BlackGold Natural Resources Limited
(Company Registration No. 199704544C)

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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 2017

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 ("**2Q2017**") and six months ("**6M2017**") ended 30 June 2017. The corresponding unaudited consolidated financial results for the second quarter ("**2Q2016**") and six months ("**6M2016**") ended 30 June 2016 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 2Q2017 US$	**Unaudited 2Q2016 US$**	**Change +/- %**	**Unaudited 6M2017 US$**	**Unaudited 6M2016 US$**	**Change +/- %**
Sales	1,008,017	158,137	n.m.	1,476,187	158,137	n.m.
Cost of Sales	(1,169,465)	(219,341)	433	(1,567,520)	(219,341)	n.m.
Gross Loss	(161,448)	(61,204)	164	(91,333)	(61,204)	49
Other income	2,526	9,091	(72)	5,083	12,330	(59)
Currency translation gains	27,399	19,747	39	122,827	137,758	(11)
Expenses						
- Administrative	(1,705,102)	(943,382)	81	(2,811,851)	(1,697,426)	66
- Finance	(51)	(89)	(43)	(110)	(184)	(40)
- Others	-	(3,866)	(100)	(695)	(3,866)	(82)
Loss before tax	(1,836,676)	(979,703)	87	(2,776,079)	(1,612,592)	72
Income tax expense	-	-		-	-	
Loss net of tax	(1,836,676)	(979,703)	87	(2,776,079)	(1,612,592)	72

n.m. denotes not meaningful

	GROUP					
	Unaudited 2Q2017 US$	Unaudited 2Q2016 US$	Change +/- %	Unaudited 6M2017 US$	Unaudited 6M2016 US$	Change +/- %
Other Comprehensive Income/Loss:						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences arising from consolidation	(15,432)	124,323	(112)	87,390	680,778	(87)
Other comprehensive (losses) / gains, net of tax	(15,432)	124,323	(112)	87,390	680,778	(87)
Total comprehensive loss, net of tax	(1,852,108)	(855,380)	117	(2,688,689)	(931,814)	189
Net loss attributable to:						
- Equity holders of the Company	(1,823,817)	(975,822)	87	(2,758,000)	(1,606,651)	72
- Non-controlling interests	(12,859)	(3,881)	231	(18,079)	(5,941)	204
	(1,836,676)	(979,703)	87	(2,776,079)	(1,612,592)	72
Total comprehensive loss attributable to:						
- Equity holders of the Company	(1,836,650)	(852,647)	115	(2,665,326)	(926,970)	188
- Non-controlling interests	(15,458)	(2,733)	466	(23,363)	(4,844)	382
	(1,852,108)	(855,380)	117	(2,688,689)	(931,814)	189

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 2Q2017 US$	Unaudited 2Q2016 US$	Change +/- %	Unaudited 6M2017 US$	Unaudited 6M2016 US$	Change +/- %
Interest income	2,455	2,423	1	4,819	4,988	(3)
Employee compensation & directors' fees	(394,210)	(379,228)	4	(742,833)	(684,304)	9
Professional fees, travelling and corporate social responsibility expenses	(335,857)	(290,820)	15	(540,567)	(482,468)	12
Legal and licensing expenses	(241,074)	(82,560)	192	(420,201)	(132,442)	217
Rental expenses	(50,089)	(45,336)	10	(99,354)	(82,159)	21
Mining, geology and survey expenses	(394,054)	-	n.m.	(526,468)	(40,283)	n.m.

n.m. denotes not meaningful

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 30/6/2017 US$	Unaudited As at 31/12/2016 US$	Unaudited As at 30/6/2017 US$	Unaudited As at 31/12/2016 US$
ASSETS				
Current assets				
Cash and cash equivalents	240,484	123,541	143,523	81,472
Trade and other receivables	1,240,981	169,232	18,658,525	14,193,433
Inventories	452,614	34,270	-	-
Deposits and prepayments	5,384,012	7,651,019	44,983	7,149
	7,318,091	7,978,062	18,847,031	14,282,054
Non-current assets				
Property, plant and equipment	4,070,677	1,582,599	3,851	5,196
Mining properties	5,611,161	4,940,778	-	-
Exploration and evaluation expenditure	2,043,230	1,989,136	-	-
Investment in subsidiaries	-	-	123,409,681	123,409,681
Restricted cash	192,869	190,052	-	-
	11,917,937	8,702,565	123,413,532	123,414,877
Total assets	**19,236,028**	**16,680,627**	**142,260,563**	**137,696,931**
LIABILITIES				
Current liabilities				
Trade and other payables	984,711	961,893	876,118	951,665
Accrued operating expenses	1,858,560	1,718,178	313,768	276,329
Finance lease liabilities	2,651	2,451	-	-
Current tax liability	62,723	37,952	77	73
	2,908,645	2,720,474	1,189,963	1,228,067
Non-current liabilities				
Finance lease liabilities	457	1,715	-	-
Provision for employee benefit	55,182	47,222	-	-
Loans from shareholders	4,184,847	3,984,847	-	-
Other provisions	35,900	33,199	-	-
	4,276,386	4,066,983	-	-
Total liabilities	**7,185,031**	**6,787,457**	**1,189,963**	**1,228,067**
NET ASSETS	**12,050,997**	**9,893,170**	**141,070,600**	**136,468,864**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	49,700,918	44,854,402	164,798,113	159,951,597
Currency translation reserve	(1,059,274)	(1,151,948)	20,660	(706,456)
Accumulated losses	(36,580,210)	(33,822,210)	(23,748,173)	(22,776,277)
	12,061,434	9,880,244	141,070,600	136,468,864
Non-controlling interests	(10,437)	12,926	-	-
Total equity	**12,050,997**	**9,893,170**	**141,070,600**	**136,468,864**

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;

The Group does not have any borrowings and debt securities repayable in one year or less, or on demand as at 30 June 2017 and 31 December 2016.

(b) the amount repayable after one year;

	As at 30/6/2017		As at 31/12/2016	
	Secured	Unsecured	Secured	Unsecured
	US$	US$	US$	US$
Shareholders' loans	-	4,184,847	-	3,984,847

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 12 May 2017, the Group entered into a third supplemental deed with the Lenders to extend until 31 March 2019 the period during which the Lenders have agreed not to demand repayment. There has been no request for repayment to date.

(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 2Q2017 US$	Unaudited 2Q2016 US$
Cash flows from operating activities		
Loss before tax	(1,836,676)	(979,703)
Adjustments for:		
- Depreciation of property, plant and equipment	10,824	6,257
- Amortisation of mining properties	45,334	-
- Interest income from fixed deposits and current account	(2,455)	(2,423)
- Interest expense	51	89
- Unrealised currency translation differences	27,276	(21,909)
	(1,755,646)	(997,689)
Change in working capital:		
Inventories	(67,190)	(11,250)
Deposit and prepayments	(105,847)	(88,589)
Trade and other receivables	(594,566)	(60,948)
Trade and other payables	(3,039,329)	256,020
Provision for employee benefits	5,174	-
Other provisions	1,115	-
Cash used in operating activities	(5,556,289)	(902,456)
Tax paid	(8,417)	(1,033)
Net cash used in operating activities	(5,564,706)	(903,489)
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,867)	(18,152)
Payment for land use rights	(292,869)	-
Interest received	2,455	2,423
Net cash used in investing activities	(307,281)	(15,729)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	4,846,516	-
Repayment of finance lease	(584)	(615)
Interest paid	(51)	(89)
Net cash provided by / (used in) financing activities	4,845,881	(704)
Net decrease in cash and cash equivalents	(1,026,106)	(919,922)
Cash and cash equivalents at the beginning of the period	1,259,790	1,382,460
Effects of currency translation on cash and cash equivalents	6,800	3,466
Cash and cash equivalents at the end of the period	240,484	466,004

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 US$	Currency Translation reserve US$	Accumulated losses US$	Non-controlling interests US$	Total equity US$
Balance at 31 March 2017	44,854,402	(1,046,441)	(34,756,393)	5,021	9,056,589
Issuance of placement shares	4,846,516	-	-	-	4,846,516
Total comprehensive loss for the period	-	(12,833)	(1,823,817)	(15,458)	(1,852,108)
Balance at 30 June 2017	49,700,918	(1,059,274)	(36,580,210)	(10,437)	12,050,997

GROUP - Prior period

	Share Capital US$	Currency Translation reserve US$	Accumulated losses US$	Non-controlling interests US$	Total equity US$
Balance at 31 March 2016	44,854,402	(1,027,642)	(30,832,249)	17,872	13,012,383
Total comprehensive loss for the period	-	123,175	(975,822)	(2,733)	(855,380)
Balance at 30 June 2016	44,854,402	(904,467)	(31,808,071)	15,139	12,157,003

COMPANY - Current period

	Share Capital US$	Currency Translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 31 March 2017	159,951,597	(251,539)	(23,203,131)	136,496,927
Issuance of placement shares	4,846,516	-	-	4,846,516
Total comprehensive loss for the period	-	272,199	(545,042)	(272,843)
Balance at 30 June 2017	164,798,113	20,660	(23,748,173)	141,070,600

COMPANY - Prior period

	Share Capital US$	Currency Translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 31 March 2016	159,951,597	227,629	(21,189,003)	138,990,223
Total comprehensive loss for the period	-	25,556	(529,464)	(503,908)
Balance at 30 June 2016	159,951,597	253,185	(21,718,467)	138,486,315

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 2017	788,708,783	159,951,597
Issuance of placement shares on 18 April 2017	35,937,000	2,307,105
Issuance of placement shares on 19 May 2017	39,511,654	2,539,411
As at 30 June 2017	864,157,437	164,798,113

There were no outstanding convertibles or share options granted as at 30 June 2017 and 30 June 2016.

There were no treasury shares or subsidiary holdings held or issued as at 30 June 2017 and 30 June 2016.

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 2017	**As at 31 December 2016**
Number of issued shares excluding treasury shares	864,157,437	788,708,783

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, as 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.

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 2017 are consistent with those applied in the financial statements for the year ended 31 December 2016, except for the adoption of accounting standards (including its subsequent amendments) and interpretations applicable for the financial period beginning on or after 1 January 2017.

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 Financial Reporting Standards ("**FRS**") that are effective for annual periods beginning on or after 1 January 2017. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Group:

- Amendments to FRS 7 Statement of Cash Flows
- Amendments to FRS 12 Income Taxes

The adoption of these 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.

	6M2017 US$	**6M2016 US$**
Basic loss per share (cents)	(0.34)	(0.12)
Weighted average number of shares for the purpose of computing basic loss per share	812,788,005	788,708,783
Fully diluted loss per share (cents)	(0.34)	(0.12)
Weighted average number of shares for the purpose of computing fully diluted loss per share	812,778,005	788,708,783

The basic loss per ordinary share and the fully diluted loss per ordinary share for 6M2017 were the same as there were no potentially dilutive ordinary shares existing during the period.

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 2017 US$	31 Dec 2016 US$
Net asset value of the Group per ordinary share (cents)	1.4	1.3
No. of ordinary shares in issue	864,157,437	788,708,783
Net asset value of the Company per ordinary share (cents)	16.3	17.3
No. of ordinary shares in issue	864,157,437	788,708,783

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$1.0M in 2Q2017 and US$1.5M in 6M2017, as compared to US$158K in both 2Q2016 and 6M2016. During 6M2017, the Group commenced deliveries to two of its major customers, PLN Tenayan and Cement Padang. The majority of these deliveries were made during 2Q2017. For the same periods under review in the 2016 financial year, sales to the aforementioned customers had not yet commenced.

Cost of Goods Sold

Cost of goods sold ("**COGS**") comprises mainly costs incurred in relation to mining contractors, coal processing, royalties to government, depreciation and amortization of mining properties and coal inventory.

COGS amounted to US$1.2M in 2Q2017 and US$1.6M in 6M2017, as compared to US$219K in both 2Q2016 and 6M2016. In the current quarter, COGS is higher relative to revenues as a result of initial, non-recurring costs arising from the ramp-up of production volumes.

Gross Loss

The gross loss incurred in 2Q2017 and 6M2017 was mainly due to higher initial, non-recurring production costs as the Group up-scales its mining activities for fulfilment of deliveries to its customers during the periods.

Other Income

Other income amounted to US$3K in 2Q2017 and US$5K in 6M2017, as compared to US$9K in 2Q2016 and US$12K in 6M2016. The decrease was mainly due to a reduction in the receipt from a government grant scheme in 2Q2016.

Currency translation gain

The Group recorded a currency translation gain of US$27K in 2Q2017, as compared to currency translation gain of US$20K in 2Q2016, and currency translation gain of US$123K in 6M2017, as compared to currency translation gain of US$138K in 6M2016.

The currency translation gains in 2Q2017 and 6M2017 were mainly due to translation differences on shareholders loans at its Singapore subsidiary. The United States Dollar (being the currency in which these loans are denominated) had weakened against the Singapore Dollar (being the recording currency for these liabilities), thereby accounting for the currency translation gain.

Administrative Expenses

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

Administrative expenses increased by US$762K or 81% from US$943K in 2Q2016 to approximately US$1.7M in 2Q2017. The increase was mainly attributable to:-

- an increase in employees' compensation of US$15K, mainly due to the increase in headcount as the Group ramped-up its mining operations.

- an increase in legal and licensing expenses of US$159K in respect of the Group's jetty licences as it gears towards completion of the jetty's construction.

- an increase in mining, geologist and survey expenses of US$394K in respect of mobilisation of heavy equipment by contractors as the Group continues expansion of its production capacities.

- an increase in fees to placement agent of US$58K, mainly due to 2 new share placements completed in 2Q2017.

Administrative expenses increased by US$1.1M or 66% from US$1.7M in 6M2016 to approximately US$2.8M in 6M2017. The increase was mainly attributable to:-

- an increase in employees' compensation of US$59K. During 6M2016, certain portions of employees' compensation associated with exploratory and development activities were capitalized under "exploration and evaluation expenditure". During 6M2017, these expenses were recorded in the profit or loss as the PT SB mining concession was already in production. During 6M2017, there was an increase in headcount as the Group ramped-up its mining operations.

- an increase in legal and licensing expenses of US$288K in respect of the Group's jetty licences as it gears towards completion of the jetty's construction.

- an increase in mining, geologist and survey expenses of US$486K in respect of mobilisation of heavy equipment by contractors as the Group continues expansion of its production capacities.

- an increase in rental expenses of US$17K due to incremental office space leased for use at the Group's mine site to support its production activities.

- an increase in fees to placement agent of US$58K, mainly due to two new share placements completed during 6M2017.

<u>Loss after tax</u>

As a result of the above factors, the Group recorded net losses of US$1.8M in 2Q2017 and US$2.8M in 6M2017.

Review of Statement of Financial Position

<u>Current assets</u>

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

Current assets decreased by US$660K from US$8.0M as at 31 December 2016 to US$7.3M as at 30 June 2017.

This was partly due to a US$117K increase in cash and cash equivalents, mainly arising from the share placements completed on 18 April 2017 and 19 May 2017, partially offset by use of proceeds for the Group's operations. Please refer to note 1(c) Consolidated Cash Flow Statement for more details.

Deposits and prepayments decreased by US$2.3M mainly due to capitalisation of the costs of jetty construction and infrastructure at the Group's PT SB concession, which were reclassified as property, plant and equipment in the current period.

Inventories as well as trade and other receivables increased by US$1.5M from the Group's production activities and sale of coal to its major customers during 6M2017.

<u>Non-current assets</u>

Non-current assets of the Group comprise of property, plant and equipment, mining properties, deferred exploration expenditure and restricted cash.

Non-current assets increased by US$3.2M, from US$8.7M as at 31 December 2016 to US$11.9M as at 30 June 2017, mainly due to (i) capitalisation of mining properties of US$684K transferred from "deposits and prepayment" and "other payables" to "mining properties" and payment of land use rights classified under "mining properties", (ii) increase in properties, plants and equipment of US$2.5M, mainly transferred from "deposits and prepayment" to "property, plant and equipment" as capitalised costs of jetty construction and infrastructures in the mine pit area.

Current liabilities

Current liabilities comprise trade and other payables, current tax liability, accrued operating expenses and finance lease liabilities (current portion).

Current liabilities increased by US$188K, from US$2.7M as at 31 December 2016 to US$2.9M as at 30 June 2017. The increase was mainly due to (i) an increase in trade and other payables of US$23K from the Group's production activities and (ii) an increase in accrued operating expenses of US$140K in forestry licences arising from expansion of mining activities.

Non-current liabilities

Non-current liabilities comprise non-current finance lease liabilities, loans from shareholders, provision for employee benefits and other provisions.

Non-current liabilities increased by US$209K, from US$4.1M as at 31 December 2016 to US$4.3M as at 30 June 2017. The increase was mainly due to an increase of US$200K from an additional drawdown on the shareholder's loan.

Working capital

The Group recorded working capital of US$4.4M as at 30 June 2017.

Review of Statement of Cash Flows

2Q2017

The Group recorded net cash used in operating activities of US$5.6M for 2Q2017 which was a result of operating losses before changes in working capital of approximately US$1.8M, adjusted for net working capital outflows of approximately US$3.8M.

Net cash used in investing activities of US$307K in 2Q2017 was mainly due to cash used for the purchase of fixed assets of US$17K, payment for land use rights of US$293K, partially offset by interest income of US$3K from current account and time deposits.

Net cash provided by financing activities of US$4.8M was mainly due to cash proceeds of US$4.8M from issuance of new shares pursuant to the placement exercises.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of US$1.0M in 2Q2017.

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.

In June 2017, the Group signed a conditional term sheet together with China Huadian Engineering Co., Ltd. to work on a joint cooperation project for the development, construction, operation and maintenance of a 2 x 300 MW coal-fired power plant in Riau province, Indonesia ("Riau 1 Project"). The Group successfully completed three share placements during 6M2017 raising a total of S$15.0 million, which will be used mainly for working capital and for preliminary preparation work on the Riau 1 Project.

The Group's subsidiary PT Samantaka Batubara completed its 10th shipment of coal by barge to the Tenayan port in August 2017. The shipment was made in relation to the coal sales and purchase contract signed between PT SB and PT PLN Persero. These steady deliveries will continue to generate consistent revenue for the Group.

An article published in Bisnis.com, citing a recently issued MEMR Decision (No. 2183 K/30/MEM/2017), stated that coal demand from coal-fired power plants is projected to reach 88.3 million tonnes, which accounts for the majority (81.8%) of Indonesia's Domestic Market Obligation ("**DMO**") for coal. The DMO refers to the regulation requiring coal and mineral producing companies to allocate a certain minimum percentage of their production to the domestic market.

Another article published in industry.kontan.co.id quoted Mr Sofyan Basir, President Director of PT PLN Persero, the state-owned electricity company, who stated that PT PLN Persero currently needs around 86 million tonnes of coal for supply to mine-mouth power plants. This demand is forecast to increase by another 70 million tonnes by 2020.

The Group's other contracts for an annual delivery of 360,000 tonnes of coal each to PT SMS and PT SDU are expected to commence in 2H2017 and 1H2018 respectively, as disclosed previously.

The Group also expects to complete the construction of its jetty in 3Q2017. The delivery of coal from its own jetty will likely translate into costs savings for the Group.

Barring unforeseen circumstances, the gradual ramp-up of coal deliveries to its customers combined with the continued dominance of coal in the development of domestic Indonesian power generation, the Group is well-positioned for further growth.

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.

No dividend has been declared or recommended during 2Q2017.

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**").

There were no interested person transactions that were individually more than S$100,000 entered into by the Group during 2Q2017 or 6M2017.

Below is the table detailing the amount of shareholders' loan that was drawn down during 2Q2017 and 6M2017:

Name of Interested Person	**Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transaction conducted under the shareholders' mandate pursuant to Rule 920)** **S$**		**Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transaction less than S$100,000)** **S$**	
	2Q2017	**6M2017**	**2Q2017**	**6M2017**
Twin Gold Ventures S.A.	-	Note 1	-	-

Note 1: During 6M2017, certain subsidiaries in the Group had drawn down a further amount of US$200,000 under these shareholders' loan facilities.

As at 30 June 2017, the total outstanding amount of the shareholders' loans is US$4,184,847. The shareholders' loans are non-interest bearing, unsecured, have no fixed terms of repayment but shall be repayable upon demand from the lenders. The shareholders' loans are provided by Twin Gold Ventures S.A. and Novel Creation Holdings Limited.

14. Use of Placement Proceeds

Pursuant to Rule 1204(5)(f) of the Catalist Rules, the net proceeds from the Share Placement Agreement dated 9 March 2017 of approximately S$3.54 million (after deducting expenses of approximately S$24K) were fully utilised by 2Q2017. The utilisation of the net proceeds from the placement is consistent with the intended use as disclosed in the announcement dated 10 March 2017.

The Board wishes to provide an update on the use of the proceeds arising from the following placement exercises:

Description	Number of new ordinary shares alloted and issued	Issue price per ordinary share (S$)	Placement Proceeds (S$)
Share Placement Agreement dated 24 March 2017	35,937,000	0.090	3,234,330
Share Placement Agreement dated 22 June 2017	66,703,000	0.123	8,204,469
Total			11,438,799

The net proceeds of approximately S$11.1M as at 31 July 2017 (after deducting expenses of approximately S$319K) ("**Net Proceeds**") have been utilised as follows:-

Intended use of Net Proceeds	Allocation of Net Proceeds as disclosed in the announcements dated 27 March 2017 and 23 June 2017 (S$)	Net Proceeds utilised as at 31 July 2017 (S$)	Balance of the Net Proceeds as at the date of this announcement (S$)
Development of a 2 x 300 megawatt mine-mouth power plant (the "Riau 1 Project")	4,458,000	89,000	4,369,000
General working capital purposes	6,662,000	3,519,000 (1)	3,143,000
Total	**11,120,000**	**3,608,000**	**7,512,000**

Note (1): General working capital comprised operating and production expenses of the Group, mainly for the payment of trade and non-trade creditors, rental, salaries and professional fees.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

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

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

In 2Q2017, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US$)	Actual usage of funds (US$)
Development activities *	393,000	722,000
Production activities	670,000	246,000
General working capital	815,000	867,000
Total	1,878,000	1,835,000

* Development activities includes capital expenditures and expenditure on exploration works.

Actual cash used for development activities in 2Q2017 was higher than forecasted by US$329K because of higher payments for land as the Group has progressed faster than expected in its ramping-up of the PT Samantaka Batubara mining concession to facilitate increased production of coal.

Actual cash used for production activities in 2Q2017 was lower than forecasted by US$424K because payment to the contractors will be made in the subsequent quarter as part of the Group's measures to manage its cash flow.

Actual cash used for general working capital in 2Q2017 was higher than forecasted by US$52K due to payments for licences and permits as construction of the Group's jetty approaches completion earlier than originally expected.

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 2017 to 30 September 2017 ("**3Q2017**")), the Group's use of funds for production activities are expected to be as follows:-

Purpose	Amount (US$)
Development activities	99,000
Production activities	1,683,000
General working capital	103,000
Total	**1,885,000**

<u>Principal Assumptions</u>

Projected use of funds for certain items including, but not limited to, expenses incurred for the Group's mine development activities, 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.

15 (b). 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.

15 (c). Rule 705(7)(a) 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 2Q2017, no exploration activities were conducted. In relation to production activities, a total of approximately 29,000 metric tonnes of coal was produced during 2Q2017. Total expenditure incurred for production activities in 2Q2017 amounted to US$246K. Development of the Group's port facilities and jetty remains ongoing.

15 (d). Rule 705(7)(b) of the Catalist Rules

Update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.

An Independent Qualified Person's Report ("**IQPR**") on the Coal Resources and Ore Reserves estimates as at 8 July 2016 was announced on 8 August 2016. A soft copy of the IQPR is available for download on the SGXNET and the Group's website at www.blackgold-group.com.

As at 30 June 2017, the Group has no material updates on the Coal Resources and Ore Reserve estimates as set out in the IQPR. A new IQPR containing updated Coal Resources and Ore Reserves estimates will be published imminently in accordance with Catalist Rule 1204(23)(a).

16. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules

To the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results of Group and the Company for 2Q2017 to be false or misleading in any aspect.

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

Philip Cecil Rickard CEO/Executive Director	James Rijanto CIO/Executive Director

9 August 2017

*This announcement has been prepared by BlackGold Natural Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Advisors Private Limited, 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.

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SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.