Unity in Strength

Annual Report 2017

Contents

This annual report has been prepared by BlackGold Natural Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms. Tay Sim Yee (Telephone number: +65 6532 3829), at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

Corporate Profile

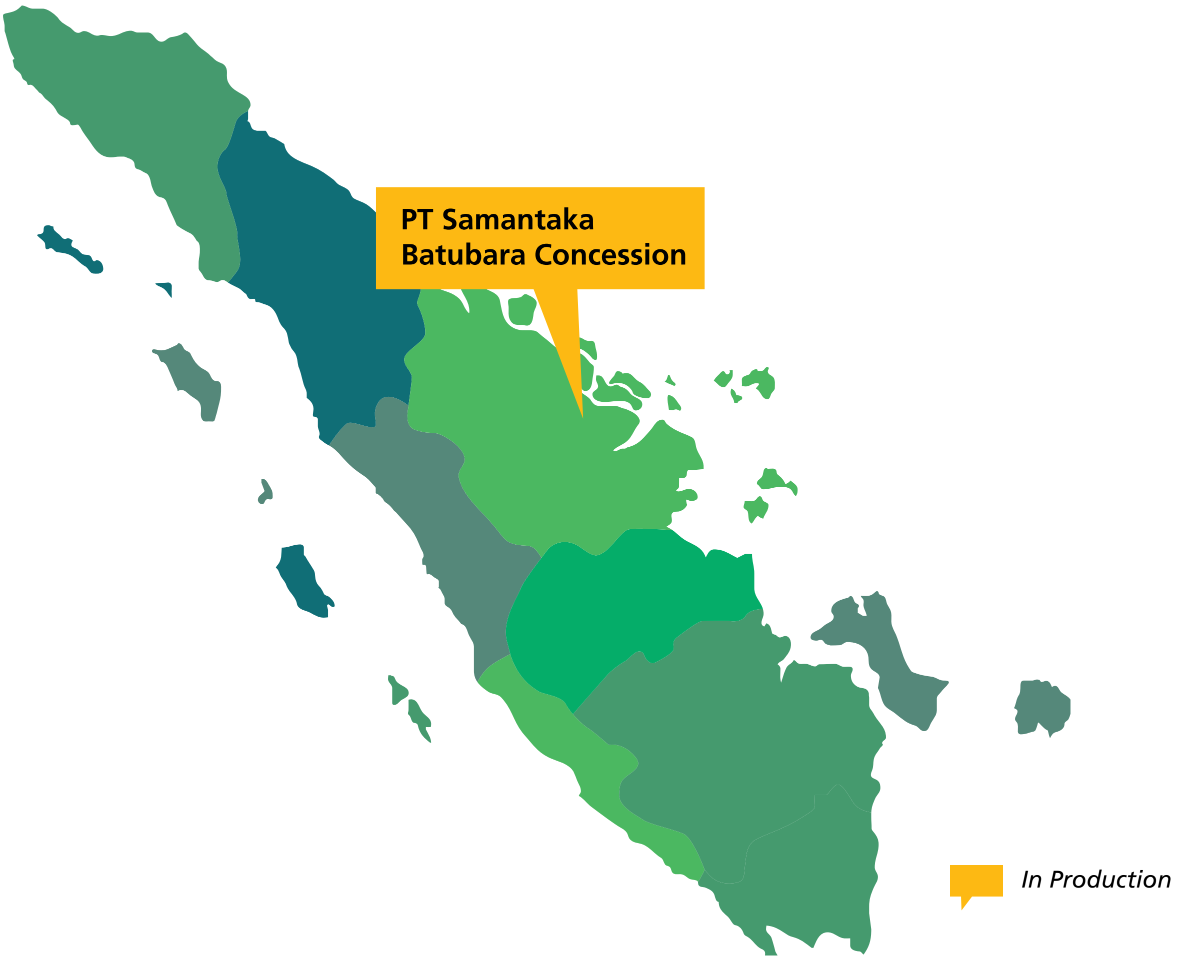
BlackGold Natural Resources Limited ("**BlackGold**" or the "**Company**", and together with its subsidiaries, the "**Group**") is an Indonesia-focused coal mining company targeting Indonesia's rapidly-growing power plant industry, with a specific focus on supplying coal to power plants located in Riau province, Sumatra, Indonesia.

The Group holds the rights to a coal concession in Sumatra, PT Samantaka Batubara, as shown in the diagram below, covering approximately 15,000 hectares in acreage. The Group has, to date, explored a total area of approximately 10,000 hectares in the PT Samantaka Batubara Concession.

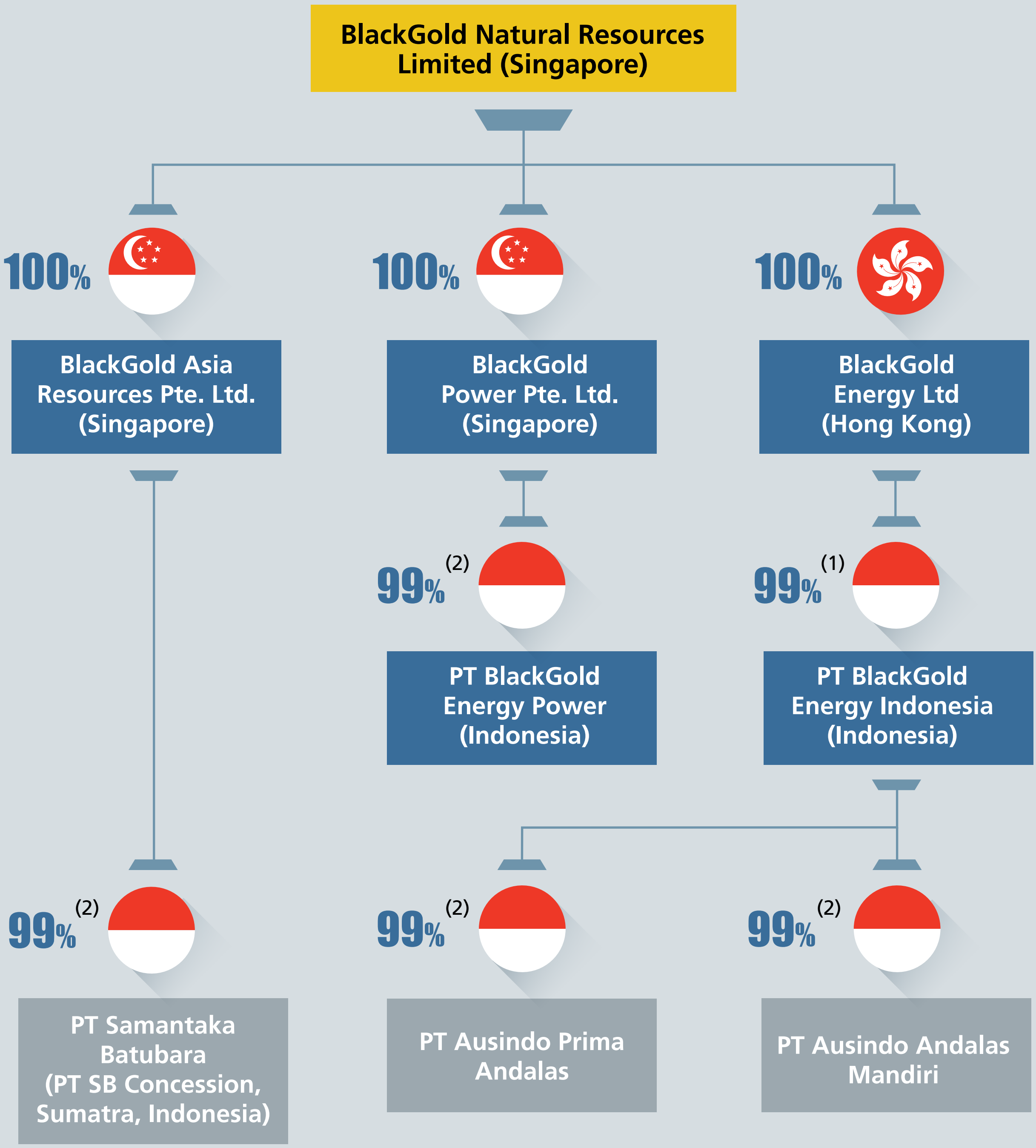
The Group is listed on the Catalist board of the Singapore Exchange Securities Trading ("**SGX-ST**").

The listing follows the acquisitions of the entire issued and paid up share capital of BlackGold Asia Resources Pte. Ltd. and BlackGold Energy Limited as well as their respective subsidiaries, which was completed on 10 March 2015.

Through its subsidiary PT Samantaka Batubara, the Group has an estimated total of 520 million tonnes of Coal Resources and 147 million tonnes of Coal Reserves as of 31 December 2017 (reported in compliance with JORC 2012).



Group Structure



Notes:

1) 1.0% non-controlling interests held by PT Bahagia Sakti Makmur (Indonesia), an investment holding company incorporated in Indonesia to own 1.0% of PT BlackGold Energy Indonesia to comply with Indonesian laws, which require a minimum of 2 shareholders in a limited liability company.

2) 1.0% non-controlling interests held by PT Serasi Duta Pratama (Indonesia), an investment holding company incorporated in Indonesia to own 1.0% of PT SB, PT AAM, PT APA, and PT BlackGold Energy Power to comply with Indonesian laws, which require a minimum of 2 shareholders in a limited liability company.

Listed Parent and Issuer

Group Companies

Asset Holding Companies

Corporate Milestones

2014

- Coal Sales/Purchase Agreement with PT Santosa Makmur Sejahtera Energy
- Coal Sales/Purchase Agreement with PT Soma Daya Utama
- Awarded tender by Indonesia's state-owned electricity company, PT Perusahaan Listrik Negara ("**PLN**") for coal supply of 500,000 tonnes per annum

2015

- Successfully completed Reverse Takeover and listed on the Catalist board of the SGX-ST
- Incorporation of BlackGold Power Pte. Ltd.
- Incorporation of PT BlackGold Energy Power
- Signed a consortium agreement with China Huadian Engineering Co., Ltd. ("**CHEC**") for the construction and development of a coal-fired power plant in Riau, Indonesia ("**Riau-1 Project**")

2016

- PT SB Concession commenced production and signed a coal sales contract with a Riau state-owned enterprise
- Successfully completed first coal delivery to a Riau state-owned enterprise
- Signed a 5 year coal sales contract with PLN in respect of the PT Tenayan project, a 2 x 110 MW power plant in Riau province, Indonesia

2017

- Successfully completed first barge delivery of 5,000 tonnes of coal to PLN
- Received a US$12.6 million purchase order for the supply of coal to an Indonesian state-owned cement company, PT Semen Padang (“**Cement Padang**”)
- Signed a non-binding Memorandum of Understanding with PLN Batubara for potential cooperation to supply coal from PT SB Concession to power plants in Indonesia
- Completed share placement with SAC Capital as placement agent to raise S$3.23 million
- Completed share placement agreement with Mr Johanes Budisutrisno Kotjo to raise S$3.56 million
- Signing of a conditional term sheet with CHEC for the Riau-1 Project
- Completed share placement with SAC Capital as a placement agent to raise up to S$8.2 million
- Signed a Heads of Agreement with CHEC and PLN to form a new consortium in relation to an ongoing cooperation for the Riau-1 Project. The new consortium involved the addition of certain subsidiaries of PLN, namely PT Pembangkitan Jawa-Bali (“**PJB**”) and PT PLN Batubara (“**PLN BB**”)
- Signed an addendum to the coal sales contract with PLN in relation to the PT Tenayan project, translating to an upward revision of the selling price of coal by approximately 10% on coal sales from March 2017 onwards
- Completed the construction of the BlackGold jetty at Kuala Cenaku, Riau province

Chairman's Statement

> *As a Group, the core of our success stems from a strong sense of cohesion across our teams. Our operations are well rooted in an integrated network of infrastructure supporting a seamless execution of the coal production process from our mines to end-customer delivery.*

Dear shareholders,

FY2017 was an important year for us, representative of the foundation which we have laid over recent years to boost our competitive advantage in the Indonesian coal mining space. In BlackGold, unity is strength. As a Group, the core of our success stems from a strong sense of cohesion across our teams. Our operations are well rooted in an integrated network of infrastructure supporting a seamless execution of the coal production process from our mines to end-customer delivery.

This year, we celebrate and take delight in forging new partnerships through the signing of a Heads of Agreement to form a new consortium with China Huadian Engineering Co., Ltd. ("**CHEC**"), PT Pembangkitan Jawa-Bali ("**PJB**") and PT PLN Batubara ("**PLN BB**"), for the Riau-1 Project to develop a 2 x 300 MW mine-mouth coal-fired power plant in Riau province (the "**Riau-1 Project**"). This partnership between our consortium partners represents an opportunity for the Group to broaden its asset and earning bases as well as provides the Group a great opportunity to invest further into the Indonesian electrical power generation industry, from where we anticipate will provide positive and sustainable financial growth for the future.

Another partnership which we had formed was with you, the investor community. BlackGold had successfully completed three share placements in FY2017. The net proceeds from the share placements were used to strengthen the working capital position of the Group as well as business investment purposes, including developmental expenses relating to the Riau-1 Project. The Group and its employees have made a deliberate effort to ensure we have made the necessary preparations for what is to come in the year ahead. We thank you, our investors, for your confidence in us.

OPERATIONAL PERFORMANCE

Our employees have delivered another year of consistent performance in operations. This year, we are focused on delivering in our commitment to consistent and timely deliveries. We mark the first successful coal delivery to PLN Tenayan Power Plant under a long-term contract with PLN. In the second half of FY2017, the Group had signed an addendum to the Coal Sales Contract with PLN, where the selling price of coal sales would be revised upwards by approximately 10%, and was applied retrospectively on coal sales from March 2017 onwards.

Another milestone for the year is the completion of our own jetty at Kuala Cenaku, Riau province, yet another key infrastructural asset in the Group's supply chain and network of resources. With the jetty, it reduces reliance on external vendors for coal transportation, lowers operating costs and enhances our coal distribution capabilities which would have a positive impact on our operational performance in the long-term.

ACKNOWLEDGEMENT

An organisation is only as strong as its people. We continue to take pride in gathering and developing a workforce that is full of talent, tenacity and diversity, each an expert in their respective fields of expertise. A management team of diverse and talented individuals brings to the table creativity in our business strategy, plans and considerations. Our employees have again delivered consistent positive developments in our operations this year.

Our Board of Directors has also been critical to our success thus far and we have benefitted immensely from their knowledge and guidance. Their conscientiousness and diligence as board members along with our key management team and advisors help ensure the Group's business decisions are adequately considered and well executed.

Finally, a big thank you to all our shareholders, for the dedication and unwavering support you have shown in us throughout the year. As we celebrate in the achievements which 2017 has brought us, we remain cognizant of the opportunities and challenges that lie ahead. The Group stays focused on delivering sustainable growth and long-term value to all our stakeholders through optimising productivity and maximising the value of our coal assets. Having progressed onto the production phase of our operations, we will continue ramping up production levels at our mine and keeping on track for completion of the Riau-1 Project.

PHILIP CECIL RICKARD
Executive Chairman and Chief Executive Officer

Board of Directors

PHILIP RICKARD

Executive Chairman and Chief Executive Officer

Mr Rickard joined BlackGold in 2011, was appointed as Chief Executive Officer and Executive Director of the Group in 2015, and re-designated as Executive Chairman and Chief Executive Officer on 3 March 2018 where he oversees the overall strategic directions and expansion plans for the growth and development of the Group as well as its coal mine in Sumatra. Mr Rickard serves as President Commissioner of PT Samantaka Batubara, a subsidiary of the Group.

Mr Rickard is also the Founding President of the Association of Catalist Companies.

Mr Rickard is a global entrepreneur with more than 28 years of experience in the energy and mining industry. He has founded several successful resource and mining ventures, including Terrasys Energy Pte. Ltd., Sawa Energy, and Indo Gold Mining Pte. Ltd., where he demonstrated his acute ability to formulate and execute strategic vision. He has successfully led numerous acquisitions, capital raisings and mining expansions. Mr Rickard was previously the country manager (Indonesia) for the Norsk Hydro Group.

Mr Rickard graduated with a Bachelor of Arts (Philosophy) from Gonzaga University in 1992.

JAMES RIJANTO

Chief Investment Officer and Executive Director

Mr Rijanto was appointed in 2015 as the Chief Investment Officer ("**CIO**") and sits on the Board as Executive Director. As CIO, he is responsible for managing the Group's investments, sales and marketing operations as well as sourcing for new investment opportunities. He predominantly focuses on developing BlackGold's strategies and business plans.

Mr Rijanto began his career at Ernst & Young Corporate Finance as senior associate from 2006 to 2008. Following which, he served as director of PT Vitadaya Harapan from 2009 to 2011 and had also worked at PT Pathway International where he advised on strategic financial and investment matters.

Mr Rijanto graduated with a Bachelor of Arts (Economics) from Boston University in 2005.

NANDAKUMAR PONNIYA SERVAI

Lead Independent Director

Mr Ponniya has served on the Board since 2015 as Lead Independent Director of the Company and is currently the Chairman of the Nominating and Remuneration Committees.

Mr Ponniya has been a principal in Baker & McKenzie. Wong & Leow since 2014. He is seasoned in international arbitration with a focus on building, infrastructure and construction law and regularly advises on infrastructure projects such as rail systems, oil and gas facilities, and utilities plants, as well as commercial and residential developments across the Asia Pacific region.

Mr Ponniya currently serves on the Inquiry Panel of the Law Society of Singapore and is an accredited associate mediator of the Singapore Mediation Centre. He is also currently an adjunct assistant professor at the National University of Singapore and the Singapore Management University, as well as a visiting lecturer at the Faculty of Law, Universitas Pelita Harapan, Indonesia. Mr Ponniya has also been an independent director of Sakae Holdings Ltd. since March 2011.

Mr Ponniya graduated with a Bachelor of Law (Honours) from National University of Singapore in 1995. He is also qualified to practise law in England and Wales, and New York, USA.

BALA CHANDRAN

Independent Director

Mr Chandran was appointed as an Independent Director of the Company in 2015 and currently serves as a member of the Audit, Remuneration and Nominating Committees. He brings to the Board legal experience of over 30 years.

Mr Chandran is a litigation lawyer and partner at Mallal & Namazie. Key areas of his practice include civil and commercial litigation, personal injury, landlord and tenant disputes and notarial services. Mr Chandran is on the panel of arbitrators with the Court of Arbitration for Sports, Commissioner of Oaths and Notary Public and a member of the Law Society of Singapore as well as the Singapore Academy of Law. He is currently the chairman of the Disciplinary Committee of the Football Association of Singapore and a member of the Disciplinary Committees of the Singapore Hockey Federation and Singapore Silat Federation.

Mr Chandran graduated with a Bachelor of Law (Honours) from National University of Singapore in 1978 as well as a post-graduate diploma in business law from the National University of Singapore in 1987.

Board of Directors

GERALD LIM THIEN SU

Independent Director

Mr Lim has served the Board as Independent Director since 2015 and is also the Chairman of the Audit Committee and member of the Remuneration Committee of the Company. Mr Lim brings to the Group extensive experience in venture capital, private equity, finance, risk management, and was previously chairman and CEO of Aon Singapore, CEO of Aon Taiwan, Aon Trade Credit Asia, Marsh Southeast Asia and Marsh Trade Credit, Financial & Political Risks Asia.

He is currently the chairman of Phillip Insurance Investments, president of Singapore Insurance Brokers Association, Honorary Consul of the Republic of Slovenia, and independent director of Hi-P International Limited. Apart from his commitment to the Group, Mr Lim is also an active member in his community, serving on the boards of various grassroots and non-government organisations such as chairman of Tampines Central Citizens Consultative Committee, Ju Eng Home for Senior Citizens, Methodist Girls' School, St. Andrew's School and St. Francis Methodist School. He is also a member of the Council of Education of the Methodist Church in Singapore and had been awarded the Public Service Medal and the Public Service Star by the President of Singapore.

Mr Lim did his undergraduate studies at National University of Singapore and obtained a Master of Arts from George Washington University.

BANGUN MADONG SAMOSIR PARULIAN

Independent Director

Mr Parulian has served the Board as Independent Director of the Company since 2015 and brings to the Group an extensive mining and entrepreneurial experience from a portfolio of senior positions held in the Indonesian mining and construction industry.

Mr Parulian has been the adviser of PT Pamapersada Nusantara since 2007. Prior to his appointment as adviser, from 1994 to 2007, he had been engineering division head and operational auditor in PT Pamapersada Nusantara. From 1983 to 1994, he began his career at PT Freeport Indonesia Inc. as a mine engineer trainee, gradually rising through the ranks to assistant chief engineer, serving in both the surface and mining divisions of the organisation.

Mr Parulian graduated with a Bachelor of Mine Engineering from Bandung Institute of Technology in 1982.

Key Management

JEREMY NG

Chief Financial Officer

Mr Ng joined the Company in 2015 as Deputy Chief Financial Officer before promotion to Chief Financial Officer in 2017, where he oversees capital markets and corporate activities related to the Group. Prior to joining BlackGold, Mr Ng served as the chief financial officer of a China-based coal trading company, possessing 7 years of experience in the coal industry. From 2006 to 2010, he worked as an audit staff before being appointed as an audit manager in PricewaterhouseCoopers LLP.

Mr Ng holds a Bachelor of Accountancy degree from Nanyang Technological University, Singapore, where he graduated in 2002. Mr Ng is an associate member of the Institute of Singapore Chartered Accountants.

RISA HERISANA

Head of Sales and Marketing

Mr Herisana began his career at BlackGold in 2012 where he was subsequently appointed as Head of Sales and Marketing of BlackGold in 2015 where he continues to be responsible for the development and implementation of the Group's sales strategy and marketing activities. His core responsibilities include achieving consistent sales increases over a target time period as well as engaging a portfolio of both local and international clientele. Mr Herisana had previously worked as a project manager at PT Karya Anugrah Kusuma, where he developed his understanding of coal logistics and built his contacts within the industry.

Mr Herisana holds a Bachelor of Management from Widyatama University, Bandung since graduation in 2004.

Key Management

HANGGONO SAKTI

Head of Mining and Exploration

Mr Sakti continues to hold the position of Head of Mining and Exploration of the Group since his appointment in 2015. He is responsible for leading, coordinating, and supervising the exploration activities in the Group's concession. Mr Sakti manages a team of geologists and technical specialists in completing a wide range of geological tasks.

Mr Sakti is a qualified geologist and has been actively involved in numerous coal exploration programmes ranging from field geology, drilling, data management, programme direction and management. He has held key roles in companies such as PT Karya Anugrah Kusuma from July 2011 to February 2012, PT Adidaya Tangguh from April 2011 to June 2011, and PT Indika Energy Group from June 2008 to February 2010.

Mr Sakti graduated with a Bachelor in Geology from the Sekolah Tinggi Teknologi Nasional Yogyakarta in April 2006.

LILI HARYANTO

Operations Director

Mr Haryanto joined the Group in 2016, bringing with him more than 30 years of technical experience as a qualified mining engineer.

Mr Haryanto began his career in PT Astra International Group. Mr Haryanto served as the supervisor of the rental division in United Tractors where he managed its clients' mining and construction activities. Thereafter, Mr Haryanto held the position of project manager in various companies throughout his career - PT Allied Indo Coal's concession in Padang, Adaro Indonesia's coal mine in Banjarmasin as well as PT Bukit Asam Tbk's Muara Tiga Besar coal mine.

Recognised for his talents, Mr Haryanto was appointed as general manager by PT Pamapersada Nusantara, one of Indonesia's largest mining construction and contracting companies and part of the PT Astra International Group, for the training and development centre; and subsequently appointed as the head of health and safety.

Mr Haryanto graduated in 1998 from University of Sriwijaya majoring in Mining Engineering.

SUDIARSO PRASETIO

Consultant

An experienced civil engineer, Mr Prasetio brings to the Group more than 40 years of experience in the construction and mining industry, having had senior and managerial positions with responsibilities in construction, infrastructure, plant management, logistics, heavy machinery and finance. Mr Prasetio has worked with the Group since 2015.

Mr Prasetio previously held key positions in PT Pamapersada Nusantara, one of Indonesia's largest mining construction and contracting companies and part of the multi-billion dollar PT Astra International Group. Mr Prasetio was first appointed as a director of PT Pamapersada Nusantara in 1992, where subsequently he held the positions of managing director in 1993 and president director in 1999. Under his stewardship, PT Pamapersada Nusantara has seen key milestones related to contracts for construction, logging and mining services, growing PT Pamapersada Nusantara to become one of Indonesia's largest mining contractors today.

JOHANES BUDISUTRISNO KOTJO

Consultant

Mr Kotjo joined the Group in 2016, bringing with him more than 20 years of experience in merger and acquisition transactions. From 1995 to 2014, he was the president commissioner of IDX-listed PT Apac Citra Centertex Tbk. Prior to his stint at PT Apac Citra Centertex Tbk, Mr Kotjo was the senior executive director of the Indonesia-based Salim Group from 1983 to 1994. Mr Kotjo went into his first resources venture together with a major mining player, Robert Friedland, in 1994 and has been successfully investing into mining ventures such as Gold Field Resources, Diamond Field Fosset Bay and others.

Mr Kotjo graduated from Technical University of Berlin, Germany, majoring in Chemical Engineering.

Corporate Social Responsibility

Corporate and Social Responsibility ("**CSR**") has always been an integral part of our business. Our CSR concepts and principles to build a sustainable business are embedded deep in our business strategies, considerations and operational activities. As we strive to be part of Indonesia's growing power generation future, it is equally important to protect the pillars of that future – our people, its environment and community.

HEALTH AND SAFETY

The Group is committed to maintaining a healthy and safe work environment for our employees throughout the life-cycle of our operations. At BlackGold, we set minimum mandatory controls to identify and manage occupational health and safety risks for both our employees and contractors. We maintain a high standard of health and safety practices by proactively improving our Health, Safety and Environmental ("**HSE**") Management System. The principal aspects of BlackGold's HSE include:

- Comprehensive health check-ups - conducted annually for all workers and sub-contractors;
- Emergency Preparedness Plan - a comprehensive plan to guide our workers and sub-contractors on how to react during emergencies or accidents; and
- Safety Risk Management – a guide on how to control and minimize risks in situations that pose a safety hazard to our employees

Ensuring the safety of our employees and workers on-site remains our top priority. Our goal is to maintain an incident-free workplace, and we are committed to achieving this through adopting a stringent and comprehensive occupational safety management system. Safety briefings and safety drills are conducted to create awareness amongst our team members on-site. We are pleased to report that we have achieved yet another year of zero severe injuries and fatalities in FY2017. We are proud of the team for maintaining these high standards of operational excellence and will remain focused on developing better processes and workplace culture to support the achievement of zero work-related fatalities.

OUR PEOPLE

BlackGold recognizes the importance of our human resources, investing in growing and nurturing our employees through various professional development and training programmes.

We strive to create a safe working environment for our employees and create a work culture that recognizes outstanding performance, whilst providing rewarding career growth, with the objectives of encouraging employee retention and instilling motivation in our team.

The Group invests in its employees through many professional development opportunities and training programmes for mining supervisors to develop their skillset and equip them with the necessary knowledge for further career advancement. In addition to professional training programmes, knowledge sharing sessions ("**BlackGold Co-learning Sessions**" or "**BCOS**") are held regularly. This session sees each employee conducting a short lesson in their field of expertise to share their knowledge and experience with the team. This fosters a holistic education to each team member's contribution to the work place and is an essential tool in developing a cohesive work environment.

COMMUNITY

The long-term nature of our BlackGold's operations means it is vital for us to maintain strong and respectful engagement with local communities. It is thus paramount that we seek meaningful relationships that respect local cultures, religious beliefs and address the needs of the local communities to help improve the general living conditions in which our mining activities operate in.

The Group has in place a Community Development and Empowerment Program ("**CDE**") which drives the initiatives that BlackGold actively embarks on and endeavour to help develop and empower the local community through the following aspects:

- Education
- Healthcare
- Sociocultural Programs
- Infrastructure Provisions
- Village Empowerment
- Religious Affairs

Our contribution includes employment opportunities, supporting local businesses through purchase of local goods and services as well as the development of infrastructure and facilities. The Group also provides community assistance through donations in kind to local schools, healthcare facilities and religious infrastructures, where needed. Use of proceeds are determined by the village authorities and may be used for, but not limited to, road improvements, water-well repairs or establishment for the provision of clean water, as well as family support.

BlackGold takes pride in our support for any social or religious events held in high regard by these communities.

During religious events such as Ramadhan and Eid al-Adha, the Group sponsors meals for the respective events. The Group also supports and participates in the preservation of local culture of villages in Peranap and Ketipo, Riau province, Indonesia.

At BlackGold, education is regarded with utmost importance for the young as we seek to contribute and positively influence young minds of the community. This year, we focused on providing financial assistance to schools that required funding to procure textbooks and school supplies. In addition, each year the Group provides scholarships for bright and motivated students as well as help improve educational facilities in the local communities living near our coal concession.

ENVIRONMENTAL MANAGEMENT

We are cognizant of the potential impacts of mining activities on the land and wildlife biodiversity. We are constantly making deliberate efforts to minimise any impacts of our mining activities on the environment.

Some of the Group's environmental management strategies that have been implemented include:

- Construction of a settling pond to eliminate acid water seepage from the mine and ensure proper water drainage. The pond will also be used to neutralise the pH level in the water prior to its discharge.
- Extensive use of dust suppression techniques to control the emanation of mining dust at the mine site.

The Group also has in place plans to rehabilitate the relevant sections of the mine as soon as mining activities have ceased at the relevant land areas. Mine rehabilitation plans include proper waste dump treatment, use of protective topsoil, re-planting of native flora to reinstate the land to its natural state.

Our contribution includes employment opportunities, supporting local businesses through purchase of local goods and services as well as the development of infrastructure and facilities. The Group also provides community assistance through donations in kind to local schools, healthcare facilities and religious infrastructures, where needed.

Business Review

INCOME STATEMENT

Revenue & Gross Profits

During the year, the Group commenced its delivery of coal to 2 of its major customers in Riau, Sumatra, namely the PLN Tenayan Power Plant and Cement Padang. As part of its efforts towards ramping up production, the Group produced a total of 197,000 tonnes of coal in FY2017, as compared to 30,000 tonnes produced in FY2016. Total revenue recorded for the period amounted to US$4.1 million.

Cost of goods sold ("**COGS**") for FY2017 consisted mainly of mining contractor costs (including waste mining and coal mining). The other costs incurred are in relation to coal processing, royalties, coal hauling and transportation, provision for mine reclamation and rehabilitation, depreciation, amortization and other costs.

Due to the initial scale-up of production during the year, there were higher costs of overburden removal and coal mining arising. As a result, the Group recorded a gross loss of US$115 thousand in FY2017.

Key Expenses

The Group's administrative expenses consist mainly of employees' remuneration, directors' fees, licensing and compliance expenses, geologist and survey expenses, rental, and recurring professional fees.

Administrative expenses rose 36% to approximately US$5.0 million in FY2017 from US$3.7 million in FY2016, primarily resulting from the following:

i) An increase in legal and licensing expenses of US$352 thousand in respect of licensing expenses for the Group's jetty, which was completed during FY2017, and the continuing ramp-up of production at the PT SB mining concession.

ii) An increase of US$499 thousand for the mobilization of heavy equipment by contractors arising from the Group's expansion of its mining activities.

iii) Placement related expenses amounting to US$209 thousand from the two rounds of placement exercises conducted during FY2017.

iv) An increase of US$66 thousand in rental expenses from incremental office space leased at the Group's mine site and head office to support its increasing production activities.

Other Expenses

Other expenses increased by US$2.1 million due to an impairment charge on the capitalised cost of exploration and evaluation expenditure at the Group's PT AAM and PT APA mining concessions. This impairment follows a non-renewal of the Exploration IUP licences for the 2 concessions. The Group has decided not to continue with the renewal of the Exploration IUP licences after considering the costs of maintaining the licences, and has decided to focus its resources on the currently in-production PT SB mining concession and the Riau-1 Project.

Net Loss Before Tax

As a result of the above factors, the Group recorded a net loss of US$7.1 million in FY2017.

BALANCE SHEET

Total assets of the Group increased by 26% to US$21.1 million as at 31 December 2017 from US$16.7 million as at 31 December 2016.

Current assets increased by 35% to US$5.1 million as at 31 December 2017 from US$3.8 million as at 31 December 2016, mainly due to:

i) Increase in cash equivalents of US$1.1 million from placement proceeds offset by cash used in the Group's operating activities and receipts from its customers.

ii) Increase in trade and other receivables of US$897 thousand due to the increased sales to its customers during the year, offset by collections received from these customers.

iii) Increase in inventory of US$2.4 million was due to the increased production volume in preparation for delivery to its customers.

iv) Decrease in deposits and prepayments of US$3.0 million due to costs transferred to "mining properties" and "exploration and evaluation expenditure" amounting to US$3.2 million, partially offset by increases in prepayments to mining contractors of approximately US$222 thousand.

Non-current assets increased by 24% to US$15.9 million as at 31 December 2017 from US$12.9 million as at 31 December 2016. This was mainly due to additional costs capitalized as mining properties and property, plant and equipment of US$3.7 million, acquisition of

US$1.3 million of land use rights, partially offset by an impairment charge of US$2.1 million on the PT AAM and PT APA mining concessions.

Total liabilities increased by 12% to US$7.6 million as at 31 December 2017 from US$6.8 million as at 31 December 2016.

Current liabilities increased by 19% to US$3.2 million as at 31 December 2017 from US$2.7 million as at 31 December 2016, mainly due to increases in accruals for mining contractor charges and forestry licences arising from the Group's expansion of its mining activities.

Non-current liabilities have increased by 7% to US$4.4 million as at 31 December 2017 from US$4.1 million as at 31 December 2016 due to a drawdown of shareholders' loans.

CASH FLOW

In FY2017, cash flows used in operating activities of US$8.2 million mainly due to operating losses before changes in working capital of US$5.0 million and adjustments for net working capital changes of US$3.2 million.

Net cash used in investing activities of US$1.7 million mainly arose from the acquisition of land use rights in preparation for the expansion of the Group's PT SB mining concession.

Net cash provided by financing activities in FY2017 arose from placement proceeds of US$10.8 million and a drawdown on shareholders' loan of US$200 thousand.

Coal Reserves and Resources

The following should be read in accordance with the Independent Qualified Person's Report ("**IQPR**") dated 3 April 2018, released on the SGXNET. Hard copies of the IQPR will be furnished to shareholders upon their request. There has been no material change in the Group's Coal Resources and Coal Reserves since they were last reported in August 2017.

Name of Asset/Country: PT SB Concession / Indonesia
Effective date of Resources and Reserves estimates: 31 December 2017

		GROSS ATTRIBUTABLE TO LICENCE (1)		NET ATTRIBUTABLE TO ISSUER		
CATEGORY	MINERAL TYPE	TONNES(3) (MILLION)	GRADE/ RANK	TONNES (3) (MILLION)	GRADE/ RANK	CHANGE FROM PREVIOUS UPDATE (%) (5)
RESERVES (4)						
Proved	Coal	55	Lignite	55	Lignite	-
Probable	Coal	92	Lignite	92	Lignite	-
Total	**Coal**	**147**	**Lignite**	**147**	**Lignite**	-
RESOURCES (2&4)						
Measured	Coal	140	Lignite	140	Lignite	-
Indicated	Coal	250	Lignite	250	Lignite	-
Inferred	Coal	130	Lignite	130	Lignite	-
Total	**Coal**	**520**	**Lignite**	**520**	**Lignite**	-

Notes:
1) Licence refers to the PT SB Concession's Production Operations (IUP) licence.
2) Resources are inclusive of Reserves.
3) The results presented are rounded to the nearest million to reflect the accuracy of the estimates. Minor discrepancies are due to rounding and are not considered material by PT GMT.
4) Resources and Reserves are reported in accordance with the JORC Code (2012).
5) The date of previous update was 10 August 2017.

In FY2017, no physical drilling was done at the PT Samantaka Batubara Concession and therefore there was no expenditure incurred for exploration activities. Expenditure incurred for development activities amounted to US$1,328,000*. A total of approximately 197,000 metric tonnes of coal was produced during FY2017. Total cash expenditure incurred for production activities in FY2017 amounted to US$2,700,000.

**Expenditure for development activities includes capital expenditures.*

Name of qualified person: William (Bill) Park
Date: As of 31 December 2017
Professional Society Affiliation / Membership / Qualifications: BSc (Geology), BEcon, MAusIMM

Name of qualified person: Chris Spiliopoulos
Date: As of 31 December 2017
Professional Society Affiliation / Membership / Qualifications: BE (Mining), MAusIMM

The information in this report that relates to Coal Resources is based on information compiled by Mr William (Bill) Park, a qualified person who is a Member of The Australasian Institute of Mining and Metallurgy. The information in this report that relates to Coal Reserves is based on information compiled by Mr Chris Spiliopoulos, a qualified person who is a Member of The Australasian Institute of Mining and Metallurgy.

Mr Park and Mr Spiliopoulos are employed by PT New Resource Mine Consulting, and retained by PT GMT Indonesia to undertake the annual reporting of Coal Resources and Reserves for the Company.

Mr Park and Mr Spiliopoulos will be paid a consulting fee for the preparation of the qualified person's report by BlackGold Natural Resources Limited. No other relationship which could create a potential for conflict of interest exists.

Both Mr Park and Mr Spiliopoulos have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Park and Mr Spiliopoulos also satisfy the requirements for a qualified person as per Catalist Rules 1204(23). Mr Park and Mr Spiliopoulos consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Corporate Information

BOARD OF DIRECTORS

Philip Cecil Rickard
*Executive Chairman and Chief Executive Officer**

James Rijanto
Executive Director

Nandakumar Ponniya Servai
Lead Independent Director

Gerald Lim Thien Su
Independent Director

Bala Chandran
Independent Director

Bangun Madong Parulian Samosir
Independent Director

AUDIT COMMITTEE

Gerald Lim Thien Su *Chairman*

Nandakumar Ponniya Servai

Bala Chandran

NOMINATING COMMITTEE

Nandakumar Ponniya Servai *Chairman*

Bala Chandran

Philip Cecil Rickard

REMUNERATION COMMITTEE

Nandakumar Ponniya Servai *Chairman*

Bala Chandran

Gerald Lim Thien Su

COMPANY SECRETARY

Prakash P Mulani

AUDITORS

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

AUDIT PARTNER-IN-CHARGE

Tham Tuck Seng

Appointed since the financial year ended 31 December 2015

SHARE REGISTRAR

M&C Services Pte Ltd

112 Robinson Road
#05-01, Singapore 068902

PRINCIPAL BANKERS

DBS Bank Ltd
12 Marina Boulevard
DBS Asia Central
Marina Bay Financial Centre
Tower 3, Singapore 018982

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-02 AIA Tower
Singapore 048542

REGISTERED OFFICE

7 Temasek Boulevard #06-02A
Suntec City Tower 1
Singapore 038987
Tel: (65) 6884 4418
Fax: (65) 6884 4406
Website: http://www.blackgold-group.com

* Mr Philip Cecil Rickard was re-designated from Chief Executive Officer and Executive Director to Executive Chairman and Chief Executive Officer on 3 March 2018.

CORPORATE GOVERNANCE REPORT

BlackGold Natural Resources Limited (the "Company", and together with its subsidiaries, the "Group") is committed to the highest standards of corporate governance and supports the principles of transparency, integrity and accountability advocated by the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Board of Directors (the "Board" or the "Directors") of the Group recognises the importance of corporate governance and is committed to maintaining high standards to safeguard the interests of the Company's shareholders and enhance corporate value and accountability by complying with the corporate governance practices, principles and guidelines contained in the Code of Corporate Governance 2012 (the "Code").

This report sets out the corporate governance practices that were adopted by the Group during the financial period from 1 January 2017 to 31 December 2017 ("FY2017") with specific reference to each of the principles of the Code. The Board confirms that, for FY2017, the Group adhered to the principles and guidelines set out in the 2012 Code, and where there were deviations from the Code, appropriate explanations are provided.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board provides entrepreneurial leadership, sets the strategic direction for the Group, ensures that the necessary financial and human resources are in place, reviews management performance, and guides the BlackGold management, led by the Chief Executive Officer ("CEO"), in achieving efficient management of the Group. The Board is also responsible in ensuring that Management has a framework of internal and risk management controls in place, staying aligned to good practices in relation to financial reporting, compliance and corporate governance, while taking into consideration the interest of its shareholders.

In addition to carrying out its statutory responsibilities, the Board's roles include:-

- Guiding and formulating the Group's overall long-term strategic plans, performance objectives as well as operational initiatives and ensure that the necessary financial and human resources are in place to meet its objectives;
- Establishing and overseeing the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Reviewing the performance of the Management;
- Setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and duly met; and
- Assuming responsibility for corporate governance.

Delegation of authority by the Board

The Board Committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and the Remuneration Committee ("RC") support the Board in discharging its responsibilities. The AC, NC and RC have been constituted with clearly defined terms of reference, which are reviewed on a regular basis to ensure their continued relevance. Whilst these committees are delegated with certain responsibilities, ultimate responsibility and final decision on all matters remains with the Board. The effectiveness of each Board Committee is constantly monitored. Details on the Board Committees are set out in this Report.

Matters specifically referred to the Board for its approval include, but are not limited to, the following:-

- Quarterly results announcements;
- Annual results and accounts;
- Declaration of interim dividends and proposal for final dividends;
- Convening of shareholders' meetings;
- Authorisation for merger and acquisition transactions; and
- Authorisation of major transactions.

Meetings of Directors

The Board of Directors meet on a regular basis, at least four times a year, to review and approve the financial results of the Group and receive key reports from both Management and external professionals such as the internal auditors. In addition, the Board also addresses key policy matters pertaining to the strategic direction of the Group, risk reports and key policies, annual budget and any capital structuring. Ad-hoc meetings are convened as and when warranted by circumstances and deemed necessary. When physical meetings are not possible, the Board and Board Committees may also make decisions by way of circulating written resolutions. Under the Company's constitution ("Constitution"), Board meetings are permitted to be held by way of telephonic or video conferencing or by similar means of communication equipment.

The attendance by each Director at the Board and Board Committees meetings held during the year ended 31 December 2017 are disclosed as follows:-

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Number of meetings held in FY2017:	**4**		**4**		**1**		**1**	
Name of Director	**No. of meetings to be attended**	**No. of meetings attended**	**No. of meetings to be attended**	**No. of meetings attended**	**No. of meetings to be attended**	**No. of meetings attended**	**No. of meetings to be attended**	**No. of meetings attended**
Intekhab Khan#	4	4	4	4	1	1	1	1
Philip Cecil Rickard^	4	4	–	4*	–	–	–	–
James Rijanto	4	4	–	4*	–	–	–	–
Nandakumar Ponniya Servai	4	3	4	3	1	1	1	1
Gerald Lim Thien Su	4	4	4	4	–	–	–	–
Bala Chandran	4	4	–	4*	1	1	1	1
Bangun Madong Parulian Samosir	4	4	–	4*	–	–	–	–

Notes:-

* *By invitation*

\# *Mr Intekhab Khan has resigned from his position as Independent Non-Executive Chairman as of 3 March 2018*

^ *Mr Philip Cecil Rickard was re-designated from "Chief Executive Officer and Executive Director" to "Executive Chairman and Chief Executive Officer" as of 3 March 2018*

Briefings, updates and training for Directors

There was no new director appointed in 2017. Newly appointed Directors to the Board are issued with a formal letter of appointment that states their duties, responsibilities and obligations as a Director. All Directors exercise due diligence and independent judgement, and are obliged to act in good faith at all times by considering the interests of the Company. Upon appointment, the Directors are appropriately briefed by the management team who would provide them an overview of the Company's business, operations, regulatory requirements as well as the key policies and Board processes. Where there are first-time Directors, without prior experience as a director of a public listed company in Singapore, training in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection to their duties will be provided.

All Directors are encouraged to keep themselves abreast of the latest developments relevant to the Company through the attendance of seminars, conferences and training courses which will be arranged and funded by the Company. Key issues related to the Company include, but are not limited to, any relevant legal and regulatory requirements, business development and industry outlook.

During the year, the external auditors, Messrs PricewaterhouseCoopers LLP briefed the AC and the Board on developments in financial reporting standards. The Management also updates the Board during the Board and Board Committees meetings on changes to relevant laws and regulations and on business and strategic developments relating to the Group's activities.

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises six Directors, of whom four (constituting more than half of the Board) are Independent Directors, details of the directorships are as follow:-

Name of Director	Designation	Audit Committee	Nominating Committee	Remuneration Committee
Philip Cecil Rickard^	Executive Chairman and Chief Executive Officer	–	Member	–
James Rijanto	Executive Director	–	–	–
Nandakumar Ponniya Servai	Lead Independent Director	Member	Chairman	Chairman
Gerald Lim Thien Su	Independent Director	Chairman	–	Member
Bala Chandran	Independent Director	Member	Member	Member
Bangun Madong Parulian Samosir	Independent Director	–	–	–

Notes:-

^ *Mr Philip Cecil Rickard was re-designated from "Chief Executive Officer and Executive Director" to "Executive Chairman and Chief Executive Officer" as of 3 March 2018*

With four Independent Directors, the Board is able to exercise objective and independent judgement on the Group's affairs. There is no individual or small groups of individuals which dominates the Board's decision-making. The independence of each Director is reviewed annually by the NC based on the guidelines set out in the Code. The NC has completed its assessment and evaluation, and with the concurrence of the Board, have determined that the Independent Directors are independent. The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

The NC reviews the size of the Board from time to time with a view to determine the impact of its number on its effectiveness. The NC decides on what it considers an appropriate size, taking into account the nature and current scope of the Company's operations, the requirements of the business of the Company and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making.

The Board consists of individuals possessing a wide range of competencies, skills, experience and qualifications which are extensive and complementary, and include accounting, finance, business, legal as well as industry expertise and knowledge to effectively provide oversight of, and guide the Company's strategic direction. Profiles of the Directors are set out in the "Board of Directors" section of the Annual Report. The NC is satisfied that the current Board comprises persons who as a group, has core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective.

Where necessary or appropriate, Non-Executive Directors are encouraged to meet without the presence of Management to facilitate a more effective check on Management. Non-Executive Directors participate in strategy discussions as well as review and monitor the performance of Management in achieving set targets and objectives.

The Board noted that gender diversity on the Board and Board Committees is one of the recommendations under the Code for balance and diversity. Although none of the Directors are female, BlackGold does not discriminate against gender diversity within the Board nor actively set targets on the proportion of males to females sitting on the Board. The Board does not rule out the possibility of the appointment of a female director if a nominated candidate is a good fit and possesses the qualifications required for the Board to effectively carry out its duties collectively.

As at the date of this report, there is no Independent Director who has been appointed for more than nine years from the date of his first appointment.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

For the financial year under review, there has been a clear division of executive duties and responsibilities in the Company. Mr Intekhab Khan and Mr Philip Cecil Rickard held the roles of Independent Non-Executive Chairman and Chief Executive Officer respectively. Subsequent to the resignation of Mr Intekhab Khan as Independent Non-Executive Chairman and re-designation of Mr Philip Cecil Rickard as Executive Chairman and Chief Executive Officer on 3 March 2018, the positions of Chairman of the Board and the CEO are currently held by the same person. The Company has appointed an independent director to be the lead independent director in order to ensure a distinct division of executive duties, balance of power and accountability in the Company in the interests of its shareholders.

Having been appointed as the Executive Chairman of the Group, Mr Philip Cecil Rickard is responsible for, *inter alia,* leading the Board to ensure its effectiveness, setting agenda for Board meetings, and ensuring adequate time for discussion, promoting openness and discussion during Board meetings, ensuring that Directors receive complete, adequate and timely information, ensuring effective communication with the shareholders, encouraging constructive relations within the Board and between the Board and the Management, facilitating effective contributions from the Directors and promoting high standards of corporate governance.

As Chief Executive Officer of the Company, Mr Philip Cecil Rickard oversees the general management of the Group in accordance with the business considerations and strategies set out by the Board.

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Mr Nandakumar Ponniya Servai has been appointed as Lead Independent Director of the Company, serving as the conduit between our shareholders and the Board, or between Board members. Shareholders will be able to consult the Lead Independent Director where they have concerns for which interactions through the normal channels of the Chairman or CEO has failed to resolve or is inappropriate. Where necessary, the Lead Independent Director, together with the Independent Directors, will meet in the absence of other non-Independent Directors, and the Lead Independent Director will provide feedback to the Chairman if necessary.

During the financial period under review, the Independent Directors held private sessions without the presence of Management, and also had feedback sessions with the Chairman without the presence of the other Directors.

4. BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC is led by Mr Nandakumar Ponniya Servai, Lead Independent Director of the Company, and comprises three Directors, two of whom are independent. Prior to the reconstitution of the NC on 3 March 2018, the NC comprised three independent non-executive directors.

The NC is scheduled to meet at least once a year, or when necessary.

The NC's duties and functions are guided by its terms of reference, and include:-

- Reviewing and making recommendations to the Board on board appointments and re-nomination having regard to the Directors' contribution and performance;
- Reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;
- Determining annually whether a Director is independent, guided by guidelines of the Code;
- Assessing if a Director is able to and has been adequately carrying out his duties as a Director of the Company, especially where he has multiple board representations;
- Recommending the nomination of Directors who are retiring by rotation to be put forward for re-election; and
- Proposing objective criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and its Board Committees and the contribution of each Director to the effectiveness of the Board.

Each member of the NC shall abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance, his independence, or his re-nomination as a Director.

Selection and Appointment of New Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors. On an annual basis, the NC will conduct a review of the composition of the Board in terms of the size and mix of skills and qualifications of the Board members. Where necessary, the search and nomination process for new Directors will be through search companies, contacts or recommendations that go through the normal selection process. In the selection and nomination of new Directors, the NC establishes the key attributes that an incoming Director should have, based on attributes of existing Board members and the requirements of the Company.

The NC shall assess the suitability of the candidate based on his skills, knowledge and experience; and ensure he is aware of the expectations and the level of commitment required, before recommending the candidate to the Board. Upon review and recommendation by the NC to the Board, the new Director will be appointed by way of passing a board resolution.

Re-appointment of Directors

The Company's Constitution requires that every Director retires once every three years and that one-third of the Board shall retire and subject themselves to re-election by shareholders at every annual general meeting of the Company ("AGM").

The NC recommended to the Board that Mr James Rijanto and Mr Bangun Madong Parulian Samosir be nominated for re-appointment at the forthcoming AGM. In making its recommendation, the NC has considered, amongst others, the Directors' integrity, independent mindedness, contribution and performance (such as attendance, participation, preparedness and candour). The Board has accepted the recommendations of the NC and the retiring Directors will be offering themselves for re-appointment at the forthcoming AGM. The retiring Directors have abstained from both the NC's and the Board's deliberations of their respective re-appointments.

The following sets forth the respective dates of appointment and the dates of last re-election of each Director:

Name of Director	Date of initial appointment	Date of last re-election
James Rijanto	10 March 2015	29 August 2016
Bala Chandran	10 March 2015	29 August 2016
Bangun Madong Parulian Samosir	10 March 2015	29 August 2016
Philip Cecil Rickard	10 March 2015	30 August 2017
Nandakumar Ponniya Servai	10 March 2015	30 August 2017
Gerald Lim Thien Su	10 March 2015	30 August 2017

Director's Independence

The NC is charged with determining the independence of the Directors with reference to the guidelines set out in sections 2.3 and 2.4 of the Code.

In line with the guidance in the Code, the Board takes into account the existence of relationships or circumstances that are relevant in its determination as to whether a Director is independent, including the employment of a Director by the Company or any of its related corporations in the current or any of the past three financial years; an immediate family member of a Director who has been employed by the Company or its related corporations in any of the past three financial years; the acceptance by a Director of any significant compensation from the Company or any of its related corporations for the provision of services in the current or the past financial year, other than compensation for board service; the shareholdings of a Director or the immediate family member of a Director in the current or past financial year; and a Director being related to any organisation from which the Company or any of its subsidiaries received payments in excess of S$200,000 (the "Threshold") in the current or past financial year.

For the financial year under review, the Board, upon recommendation by the NC, is of the view that the Independent Directors are independent, and that, no individual or small group of individual dominates the Board's decision-making process.

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Representations on Multiple Boards

The NC is also responsible for ascertaining if a Director, holding multiple directorships, is able and has been adequately carrying out his duties as a Director. A review is conducted annually by the NC and takes into consideration a Director's portfolio of directorships and principal commitments. The Company's current policy stipulates that a Director should not have in aggregate more than five listed companies' board representations, in order to be able to devote sufficient time and attention to the affairs of the Company, and to discharge his duties as a Director of the Company. Each of the Directors updates the Company of any changes in his external appointments and these changes are noted at the Board meetings for review.

The NC has reviewed and is satisfied that in FY2017, where Directors had other listed company board representations, the Directors have been able to devote sufficient time, resources and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company. Currently, the Company does not have alternate directors, and no alternate Director had been appointed to the Board for the financial year under review.

Key information such as academic and professional qualifications of the Directors, including his current directorship in other listed companies are set out in the "Board of Directors" section of this Annual Report.

5. BOARD PERFORMANCE

***Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board*.**

The Board, through the NC, conducts a formal assessment annually on the effectiveness of the Board, the Board Committees and on each Director. The Board has not engaged any external facilitator for this annual assessment of Board's effectiveness.

The Board Evaluation Form seeks to assess effectiveness of the Board based on board size and composition, board processes and participation in meetings, Board's accountability, discharge of Board's functions and Board's access to information. The performance criteria for evaluation of the individual Directors focuses on whether the Directors, both individually and collectively, bring to the Board independent and objective perspectives to enable sound, balanced and well-considered decisions to be made.

For FY2017, the assessment is conducted through the completion of a Board Evaluation Form by each Director, collated and submitted to the NC for review to assess the overall effectiveness of the Board and the Board Committees. The results of the evaluation and the NC's recommendations were presented to the Board, along with identified areas for improvement in relation to the effectiveness of the Board and the Board Committees. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

6. ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors are entitled to unrestricted access to the Company's records and information. The Management also furnishes the Board with regular, accurate, timely and complete information to support the Board in their decision-making process as well as the fulfilment of their responsibilities. Prior to Board meetings, the Directors are furnished, in advance, with the relevant documents and information necessary to have a comprehensive understanding of the matters to be discussed and/or approved. These include matters relating to the financial, strategic plan and developments of the Group, as well as other matters for the information of the Board.

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The Board (whether individually or collectively) has direct and independent access to Management and the Company Secretary at all times, and may seek independent professional advice, if necessary, through email, telephone and face-to-face meetings, at the expense of the Company.

The Company Secretary is present at all formal Board meetings to respond to the queries of any Director, to ensure that Board procedures are followed, and that the requirements under the Companies Act (Chapter 50 of Singapore) and all other regulations of the SGX-ST are complied with. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

7. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
8. LEVEL AND MIX OF REMUNERATION
9. DISCLOSURE ON REMUNERATION

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC comprises three Directors, all of whom are Independent Non-Executive Directors, and are responsible for reviewing the remuneration policy and framework of the Directors and Management. The Chairman of the RC is Mr Nandakumar Ponniya Servai. The RC will meet at least once a year or when necessary.

The RC is responsible for, amongst others: -

- Reviewing and recommending a framework of remuneration policies to determine specific remuneration packages and terms of employments for the Directors and key executives;
- Functioning as the committee to administer the BlackGold Employee Share Option Scheme as set out in the "Directors' Statement" section in this Annual Report; and
- Functioning as the committee to administer and implement the BlackGold Employee Share Award Scheme.

No individual Director shall be directly involved in recommending and deciding their own remuneration.

The RC has access to the appropriate expert advice in the field of executive compensation and remuneration matters, if required, whereby the cost of such independent professional advice will be borne by the Company. During the financial year, the RC did not require the services of an external remuneration consultant.

Annual reviews of the compensation and remuneration packages are conducted by the RC to ensure that the remuneration of the Executive Directors and key management personnel are commensurate with their performance, giving due regard to the size, complexity, financial health and current stage of production of the Group, and are competitive to recruit, retain and motivate the personnel.

The Independent Directors receive Directors' fees in accordance with a remuneration framework where each Director is paid a basic fee based on their level of responsibilities. The Chairman and Lead Independent Director are paid additional fees for their appointments commensurate with additional responsibilities associated with their appointments. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised, and the RC's recommendation for the Directors' fees had been endorsed by the entire Board, following which the recommendation is presented for shareholders' approval at the AGM.

Executive Directors are remunerated as members of Management, and do not receive Directors' fees. The Company has entered into service agreements with Mr Philip Cecil Rickard (Executive Chairman and Chief Executive Officer) and Mr James Rijanto (Chief Investment Officer and Executive Director) (together, the "Executive Directors") (the "Service Agreements"), for an initial term of three years from 10 March 2015. Upon expiry of the initial term of three years, the employment of each Appointee shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. Pursuant to their respective Service Agreements, the remuneration packages of the Executive Directors comprise (i) a basic salary component; (ii) a fixed bonus in the amount equivalent to the basic monthly salary of the executive; and (iii) a variable component, where applicable, based on the performance of the Group as a whole. The variable bonus is calculated based on the Group's audited consolidated profit before income tax, excluding exceptional items, for the financial year. Please refer to the Circular dated 30 December 2014 issued in connection with the Reverse Takeover (the "Circular") for details. The Executive Directors and/or their associates will abstain from voting in respect of any resolution or decision to be made by the Board in relation to their terms and renewal of their respective Service Agreements. Each member of the RC shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package or that of employees related to him (if any).

As at the date of this report, the service agreements for Mr Philip Cecil Rickard and Mr James Rijanto have been automatically renewed on an annual basis thereafter on the same terms and conditions.

The Board has reviewed the terms of their Service Agreements and is of the opinion that the remuneration of the Executive Directors and Management is competitive compared to the market rate for companies in a similar stage of production.

No termination or retirement benefits are granted to the Directors, CEO and key management personnel. The RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

A breakdown showing the level and mix of remuneration paid/payable to each individual Director or key executive for the financial year ended 31 December 2017 is as follows:-

Name of Director	Base Salary	Directors' Fee	Bonus	Provident Fund Contribution	Total
Between S$250,001 to S$500,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Philip Cecil Rickard^	92	–	8	–	100
James Rijanto	92	–	8	–	100
Below S$250,000					
Intekhab Khan#	–	100	–	–	100
Bala Chandran	–	100	–	–	100
Gerald Lim Thien Su	–	100	–	–	100
Nandakumar Ponniya Servai	–	100	–	–	100
Bangun Madong Parulian Samosir	–	100	–	–	100

Name of Top 5 Management Personnel (who are not Directors or CEO)	Base Salary	Directors' Fee	Bonus	Provident Fund Contribution	Total
Below S$250,000	(%)	(%)	(%)	(%)	(%)
Suherman Budiono*	100	–	–	–	100
Jeremy Ng~	85	–	7	8	100
Natalia Hermanto	92	–	8	–	100
Lili Haryanto	100	–	–	–	100
Rudy Herlambang	100	–	–	–	100

Notes:-

* *Mr Suherman Budiono has resigned from his position as Chief Financial Officer as of 20 September 2017*

~ *Mr Jeremy Ng has been promoted to Chief Financial Officer as of 20 September 2017*

\# *Mr Intekhab Khan has resigned from his position as Independent Non-Executive Chairman as of 3 March 2018*

^ *Mr Philip Cecil Rickard was re-designated from "Chief Executive Officer and Executive Director" to "Executive Chairman and Chief Executive Officer" as of 3 March 2018*

The Company is of the view that full disclosure of the specific remuneration of each Directors and key executives is not in the best interest of the Company due to reasons of commercial sensitivity.

For FY2017, the aggregate total remuneration paid to the top five management personnel (who are not Directors or CEO) was approximately S$484,700.

During the financial year ended 31 December 2017, there were no employees in the Group who were immediate family members of the Directors or the CEO.

BlackGold has in place an Employee Share Option Scheme which had been approved by shareholders at an extraordinary general meeting of the Company in 2015. During FY2017 and as at the date of this report, no options have been granted under the BlackGold Employee Share Option Scheme. Details and terms of the scheme are set out in the "Directors' Statement" section of this Annual Report.

The BlackGold Share Award Scheme ("**ESAS**") was approved by shareholders at an extraordinary general meeting held in 2017 by the Group. Under the ESAS, participants are granted fully-paid shares, free of charge, provided that certain conditions are met. The ESAS seeks to motivate employees and non-executive directors of the Group to optimise and recognise key contributions made to the Group, instil loyalty to, and retain key employees whose work are essential to the long-term prosperity of the Group. During FY2017 and as at the date of this report, no shares have been awarded under the ESAS.

10. ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is committed to, and understands its accountability to the shareholders in presenting a balanced and understandable assessment of the Company's quarterly and full-year financial performance, position and prospects, that is in compliance with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7H of the Catalist Rules to undertake to use their best endeavours to comply with the Catalist Rules and to procure that the Company shall so comply. Similar undertakings have been executed by the Executive Officers.

Management also provides the Board with reports for planning, decision-making and review of consolidated quarterly and year-end performances for public disclosure through the SGXNET and public announcements. In addition, where necessary, the Board also provides shareholders with periodic updates and reports through announcements with regards to the Group's developments.

The Board takes adequate steps to comply with legislative and regulatory requirements and observes the obligation of continuing disclosure as required under the Catalist Rules.

11. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance in having an effective system of internal controls and risk management in place to safeguard shareholders' interests and the Group's assets, compliance with the appropriate legislation, maintenance of proper accounting records and mitigate any business risks.

Currently, the Group does not have a risk management committee. The responsibility of the risk management function is assumed by the Board and Management.

The Board, with assistance from the internal auditors, is responsible for the governance of risk by ensuring the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

The external auditors, during the conduct of their annual audit procedures on the statutory financial statements, may also report on matters relating to internal controls relevant to the Group's preparation of financial statements as specified by their scope of work as stated in their audit plan. Any material non-compliance and internal control weaknesses noted by the external auditors and recommendation for improvement will be reported to the AC. The Management will then take corrective measures to strengthen the internal controls.

The system of internal controls in place is reviewed by the AC annually to ensure its adequacy, effectiveness and integrity in addressing financial, operational, compliance and information technology controls, and risk management systems. The CEO and Chief Financial Officer have also provided assurance to the Board a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and b) regarding the effectiveness of the Group's risk management and internal controls.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls of the Group are adequate and effective in addressing the financial, operational, information technology controls, compliance risks and risk management systems as at 31 December 2017.

The Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Information relating to risk management, objective and policies is set out on page 74.

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12. AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises Mr Gerald Lim Thien Su, as the Chairman, and Mr Bala Chandran and Mr Nandakumar Ponniya Servai, as members and are all non-executive independent directors.

All members of the AC have the requisite skills and qualifications to effectively carry out their duties.

The AC is guided by its terms of reference, its duties and functions include:-

- Reviewing with the internal and external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management's response and results of the audits conducted by the internal and external auditors;
- Reviewing the internal control and procedures and ensure coordination between the external auditors and Management;
- Monitoring the integrity of the financial information provided by the Company, assessing, and challenging, where necessary, the correctness, completeness, and consistency of financial information before submission to the Board for approval;
- Assessing the adequacy and effectiveness of the internal control systems established by Management to identify, assess, manage, and disclose financial, operational, compliance and information technology controls (including those relating to compliances with existing legislation and regulation);
- Monitoring and assessing the role and effectiveness of the internal audit function in the overall context of the Company's risk management system, including review of the internal auditors' reports on the effectiveness of the systems for internal control, financial reporting and risk management;
- In connection with the terms of engagement to the external auditors, making recommendations to the Board on the selection, appointment, re-appointment, and resignation of the external auditors based on a thorough assessment of the external auditors' functioning, and approve the remuneration and terms of engagement of the external audit;
- Monitoring and assessing the external auditors' independence annually and keep the nature and extent of non-audit services provided by the external auditors under review to ensure the external auditors' independence or objectivity is not impaired, and to nominate them for re-appointment;
- Reviewing the interested person transactions on a quarterly basis; and
- Assessing, at the end of the audit cycle, the effectiveness of the audit process.

The AC has full authority to investigate any matters within its term of reference, full access to and cooperation from the Management and full discretion to invite any director, key management personnel or other employee of the Group to attend its meetings and is given reasonable resources to enable it to discharge its functions properly and effectively.

During the year, the AC reviewed the quarterly and full year results of FY2017, including the adequacy of disclosures as well as the key changes in accounting policies applied. Management is kept abreast of changes in the accounting standards by both internal and external auditors; the information is then relayed to the AC. Each year, Management would review the changes or updates in accounting standards or any other issues that are applicable to the Group's financial statements, if any and brief the AC and Board on such changes.

Annually, the AC will meet with the internal and external auditors without the presence of the Management as and when necessary to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors. The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Messrs PricewaterhouseCoopers LLP is the appointed external auditors of the Company. The fees paid to the external auditors in 2017 for audit services amounted to S$220,000. In FY2016, the aggregate amount of audit fees paid or payable to the Company's external auditors was S$220,000. The AC noted that there was no non-audit related work carried out by the external auditors for FY2017. The AC was satisfied that the external auditors had been objective and independent in the audit of the Group. Accordingly, the AC has recommended to the Board that, Messrs PricewaterhouseCoopers LLP be nominated for re-appointment as external auditors at the forthcoming AGM.

No former partner or director of the Company's auditing firm has acted as a member of the Company's AC.

BlackGold has established a whistleblowing policy since 2015 to provide a defined and accessible channel for employees and any persons outside of the employment of the Group to report any actual or suspected wrongdoings in matters of business activities, financial reporting or other matters. During FY2017, no whistleblowing reports were received.

13. INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Company's businesses and assets while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner.

For the financial year under review, as the size of the Group does not warrant an in-house internal audit function, the Company has outsourced its internal audit function to Nexia TS Risk Advisory Pte Ltd. Audit work performed by the internal auditors is guided by International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The internal auditors' primary line of reporting would be to the chairman of the AC, although the internal auditors would also report administratively to the CEO.

Before the commencement of the annual internal audit, the internal auditors will propose an internal audit plan to the AC and obtain the approval from the AC before proceeding. The findings of such review are submitted to the AC for their review. Subsequent to the internal audit conducted, the findings and corresponding responses from the Management to address these findings were reported at the meeting of the AC.

For FY2017, the AC has reviewed the adequacy and effectiveness of the internal audit function of the Company, and is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The AC also reviews the internal audit reports as well as the remedial measures recommended by the internal auditors and adopted by Management to address any issues or inadequacies identified.

14. SHAREHOLDER RIGHTS
15. COMMUNICATION WITH SHAREHOLDERS
16. CONDUCT OF SHAREHOLDER MEETINGS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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The Company recognises the importance of effective communication through accurate and timely information in accordance with best practices and rules to ensure shareholders make well-informed investment decisions. The Company ensures timely public disclosure of material information, financial results, annual reports and any other Company developments is made via SGXNET announcements and the BlackGold corporate website within the mandatory period prescribed.

Management participates actively in investor seminars or conferences organised by various external organisations that encourage investor engagement. Connecting with investors through such events allow Management to receive direct feedback from the investment community as well as allow potential or existing shareholders a better understanding of the Group and its business.

Shareholders of the Company will receive the annual report for the financial reporting year as well as the notices for general meetings will be accompanied with a report/circular, disseminated as an announcement via SGXNET and advertised in the local newspapers.

At general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors or Management regarding the Company and the Group. Shareholders can have access to the Company's financial information as well as developments of the Company through its website at http://www.blackgold-group.com.

The Company's Constitution allows all shareholders to appoint proxies to attend and vote on their behalf at the general meetings. Shareholders can appoint up to two proxies to attend, vote and voice any questions relating to the resolutions tabled in a general meeting and/or company affairs, for and on behalf of those shareholders, in the event that such shareholders are not able to attend the said general meeting personally. Shareholders who are relevant intermediaries (as defined under Section 181(6) of the Companies Act) are allowed to appoint more than two proxies to attend, speak and vote at general meetings. Voting in absentia may only be possible following careful study to ensure the integrity of the information and authentication of shareholders' identities through the web or other means are not compromised.

At general meetings, the Company welcomes shareholders' participation and to raise any concerns regarding the Group which they may have to the Directors, chairpersons of the AC, NC and RC as well as the Company's external auditors, whom will be present and available to the shareholders at these meetings. All resolutions at the forthcoming AGM will be put to vote by poll, in compliance with the Catalist Rules to allow greater transparency and more equitable participation by shareholders. The proceedings of the AGM will be properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and these minutes will be available to shareholders upon their request. Detailed results of the general meetings, which include the number of votes cast for and against each resolution were disclosed via SGXNET.

The Company does not have a fixed dividend policy. The Board has reviewed and has not declared any dividend for FY2017 as the Company requires the existing cash to fund its operating activities.

17. DEALINGS IN SECURITIES

In compliance with Catalist Rule 1204(19) of the Catalist Rules, the Company has adopted an internal securities code of compliance to provide guidance to the Directors and all employees with regard to dealings in securities. All Directors and employees of the Company are advised by way of quarterly circulars to (i) not deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information and (ii) that they are required to report on their dealings in shares of the Company. The Company prohibits dealings in its shares by its Directors and employees during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the results.

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Directors and employees are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price-sensitive information and they are not to deal in the Company's securities on short-term considerations.

The Group confirms that it has adhered to its internal securities code of compliance for FY2017.

18. INTERESTED PERSON TRANSACTIONS

The Company has in place a policy and procedures to ensure all transactions with interested persons are reviewed and/or approved by the AC quarterly, and that such transactions are carried out on an arm's length basis.

The Company does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules for FY2017.

Save for interested person transactions with a value of less than S$100,000 each, there were no interested persons transactions entered into by the Group during FY2017.

Below is the table detailing the amount of Shareholders' Loans that was drawn down for the financial year ended 31 December 2017.

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$100,000) S$
	12M2017	12M2017
Twin Gold Ventures S.A.	Note 1	–

Note 1: During FY2017, certain subsidiaries in the Group had drawn-down a further amount of US$200,000 under these Shareholders' Loans facilities.

As at 31 December 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.

19. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholders, either still subsisting at the end of FY2017, or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2016:-

1. Service Agreements entered into between the Executive Directors and the Company.
2. Loan agreement dated 20 December 2012 between Twin Gold Ventures S.A. ("Twin Gold Ventures") and BlackGold Energy Limited ("BGE") for a loan facility from Twin Gold Ventures to BGE for up to US$10 million. The loan is interest-free and unsecured.
3. Loan agreement dated 20 December 2012 between Twin Gold Ventures and BlackGold Asia Resources Pte. Ltd. ("BGA") for a loan facility from Twin Gold Ventures to BGA for up to US$10 million. The loan is interest-free and unsecured.

4. Loan agreement dated 20 December 2012 between Twin Gold Ventures and PT Samantaka Batubara ("PT SB") for a loan facility from Twin Gold Ventures to PT SB for up to US$10 million. The loan is interest-free and unsecured.

5. Loan agreement dated 26 March 2013 between Novel Creation Holdings Limited ("Novel Creation") and PT SB for a loan facility from Novel Creation to PT SB for up to US$10 million. The loan is interest-free and unsecured.

6. First Supplemental Deed dated 29 September 2014 between Twin Gold Ventures, Novel Creation (collectively, the "Lenders") and BGA, BGE and PT SB (collectively, the "Subsidiaries") to extend the Non-Repayment Period to 9 September 2016.

7. Second Supplemental Deed dated 31 March 2016 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 9 March 2018.

8. Third Supplemental Deed dated 12 May 2017 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2019.

9. Fourth Supplemental Deed dated 29 March 2018 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2020.

Material contracts (2) to (6) set out above were entered into prior to the completion of the Reverse Takeover on 10 March 2015, and details have been set out in the Circular.

20. SPONSORSHIP

With reference to Rule 1204(21) of the Catalist Rules, non-sponsorship fee amounting to approximately S$228,970 were paid to the Sponsor during FY2017, as placement related expenses for the 2 share placement exercises completed on 18 April 2017 and 6 July 2017.

21. UTILISATION OF 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. As of 29 March 2018, the utilisation of the net proceeds from the Share Placement Agreements dated 24 March 2017 and 22 June 2017 are as follows:

Intended use of net proceeds	Allocation of net proceeds (S$'000)	Net proceeds utilised as of 29 March 2018 (S$'000)	Balance (S$'000)
Development of a 2 x 300 megawatt mine-mouth power plant (the "Riau-1 Project")	4,458	4,258	200
General working capital	6,662	6,662	–
Total	**11,120**	**10,920**	**200**

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Breakdown of proceeds used for general working capital is as follows:

Use of proceeds for working capital	S$'000
Administrative expenses, including employee remuneration, rental, payment to non-trade creditors and professional fees	1,970
Production-related activities, including payment to trade creditors	4,692
Total	**6,662**

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Directors' Statement

For the financial year ended 31 December 2017

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

In the opinion of the Directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 45 to 85 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are as follows:
Mr Philip Cecil Rickard
Mr James Rijanto
Mr Bala Chandran
Mr Gerald Lim Thien Su
Mr Nandakumar Ponniya Servai
Mr Bangun Madong Parulian Samosir

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of Directors' shareholdings, none of the Directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31.12.2017	At 1.1.2017	**At 31.12.2017**	At 1.1.2017
BlackGold Natural Resources Limited				
(No. of ordinary shares)				
Mr Intekhab Khan (1)	–	–	**37,176,294**	36,996,294
Mr Philip Cecil Rickard (2)	–	–	**13,967,607**	13,967,607
Mr James Rijanto (3)	**198,000**	–	**13,967,607**	13,967,607
Mr Bala Chandran	**100,000**	–	–	–

(1) Pursuant to Section 7 of the Companies Act, Mr Intekhab Khan is deemed to be interested in 37,176,294 shares held by Kaalasona Limited. Mr Intekhab Khan has resigned as a director of the Company with effect from 3 March 2018.

(2) Pursuant to Section 7 of the Companies Act, Mr Philip Cecil Rickard is deemed to be interested in 13,967,607 shares held by Cerenti Investments Ltd.

(3) Pursuant to Section 7 of the Companies Act, Mr James Rijanto is deemed to be interested in 13,967,607 shares held by Cerenti Investments Ltd.

The Directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

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Share Options

At an Extraordinary General Meeting held on 28 January 2015, shareholders of the Company approved the BlackGold Employee Share Option Scheme (the "ESOS") for the granting of transferable options that are settled by issuance or transfer of the ordinary shares of the Company, as the employee may elect, in the name of the Central Depository (Pte) Limited ("CDP") for credit to the securities account of the employee maintained with CDP, the employee's securities sub-account with a CDP Depository Agent or the Central Provident Fund ("CPF") investment account maintained with a CPF agent bank.

During the financial year, there were:

(i) no options granted to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Share Awards

The shareholders also approved the BlackGold Share Award Scheme (the "ESAS") on 30 August 2017, for granting the fully-paid shares to the selected person, free of charge, upon achieving prescribed performance target of the Company prior to the expiry of the prescribed performance period. As at the date of this report, no shares have been awarded or issued.

The Remuneration Committee ("RC") is responsible for administering the ESOS and ESAS. At the date of this report, the members of the RC are Mr Nandakumar Ponniya Servai (Chairman of the RC), Mr Gerald Lim Thien Su, and Mr Bala Chandran.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Gerald Lim Thien Su (Chairman)
Mr Intekhab Khan
Mr Nandakumar Ponniya Servai

All members of the Audit Committee were independent non-executive directors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing these functions, the committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Statement

For the financial year ended 31 December 2017

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Philip Cecil Rickard Director	James Rijanto Director

3 April 2018

Independent Auditor's Report

To the Members of BlackGold Natural Resources Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of BlackGold Natural Resources Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2017;
- the balance sheet of the Group as at 31 December 2017;
- the balance sheet of the Company as at 31 December 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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Independent Auditor's Report

To the Members of BlackGold Natural Resources Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of deposits and prepayments, property, plant and equipment, exploration and evaluation expenditure and mining properties (Note 3.2 to the financial statements) As at 31 December 2017, the Group has deposits and prepayments of US$1.33 million, property, plant and equipment of US$5.59 million, exploration and evaluation expenditure of US$1.41 million and mining properties of US$7.84 million contained primarily within a coal mining concession of the Group. Management has performed an impairment assessment in relation to this coal mining concession and concluded that no impairment charge was required to be recorded. As part of its impairment assessment, management has also relied on the indicative economic value of the coal mining concession in a report prepared by an Independent Qualified Person ("IQP"), an external, independent and qualified geologist. The report was prepared in accordance with The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code (2012)"). The key inputs used in arriving at the indicative economic value of the coal mining concession were coal price, production volume and operating costs. We focused on the impairment assessment of these deposits and prepayments, property, plant and equipment, exploration and evaluation expenditure and mining properties because of the significant judgement required in estimating the coal price, production volume and operating costs.	Our procedures in relation to management's impairment assessment are as follows: • Discussed with management to understand their impairment assessment including the identification of indicator of impairment and determination of recoverable amounts; • Agreed the management's future cash flow projections to the IQP's report; • Assessed the appropriateness of the key inputs used in the determination of the indicative economic value of the coal mining concession; • Evaluated the competency, capability and objectivity of the IQP; and • Evaluated management's sensitivity analysis to assess the impact on the recoverable amount of the related deposits and prepayments, property, plant and equipment, exploration and evaluation expenditure and mining properties by reasonable possible changes to the key inputs. Based on our work performed, we found the key inputs used to be appropriate and management's assessment to be reasonable.

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Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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To the Members of BlackGold Natural Resources Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Tham Tuck Seng.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 3 April 2018

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Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2017

	Note	2017 US$	2016 US$
Sales	4	**4,096,803**	320,307
Cost of sales	6	**(4,211,310)**	(265,759)
Gross (loss)/profit		**(114,507)**	54,548
Other income	5	**10,455**	18,626
Currency translation differences - net		**159,986**	(26,918)
Expenses			
– Administrative	6	**(4,980,422)**	(3,667,738)
– Finance	6	**(186)**	(332)
– Others	6	**(2,129,379)**	(12,541)
Loss before income tax		**(7,054,053)**	(3,634,355)
Income tax expense	8	**(329)**	(151)
Loss for the financial year		**(7,054,382)**	(3,634,506)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(167,444)**	438,859
Other comprehensive (loss)/income, net of tax		**(167,444)**	438,859
Total comprehensive loss, net of tax		**(7,221,826)**	(3,195,647)
Loss attributable to:			
Equity holders of the Company		**(6,984,093)**	(3,620,790)
Non-controlling interests		**(70,289)**	(13,716)
		(7,054,382)	(3,634,506)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(7,136,705)**	(3,188,590)
Non-controlling interests		**(85,121)**	(7,057)
		(7,221,826)	(3,195,647)
Losses per share for loss attributable to equity holders of the Company (US Cents per share)			
Basic and diluted losses per share	9	**(0.80)**	(0.46)

The accompanying notes form an integral part of these financial statements.

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Balance Sheet – Group

As at 31 December 2017

	Note	2017 US$	2016 US$
ASSETS			
Current assets			
Cash and cash equivalents	10	**1,203,825**	123,541
Trade and other receivables	11	**1,066,133**	169,232
Inventories	12	**2,436,891**	34,270
Deposits and prepayments	13	**456,221**	3,503,550
		5,163,070	3,830,593
Non-current assets			
Property, plant and equipment	18	**5,587,009**	1,582,599
Mining properties	16	**7,835,048**	4,940,778
Exploration and evaluation expenditure	15	**1,406,942**	1,989,136
Deposits and prepayments	13	**870,309**	4,147,469
Restricted cash	14	**189,360**	190,052
		15,888,668	12,850,034
Total assets		**21,051,738**	16,680,627
LIABILITIES			
Current liabilities			
Trade and other payables	19	**720,234**	961,893
Accrued operating expenses	20	**2,448,456**	1,718,178
Finance lease liabilities	23	**1,856**	2,451
Current income tax liabilities	8(c)	**76,313**	37,952
		3,246,859	2,720,474
Non-current liabilities			
Finance lease liabilities	23	**–**	1,715
Other non-current liabilities		**82,266**	47,222
Loans from shareholders	22	**4,184,847**	3,984,847
Provisions	21	**101,230**	33,199
		4,368,343	4,066,983
Total liabilities		**7,615,202**	6,787,457
NET ASSETS		**13,436,536**	9,893,170
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	**55,619,594**	44,854,402
Currency translation reserve		**(1,304,560)**	(1,151,948)
Accumulated losses		**(40,806,303)**	(33,822,210)
		13,508,731	9,880,244
Non-controlling interests		**(72,195)**	12,926
Total equity		**13,436,536**	9,893,170

The accompanying notes form an integral part of these financial statements.

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Balance Sheet – Company

As at 31 December 2017

	Note	2017 US$	2016 US$
ASSETS			
Current assets			
Cash and cash equivalents	10	**1,086,089**	81,472
Other receivables	11	**23,091,975**	14,193,433
Prepayments	13	**31,636**	7,149
		24,209,700	14,282,054
Non-current assets			
Plant and equipment	18	**6,466**	5,196
Investments in subsidiaries	17	**92,752,976**	123,409,681
		92,759,442	123,414,877
Total assets		**116,969,142**	137,696,931
LIABILITIES			
Current liabilities			
Other payables	19	**714,557**	951,665
Accrued operating expenses	20	**249,650**	276,329
Current income tax liabilities		**413**	73
		964,620	1,228,067
Total liabilities		**964,620**	1,228,067
NET ASSETS		**116,004,522**	136,468,864
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	**170,716,789**	159,951,597
Currency translation reserve		**1,213,380**	(706,456)
Accumulated losses		**(55,925,647)**	(22,776,277)
Total equity		**116,004,522**	136,468,864

The accompanying notes form an integral part of these financial statements.

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Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2017

	Note	← Attributable to equity holders of the Company			→		
		Share capital	Currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$
2017							
Beginning of financial year		**44,854,402**	**(1,151,948)**	**(33,822,210)**	**9,880,244**	**12,926**	**9,893,170**
Loss for the year		–	–	(6,984,093)	(6,984,093)	(70,289)	(7,054,382)
Other comprehensive loss for the year		–	(152,612)	–	(152,612)	(14,832)	(167,444)
Total comprehensive loss for the year		**–**	**(152,612)**	**(6,984,093)**	**(7,136,705)**	**(85,121)**	**(7,221,826)**
Issuance of placement shares		10,765,192	–	–	10,765,192	–	10,765,192
Total transactions with owners, recognised directly in equity		**10,765,192**	**–**	**–**	**10,765,192**	**–**	**10,765,192**
End of financial year		**55,619,594**	**(1,304,560)**	**(40,806,303)**	**13,508,731**	**(72,195)**	**13,436,536**

	Note	← Attributable to equity holders of the Company			→		
		Share capital	Currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$
2016							
Beginning of financial year		**44,854,402**	**(1,584,148)**	**(30,201,420)**	**13,068,834**	**19,983**	**13,088,817**
Loss for the year		–	–	(3,620,790)	(3,620,790)	(13,716)	(3,634,506)
Other comprehensive income for the year		–	432,200	–	432,200	6,659	438,859
Total comprehensive income/(loss) for the year		**–**	**432,200**	**(3,620,790)**	**(3,188,590)**	**(7,057)**	**(3,195,647)**
End of financial year		**44,854,402**	**(1,151,948)**	**(33,822,210)**	**9,880,244**	**12,926**	**9,893,170**

The accompanying notes form an integral part of these financial statements.

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Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Note	2017 US$	2016 US$
Cash flows from operating activities			
Loss before tax		**(7,054,382)**	(3,634,506)
Adjustments for:			
– Depreciation	6	**34,029**	19,581
– Amortisation of mining properties		**39,744**	3,715
– Impairment of exploration and evaluation expenditure	6	**2,128,684**	–
– Loss on disposal of property, plant and equipment	6	**695**	–
– Interest income	5	**(9,777)**	(9,738)
– Interest expense	6	**186**	332
– Unrealised currency translation (gains)/losses		**(182,375)**	338,852
		(5,043,196)	(3,281,764)
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:			
– Inventories		**(2,206,846)**	(33,529)
– Deposits and prepayments		**(419,245)**	(379,610)
– Trade and other receivables		**(897,046)**	(83,352)
– Trade and other payables		**288,708**	1,115,696
– Other non–current liability		**35,216**	30,707
– Provisions		**68,152**	33,199
Cash used in operations		**(8,174,257)**	(2,598,653)
Tax paid		**(57,801)**	(16,563)
Net cash used in operating activities		**(8,232,058)**	(2,615,216)
Cash flows from investing activities			
Payment for exploration and evaluation expenditure	15	**(206,801)**	(71,453)
Advances for exploration and evaluation expenditure		**–**	(133,110)
Addition of mining properties		**(1,329,719)**	–
Addition of property, plant and equipment	18	**(131,411)**	(36,817)
Interest received		**9,777**	9,738
Net cash used in investing activities		**(1,658,154)**	(231,642)
Cash flows from financing activities			
Proceeds from shareholders' loan		**200,000**	473,471
Proceeds from issuance of placement shares		**10,765,192**	–
Repayment of lease liabilities		**(2,839)**	(2,645)
Net cash provided by financing activities		**10,962,353**	470,826
Net increase/(decrease) in cash and cash equivalents		**1,072,141**	(2,376,032)
Cash and cash equivalents			
Beginning of financial year	10	**123,541**	2,522,778
Effects of currency translation on cash and cash equivalents		**8,143**	(23,205)
End of financial year	10	**1,203,825**	123,541

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

Reconciliation of liabilities arising from financing activities

	1 January 2017 US$	Principal and interest payments US$	Non-cash changes US$		31 December 2017 US$
			Interest expenses	Foreign exchange movement	
Finance Lease	4,166	(2,839)	186	343	1,856

The accompanying notes form an integral part of these financial statements.

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

BlackGold Natural Resources Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 7 Temasek Boulevard, Suntec Tower One, #06-02A, Singapore 038987.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods — coal*

Revenue from these sales is recognised when the Group has delivered the coal to locations specified by its customers and the customers have accepted the coal in accordance with the sales contract.

(b) *Interest income*

Interest income is recognised using the effective interest method.

2. Significant accounting policies (continued)

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

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2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions* (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Land and buildings*

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers whenever their carrying amounts are likely to differ materially from their revalued amounts.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase are recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

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2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(a) *Measurement* (continued)

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) *Depreciation*

Except for assets under construction and freehold land which are not depreciated, depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	20 years
Motor vehicles	5 years
Furniture and fittings	3 – 5 years
Equipment	3 – 8 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and (losses)". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.6 Mining properties

Mining properties are stated at cost less accumulated amortisation, and include costs transferred from exploration and evaluation expenditure once technical feasibility and commercial viability of an area of interest are demonstrable, and subsequent costs to develop the mine to the production phase.

The mining properties balance are amortised using the units-of-production method based on estimated coal reserves from commencement of commercial production.

2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets

Property, plant and equipment, mining properties, exploration and evaluation expenditure and investments in subsidiaries

Property, plant and equipment, mining properties, exploration and evaluation expenditure and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

Loans and receivables are presented as "deposits and prepayments" (Note 13), "trade and other receivables" (Note 11), "cash and cash equivalents" (Note 10) and "restricted cash" (Note 14) on the balance sheet.

(a) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Loans and receivables are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(b) *Initial measurement*

Loans and receivables are initially recognised at fair value plus transaction costs.

(c) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.9 Loans and receivables (continued)

(d) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.10 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

(i) the rights of tenure of exploring and evaluating an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

(ii) exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or in relation to the area are continuing.

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective area and is reviewed at the end of each accounting period. Exploration and evaluation expenditure in respect of an area of interest, which has been abandoned, or for which a decision has been made by the Company's directors against the commercial viability of the area of interest are written-off in the period the decision is made.

Exploration and evaluation expenditure represents the accumulated costs relating to general investigation, administration and licensing, geology and geophysics expenditures.

Exploration and evaluation costs are assessed for impairment if facts and circumstances indicate that impairment may exist and are also tested yearly for impairment once commercial reserves are found.

Cash flows associated with exploration and evaluation expenditure are classified as investing activities in the consolidated statement of cash flows.

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2. Significant accounting policies (continued)

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Leases

The Group leases equipment under finance and operating leases from non-related party.

(a) *Lessee — Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as equipment, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) *Lessee — Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprised direct labour, other direct cost, amortisation of mining properties, depreciation of fixed assets and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

2. Significant accounting policies (continued)

2.15 Income taxes (continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.17 Mine reclamation and rehabilitation

Mine reclamation and rehabilitation expenditures are costs associated with mine reclamation during the mine operation period, mine closure and decommissioning and demobilisation of facilities and other closure activities.

Provision for estimated costs of mine reclamation and rehabilitation and provision for mine closure are recorded on an incremental basis based on the quantity produced. The rate used is subject to a regular review based on mine reclamation and mine closure plans.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2. Significant accounting policies (continued)

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars. The functional currency of the Company is Singapore Dollars.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "currency translation losses - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

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2. Significant accounting policies (continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

The Executive Committee ("Exco") is the Group's chief operating decision maker. Exco comprises the Chief Executive Officer, the Chief Financial Officer, Head of Mining and Exploration and Head of Infrastructure and Facilities. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decision, allocate resources and assess performance.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Uncertain tax positions

The Group is subject to income taxes in Singapore and Indonesia. The Group operates in jurisdictions where legislative applications can give rise to uncertain tax positions. Management believes that the current tax positions taken by the Group are appropriate and supportable by expert advice where relevant.

In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

3.2 Impairment of deposits and prepayments, property, plant and equipment, exploration and evaluation expenditure and mining properties

The Group assesses at each balance sheet date whether there is any objective evidence that the deposits and prepayments, property, plant and equipment, exploration and evaluation expenditure and mining properties are impaired. For the purpose of impairment testing, the recoverable amount is determined for the CGU to which the asset belong. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The Group has deposits and prepayments of US$1.33 million, property, plant and equipment of US$5.59 million, exploration and evaluation expenditure of US$1.41 million and mining properties of US$7.84 million as at 31 December 2017, contained primarily within a coal mining concession of the Group.

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3. Critical accounting estimates, assumptions and judgements (continued)

3.2 Impairment of deposits and prepayments, property, plant and equipment, exploration and evaluation expenditure and mining properties (continued)

Management has performed an impairment assessment in relation to this coal mining concession and concluded that no impairment charge was required to be recorded. As part of its impairment assessment, management has also relied on the indicative economic value of the coal mining concession in a report prepared by an Independent Qualified Person ("IQP"), an external, independent and qualified geologist. The report was prepared in accordance with The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code (2012)").

The key inputs used in arriving at the indicative economic value of the coal mining concession were coal price, production volume and operating costs.

As at 31 December 2017, any reasonable possible change to the key inputs is not likely to cause the recoverable amounts of deposits and prepayments, property, plant and equipment, exploration and evaluation expenditure and mining properties to be below the respective carrying amounts.

3.3 Provisions for mine reclamation and rehabilitation

The Group's accounting policy for the recognition of provision for mine reclamation and rehabilitation requires significant estimates and assumptions, such as requirement of the relevant legal and regulatory framework; the magnitude of possible land disturbance and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. The carrying amount of the provision for mine reclamation and rehabilitation at the end of the financial year is disclosed in Note 21.

3.4 Impairment of investment in subsidiaries and other receivables

The investment in subsidiaries held by the Company represents the fair value of consideration paid by the Company to acquire BlackGold Asia Resources Pte. Ltd., BlackGold Energy Limited and BlackGold Power Pte. Ltd. (collectively known as the "BlackGold Group"). The carrying amount of investment in subsidiaries and other receivables due from subsidiaries of the Company was US$92.8 million and US$23.1 million as at 31 December 2017, respectively. Management is of the view that the recoverable amount of the investment in subsidiaries and other receivables due from subsidiaries is the fair value of the mining concessions held by the BlackGold Group. The Company assesses at each balance sheet date whether there is objective evidence that the investment in subsidiaries and other receivables are impaired and recognises an impairment charge when such evidence exists.

The Company based its impairment calculation on detailed budgets and forecast calculations which are prepared for the Group's mining operations. These budgets and forecast calculations cover the expected life of the mine.

If the recoverable amount of the subsidiary is less than its carrying amount, an impairment loss is recognised in profit or loss to reduce the carrying amount of the investment in subsidiaries to its recoverable amount.

There was an impairment of US$30.6 million (2016: Nil) in relation to investments in subsidiaries for the current financial year.

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4. Revenue

	Group	
	2017	**2016**
	US$	**US$**
Sale of coal	**4,096,803**	320,307

5. Other income

	Group	
	2017	**2016**
	US$	**US$**
Interest income	**9,777**	9,738
Wage credit scheme	**662**	2,894
Others	**16**	5,994
	10,455	18,626

The Wage Credit Scheme ("WCS") was introduced in Budget 2013 as a 3 years scheme under which the Government co-funds 40% of the wage increases that are given to Singaporean employees over 2013 to 2015. Only Singaporean employees who earn a gross monthly wage of up to S$4,000 will qualify for WCS and the amount an employer can receive would depend on the fulfilment of the conditions as stated in the scheme.

In Budget 2015, it was announced that the WCS would be extended for 2 years (2016 to 2017), to give companies more time to adjust to rising wages in the tight labour market. New wage increases given from 2016 to 2017 will be co-funded at 20% instead of 40%, to ensure sustainability of wage increases as the scheme is eventually phased out.

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6. Expenses by nature

	Group 2017 US$	Group 2016 US$
Mining costs	**4,211,310**	265,759
Employment compensation (Note 7)	**1,172,366**	1,182,014
Directors' fees	**323,481**	324,578
Medical expenses	**10,461**	9,151
Depreciation of property, plant and equipment (Note 18)	**34,029**	19,581
Travelling expenses	**224,517**	155,724
Licensing and compliance costs	**646,903**	342,913
Sponsor fees	**86,930**	86,916
Legal expenses	**61,989**	14,228
Rental expenses	**261,220**	195,091
Representative expenses	**110,136**	78,976
Corporate social responsibility expenses	**29,156**	–
Professional fees	**897,117**	822,849
Geologist and surveyor fees	**538,857**	40,283
Interest expense	**186**	332
Printing and supplies	**77,621**	32,940
Selling and Marketing	**97,823**	–
Impairment of exploration and evaluation expenditure (Note 15)	**2,128,684**	–
Loss on disposal of property, plant and equipment (Note 18)	**695**	–
Others	**407,816**	375,035
Total expenses	**11,321,297**	3,946,370

7. Employee compensation

	Group 2017 US$	Group 2016 US$
Wages and salaries	**1,103,437**	1,119,724
Other benefits	**35,626**	31,346
Employer's contribution to defined contribution plans including Central Provident Fund	**33,303**	30,944
	1,172,366	1,182,014

8. Income taxes

(a) Income tax expense

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2017 US$	**2016 US$**
Loss before tax	**(7,054,053)**	(3,634,355)
Tax calculated at tax rate of 17% (2016: 17%)	**(1,199,189)**	(617,840)
Effects of:		
– different tax rates in other countries	**(526,384)**	(60,374)
– expenses not deductible for tax purposes	**1,716,114**	668,449
– income not subject to tax	**9,788**	9,916
Tax charge	**329**	151

(b) The tax charge relating to each component of other comprehensive income is as follows:

Group		2017			2016	
	Before tax US$	**Tax charge US$**	**After tax US$**	**Before tax US$**	**Tax charge US$**	**After tax US$**
Currency translation differences arising from consolidation of subsidiary	**(167,444)**	**–**	**(167,444)**	438,859	–	438,859
Other comprehensive (loss)/income	**(167,444)**	**–**	**(167,444)**	438,859	–	438,859

(c) Tax payables

	Group	
	2017 US$	**2016 US$**
Indonesian income tax:		
– Withholding tax	**75,900**	37,879
Singapore income tax:		
– Income tax	**413**	73
	76,313	37,952

Under tax laws in Indonesia, the Group is required to withhold income tax on certain types of income earned by resident taxpayers or Indonesia permanent residents.

9. Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2017	2016
Net loss attributable to equity holders of the Company (US$)	**(6,984,093)**	(3,620,790)
Weighted average number of ordinary shares outstanding for basic earnings per share	**871,395,710**	788,708,783
Basic loss per share (US Cents per share)	**(0.80)**	(0.46)

(b) Diluted loss per share

The basic loss per share for the period ended 31 December 2016 and financial year ended 31 December 2017 is the same as the respective diluted loss per share, as there were no potential dilutive ordinary shares in existence during the period ended 31 December 2016 and financial year ended 31 December 2017.

10. Cash and cash equivalents

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Cash at bank and on hand	**1,203,825**	123,541	**1,086,089**	81,472

11. Trade and other receivables — current

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Trade receivables				
– Non-related parties	**1,041,519**	7,694	**–**	–
Other receivables				
– non-related parties	**15,772**	152,664	**14,152**	5,465
– subsidiaries	**–**	–	**23,077,823**	14,187,968
– non-controlling shareholder of a subsidiary	**8,842**	8,874	**–**	–
	1,066,133	169,232	**23,091,975**	14,193,433

Non-trade receivables due from subsidiaries and non-controlling shareholder of a subsidiary are unsecured, interest-free and repayable on demand.

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12. Inventories

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Coal, at cost	**2,436,891**	34,270	**–**	–

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US$4,211,310 (2016: US$265,759).

13. Deposits and prepayments

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Current				
Deposits	**23,404**	21,352	**–**	–
Prepayments	**432,817**	3,482,198	**31,636**	7,149
	456,221	3,503,550	**31,636**	7,149
Non-current				
Prepayments	**870,309**	4,147,469	**–**	–
	1,326,530	7,651,019	**31,636**	7,149

Prepayments of the Group primarily consist of down payments made for exploration and evaluation activities and acquisition of plant and equipment in connection with the mining activities.

14. Restricted cash

	Group	
	2017	2016
	US$	US$
Time deposit	**189,360**	190,052

Restricted cash equivalents represents security deposit placed in Bank Kepulauan Riau until the expiry of the Mining Business Licence (Izin Usaha Pertambangan, "IUP") as required by the Department of Mining and Energy of the Regency of Riau, Indonesia.

Interest rates on time deposit during 31 December 2017 were 6.0% (2016: 6.0%) per annum.

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15. Exploration and evaluation expenditure

	Group	
	2017	2016
	US$	US$
Beginning of the financial year	**1,989,136**	6,123,360
Expenditure capitalised during the financial year	**1,422,614**	934,790
Reclassification to mining properties (Note 16)	**–**	(4,945,234)
Impairment loss (Note (a))	**(2,128,684)**	–
Depreciation capitalised during the financial year	**3,787**	11,792
Currency translation differences	**120,089**	(135,572)
End of the financial year	**1,406,942**	1,989,136

Exploration and evaluation expenditure are assessed for impairment when facts and circumstances indicate that the carrying amount of the exploration and evaluation expenditure may exceed its recoverable amount.

Note (a): The impairment charge of US$2,128,684 (2016: Nil) arises from the non-renewal of the Exploration IUP licences of PT Ausindo Prima Andalas and PT Ausindo Andalas Mandiri mining concessions. The ending balance of exploration and evaluation expenditure of US$1,406,942 relates to the cost of exploration and evaluation expenditure capitalised by PT Samantaka Batubara.

16. Mining properties

	Group	
	2017	2016
	US$	US$
Cost		
Beginning of the financial year	**4,945,234**	–
Additions	**2,986,005**	–
Reclassification from exploration and evaluation expenditure	**–**	4,945,234
Currency translation differences	**(18,015)**	–
End of financial year	**7,913,224**	4,945,234
Accumulated amortisation		
Beginning of the financial year	**4,456**	–
Amortisation charge	**73,736**	4,456
Currency translation differences	**(16)**	–
End of financial year	**78,176**	4,456
Net carrying value at end of the financial year	**7,835,048**	4,940,778

Amortisation expense is initially recognised under "inventories" and subsequently transferred to the consolidated statement of comprehensive income under the "cost of sales" line item.

17. Investments in subsidiaries

	Company 2017 US$	Company 2016 US$
Equity investments at cost		
Beginning of financial year	**123,409,681**	123,409,681
Less: Impairment loss	**(30,656,705)**	–
End of financial year	**92,752,976**	123,409,681

The Group had the following subsidiaries as at 31 December 2017 and 2016:

	Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by Group 2017 %	Proportion of ordinary shares directly held by Group 2016 %	Proportion of ordinary shares directly held by non-controlling interests 2017 %	Proportion of ordinary shares directly held by non-controlling interests 2016 %
	Held by the Company						
1	BlackGold Asia Resources Pte. Ltd.[(a)]	Investment holding	Singapore	**100**	100	**–**	–
2	BlackGold Energy Limited[(c)]	Investment holding	Hong Kong	**100**	100	**–**	–
3	BlackGold Power Pte. Ltd.[(a)]	Investment holding	Singapore	**100**	100	**–**	–
	Held by the subsidiaries						
4	PT BlackGold Energy Indonesia[(b)]	Investment holding	Indonesia	**99**	99	**1**	1
5	PT BlackGold Energy Power[(b)]	Investment holding	Indonesia	**99**	99	**1**	1
6	PT Samantaka Batubara[(b)]	Coal mining	Indonesia	**99**	99	**1**	1
7	PT Ausindo Prima Andalas[(b)]	Coal mining	Indonesia	**99**	99	**1**	1
8	PT Ausindo Andalas Mandiri[(b)]	Coal mining	Indonesia	**99**	99	**1**	1

(a) *Audited by PricewaterhouseCoopers LLP, Singapore*

(b) *Audited by KAP Tanudiredja, Wibisana, Rintis dan Rekan, PwC Indonesia, for the purpose of preparation of consolidated financial statements of the Group*

(c) *Audited by Heng & Tan, Certified Public Accountants, Hong Kong*

The Directors are of the view that the non-controlling interests in subsidiaries are not material to the Group.

18. Property, plant and equipment

	Freehold Land US$	Motor vehicles US$	Furniture and fittings US$	Equipment US$	Assets under construction US$	Total US$
Group						
2017						
Cost						
Beginning of financial year	497,833	58,698	10,555	95,523	1,034,060	1,696,669
Additions	–	–	–	4,118,032	–	4,118,032
Disposals	–	(999)	–	–	–	(999)
Transfers	–	–	–	1,016,814	(1,016,814)	–
Currency translation differences	(1,813)	(214)	870	2,590	(3,767)	(2,334)
End of financial year	496,020	57,485	11,425	5,232,959	13,479	5,811,368
Accumulated depreciation						
Beginning of financial year	–	53,995	10,152	49,923	–	114,070
Depreciation charge	–	3,997	280	104,363	–	108,640
Disposals	–	(304)	–	–	–	(304)
Currency translation differences	–	(203)	845	1,311	–	1,953
End of financial year	–	57,485	11,277	155,597	–	224,359
Net book value						
End of financial year	**496,020**	**–**	**148**	**5,077,362**	**13,479**	**5,587,009**

	Freehold Land US$	Motor vehicles US$	Furniture and fittings US$	Equipment US$	Assets under construction US$	Total US$
Group						
2016						
Cost						
Beginning of financial year	–	57,426	10,794	58,948	207,394	334,562
Additions	497,833	–	–	36,817	822,070	1,356,720
Currency translation differences	–	1,272	(239)	(242)	4,596	5,387
End of financial year	497,833	58,698	10,555	95,523	1,034,060	1,696,669
Accumulated depreciation						
Beginning of financial year	–	41,339	7,860	33,815	–	83,014
Depreciation charge	–	11,931	2,590	16,852	–	31,373
Currency translation differences	–	725	(298)	(744)	–	(317)
End of financial year	–	53,995	10,152	49,923	–	114,070
Net book value						
End of financial year	**497,833**	**4,703**	**403**	**45,600**	**1,034,060**	**1,582,599**

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18. Property, plant and equipment (continued)

Total depreciation of property, plant and equipment was allocated as follows:

	Group	
	2017	**2016**
	US$	**US$**
Administrative expenses (Note 6)	**34,029**	19,581
Cost of sales	**32,649**	–
Capitalised as Inventory	**38,175**	–
Capitalised as Exploration and evaluation expenditure (Note 15)	**3,787**	11,792
	108,640	31,373

	Equipment
	US$
Company	
2017	
Cost	
Beginning of financial year	9,177
Additions	4,422
Currency translation differences	756
End of financial year	14,355
Accumulated depreciation	
Beginning of financial year	3,981
Depreciation charge	3,473
Currency translation differences	435
End of financial year	7,889
Net book value	
End of financial year	**6,466**

	Equipment
	US$
Company	
2016	
Cost	
Beginning of financial year	9,385
Additions	–
Currency translation differences	(208)
End of financial year	9,177
Accumulated depreciation	
Beginning of financial year	943
Depreciation charge	3,207
Currency translation differences	(169)
End of financial year	3,981
Net book value	
End of financial year	5,196

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19. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Trade payables to:				
– non-related parties	**637,502**	–	–	–
Other payables to:				
– non-related parties	**75,151**	549,722	**11,307**	154,641
– subsidiaries	**–**	–	**703,250**	503,359
Remuneration payable to:				
– directors	**–**	192,000	**–**	192,000
– others	**–**	60,000	**–**	60,000
Consultancy fees payable	**–**	41,665	**–**	41,665
Amounts payable to non-controlling shareholder of subsidiaries	**7,581**	118,506	**–**	–
	720,234	961,893	**714,557**	951,665

Non-trade payables due to subsidiaries and non-controlling shareholder of subsidiaries are unsecured, interest-free and repayable on demand.

20. Accrued operating expenses

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Accrued operating expenses for				
– Dead rent	**1,432,428**	1,234,888	**–**	–
– Professional fees	**80,682**	126,613	**71,792**	120,084
– Directors' fee	**9,876**	7,602	**9,876**	7,602
– Mining services	**460,600**	–	**–**	–
– Others	**464,870**	349,075	**167,982**	148,643
	2,448,456	1,718,178	**249,650**	276,329

During the term of the IUP (Note 14), the Company is required to pay rent ("dead rent") which is based on the number of hectares covered by the mining concession, as well as the stage of mining operations.

21. Provisions

Movements in provision for mine reclamation and rehabilitation are as follows:

	Group	
	2017	2016
	US$	US$
Beginning of financial year	**33,199**	–
Provision for the financial year	**68,152**	32,642
Currency translation differences	**(121)**	557
End of financial year	**101,230**	33,199

22. Loans from shareholders

The loans from shareholders are unsecured and interest-free. The shareholders, had on 29 September 2014, through supplemental deeds with certain subsidiaries of the Group agreed that they would not demand for repayment of all or any part of the shareholders' loan (the "Non-Repayment Period") before 9 September 2016. On 31 March 2016, the shareholders entered into a second supplemental deed with the subsidiaries to extend the Non-Repayment Period for a further eighteen (18) months until 9 March 2018. On 12 May 2017, the shareholders entered into a third supplemental deed with subsidiaries to extend the Non-Repayment Period to 31 March 2019. On 29 March 2018, the shareholders entered into a fourth supplemental deed with subsidiaries to extend the Non-Repayment Period to 31 March 2020.

23. Finance lease liabilities

The Group leases equipment from a non-related party under a finance lease. The lease agreement does not have a renewal clause but provides the Group with the option to purchase the leased asset at a nominal value at the end of the lease term.

	Group	
	2017	**2016**
	US$	**US$**
Minimum lease payments due		
– Not later than one year	**1,897**	2,629
– Between one and five years	**–**	1,753
	1,897	4,382
Less: Future finance charges	**(41)**	(216)
Present value of finance lease liabilities	**1,856**	4,166

The present values of finance lease liabilities are analysed as follows:

	Group	
	2017	**2016**
	US$	**US$**
Not later than one year	**1,856**	2,451
Later than one year		
– Between one and five years	**–**	1,715
Total	**1,856**	4,166

24. Share capital

	No. of ordinary shares issued Company & Group	Amount of share capital US$ Group	Amount of share capital US$ Company
2017			
Beginning of financial year	788,708,783	44,854,402	159,951,597
Issue of placement shares	142,151,654	10,765,192	10,765,192
End of financial year	930,860,437	55,619,594	170,716,789
2016			
Beginning and end of financial year	788,708,783	44,854,402	159,951,597

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24. Share capital (continued)

During the financial year, the Company issued 142,151,654 ordinary shares for a total consideration of US$10,765,192. The newly issued shares rank pari passu in all respects with the previously issued shares.

25. Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company	
	2017	**2016**
	US$	**US$**
Beginning of financial year	**(22,776,277)**	(20,737,184)
Net loss	**(33,149,370)**	(2,039,093)
End of financial year	**(55,925,647)**	(22,776,277)

26. General reserve

The Limited Liability Company Law of the Republic of Indonesia No. 40/2007, introduced in August 2007, requires the establishment of a general reserve from net profits amounting to at least 20% of a company's issued and paid up capital. There is no set period of time over which this reserve should be established. As at 31 December 2017, the Group has not yet established a general reserve, as it has accumulated losses rather than profits.

27. Commitments

Operating lease commitments — where the Group is a lessee

The Group leases offices from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2017	**2016**
	US$	**US$**
Not later than one year	**303,381**	128,378
Between one and five years	**393,380**	328
	696,761	128,706

28. Financial risk management

Financial risk factors

The Group's activities expose it to currency risk, credit risk, liquidity risk and capital risk. The management is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) *Currency risk*

The Group operates in Singapore and Indonesia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2017				
Financial assets				
Cash and cash equivalents	1,090,305	13,835	99,685	1,203,825
Restricted cash	–	–	189,360	189,360
Inter-group receivables	23,538,534	1,745,724	3,368,570	28,652,828
Trade and other receivables	14,153	–	1,051,980	1,066,133
	24,642,992	1,759,559	4,709,595	31,112,146
Financial liabilities				
Trade and other payables	(11,307)	(15,369)	(693,558)	(720,234)
Accrued expenses	(308,377)	(455,325)	(1,684,754)	(2,448,456)
Finance lease liabilities	(1,856)	–	–	(1,856)
Inter-group payables	(23,538,534)	(1,745,724)	(3,368,570)	(28,652,828)
Loans from shareholders	–	(4,184,847)	–	(4,184,847)
	(23,860,074)	(6,401,265)	(5,746,882)	(36,008,221)
Net financial assets/ (liabilities)	782,918	(4,641,706)	(1,037,287)	(4,896,075)
Financial liabilities/(assets) denominated in the respective entities' functional currencies	(23,821,265)	1,263,604	107,417	(22,450,244)
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	(23,038,347)	(3,378,102)	(929,870)	(27,346,319)

28. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2016				
Financial assets				
Cash and cash equivalents	97,416	6,470	19,655	123,541
Restricted cash	–	–	190,052	190,052
Inter-group receivables	14,648,045	1,268,471	3,816,954	19,733,470
Trade and other receivables	5,465	–	163,767	169,232
	14,750,926	1,274,941	4,190,428	20,216,295
Financial liabilities				
Trade and other payables	(113,301)	(350,699)	(497,893)	(961,893)
Accrued expenses	(412,972)	(543,983)	(761,223)	(1,718,178)
Finance lease liabilities	(4,166)	–	–	(4,166)
Inter-group payables	(14,648,045)	(1,268,471)	(3,816,954)	(19,733,470)
Loans from shareholders	–	(3,984,847)	–	(3,984,847)
	(15,178,484)	(6,148,000)	(5,076,070)	(26,402,554)
Net financial liabilities	(427,558)	(4,873,059)	(885,642)	(6,186,259)
Financial liabilities/(assets) denominated in the respective entities' functional currencies	(13,971,672)	1,263,604	(85,041)	(12,793,109)
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	(14,399,230)	(3,609,455)	(970,683)	(18,979,368)

28. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

The Company's currency exposure based on the information provided to key management is as follows:

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2017				
Financial assets				
Cash and cash equivalents	1,078,061	8,028	–	1,086,089
Other receivables	23,054,700	–	37,275	23,091,975
	24,132,761	8,028	37,275	24,178,064
Financial liabilities				
Other payables	(11,306)	(673,471)	(29,780)	(714,557)
Accrued expenses	(249,650)	–	–	(249,650)
	(260,956)	(673,471)	(29,780)	(964,207)
Net financial assets/ (liabilities)	23,871,805	(665,443)	7,495	23,213,857
Financial assets denominated in the respective entities' functional currencies	(23,871,805)	–	–	(23,871,805)
Currency exposure of financial assets/(liabilities), net of those denominated in the respective entities' functional currencies	–	(665,443)	7,495	(657,948)

28. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2016				
Financial assets				
Cash and cash equivalents	81,472	–	–	81,472
Other receivables	14,193,433	–	–	14,193,433
	14,274,905	–	–	14,274,905
Financial liabilities				
Other payables	(112,976)	(808,801)	(29,888)	(951,665)
Accrued expenses	(276,329)	–	–	(276,329)
	(389,305)	(808,801)	(29,888)	(1,227,994)
Net financial assets/ (liabilities)	13,885,600	(808,801)	(29,888)	13,046,911
Financial assets denominated in the respective entities' functional currencies	(13,885,600)	–	–	(13,885,600)
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	–	(808,801)	(29,888)	(838,689)

28. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SGD, USD and IDR change against the respective functional currencies by 5% (2016: 5%) and 5% (2016: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease)	
	2017	**2016**
	Loss after tax	**Loss after tax**
Group		
SGD		
– Strengthened	**956,091**	597,568
– Weakened	**(956,091)**	(597,568)
USD		
– Strengthened	**140,191**	149,792
– Weakened	**(140,191)**	(149,792)
IDR		
– Strengthened	**38,590**	40,283
– Weakened	**(38,590)**	(40,283)
Company		
USD		
– Strengthened	**27,616**	33,565
– Weakened	**(27,616)**	(33,565)
IDR		
– Strengthened	**(311)**	1,240
– Weakened	**311**	(1,240)

(ii) Price risk

The Group and Company have insignificant exposure to equity risk because it does not hold any financial assets which are classified as financial assets at fair value through profit or loss.

(iii) Interest rate risk

The Group and Company have insignificant exposure to interest rate risk as at 31 December 2017 and 2016.

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28. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade and other receivables, the Group adopts the policy of dealing only with customers with appropriate credit history.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Past due < 3 months	**1,037,318**	–	–	–
Past due 3 to 6 months	**2,914**	7,694	–	–
Past due over 6 months	**1,287**	–	–	–
	1,041,519	7,694	–	–

(c) Liquidity risk

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$
Group				
At 31 December 2017				
Trade and other payables	720,234	–	–	–
Accrued operating expenses	2,448,456	–	–	–
Finance lease liabilities	1,897	–	–	–
Loans from shareholders	–	4,184,847	–	–

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28. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$
Group				
At 31 December 2016				
Trade and other payables	961,893	–	–	–
Accrued operating expenses	1,718,178	–	–	–
Finance lease liabilities	2,629	1,753	–	–
Loans from shareholders	–	3,984,847	–	–
Company				
At 31 December 2017				
Trade and other payables	714,557	–	–	–
Accrued operating expenses	249,650	–	–	–
Finance lease liabilities	–	–	–	–
Loans from shareholders	–	–	–	–
At 31 December 2016				
Trade and other payables	951,665	–	–	–
Accrued operating expenses	276,329	–	–	–
Finance lease liabilities	–	–	–	–
Loans from shareholders	–	–	–	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Board of Directors monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as loans from shareholders plus trade and other payables and finance lease liabilities less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Net debt	**6,151,568**	6,545,543	**(121,882)**	1,146,522
Total equity	**13,436,536**	9,893,170	**116,004,522**	136,468,864
Total capital	**19,588,104**	16,438,713	**115,882,640**	137,615,386
Gearing ratio	**31%**	40%	**–**[a]	1%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2017.

[a] Not meaningful

29. Related party transactions

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and a related party at terms agreed between the parties:

	Group 2017 US$	Group 2016 US$
Professional services rendered by a related party	**72,912**	63,445

A related party is a company which is controlled by a director.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group 2017 US$	Group 2016 US$
Wages and salaries	**819,914**	805,298
Employer's contribution to defined contribution plans, including Central Provident Fund	**11,038**	10,021
	830,952	815,319

30. Segment information

Management has determined the operating segments based on the reports reviewed by the management that are used to make strategic decisions.

The management considers that the entire Group's operations constitute a single segment which is the exploration and mining of coal in Indonesia. The mining concessions in Indonesia are held by investment holding companies incorporated in Singapore and Hong Kong. The management assesses the performance of the Group's operations based on the profit before income, total assets and total liabilities which are measured in a manner consistent with that of the financial statements.

31. Events occurring after balance sheet date

On 29 March 2018, the shareholders entered into a fourth supplemental deed with subsidiaries to extend the Non-Repayment Period to 31 March 2020. Refer to Note 22 of the financial statements.

32. Significant laws and regulations that may have an impact on the Group

(a) Ministerial Regulation No. 34/2009

In December 2009, the Ministry of Energy and Mineral Resources issued Ministerial Regulation No. 34/2009, which provides a legal framework requiring mining companies to sell a portion of their output to domestic customers ("DMO'').

On 27 April 2015, the Directorate General of Mineral and Coal issued Regulation No. 2805/30/DJB/2016 regarding the DMO implementation for year 2016 which revoked the DMO requirement which was announced previously in 2014. As of the date of these financial statements, there is no clarification on this matter from the Government.

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32. Significant laws and regulations that may have an impact on the Group (continued)

(a) Ministerial Regulation No. 34/2009 (continued)

On 5 January 2018, the Minister of Energy and Mineral Resources issued Decision No. 23/K/30/MEM/2018 regarding the determination of minimal percentage of obligatory domestic coal sales at 25% (twenty five percent) of the total planned 2018 coal sales as approved by the Minister.

Management is of the opinion that the implementation of this regulation will not have a significant impact on the Group's financial position and cash flow.

(b) Ministerial Regulation No. 27/2013

On 13 September 2013, the Ministry of Energy and Mineral Resources issued Ministerial Regulation No. 27/2013 on the Procedures and Determination of Divestment Price as well as Changes in Capital Investment in Mineral and Coal Mining Businesses. Based on this regulation, the provision which governs the changes in capital investment consists of (a) changes in investment and financing sources, (b) changes in company status from foreign investment to domestic investment or vice versa, (c) changes in Article of Association, (d) changes in the Board of Directors and Commissioners and (e) changes in shareholders composition.

(c) Government Regulation No. 78/2010

On 20 December 2010, the Government of Indonesia released an implementing regulation for Mining Law No. 4/2009, i.e. Government Regulation No. 78/2010 ("GR No. 78") that deals with reclamation and post-mining activities for both IUP-Exploration and IUP-Production Operation holders. This regulation updates Ministerial Regulation No. 18/2008 issued by the Ministry of Energy and Mineral Resources on 29 May 2008.

An IUP-Exploration holder, among other requirements, must include a reclamation plan in its exploration work plan and budget and provide a reclamation guarantee in the form of a time deposit placed at a state-owned bank.

The requirement to provide reclamation and post-mine guarantees does not release the IUP holder from the requirement to perform reclamation and post-mine activities.

In 2014, the Ministry of Energy and Mineral Resources released implementing Regulation No. 7/2014 on reclamation and post-mining activities for mineral and coal mining companies which further regulates aspects of the reclamation plan, consideration of future value from the post-mining costs and accounting reserve determination.

As at the date of these financial statements, the Group has placed time deposits as its reclamation guarantee.

(d) Government Regulation No. 9/2012

On 6 January 2012, the Government of Indonesia released a regulation for non-tax state revenue GR No. 9/2012 which replaced previous Regulation GR No. 45/2003. This regulation provides clarification for obligation fees on metal mineral and coal commodities business which previously has not been set in GR No. 45/2003. In addition, it also provides guidelines on other fixed fees related to metal mineral and coal mines activities and other fees which are not related to commodities such as compensation for information related to IUP and IUPK exploration areas, replacement costs for closed coal mines and portion of the Government's share (4%) from IUPK-Production Operation holders based on its net income. The Group has accrued its dead rent obligation as at 31 December 2017 and 2016.

32. Significant laws and regulations that may have an impact on the Group (continued)

(e) Government Regulation No. 33/2014

Based on Government Regulation No. 33/2014, all companies which have activities in production and protected forest areas but not related to forestry activity will have an obligation to pay a forestry fee ranging from IDR1,600,000 to IDR4,000,000 per hectare. The Group has recognised this fee on an accrual basis.

(f) Ministry of Energy and Mineral Resources Regulation No. 9/2016

On 4 April 2015, the Ministry of Energy and Mineral Resources ("MEMR") issued a new regulation on coal pricing and mine mouth power projects, Regulation No. 9/2016 on the Procedures for the Supply and Determination of Coal Price for Mine Mouth Power Plants ("Reg 9"). Reg 9 replaces the previous MEMR Regulation No.10/2014 on the same matter ("Reg 10").

As with Reg 10, the new Reg 9 provides for the pricing of coal from mines to a mine mouth power plant to be on a cost-plus basis, but the key change introduced under Reg 9 is to allow the "plus" to be set within the rate of 15% to 25%, instead of the previously fixed margin of 25%. The Group has assessed that any reasonable possible change to the margin is not likely to cause the recoverable amounts of exploration and evaluation expenditure and prepayments to be below the respective carrying amounts.

(g) Environmental Law No. 32/2009

On 3 October 2009, Law No. 32/2009 on Protection and Management of Environment ("Environmental Law 32") replaced Law No. 23/1997 on Environmental Management. Under Indonesian environmental regulations, remedial and preventative measures and sanctions (such as the obligation to rehabilitate tailings areas, the imposition of substantial criminal penalties and fines and the cancellation of approvals) may be imposed to remedy or prevent pollution caused by operations. A monetary penalty may be imposed in lieu of performance of an obligation to rehabilitate damaged areas. Environmental Law 32 also requires licensing of all waste disposals, storage and handling. Waste disposal may only be conducted in specified locations determined by the Ministry of Environmental Affairs.

As at the date of these financial statements, nothing has come to the Group's attention that would deem them in violation of the regulations.

(h) Ministerial Regulation No. 7/2017

In September 2010, the Ministry of Energy and Mineral Resources ("MEMR") issued Ministerial Regulation No. 17/2010 on the Procedure for the Setting of Benchmark Prices for Mineral and Coal Sales, which stipulates that the sale of coal shall be conducted with reference to the benchmark price issued by the Government.

On 3 March 2011, the MEMR issued Ministerial Decision No. 0617.K/32/MEM/2011 on The Benchmark Price for PT Perusahaan Listrik Negara (Persero) ("PLN") for the Operation of Coal Fired Power Plants.

On 11 January 2017, the MEMR issued Ministerial Regulation No. 7/2017, regarding the Procedure for the Setting of Benchmark Prices for Mineral and Coal Sales, to replace Ministerial Regulation No. 17/2010. Any provision on Ministerial Regulation No. 17/2010, relating to benchmark prices for metal mineral and coal sales are revoked since that date.

On 7 March 2018, the MEMR issued Ministerial Regulation No. 19/2018 regarding the Revision of MEMR Regulation No. 7/2017, to incorporate a new clause enabling the Minister to set a different, special price for the coal sold domestically pursuant to the domestic market obligation (DMO coal).

Management believes that the Group has complied with the requirements of the regulations mentioned above.

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33. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2018 and which the Group has not early adopted:

(a) FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is also now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 34). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 34.

(b) FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018)

FRS 115 replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfied a performance obligation

33. New or revised accounting standards and interpretations (continued)

(b) FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018) (continued)

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 34). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 34.

(c) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 34). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

34. Adoption of SFRS(I)s

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)s") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I)s on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I)s for the quarter ended 31 March 2018 in April 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group will also concurrently apply new major SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers. The Group does not expect any significant impact arising from the adoption of SFRS(I)s.

35. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of BlackGold Natural Resources Limited on 3 April 2018.

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Statistics of Shareholdings

As at 19 March 2018

Number of subsidiary holdings held	:	NIL
Number of issued shares	:	930,860,437
Number of treasury shares	:	NIL
Class of shares	:	Ordinary
Voting rights	:	One vote per ordinary share

Shareholdings Held in Hands of Public

As at 19 March 2018, approximately 53.55% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	3	0.21	32	0.00
100 - 1,000	348	24.42	117,579	0.01
1,001 - 10,000	207	14.53	1,178,758	0.13
10,001 - 1,000,000	824	57.82	108,023,500	11.60
1,000,001 and above	43	3.02	821,540,568	88.26
	1,425	100.00	930,860,437	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	UOB Kay Hian Pte Ltd	453,410,858	48.71
2	BNP Paribas Nominees Singapore Pte Ltd	96,562,556	10.37
3	DBS Nominees Pte Ltd	72,785,927	7.82
4	OCBC Securities Private Ltd	25,991,109	2.79
5	Yao Hsiao Tung	21,800,000	2.34
6	Raffles Nominees (Pte) Ltd	15,415,100	1.66
7	Maybank Kim Eng Securities Pte Ltd	14,498,871	1.56
8	Lee Sheldon Norman James	10,758,931	1.16
9	Subhas s/o V Nathan	9,300,458	1.00
10	NCL Housing Pte Ltd	8,500,000	0.91
11	CGS-CIMB Securities (S) Pte Ltd	7,993,729	0.86
12	DBS Vickers Securities (S) Pte Ltd	7,968,800	0.86
13	Citibank Nominees Singapore Pte Ltd	7,291,800	0.78
14	HSBC (Singapore) Nominees Pte Ltd	7,099,415	0.76
15	Vincent Lawrence	6,291,000	0.68
16	Phillip Securities Pte Ltd	5,846,800	0.63
17	Tan Chin Chai	4,000,000	0.43
18	Lin Guan Yu @Jerry Lum	3,755,800	0.40
19	Owi Kek Hean	2,520,000	0.27
20	United Overseas Bank Nominees Pte Ltd	2,476,300	0.27
		784,267,454	84.26

Statistics of Shareholdings

As at 19 March 2018

SUBSTANTIAL SHAREHOLDERS (as shown in the register of substantial shareholders)

		Direct Interest		Deemed Interest	
	Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Rockfield Lake Limited	150,386,197	16.16	–	–
2.	Lerman Ambarita[1]	–	–	150,386,197	16.16
3.	Twin Gold Ventures S.A.	100,170,960	10.76	–	–
4.	Sujono Hadi Sudarno[2]	–	–	114,138,567	12.26
5.	Novel Creation Holdings Limited	82,162,556	8.83	–	–
6.	Sudiarso Prasetio[3]	–	–	83,362,556	8.96
7.	Kaalasona Limited	57,176,294	6.14	–	–
8.	Intekhab Khan[4]	–	–	57,176,294	6.14

Notes:

1. Lerman Ambarita is deemed interested in 150,386,197 Shares held by Rockfield Lake Limited.
2. Sujono Hadi Sudarno is deemed interested in 100,170,960 Shares held by Twin Gold Ventures S.A. and 13,967,607 Shares held by Cerenti Investments Ltd.
3. Sudiarso Prasetio is deemed interested in 82,162,556 Shares held by Novel Creation Holdings Limited and 1,200,000 Shares held by Ultimate Tri Noble Ltd.
4. Intekhab Khan is deemed interested in 57,176,294 Shares held by Kaalasona Limited.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BLACKGOLD NATURAL RESOURCES LIMITED (the "**Company**") will be held at NUSS Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119244, on Wednesday, 25 April 2018 at 9.00 am, for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017, the Directors' Statement and the Independent Auditor's Report thereon.
(Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company and who, being eligible, offer themselves for re-election, as a Director of the Company:

(a)	Mr James Rijanto	(Retiring under Article 94)	**(Resolution 2)**
(b)	Mr Bangun Madong Parulian Samosir	(Retiring under Article 94)	**(Resolution 3)**

[See Explanatory Note I]

3. To approve Directors' fees of up to S$220,000 for the financial year ending 31 December 2018 ("**FY2018**") to be payable quarterly in arrears. **(Resolution 4)**

4. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions with or without any modifications:

6. Authority to allot and issue shares and convertible securities.

That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(A) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force at the time the Shares are to be issued) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis, then the aggregate number of Shares to be issued under such circumstances (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustment as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (i) above, the percentage of the aggregate number of Shares and Instruments shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the provisions of the Listing Manual Section B: Rules of Catalist of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note II] **(Resolution 6)**

7. Authority to grant share options and issue Shares under the BlackGold Employee Share Option Scheme.

That, pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to grant share options in accordance with the provisions of the BlackGold Employee Share Option Scheme ("**BGG ESOS**") and to issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the share options granted under the BGG ESOS, provided always that the aggregate number of Shares to be issued pursuant to the BGG ESOS, when aggregated together with the Shares issued and/or issuable in respect of all share options granted under the BGG ESOS, and all Shares issued and/or issuable in respect of all share options or share awards granted under any other share schemes or share plans adopted by the Company for the time being, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note III] **(Resolution 7)**

8. Authority to grant share awards and issue Shares under the BlackGold Share Award Scheme.

That, pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to grant share awards in accordance with the provisions of the BlackGold Share Award Scheme ("**ESAS**") and to issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the ESAS, provided always that the aggregate number of Shares to be issued pursuant to the ESAS, when aggregated together with the Shares issued and/or issuable in respect of all share options granted under the ESAS, and all Shares issued and/or issuable in respect of all share options or share awards granted under any other share schemes or share plans adopted by the Company for the time being, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note IV] **(Resolution 8)**

BY ORDER OF THE BOARD

Prakash P Mulani
Company Secretary

SINGAPORE
10 April 2018

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Explanatory Notes:

I. Mr James Rijanto will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Investment Officer of the Company. Mr James Rijanto has a direct interest of 0.02% and also a deemed interest of 1.5% in the Company. There are no relationships (including immediate family relationships) between Mr James Rijanto and the other Directors, the Company, or its 10% Shareholders.

Mr Bangun Madong Parulian Samosir will, upon re-election as a Director of the Company, remain as Independent Director of the Company. There are no relationships (including immediate family relationships) between Mr Bangun Madong Parulian Samosir and the other Directors, the Company, its related corporations, and its 10% Shareholders or its officers. The Board considers Mr Bangun Madong Parulian Samosir to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Further detailed information on the abovementioned Directors who are proposed to be re-appointed at the Annual General Meeting of the Company can be found under the sections entitled "**Board of Directors**", "**Corporate Governance**" and "**Director's Statement**" of the Company's Annual Report 2017.

II. Resolution 6, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares and to make or grant convertible securities convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in aggregate 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the total number of Shares and convertible securities issued other than on a pro-rata basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company.

This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

For the purpose of this Resolution, the total number of issued Shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

III. Resolution 7, if passed, will empower the Directors of the Company from the date of the above meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to grant share options under the BGG ESOS and to issue Shares pursuant to the exercise of such share options in accordance with the BGG ESOS.

IV. Resolution 8, if passed, will empower the Directors of the Company from the date of the above meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to grant share awards under the ESAS and to issue Shares pursuant to the vesting of share awards in accordance with the ESAS.

Notes:

(a) A member (who is not a relevant intermediary) entitled to attend and vote at the Annual General Meeting may appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy, failing which, the appointment shall be deemed to be in the alternative. A proxy need not be a member of the Company.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her. Where such member's form of proxy appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

(c) If the appointor is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its attorney or duly authorised officer.

(d) The instrument appointing a proxy must be deposited at the Share Registrar's office at M&C Services Pte. Ltd. at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

(e) The sending of a form of proxy by a member does not preclude him/her from attending and voting in person at the Annual General Meeting if he/she so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the form of proxy to the Annual General Meeting.

(f) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this notice.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Ms. Tay Sim Yee (Telephone number: +65 6532 3829), at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

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BLACKGOLD NATURAL RESOURCES LIMITED
(Company Registration No. 199704544C)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:
1. For investors who have used their CPF monies to buy shares of BLACKGOLD NATURAL RESOURCES LIMITED, this report is forwarded to them at the request of their CPF Approved Nominees and is solely FOR INFORMATION ONLY.
2. The Proxy Form is, therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________ *(Name)* ______________________ *(NRIC/Passport No.)* of

____ *(Address)*

being a member/members of BLACKGOLD NATURAL RESOURCES LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as *my/our *proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at NUSS Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119244, on Wednesday, 25 April 2018 at 9.00 am, and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	Resolutions	For**	Against**
	Ordinary Business		
1	To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017, the Directors' Statement and the Independent Auditor's Report thereon.		
2	To re-elect Mr James Rijanto, a Director retiring under Article 94 of the Constitution of the Company.		
3	To re-elect Mr Bangun Madong Parulian Samosir, a Director retiring under Article 94 of the Constitution of the Company.		
4	To approve Directors' fees of up to S$220,000 for the financial year ending 31 December 2018 ("**FY2018**") to be payable quarterly in arrears.		
5	To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
6	Authority to allot and issue Shares and convertible securities.		
7	Authority to grant share options and issue Shares under the BlackGold Employee Share Option Scheme.		
8	Authority to grant share awards and issue Shares under the BlackGold Share Award Scheme.		

All resolutions will be put to vote by poll in accordance with the listing rules of the Singapore Exchange Securities Trading Limited.

* *Please indicate your vote "For" or "Against" with a "√" within the box provided.*
** *If you wish to exercise all your votes "For" or "Against", please indicate with a "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ________________ 2018.

Total no. of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature(s) of Member(s)/ Common Seal of Corporate Member(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of Shares is not inserted, the instrument appointing a proxy or proxies will be deemed to relate to the entire number of Shares in the Company registered in your name(s).

2. A member who is not a relevant intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same general meeting. In any case where instrument appointing a proxy or proxies appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies.

3. Pursuant to Section 181(6) of the Companies Act, Chapter 50 of Singapore, a member who is a relevant intermediary may appoint more than two (2) proxies in relation to a meeting to exercise all or any of the member's rights to attend and to speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by the member (which number and class of Shares shall be specified). In such an event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

4. A proxy need not be a member of the Company.

5. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the Annual General Meeting.

7. The instrument appointing a proxy or proxies must be deposited at the Share Registrar's office at M&C Services Pte. Ltd. at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies, failing which the instrument of proxy may be treated as invalid.

9. A corporation, which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

10. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

11. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register as at 72 hours before the time set for the Annual General Meeting.

12. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Annual General Meeting dated 10 April 2018.

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BLACKGOLD
Natural Resources Limited

Co. Reg. No. 199704544C

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