

BLACKGOLD NATURAL RESOURCES LIMITED
(Company Registration Number: 199704544C)
(Incorporated in the Republic of Singapore)

**RESPONSE TO SGX QUERIES IN RELATION TO PROPOSED ISSUE OF UP TO S\$2.25
MILLION INTEREST-FREE CONVERTIBLE BONDS CONVERTIBLE INTO ORDINARY
SHARES IN THE CAPITAL OF THE COMPANY**

All capitalised terms used in this announcement shall unless otherwise defined have the same meanings as given to them in the Previous Announcements (as defined below).

The Board of Directors (the “**Board**” or “**Directors**”) of BlackGold Natural Resources Limited (the “**Company**”) refers to its announcements on 5 May 2023 and 15 March 2023 in relation to (a) the signing of the Convertible Bonds Agreement between the Company and the Subscriber on 1 May 2023 (the “**CB Announcement**”), and (b) the response to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 9 March 2023 (the “**Previous Announcements**”), and wishes to address the following queries raised by the SGX-ST on 8 May 2023.

QUERY 1

Upon the execution of the Convertible Bonds Agreement on 1 May 2023, the Subscriber shall provide an advance of up to S\$2.25 million to the Company, free of any interest charge, and unsecured to be used for working capital purposes (the “**Advance Loan**”).

- a. How much of the Advance Loan has the Subscriber provided to the Company?
- b. Why is the use of proceeds disclosed in paragraph 3.3 of the announcement different from the use of Advance Loan?

COMPANY’S RESPONSE TO QUERY 1

- a. As at the date of this announcement, the Advance Loan that has been provided to the Company is approximately S\$35,000.
- b. The use of proceeds disclosed in paragraph 3.3 of the CB Announcement of S\$457,000 (after deducting estimated fees and expenses of S\$43,000) and S\$1,750,000 pertains to proceeds to be received from full subscription of Series A Bonds and Series B Bonds respectively. The Advance Loan of up to S\$2,250,000 pertains to gross proceeds assuming full subscription of Series A Bonds and Series B Bonds. The Company wishes to clarify that the purpose of the Advance Loan would be used for the same purposes as the Series A Bonds and Series B Bonds which was further described in paragraph 3.3 of the CB Announcement.

QUERY 2

The issuance of the Conversion Shares to PT Bumi Pratama Energi (the “**Subscriber**”) will result in a transfer of controlling interest in the Company to 8.51% (Series A Bonds conversion) and 29.51% (Series A & B Bonds conversion).

Will the Subscriber be the single largest shareholder of the Company?

COMPANY’S RESPONSE TO QUERY 2

As at the date this announcement, the Subscriber does not hold any shares in the capital of the Company (“**Shares**”), whether direct or indirectly.

Assuming that there is no further issuance of new Shares of the Company, the Subscriber would hold 450,000,000 Shares representing approximately 29.51% of the enlarged issued share capital of the Company immediately upon the subscription of the Bonds and full conversion of the Series A Bonds and Series B Bonds. Pursuant to the conversion of the Bonds in full, the Subscriber would become the single largest shareholder of the Company.

QUERY 3

The Proposed Bond Issuance will be issued into 2 tranches, Series A Bonds of S\$500K and Series B Bonds of S\$1.75 million, amounting to total of S\$2.25 million. Up to 450,000,000 new Shares to be allotted and issued by the Company upon conversion of the Series A Bonds and Series B Bonds.

- a. Please provide the Company's rationale on splitting the S\$2.25 million into 2 tranches.
- b. Is the issuance of the Series B Bonds conditional upon completion of the conversion of shares in Series A Bonds?
- c. Is the option of Series B Bonds at the discretion of the Company or the Bondholders?

COMPANY'S RESPONSE TO QUERY 3

- a. To the best of the Company's knowledge, Mr Tri Junaedi ("**Mr Tri**"), being the sole director and the major shareholder who holds 90% shareholding interest in the Subscriber, had requested to subscribe for the Bonds in two (2) separate tranches to allow the Subscriber to diversify their risks of investments after taking into consideration, *inter alia*, the Group's present financial performance and position while giving them the opportunity to participate in the Group's future growth plans.

Separately, in light of the Group's negative working capital position of approximately US\$10.6 million as at 30 September 2022, the Board has considered the issuance of the Bonds in two (2) tranches acceptable and in the interest of the Company as it would allow immediate funding requirements (in particular, the funds from the Series A Bonds after the Company obtains the approval from the shareholders of the Company on the issuance of the Bonds) of the Group to be met under the challenging funding environment.

- b. The issuance of the Series B Bonds is not conditional upon completion of the conversion of shares in Series A Bonds. The Subscriber has the option to subscribe for Series B Bonds in full or in part, after the completion of the issuance of Series A Bonds by the Company to the Subscriber.
- c. The option of the subscription of Series B Bonds is at the discretion of the Bondholder(s).

QUERY 4

Rationale for the Proposed Bonds Issuance includes "Mr Tri Junaedi, being the major shareholder of the Subscriber, is a strategic investor and can provides knowledge, information and strategic views on how to rejuvenate the Company's business, and the Company would be able to tap the Subscriber's available expertise, networks and resources to grow the Company's business."

Will Mr Tri Junaedi be involved in the Company's plans and operations, or be part of the Company's Management and Board?

COMPANY'S RESPONSE TO QUERY 4

As at the date of this announcement, Mr Tri has not indicated to the Company any intention to be involved in the Company's plans and operations or be a part of the Company's Management and Board.

QUERY 5

In the Company's responses to SGX Queries on 15 March 2023 in relation to the termination of the cooperation partner of PT Samantaka Batubara ("PT SB"), a wholly-owned subsidiary of the Company, the Company represented that PT SB was in the final stage of finalising a cooperation agreement with a new cooperation partner who is responsible for, *inter alia*, the production and delivery of PT SB's coal to the customers. PT SB and the new cooperation partner are expected to sign the cooperation agreement by the following week.

Please provide updates on the appointment of the new cooperation partner.

COMPANY'S RESPONSE TO QUERY 5

After further deliberation, the Group has decided to re-negotiate the commercial terms of the cooperation agreement in relation to the production and delivery of PT SB's coal to the customers.

The new commercial terms that the Group has proposed would involve a shift from fixed profit sharing to a fixed fee per metric tonne of coal produced and delivered. The costs shall be treated as supplier costs. In order to ensure that we obtain the best commercial terms, PT SB has also reached out to, and has been in discussion with, four (4) additional mining contractors. The Directors are of the view that these proposed changes will allow the Group to operate more efficiently and increase profitability.

The ongoing negotiations with the potential new cooperation partner(s) / mining contractors were also delayed due to the Eid Al Fitr public holiday in Indonesia from 19 April 2023 to 25 April 2023. Notwithstanding, the Company targets to finalise the New Cooperation Agreement by end May 2023.

QUERY 6

The Company also responded that the Group's operation is halted from end-Feb until May 2023. The potential loss of revenue (after tax) arising from non-fulfilment of the target production between 50,000 and 100,000 metric tonnes of coal per month is approximately US\$40,000 to US\$80,000.

Please provide updates on the Group's current operations and losses incurred and penalties to customers incurred so far from the termination of the cooperation agreement."

COMPANY'S RESPONSE TO QUERY 6

Pending receipt of PT SB's License Renewal, the production activities at the mine site are currently still halted. As at the date of this announcement, the Group has not received any notification of penalties from its customer(s) arising from the halting of production and delivery. Accordingly, there are no losses incurred and no penalties to customer(s) incurred so far from the termination of the previous cooperation agreement as at the date of this announcement.

Nevertheless, as at 30 April 2023, the Group's loss of income incurred from November 2022 to April 2023 arising from the termination of the previous cooperation agreement is approximately US\$233,000, assuming a monthly production and delivery rate of approximately 41,666 metric tonnes based on the offtake agreement entered into between PT SB and PLN.

By Order of the Board

Andreas Rinaldi
Executive Director and Chief Executive Officer
10 May 2023

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.
