net asset value of the Group per ordinary share (cents)	(0.75)	(0.65)
Net assets of the Company	(2,678,567)	(1,901,858)
No. of ordinary shares in issue	1,003,743,770	1,003,743,770
Net asset value of the Company per ordinary share (cents)	(0.27)	(0.19)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Profit & Loss

Revenue

Revenue is generated through the sale of coal from its coal mining activities to its customers.

Revenue amounted to US\$2.1M in 2Q2020 and US\$4.8M in 6M2020, as compared to US\$1.9M in 2Q2019 and US\$2.9M in 6M2019.

During 2Q2020, although sale volumes had decreased by 8% against 2Q2019, revenue had increased by 9% due to improved average selling prices. In 6M2020, the increase of 67% in revenues against 6M2019 was mainly due to a 46% rise in sale volumes.

Cost of Goods Sold

Cost of sales ("COS") comprises mainly cost incurred in relation to mining contractors, coal processing, depreciation and royalties to government.

COS of US\$1.9M in 2Q2020 had increased as compared to US\$1.8M in 2Q2019. COS in 6M2020 of US\$3.9M had also increased as compared to US\$2.6M in 6M2019. The increases are in line with the increased sales volume, which is higher than those recorded in the comparable periods of 2019.

Gross Profit

The Group recorded a gross profit of US\$241K in 2Q2020 and a gross profit of US\$928K in 6M2020.

The improved gross margins in 2Q2020 and 6M2020 were mainly due to sales to customers with better prices and market demand. In addition, the Company saved costs from better economies of scale from increased production volumes.

Currency translation differences

Currency translation differences mainly arise from exchange rate movements in shareholders' loans at the Group's subsidiaries. These loans are denominated in United States Dollar, which are recorded in Singapore Dollar and Indonesia Rupiah in the books of the Singapore and Indonesia subsidiaries, respectively.

The currency translation gains in 2Q2020 of US\$142K was due to a weakening of the United States Dollar against both the Singapore Dollar and Indonesia Rupiah.

However, currency translation losses in 6M2020 of US\$541K was due to a strengthening of the United States Dollar against both the Singapore Dollar and Indonesia Rupiah.

Other gains/losses

The Group recorded other losses of US\$168K in 2Q2020 and US\$95K in 6M2020 from fair valuation movements in financial liabilities, fair value to profit or loss ("FVPL") in relation to the conversion options from the Series A convertible bonds.

Administrative Expenses

Administrative expenses mainly relate to employees' remuneration, directors' fees and expenses relating to licensing and compliance, geologist and survey, rental and recurring professional fees.

Administrative expenses decreased by US\$138K or 17% from US\$791K in 2Q2019 to approximately US\$652K in 2Q2020. The decrease was mainly attributable to:

- a decrease in staff costs of US\$122K due to employee turnover, and
- a decrease in rental expenses of US\$8K due to reductions in assets on lease.

Administrative expenses decreased by US\$25K or 2% from US\$1.6M in 6M2019 to approximately US\$1.5M in 6M2020. The decrease was mainly attributable to:

- a decrease in staff costs of US\$245K due to employee turnover
- a decrease in rental expenses of US\$22K due to reductions in assets on lease; and
- a decrease in depreciation expenses of US\$27K mainly due to the termination of a long-term lease on leasehold properties at the end of 2019. As a result, the value of the right-of-use asset was derecognised, hence leading to reduced depreciation.

The decrease was offset by:

- an increase in one-off mobilization expenses of US\$152K in 1Q2020 for the deployment of additional machineries to expand the Group's production capacity, and
- an increase in professional fees of US\$134K due to additional professional services contracted.

Finance expenses increased by US\$143K or 124% from US\$115K in 2Q2019 to approximately US\$257K in 2Q2020. The increase was mainly due to:

- an increase of US\$41K from interest on discounting of convertible bonds during 2020, and
- an increase of US\$103K from interest on financing facilities arising from increased production activities.

Finance expenses increased by US\$223K or 81% from US\$274K in 6M2019 to approximately US\$497K in 6M2020. The increase was mainly due to:

- an increase of US\$92K from interest on discounting of convertible bonds during 2020, and
- an increase of US\$116K from interest on financing facilities arising from increase of production activities.

Loss after tax

As a result of the abovementioned factors, the Group recorded net losses of US\$692K in 2Q2020 and US\$1.7M in 6M2020, against net losses of US\$546K in 2Q2019 and US\$1.0M in 6M2019.

Review of Statement of Financial Position

Current assets

Current assets comprise cash and cash equivalents, restricted cash, inventories, trade and other receivables, as well as deposits and prepayments.

Current assets decreased by US\$1.2M from US\$5.8M as at 31 December 2019 to US\$4.7M as at 30 June 2020.

Trade and other receivables had decreased by US\$3.3M due to faster payment by customers.

The decrease in current assets was partially offset by the following:

- cash and cash equivalents increased by US\$527K mainly arising from proceeds from convertible bonds issuances. Please refer to Note 1(c) Cash Flow Statement for more details;
- inventories increased by US\$642K due to a larger inventory stockpile from expanded production activities to meet customer demand; and
- deposits and prepayments increased by US\$906K mainly due to prepayments to vendors for the increase in production activities.

Non-current assets

Non-current assets of the Group comprise property, plant and equipment and restricted cash.

Non-current assets decreased by US\$5K due to increases in property, plant and equipment from foreign exchange differences and a US\$7K reduction from withdrawals of restricted cash.

Current liabilities

Current liabilities comprise trade and other payables, current tax liability, accrued operating expenses, borrowings and other financial liabilities.

Current liabilities decreased by US\$204K, from US\$8.4M as at 31 December 2019 to US\$8.2M as at 30 June 2020. The decrease was mainly due to repayment of borrowings amounting to US\$ 2.8M.

The decrease was partially offset by (i) an increase in trade and other payables of US\$406K (ii) accrued operating expenses of US\$742K, for the Group's operations and (iii) an increase in financial liabilities of US\$1.5M in relation to the partial issuance of Series A convertible bonds.

Non-current liabilities

Non-current liabilities comprise loans from shareholders, provision for employee benefits, other provisions and borrowings (non-current portion).

Non-current liabilities decreased by US\$43K mainly due to (i) a decrease in lease liabilities of US\$20K from lease payments and (ii) a decrease of US\$100K from fair value movements in shareholders' loans.

The decrease was partially offset by a total increase of US\$77K in provision for employee benefits and other provisions.

Going Concern and Working Capital

The Board is of the view that the Group is able to continue improving its working capital position and operate as a going concern for the following reasons:

As stated in the going concern assumption provided in the FY2019 Annual Report, please see paragraphs (iv) to (v) below, as well as further updates and efforts taken by the Group in paragraphs (i) and (iii) below :

- (i) On 30 January 2020, the Group has entered into 3 (three) convertible bond agreements to raise an aggregate of S\$5.0M from the Series A Bonds and up to S\$20.0M from a subsequent tranche of Series B Bonds. Please refer to the Company's announcement dated 5 February 2020 for details;
- (ii) As at the date of this announcement, the Company had received S\$2,000,000 of the Series A Bonds with remaining S\$3,000,000 to be issued for Series A Bonds¹;
- (iii) Revenues and gross profits of the Group in 6M2020 have improved by 67% and 197% respectively, against 6M2019;
- (iv) The Group has an available loan facility from its shareholders amounting to US\$35,815,153 for which it can draw upon when required; and
- (v) The Group has secured supply chain financing facilities from a third party bank to support its operations.

Note 1: In an announcement by the Company on 30 July 2020, the cut-off date for fulfilment of the condition precedents on the remaining S\$3,000,000 for issuance to JBIL was extended to 30 September 2020

Review of Statement of Cash Flows

2Q2020

The Group recorded net cash provided by operating activities of US\$3.2M for 2Q2020 which was a result of operating losses before changes in working capital of approximately US\$692K, adjusted for net working capital inflows of approximately US\$3.6M.

Net cash provided by investing activities of US\$2.2K in 2Q2020 was due to proceeds from interest income from current account and time deposits.

Net cash used in financing activities of US\$3.7M was mainly due to repayment of borrowings of US\$3.7M, withdrawal of restricted cash of US\$19K and repayment of lease liability of US\$9K.

As a result of the abovementioned, the Group recorded a net decrease in cash and cash equivalents of US\$453K in 2Q2020.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable as the Company has not disclosed any forecast or prospect statement to its shareholders previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As reported by the Energy World² on 30 June 2020, Indonesia's Energy and Mineral Resources Ministry said that investment by holders of Indonesian coal contract of work is projected to reach \$339.03 million or 70 percent of an initial target of \$484.33 million by the end of 2020. He also stated that total investment in the coal and minerals sector until the end of 2020 is seen reaching \$4.73 billion, against an initial target of \$7.75 billion. The weaker than expected investment outlook is due to declining exports to China, India, Japan, and South Korea, normally Indonesia's four biggest importers.

Domestic coal consumption until end of the year is forecast to be 141 million tonnes, down from an earlier target of 155 million tonnes. The Indonesian Coal Miners Association has estimated demand for domestic coal this year of around 115 to 120 million tonnes.

The Group continues to actively enforce safe social distancing measures for employees at its offices in Singapore and Indonesia and remains vigilant in educating its employees on prevention measures against Covid-19.

The coal industry is likely to experience volatility in the year ahead due to the global effects of Covid-19. The Group's current operation is not significantly impacted by the ongoing Covid-19 pandemic. The global proliferation of Covid-19 is a new risk factor and accordingly, the Group will cautiously monitor the development of Covid-19 and implement various precautionary measures required to support its operation.

News Articles:

Note 2: Indonesian Coal Producers Consider Output Cuts

<https://energy.economictimes.indiatimes.com/news/coal/indonesia-coal-and-minerals-investment-outlook-weakens/76705082>

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended during 2Q2020. The Group has not declared any dividend for 2Q2020 as the Group is loss-making and requires the existing cash to fund its operating activities.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions (“IPTs”) pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“Catalist Rules”).

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transaction conducted under the shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000)	
	S\$		S\$	
	2Q2020	6M2020	2Q2020	6M2020
N.A.	-	-	-	-

There were no interested person transactions entered into by the Group during 2Q2020 and 6M2020.

14. Use of Proceeds from Issuance Series A Bonds

Pursuant to Rule 1204(5)(f) of the Catalist Rules, the Board wishes to provide an update on the use of the proceeds arising from the issuance of Series A Bonds :-

Intended use of Series A Net Proceeds	Allocation of Net Proceeds as disclosed in the announcement dated 5 February 2020 (\$)	After reallocation of Net Proceeds (\$)	Net Proceeds utilised as at date of this announcement (\$)	Balance of the Net Proceeds as at the date of this announcement (\$)
Payment of outstanding professional fees due to Group's auditors, legal counsel and Sponsor	795,000	777,000	495,000	282,000
Payment of outstanding director's fees	167,000	185,000	185,000	-
Working capital	3,958,000	3,958,000	646,000 ⁽²⁾	3,312,000
Total	4,920,000⁽¹⁾	4,920,000	1,326,000	3,594,000

Note :-

- (1). As at the date of this announcement, out of the total quantum of S\$5,000,000 to be issued under the Series A Bonds, an aggregate of S\$2,000,000 was received from the completion of the Series A Bonds issuance to Kingpin and Atrium Asia.
- (2). Working Capital comprises (a) staff costs and administrative expenses of S\$272,000; (b) other professional fees of S\$339,000 and (c) other operating expenses of S\$35,000.

After a review of the Group's cash flow and taking into consideration amount of director's fees approved at the Company's FY2018 annual general meeting, it was decided that S\$18,000 originally intended for repayment of outstanding professional fees to be used for payment of outstanding director's fees instead.

15. Disclosure of incorporation of new subsidiary under Catalist Rule 706A

Not applicable. There was no new incorporation of a subsidiary during 2Q2020.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

16. Rule 705(6)(a) of the Catalist Rules

i. Use of funds/cash for the quarter:-

In 2Q2020, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US\$)	Actual usage of funds (US\$)
Production activities	1,352,000	896,000
General working capital	344,000	256,000
Total	1,696,000	1,152,000

Actual cash used for production activities and general working capital was lower than forecasted by US\$544,000 because payment to contractors/suppliers are to be made in the subsequent quarter.

ii. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:-

For the next immediate quarter (financial period from 1 July 2020 to 30 September 2020 ("3Q2020")), the Group's use of funds for production activities are expected to be as follows:-

Purpose	Amount
	(US\$)
Production activities	457,000
General working capital	507,000
Total	964,000

Principal Assumptions

Projected use of funds for certain items including, but not limited to, expenses incurred for the Group's mine development activities, which will vary according to the Group's rate of coal mining and production. Accordingly, if the Group's rate of coal mining and production changes, the Group's use of funds for mine development activities will change as well.

16 (a). Rule 705(6)(b) of the Catalist Rules

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the above information provided to be false or misleading in any material aspect.

16 (b). Rule 705(7) of the Catalist Rules

Details of exploration (including geophysical surveys), development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

During 2Q2020, no exploration or development activities were conducted. In relation to production activities, a total of approximately 58,000 metric tonnes of coal was produced during 2Q2020.

During 2Q2020, cash expenditure paid for production activities amounted to US\$1,152,000.

17. Confirmation by the Company to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings from all directors and executive officers of the Company under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Soh Sai Kiang
Independent Non-Executive Chairman

Andreas Rinaldi
Executive Director and CEO

14 August 2020

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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. David Yeong (Telephone number: +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.
