



2020 SUSTAINABILITY REPORT



BLACKGOLD
Natural Resources Limited



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BOARD STATEMENT

The Board of Directors (the “**Board**”) is pleased to present the fourth Sustainability Report of BlackGold Natural Resources Limited (“**BlackGold**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) for the financial year ended 31 December (“**FY**”) 2020. This report presents the Group’s policies, practices and performance in relation to sustainability and was prepared in accordance with the SGX Sustainability Reporting Guide and Global Reporting Initiative (Core) Standards.

During the reporting period, the Company has commissioned an independent mining consultant, PT DMT Exploration Engineering Consulting Indonesia, to perform an assessment of the PT Samantaka Batubara concession. Please refer to the published mineral resources and reserves summary table in the 2020 Annual Report and the published Independent Summary Qualified Person’s Report (“**ISQPR**”) dated 6 May 2021. BlackGold remains committed to, and focused on fostering its relationship with the local communities, ensuring that the Group’s activities are conducted in a socially and environmentally responsible manner.

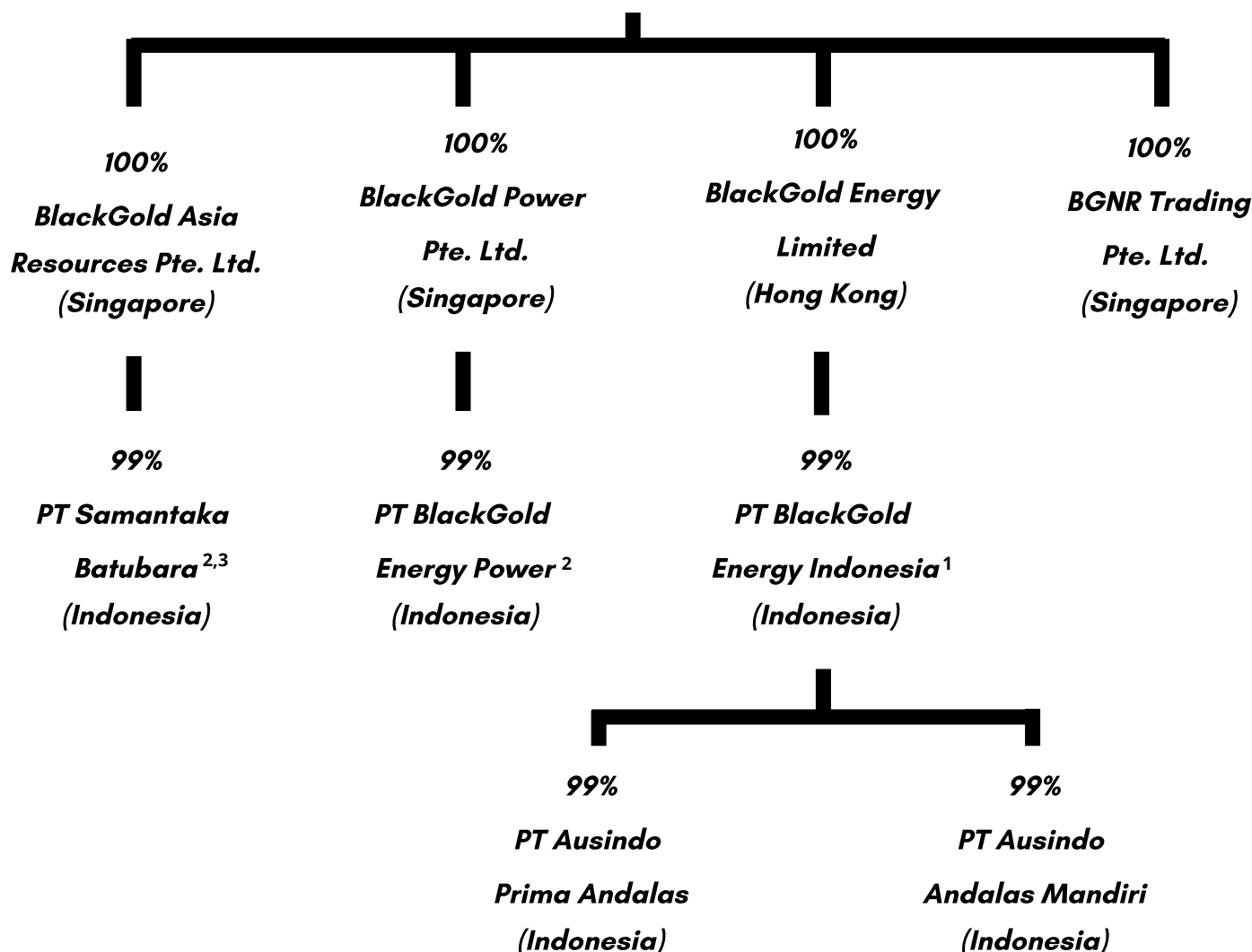
Indonesia is a nation abundant in natural resources and has increasing energy demands to fuel the country’s continued economic growth. Fueled by Indonesia’s economic progress, urbanisation and a growing middle class have accelerated the need for greater access to electricity across the archipelago. Demand for electricity is expected to rise, as the country’s political and business leaders begin to prioritise energy, infrastructure and electrification, of which coal is an integral part of, in the immediate future.

The Group is dedicated to building a sustainable business that not only delivers long-term value to our stakeholders but one which commits to sustainable considerations in our mining practices. To be a part of the future of Indonesia’s electricity generation, we must first protect its future. The Group continues to uphold its pledge to provide a safe and healthy work environment for all our employees and contractors

Sustainability is at the center of our business practices and operational considerations. The Group places health and safety as our utmost priority, ensuring that we are environmentally responsible in our operations and are committed to respecting human rights and supporting our host communities. As the Group embarks on its growth journey, we strive to operate sustainably and create positive impacts for our employees, as well as the local communities. We strive to continuously improve our sustainability performance and mature in our sustainability reporting journey over time.

BlackGold is committed to complying with the prevailing laws and regulations of the jurisdictions in which it operates. Where the local jurisdiction’s regulatory requirements are less stringent than our own, we continue to uphold the Group’s own standards of legal and regulatory compliance.

GROUP STRUCTURE



Notes :

1. PT Bahagia Sakti Makmur (Indonesia), an investment holding company incorporated in Indonesia, holds 1.0% of non controlling interest in PT BlackGold Energy Indonesia to comply with the Indonesian laws, which require a minimum of 2 shareholders in a limited liability company. For more information on PT Bahagia Sakti Makmur, please refer to the circular dated 30 December 2014 issued in connection with the Reverse Takeover of NH Ceramics Ltd.

2. PT Serasi Duta Pratama (Indonesia), an investment holding company incorporated in Indonesia, holds 1.0% of non-controlling interest in PT Samantaka Batubara, PT Ausindo Andalas Mandiri, PT Ausindo Prima Andalas, and PT BlackGold Energy Power to comply with the Indonesian laws, which require a minimum of 2 shareholders in a limited liability company. For more information on PT Serasi Duta Pratama, please refer to the circular dated 30 December 2014 issued in connection with the Reverse Takeover of NH Ceramics Ltd.

3. PT Samantaka Batubara holds the mining concession covering an area of 15,000 hectares in Riau Province, Indonesia.

SUSTAINABILITY GOVERNANCE

Sustainability is addressed at the highest levels at BlackGold. The Board oversees the sustainability approach – assisting with governance and close monitoring. We believe a high standard of governance is critical to the implementation of our strategy, as well as the achievement of targets for long-term success. The Board recognizes the significance of adopting sustainable practices and how it could improve our business operations and performance. To that end, the Board strikes a right balance between financial results, social engagement and environmental stewardship in our strategic formulation.

Under the guidance and oversight of the Board, the Group's management (the "**Management**") works closely with its staff and employees to identify, manage and monitor material environmental, social and governance ("**ESG**") factors relevant to our business and our stakeholders. The ESG data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

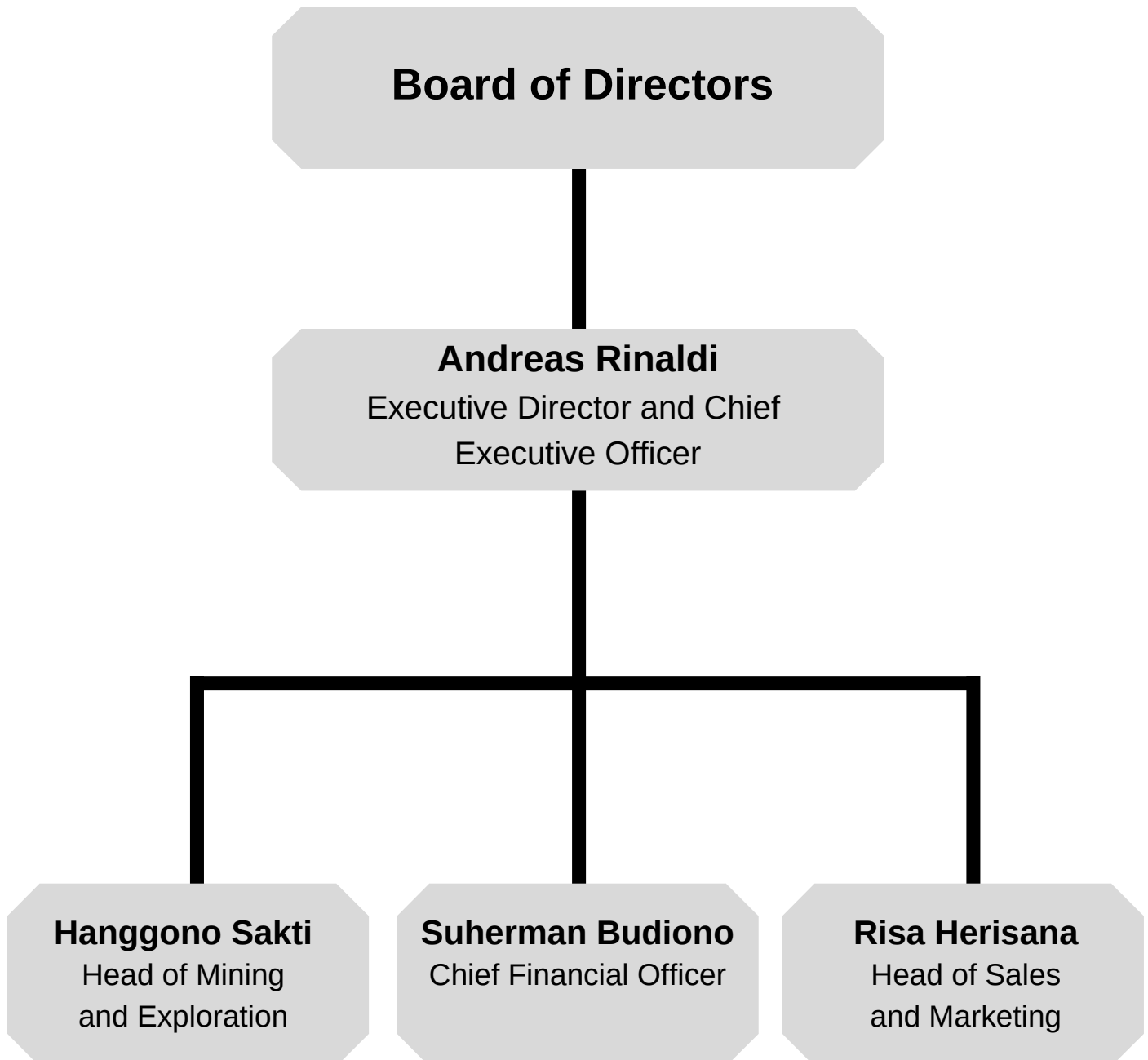
The Group's Board of Directors provides strategic oversight for its overall sustainability strategy, which includes, amongst other, taking into consideration any sustainability issues that may arise and ensure the adequacy of the Group's framework for risk management and internal controls. The Board also provides ongoing guidance to Management on effective implementation and monitoring of the relevant sustainability-related initiatives and indicators.

The Group's employees work diligently with the Management to identify and manage material risks across our business activities, functions and processes through our internal risk management standards. This allows the Group to consistently apply a risk-based approach in our business considerations and operations. All material risks are assessed alongside careful consideration of the potential health, safety, environmental, community, reputational, legal and financial impacts. By incorporating risk management into all our work processes and critical business systems, we ensure that decisions are made based on relevant inputs and valid data.

The Audit Committee assesses the design and effectiveness of our risk management processes and systems annually. These audit results are used to generate detailed management plans to address and identify gaps. Key findings are then reported and highlighted to the Board, which manages oversight of the Group's systems of risk management. At the business unit level, economic, operational as well as health and safety issues and other risks are reported to – and reviewed by the Operations Director in the Indonesia office.

A broader discussion of our risks factors and management approach will be provided in the "Corporate Governance" section of the 2020 Annual Report.

GOVERNANCE STRUCTURE



ABOUT BLACKGOLD

Introduction

BlackGold is an Indonesian-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 mining rights to a coal concession in Sumatra, PT Samantaka Batubara ("**PT SB**"), covering approximately 15,000 hectares in acreage ("**PT SB Concession**"). The Group has, to date, explored a total area of approximately 10,000 hectares in the PT SB Concession.

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

The listing was subsequent to 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.

Since 2017, the Group has been a member in the Association of Catalist Companies ("**ACC**").

As at 31 December 2020, the Group, through its subsidiary PT SB has an estimated total of 111 million tonnes (FY2019: 110 million tonnes) of Coal Resources and 13.3 million tonnes (FY2019: 12.5 million tonnes) of Coal Reserves for an effective date of 31 December 2020 (reported in compliance with JORC 2012).

Based on the audited financial statements for FY2020, the Group recorded a gross profit of US\$1.4 million (FY2019: US\$2.2 million) and produced approximately 0.30 million tonnes (FY2019: 0.35 million tonnes) of coal.

Vision

Our vision is to be the region's leading coal and energy provider, creating superior customer and shareholder value through innovation and cost efficiency, with responsible focus on health, safety and environmental considerations.

Mission

Our corporate mission is to support our shareholders, customers, employees, and local communities in their endeavors to achieve economic and social prosperity; realising their goals through our second business activities. A sound management style which places emphasis on integrity is the essence of the Group's business philosophy.

ABOUT THE REPORT

This report has been prepared in accordance to the Global Reporting Initiative (“GRI”) Standards, which is an internationally-recognized reporting framework that addresses a wide range of sustainability disclosures and encourages balanced reporting of organizations’ material matters. The GRI Standards is issued by the Global Sustainability Standards Board, which is a well-known and globally-recognized sustainability reporting framework, and Practice Note 7F of the Sustainability Reporting Guide issued by the SGX-ST.

The scope of this report encompasses all business operations within the Group (including its subsidiaries) boundary definition for the period 1 January to 31 December 2020. However, some of the matters addressed in the report are illustrated by developments and initiatives that have continued into 2021 which we believe are relevant to this report.

Although some indicators are applicable to all types of industries, the scope of this sustainability report will be unique to the Group’s industry-specific concerns and risks. We will introduce new measurement indicators as they are accepted, from time to time.

In line with the Company’s commitment to environmental sustainability, no hardcopies of this report have been printed. A copy of this report may be downloaded and viewed on the SGXNet or on the Group’s website: <http://blackgold.listedcompany.com/newsroom.html>

All feedback is immensely valuable in order to improve our performance and disclosure of our sustainability efforts. Please send any feedback and/or suggestions you may have to contactus@blackgold-group.com.







ENGAGING OUR STAKEHOLDERS

The Group recognises the importance of engaging our stakeholders to encourage open communications and build relationships. Stakeholder engagement and responding to their feedback and needs are part of BlackGold's way of doing business and ensuring long-term success. Their feedback and suggestions will help the Group to adjust our business strategy and operate in a transparent and accountable manner.

Identified key stakeholder groups significant for BlackGold are namely; shareholders, employees and unions, central and local government institutions, business associations, contractors and other business partners, local communities, media and non-governmental organisations.

We conduct our communications with our stakeholders via our announcements, annual general meetings, corporate publications such as the annual report, sustainability report, our website (www.blackgold-group.com), as well as any news releases to the market and media. Our robust engagement model helps us connect with both internal and external stakeholders. This helps us in developing strong partnerships and thus build success together.

ADDRESSING YOUR CONCERNS

STAKEHOLDERS	CONCERN	APPROACH	FREQUENCY OF ENGAGEMENT	ASPECT BOUNDARY
 Shareholders / Investor	<ul style="list-style-type: none"> • Environmental Compliance • Anti-Corruption • Greenhouse Gas ("GHG") Emissions 	<ul style="list-style-type: none"> • Announcements • Press Releases • Analyst Reports • Annual Reports • Sustainability Reporting • Investor Presentation • Website • Email Communications 	Regularly	Internal and External
 Customers	<ul style="list-style-type: none"> • Anti-Corruption • Occupational Health and Safety • Local Communities 	<ul style="list-style-type: none"> • Announcements • Email Communications • Telephone 	Monthly	External
 Regulators	<ul style="list-style-type: none"> • Water Management • Energy Consumption • GHG Emissions • Waste Management • Environmental Compliance • Anti Corruption • Occupational Health and Safety • Local Communities 	<ul style="list-style-type: none"> • Announcements • Annual Reports • Sustainability Reporting • Email Communications • Telephone 	Regularly	External
 Employees	<ul style="list-style-type: none"> • Occupational Health and Safety • Local Communities 	<ul style="list-style-type: none"> • Weekly Meetings • Email Communications • Telephone 	Weekly	Internal

MATERIALITY

The Group takes the view that sustainable growth is contingent upon meeting and exceeding the key expectations of our key stakeholders. The Group's material sustainability factors are those with significant environmental, social, and governance impacts, which would influence the assessment and decision making of the stakeholders.

The materiality analysis and assessment framework allows BlackGold to develop a robust understanding of what issues are material to the Group's operations, the environment and communities that act as barriers or enablers to achieving our business goals in the short, medium and long term. In doing so, Management is able to prevent or mitigate these risks and gain access to opportunities which will allow us to successfully deliver our business strategy, while also meeting our shareholders' expectations for value in our developed assets.

The Group defines our material sustainability matters as ESG matters that have significant impact to our business and stakeholders. Determination of material aspects and priority topics for presentation in this report is based on a 2016 GRI publication, "Defining What Matters" as guidance to strike a balance between key issues that the Group would like to highlight and areas in which stakeholders would prefer to have greater visibility of.

To understand what matters to our company, first we need to listen to the voice of our stakeholders. The process begins with an internal meeting between Management and each respective Head of Departments to identify the materiality aspects for the report. This is followed by circulated questionnaires to various senior members of departments such as Mining and Exploration, Sales and Marketing, Human Resources, as well as Finance and Accounting. The feedback from each department represent the voice of internal stakeholders. The Group also conducted surveys to get input from our external stakeholders including our customers, vendors, and local communities.

In FY2020, we have reviewed the material ESG matters identified in FY2019 and are of the view that they remain relevant in FY2020. The identified 8 (eight) key focus areas hold high relevance to the global sustainability challenges that the Group faces throughout its operational processes. As we embark on our growth journey, we plan to reassess our material sustainability matters and to progressively disclose a wider and more in-depth focus on material sustainability matters in the next reporting period.

OPERATIONS PROCESSES

The figure below depicts the Group's operational processes and the relevant material ESG identified by the different Heads of Departments

STEP 1 : SUPPLIER PROCUREMENT

- Occupational Health and Safety
- Local Communities
- Anti-Corruption

STEP 2 : FEASIBILITY STUDIES

- Occupational Health and Safety
- Local Communities
- Water Management
- Energy Consumption
- GHG Emissions
- Waste Management
- Environmental Compliance

STEP 3 : LAND CLEARING

- Occupational Health and Safety
- Local Communities
- Water Management
- Energy Consumption
- GHG Emissions
- Waste Management
- Environmental Compliance

STEP 4 : MINING OPERATIONS

- Occupational Health and Safety
- Local Communities
- Water Management
- Energy Consumption
- GHG Emissions
- Waste Management
- Environmental Compliance

STEP 5 : DELIVERY TO CUSTOMERS

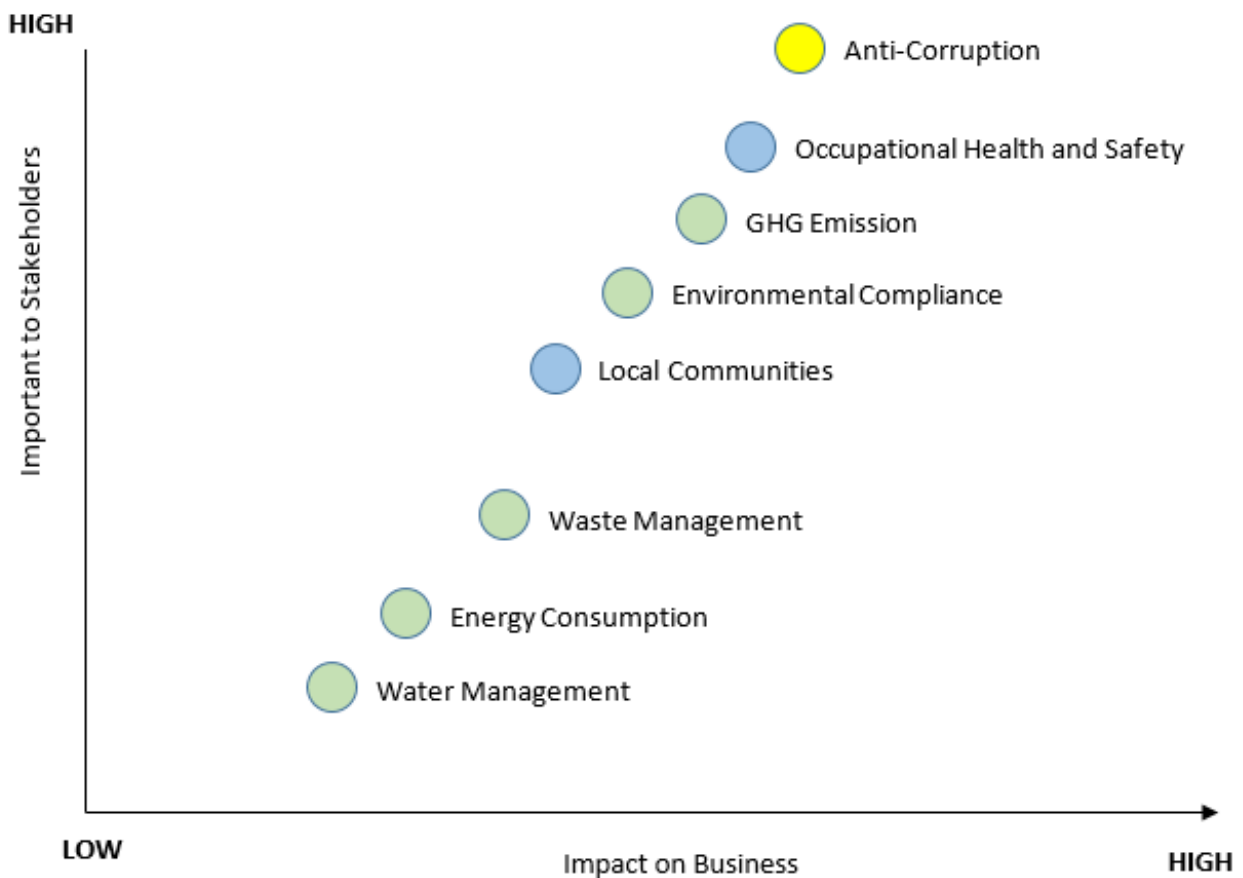
- Occupational Health and Safety
- Local Communities
- Energy Consumption
- Waste Management
- Environmental Compliance

STEP 6 : LAND REHABILITATION

- Occupational Health and Safety
- Local Communities
- Water Management
- Energy Consumption
- GHG Emissions
- Waste Management
- Environmental Compliance

MATERIAL FACTORS

Identification of Blackgold's Material Factors



LEGEND

- Environmental
- Social
- Governance

ENVIRONMENTAL SUSTAINABILITY

The Group strongly believes in sustainable mining, and therefore it is our top priority to protect the environment and minimise any impacts of our mining activities on the surroundings area.

We pay extra attention to identify risks to the environment at each stage of our coal mining, production, and distribution process flow, in order to mitigate any risks in a timely manner.

BlackGold's environmental policy is as follows:

- 1. Identify, assess, and monitor all environmental impacts*
- 2. Develop and implement an environmental system aligned to company regulations and all national and international regulations*
- 3. Engagement and involvement of external vendors where necessary for best practice*
- 4. Keep the size of disturbed areas to a minimum and rehabilitate the mined-out area to promote the reintegration of flora and fauna*
- 5. Identify, track, manage and assess actual performance against targets for the continuous improvements in reducing GHG emissions, waste minimisation, impacts of environmental pollution and protection of biodiversities*

ENVIRONMENTAL COMPLIANCE

BlackGold is dedicated to the improvement of environmental management and adding value to the maintenance of natural resources, energy conservation and community development.

In FY2020, approximately US\$277,489 (FY2019: US\$40,540) was set aside as provision for our continued, sustainable reclamation and rehabilitation of PT SB Concession, while strictly adhering to local and international environmental sustainability compliance regulations. During FY2020 the Group has not incurred any significant fines and non-monetary sanctions for non-compliance with environmental law.

Stepping into FY2021 and beyond, the Group targets to maintain the zero non-compliance record and to step up on our environmental management efforts whenever and wherever possible.

The following pages show the Indonesian environmental regulations that the Group has complied with:

ENVIRONMENTAL ASPECTS	INDONESIA ENVIRONMENTAL COMPLIANCE REGULATIONS	REMARKS
Water Quality	PP No. 82 Tahun 2001 tentang Pengelolaan Kualitas Air dan Pengendalian Pencemaran Air	In Compliance
	Government Regulation No. 82 of 2001 on Management of Water Quality and Control of Water Pollution	
	Permenlh No. 5 Tahun 2014 tentang Baku Mutu Air Limbah	In Compliance
	Minister of Environment's Decree No. 5 of 2014 on Waste Water Quality Standards	
	Permenkes No. 416 Tahun 1990 Syarat-syarat dan Pengawasan Kualitas Air	In Compliance
	Minister of Health's Decree No. 416 of 1990 on Terms and Water Quality Monitoring	
	Kepmenlh Nomor 113 Tahun 2003 tentang Baku Mutu Air Limbah bagi Usaha dan atau Kegiatan Pertambangan Batu Bara	In Compliance
	Decision of the Minister of Environmental Affairs No. 113 of 2003 on Standards Quality of Waste Water for Coal Mining Business and/or Activities	

ENVIRONMENTAL COMPLIANCE

ENVIRONMENTAL ASPECTS	INDONESIA ENVIRONMENTAL COMPLIANCE REGULATIONS	REMARKS
Environmental, Environmental Impact Assesment and Post-mining Plan	<p>UU No. 32 Tahun 2009 tentang <i>Perlindungan dan Pengelolaan Lingkungan Hidup</i></p> <p>Law No. 32 of 2009 on Environmental Protection and Management</p> <p>PP No. 27 Tahun 2012 tentang <i>Izin Lingkungan</i></p> <p>Government Regulation No. 27 of 2012 on Environmental Permits</p> <p>Permen ESDM No. 26 Tahun 2018 tentang <i>Pelaksanaan Kaidah Pertambangan yang Baik dan Pengawasan Pertambangan Mineral dan Batubara</i></p> <p>Minister of Energy and Mineral Resources Decree No. 26 of 2018 on the Implementation of Good Mining Practices and Mining Supervision for Minerals and Coal</p>	<p>In Compliance</p> <p>In Compliance</p> <p>In Compliance</p>
Toxic and Hazardous Materials and Waste	<p><i>Peraturan Pemerintah No. 101 Tahun 2014 tentang Pengelolaan Limbah Bahan Berbahaya dan Beracun</i></p> <p>Government Regulation No. 101 of 2014 on the Management of Toxic and Hazardous Waste</p> <p><i>Peraturan Pemerintah No. 74 Tahun 2001 tentang Pengelolaan Bahan Berbahaya dan Beracun</i></p> <p>Government Regulation No. 74 of 2001 on Management of Toxic and Hazardous Material</p>	<p>In voluntary compliance – not enforced for mining companies</p> <p>*The regulation is enforced for 4 types of companies, namely:- (i) Waste Producers, Waste Transporters, Waste Utilizers, Waste Collectors.</p> <p>In Compliance</p>

ENVIRONMENTAL COMPLIANCE

ENVIRONMENTAL ASPECTS	INDONESIA ENVIRONMENTAL COMPLIANCE REGULATIONS	REMARKS	
Forestry and Biodiversity	<p>UU No. 41 Tahun 1999 tentang Kehutanan</p> <p>Law No. 41 of 1999 on Forestry</p>	In Compliance	
	<p>Peraturan Pemerintah Nomor 7 Tahun 1999 tentang Pengawetan Jenis Tumbuhan dan Satwa</p> <p>Government Regulation No. 41 of 2004 on Licenses or Agreements in the Mining Sector Located in Forest Areas</p>	In Compliance	
	<p>Permenhut No P.27/Menlhk/Setjen/Kum.1/7/2018 tentang Pedoman Pinjam Pakai Kawasan Hutan</p> <p>Minister of Forestry's Decree No P.27 of 2018 on Guidelines for Leasing of Forest Area</p>	<p>In Compliance</p> <p>This supersedes Degree No P.16 of 2014.</p>	
	Energy	<p>UU No. 30 Tahun 2007 tentang Energi</p> <p>Law No. 30 of 2007 concerning Energy</p>	In Compliance
<p>PP No. 70 Tahun 2009 tentang Konservasi Energy</p> <p>Government Regulation No. 70 of 2009 on Energy Conservation</p>		In Compliance	
<p>Permen ESDM No.14 Tahun 2012 tentang Manajemen Energi</p> <p>Minister of Energy and Mineral Resources' Decree No. 14 of 2012 on Energy Management</p>		In Compliance	
Air Quality		<p>PP No. 41 Tahun 1999 tentang Pengendalian Pencemaran Udara</p> <p>Government Regulation No. 41 of 1999 on Control of Air Quality</p>	In Compliance
		<p>PPERpes No. 61/2011 tentang Rencana Aksi Penurunan Gas Rumah Kaca (GRK)</p> <p>Presidential Decree No. 61/2011 on Action Plan to Reduce Greenhouse Gases</p>	In Compliance

ENVIRONMENTAL COMPLIANCE

ENVIRONMENTAL ASPECTS	INDONESIA ENVIRONMENTAL COMPLIANCE REGULATIONS	REMARKS
Air Quality	<p><i>Perpes No. 71/2011 tentang Pencatatan Inventarisasi GRK Nasional</i></p> <p>Presidential Decree No. 71/2011 on National GHG Inventory Recording</p>	In Compliance
	<p><i>Permen LH No. 4/2014 tentang Baku Mutu Emisi Sumber Tidak Bergerak Bagi Usaha atau Kegiatan Pertambangan</i></p> <p>Minister of Environment's Decree No. 4 of 2014 on Quality Standard of Stationary Source Emissions in Mining Activities</p>	In Compliance
	<p><i>Keputusan Presiden No. 23 Tahun 1992 tentang Ratifikasi Konvensi Wina untuk Perlindungan Lapisan Ozon</i></p> <p>Presidential Decree No. 23 of 1992 on Ratification of Vienna Convention for Protection of Ozone Layer</p>	In Compliance
	<p><i>Peraturan Presiden No. 33 Tahun 2005 tentang Pengesahan Amendemen Beijing</i></p> <p>Presidential Decree No. 33 of 2005 on Ratification of Beijing Amendment</p>	In Compliance
	<p><i>Peraturan Presiden No. 46 Tahun 2005 tentang Pengesahan Amendemen Montreal tentang pengurangan penggunaan bahan – bahan yang berpotensi menipiskan lapisan ozon.</i></p> <p>Presidential Decree No. 46 of 2005 on Ratification on Montreal Amendment Concerning Reduction in Use of Substances Potentially Causing Ozone Layer Depletion</p>	In Compliance
	<p>Presidential Decree No. 46 of 2005 on Ratification on Montreal Amendment Concerning Reduction in Use of Substances Potentially Causing Ozone Layer Depletion</p>	

WATER MANAGEMENT

Water usage plays an important function in the Group's operations, and is a scarce and valuable resources. As such, the Group recognises the importance of managing the consumption of water at our Jakarta Head Office ("**Jakarta HO**"), as well as at the PT SB mining site.

In FY2020 (FY2019: Nil), there were no reports or complaints on incidents related to the use of water nor any environmental harm caused to water bodies in the vicinity of our mining areas.

The Jakarta HO has deployed automatic shut off water faucets in the restrooms to minimise water usage. At the Jakarta HO and at the PT SB Concession, water is used effectively and recycled wherever possible to optimise the usage of water and reduce the impact on the environment.

The Group is unable to provide a reliable estimate of its total water usage for FY2020 as the costs and quantity of water usage at its Jakarta HO is not separable from the monthly office rental costs, and therefore unable to be separately monitored. At the PT SB Concession, water is drawn from natural aquifer wells. Approximately 44,500 litre of water was used during FY2020 at PT SB mining site office.

Moving into FY2021, BlackGold shall continue to accelerate its search for more ways to minimise and conserve water usage, within our permissible boundaries.



WASTE MANAGEMENT

Waste, whether in the form of liquids, solids or effluents, is generated in the course of our mining activities. The storage, transportation, and disposal of waste can potentially cause serious harm to human health and the surrounding environment, should such activities be conducted without the necessary resources to foresee, and prevent any potential damage.

As such, the Group recognises waste management as a material factor in our sustainability reporting and strives to improve our waste handling processes year on year.

At PT SB Concession, the Group has put in place a waste management policy at the mining operational area. A settling pond was constructed to eliminate acid water seepage from the mine and ensure proper water drainage. This pond is also used to neutralise the pH level in the water prior to being discharged. The waste from our mining areas is primarily disposed of at our own facilities.

Waste material, mainly consisting of overburden and waste rock, remains at the site where it is generated. Reusable by-products of our mining operations such as topsoil are stored separately and protected from erosion to be used for the rehabilitation of the mined-out area.

The variance in the amount of waste produced from FY2017 to FY2020, as shown below, is mainly due to the reasonable wear and tear of our equipment that requires more regular maintenance and servicing, which in turn leads to more waste being produced as an unintended result. Composition of Waste Contribution in FY2020 is 100% (FY2019: 100%) from mining operations.

Moving forward, the Group will spend more time on researching for ways to minimise the amount of waste generated, and to discover new methods to manage waste in a sustainable manner.

Breakdown of waste generated

TYPE	2017	2018	2019	2020	Unit of Measurement
Lubricant	5,247	6,661	3,680	4,823	Litre
Waste Fuel	2.5	2.5	2.5	2.5	Litre
Cotton Rag	-	6	6	6	Kilogram
Used Filter	660	1,282	375	1,181	Piece
Grease	1	1	3	3	Kilogram
Automotive Battery	11	77	77	77	Piece

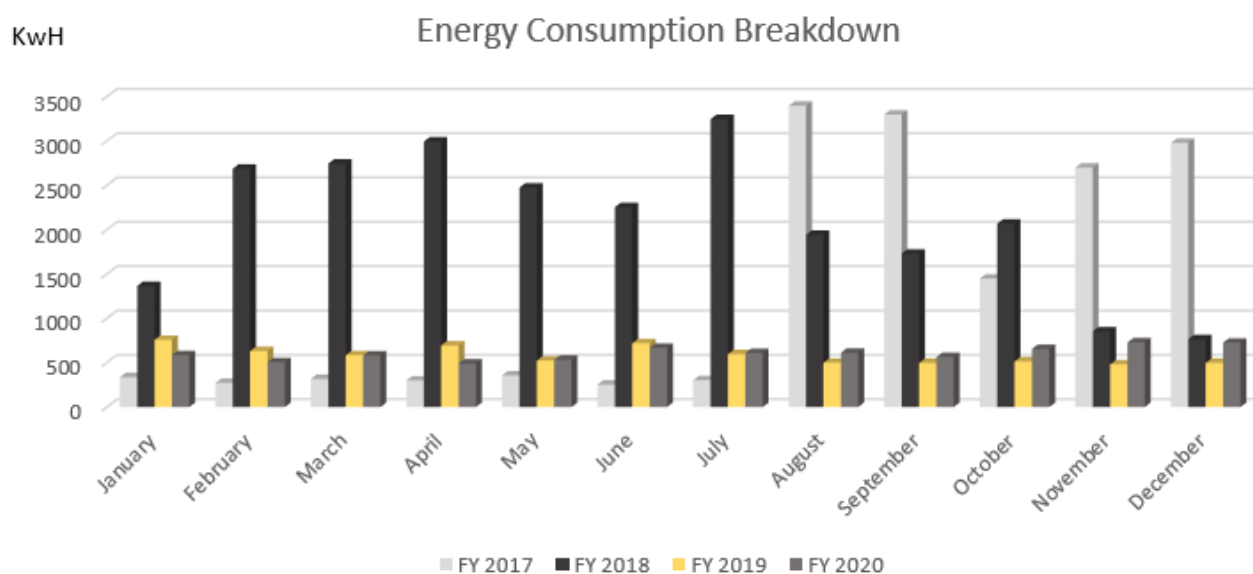
ENERGY CONSUMPTION

Electrical power is essential for every part of our lives, as such, we recognise the critical importance of using energy with careful consideration and efficiency so as to ensure that there will be ample energy to run our mining operations and for future generations to come.

Management is the driving force behind enforcing energy saving policies and practices set out by the Group. This stance is emphasised to the employees regularly and sessions to improve employees' awareness of environmental issues are held whenever possible.

At the Group's Jakarta HO and at the PT SB site office, electricity is to be switched off after working hours at 6.00 pm, unless there is overtime work that requires the use of electricity. All electronic devices are also to be switched off when not in use. The effective use of energy will translate into greater productivity. Notwithstanding, we continually seek to maintain a balance between energy conservation and operational efficiency.

As shown in the table below, energy consumption during FY2017 and FY2018 are the highest compared to FY2019 and FY2020. The Group manages to maintain energy consumption during FY2020 below the minimum standard consumption set by the management building of 840 kWh.



As of FY2020, BlackGold Group spent a total of US\$1,834 on electricity usage at BlackGold's Jakarta HO and US\$1,303 at BlackGold's mining site office.

Moving forward, the Company targets to produce better results, in terms of reporting gradually decreasing energy consumption, year on year, to the best of our ability.

GHG EMISSIONS

In spite of our best efforts to minimise any environmental effects, BlackGold recognises the impacts of its coal mining activities to the environment. Nevertheless, despite this, coal will likely continue to be the most affordable and readily available source of energy for decades to come, and that, is critical for the growth and improvements in standards of living for developing nations.

Managing the effects of climate change is a priority in BlackGold's environmental management strategy, the combustion of coal at the PT SB Concession produces GHG and other emissions such as dust that may have an adverse impact on the environment and the local communities. At BlackGold, we are constantly exploring the use of different technologies in our approach to creating a clean and safe working environment for our employees and the local communities, as well as minimizing the effects of such emissions on the biodiversity in the area.

Our open-pit mining activities emit dust during excavation and transportation. As part of the Group's environmental management strategy, we have employed extensive use of dust suppression techniques to control the emanation of mining dust at the mine site.

Catalytic converters are also installed in all heavy equipment used at the mine site to reduce the toxicity of gases released into the atmosphere.

Prior to the release of this report, the Group has approached 2 separate third-party environmental consultants in relation to the monitoring and management of GHG Emissions. The Group is currently in the process of assessing and vetting the third-party environmental consultants to come to a consensus on which agency would be the best fit for managing such a key material factor.

As of FY2020, the Group has yet to implement any systems to measure the volume of GHG emitted, largely due to the high costs involved that makes a measurement system impracticable to be installed in the Company's current stage of growth.

Moving into FY2021, the Group targets to engage a third-party environmental consultants for the purpose of collecting and analysing data on PT SB Concession's GHG Emissions.

OUR PEOPLE

It is our strong belief that long-term success is dependent on the strength and depth of our talent pool and therefore, the Group is committed to growing and developing our human resources. We believe in the importance of creating and maintaining a work culture that not only improves job satisfaction but also encourages employee retention and instils motivation in our people.

The Group believes that it is in our best interest to invest in the career of our employees through continuous learning. We do this by providing ample on-the-job training for employees as and when needed, as well as exposing them to development opportunities where they can get to undertake challenging projects or assignments. We have also sent our employees to attend relevant courses relating to the business. BlackGold places a strong emphasis on providing safe working conditions, recognising and awarding outstanding performances, fostering team work and offering rewarding career growth.

The Group continuously strives to improve the performance of its people as the primary asset in running the Company's business. We believe that our approach to employee-employer relationships helps attract, motivate and retain our talent. We are committed to promoting diversity in our workforce – inspiring creativity in our business considerations and execution. BlackGold is an equal opportunity employer, employing and promoting people purely based on merit.

Our employees are hired on the basis of their overall qualification for the required job; we do not discriminate based on race, nationality, religion, gender, age, sexual orientation, gender identity, disability, and political (or other) opinions. The majority of BlackGold's employees are male, owing to the nature of our mining activities which naturally attracts more male workers. It is not indicative of any form of gender discrimination at the workplace.

At BlackGold, our remuneration structures are fair and merit-based according to a person's knowledge, experience and ability. We ensure a fair system across all eligible employees by conducting an annual performance evaluation, during which we discuss an employee's strengths and areas for career development. The Group's Remuneration Committee also reviews existing remuneration structures on an annual basis to ensure that the structure is fair and appropriate in accordance with updated regulations.

The Group ensures that all permanent employees are covered under a fair compensation and remuneration scheme comprising of basic salary, annual incentive, medical reimburse and job-specific allowances, without prejudice.

The Group invests in its employees through various 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 are held regularly. These sessions see each employee conduct 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 has proven to be an effective tool in developing a cohesive work environment.



OUR PEOPLE

In FY2020, the Group employed the following breakdown of employees :

19

Number of permanent
employees
(FY2019 : 21 employees)

13

Number of temporary
employees
(FY2019 : 13 employees)

20

Number of
local site employees
(FY2019 : 20 employees)

OCCUPATIONAL HEALTH AND SAFETY

Our mining operations involve using large, heavy equipment. If not managed properly, such equipments may affect the safety of employees at the mine site. Mining activities also entail other risks such as unforeseeable emergency situations due to mine accidents and natural disasters. That is precisely why the implementation of sound, well-structured health and safety systems and emergency response protocols is critical to our accident and disaster mitigation efforts.

BlackGold regards health and safety as a critical and integral part of its operations. We believe that the health and safety of our employees are essential for the sustainable growth of the Group. Promoting a healthy and safe workplace has always been our highest priority, and we remain committed to working towards the goal of zero-work related accidents.

We demonstrate our commitment to maintaining this high standard by diligently improving the health and safety practices described in its Health, Safety and Environmental (“HSE”) Management System.

The principal aspects of BlackGold’s HSE Management System include:

- Comprehensive Health Check-ups – conducted annually for all workers;
- Emergency Preparedness Plan – a comprehensive plan to guide our workers and sub-contractors on how to react during emergencies or accidents;
- Safety Risk Management – a guide on how to control and minimise risks in situations that pose a safety hazard to our employees;
- Safety, Health, and Environment Feedback Channels – there are prescribed procedures in place for employees to address their concerns to Management.

At BlackGold, health check-ups are conducted annually for all workers as we believe in taking care of our employees beyond their safety at the workplace. Our mining concession is located in an area which is a distance from the city centre, as such, medical resources are limited at the mining concession. Therefore, it is of utmost importance to us to ensure the health aspects of our employees and their family members are taken care of as a form of social responsibility towards the local communities which we operate near to.

To instill a strong safety culture in our operation, we conduct mandatory daily safety talks for our employees and contractor at our mining site. The regular safety talks discuss various safety topics such as the importance of proper Personal Protective Equipment (“PPE”) usage, identification of unsafe conditions, as well as the provisions of safe and healthy working conditions and activities. This initiative is mostly targeting our employees and contractor in our mining site due to the higher risk their work possessed, as compared to our employees in the office. Through the implementation of this program, Management aims to promote safe work practices among our workers and to manifest the goal of zero work-related accidents in our operations.

During FY2020 (FY2019: Nil), no injuries or fatalities have occurred through the course of our mining operations; and in line with our commitment to upholding a record of having zero fatalities and staying injury-free, we have procured additional enhanced safety equipment for our employees at the mine site. Moving into the future, as the production volume increases, we shall also step up on our efforts to maintain a safe and healthy environment for our employees to work in.

LOCAL COMMUNITIES

While profitability is important, BlackGold believes in maintaining a balance between pursuing both financial and corporate social responsibility (“CSR”) objectives. Our success is dependent on our ability to maintain the trust and relationships with the communities at our concession, and we foster these relationships through various sponsored activities and programmers to help enhance their standards of living.

The local community is viewed as an integral part of the Group’s operations. As part of the Group’s CSR efforts, priority is given to local people in our recruitment as we believe in empowering, developing and supporting the local talent present in the relevant countries in which we operate. We believe that community empowerment not only benefits the local society but also advances the Group’s business through various support from the communities to our operations.

The Group also supports local business owners by procuring our food supplies directly from them, and we sponsor the training of workers at the local community health centers so they can in turn provide better health services to the community.

In FY2020 we carried out various CSR activities relating to the following areas:

- Training and education of basic skills
- Medical supplies
- Medical facilities and infrastructure
- Community road maintenance
- Village development

In addition to the monthly financial and non-financial assistance that we provide to the local communities neighboring our mining concession, BlackGold also sponsors certain special annual events. During special occasions such as Ramadhan, Eid Al-Adha, Hari Raya Idul Fitri, Lebaran Haji, and Christmas, the Group sponsored meals for the community and supported the villagers with their celebrations financially. Amid Novel Coronavirus 2019 (the “**Covid-19**”) outbreak, the Group provided masks to its employees as well as donated personal protective equipment to the local community as its effort to curb the spread of Covid-19 around PT SB Concession area. In FY2020, the total cost of corporate social responsibility activities of the Group is approximately US\$16,777 (FY2019: US\$29,500).

PT SB Concession is located in a remote and relatively underdeveloped area, where amenities and infrastructure are less adequate as compared to the city centers. As such, we take it upon ourselves to improve the lives of the community through formal employment, infrastructure investments, healthcare, and education.

Education is also one of the Group’s key focuses when it comes to aiding local communities. We believe that the only sustainable way to help improve the standards of living for the villagers and their future generations is through providing opportunities for education to keen and motivated learners, regardless of their age and proven abilities.

As our mining operations are based on the open pit mining method, the Group ensures that we have a well-planned and strategic approach to the local communities settled in the mining operational areas. If needed, the residents will be relocated from the designated operating areas and the necessary assistance will be provided for the continuance and betterment of their livelihoods. During FY2020, no relocation was required.

GOVERNANCE : ANTI - CORRUPTION

The Group is committed to the highest standards of corporate governance and supports the principles of transparency, integrity and accountability advocated by SGX-ST. The Board of 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 2018 as well as all regulatory reporting that is required to provide investors with an accurate, coherent and balanced account of the Group's performance.

BlackGold has a dedicated investor relations and corporate communications team whose primary function is to provide investors with timely and accurate disclosures as well as develop investor engagement initiatives. Such initiatives include one-on-one meetings with potential investors, investor roadshows as well as regular updates to the investor relations section of the corporate website.

The Group, in the course of its business activities and engagement with local suppliers and partners, is exposed to a relatively high degree of risk for corruption. Therefore, we have made it our top priority to identify areas where corruption could occur and implement policies and practices to prevent it.

We manage this risk by maintaining our commitment to uphold the highest standards of ethical behaviour and communicating to all employees that the Group has a zero-tolerance attitude to all forms of unethical practices.

Employees who suspect or are aware of an occurrence of unethical behaviour are strongly encouraged to report to Management immediately as part of our whistleblowing policy.

The Group maintains its resolve to continue upholding stringent standards towards corruption and unethical behaviour. In FY2020 (FY2019:Nil), there were no unethical behaviour or offences uncovered, and we target to report the same for FY2021.

Moving forward, into and beyond FY2021, the Group shall step up on its efforts to identify risks within its organisation in order to address them in a timely, and well-organised manner.

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This report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this report including the correctness of any of the statements or opinions made, or reports contained in this report.

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