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

UNAUDITED FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2017

The board of directors (the "**Board**") of the Company is pleased to announce the unaudited consolidated financial results of the Group for the twelve months ended 31 December 2017 ("**12M2017**") and the corresponding twelve months ended 31 December 2016 ("**12M2016**").

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

<u>**Consolidated Statement of Comprehensive Income**</u>

	GROUP		
	Unaudited 12M2017 US$	**Audited 12M2016 US$**	**Change +/- %**
Sales	4,096,803	320,307	n.m.
Cost of Sales	(4,211,310)	(265,759)	n.m.
Gross (Loss)/Profit	(114,507)	54,548	n.m.
Other income	10,455	18,626	(44)
Currency translation gains/(losses)	159,986	(26,918)	n.m.
Expenses			
- Administrative	(4,980,422)	(3,667,738)	36
- Finance	(186)	(332)	(44)
- Others	(2,129,379)	(12,541)	n.m.
Loss before tax	(7,054,053)	(3,634,355)	94
Income tax expense	(329)	(151)	118
Loss net of tax	(7,054,382)	(3,634,506)	94

n.m. denotes not meaningful

	GROUP		
	Unaudited 12M2017 US$	Audited 12M2016 US$	Change +/- %
<u>**Other Comprehensive Income/Loss:**</u>			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation	(167,444)	438,859	n.m.
Other comprehensive (loss)/gain, net of tax	(167,444)	438,859	n.m.
Total comprehensive loss, net of tax	(7,221,826)	(3,195,647)	126
Net loss attributable to:			
- Equity holders of the Company	(6,984,093)	(3,620,790)	93
- Non-controlling interests	(70,289)	(13,716)	412
	(7,054,382)	(3,634,506)	94
Total comprehensive loss attributable to:			
- Equity holders of the Company	(7,136,705)	(3,188,590)	124
- Non-controlling interests	(85,121)	(7,057)	n.m.
	(7,221,826)	(3,195,647)	126

n.m. denotes not meaningful

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

	GROUP		
	Unaudited 12M2017 US$	Audited 12M2016 US$	Change +/- %
Interest income	9,777	9,738	-
Employee compensation & directors' fees	(1,495,847)	(1,506,592)	(1)
Professional fees, travelling and corporate social responsibility expenses	(941,968)	(978,573)	(4)
Legal and licensing expenses	(708,892)	(357,141)	98
Rental expenses	(261,220)	(195,091)	34
Mining, geology and survey expenses	(538,857)	(40,283)	n.m.
Depreciation of property, plant and equipment	(34,029)	(19,581)	74
Amortisation of mining properties	(39,744)	(3,715)	n.m.
Impairment of exploration and evaluation expenditure	(2,128,684)	-	n.m.
Commission	(208,822)	-	n.m.

n.m. denotes not meaningful

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

	GROUP		COMPANY	
	Unaudited As at 31/12/2017 US$	Audited As at 31/12/2016 US$	Unaudited As at 31/12/2017 US$	Audited As at 31/12/2016 US$
ASSETS				
Current assets				
Cash and cash equivalents	1,203,825	123,541	1,086,089	81,472
Trade and other receivables	1,066,133	169,232	23,091,975	14,193,433
Inventories	2,436,891	34,270	-	-
Deposits and prepayments	456,221	3,503,550	31,636	7,149
	5,163,070	3,830,593	24,209,700	14,282,054
Non-current assets				
Property, plant and equipment	5,587,009	1,582,599	6,466	5,196
Mining properties	7,835,048	4,940,778	-	-
Exploration and evaluation expenditure	1,406,942	1,989,136	-	-
Deposits and prepayments	870,309	4,147,469	-	-
Investment in subsidiaries	-	-	92,752,976	123,409,681
Restricted cash	189,360	190,052	-	-
	15,888,668	12,850,034	92,759,442	123,414,877
Total assets	**21,051,738**	**16,680,627**	**116,969,142**	**137,696,931**
LIABILITIES				
Current liabilities				
Trade and other payables	720,234	961,893	714,557	951,665
Accrued operating expenses	2,448,456	1,718,178	249,650	276,329
Finance lease liabilities	1,856	2,451	-	-
Current tax liability	76,313	37,952	413	73
	3,246,859	2,720,474	964,620	1,228,067
Non-current liabilities				
Finance lease liabilities	-	1,715	-	-
Provision for employee benefit	82,266	47,222	-	-
Loans from shareholders	4,184,847	3,984,847	-	-
Other provisions	101,230	33,199	-	-
	4,368,343	4,066,983	-	-
Total liabilities	**7,615,202**	**6,787,457**	**964,620**	**1,228,067**
NET ASSETS	**13,436,536**	**9,893,170**	**116,004,522**	**136,468,864**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	55,619,594	44,854,402	170,716,789	159,951,597
Currency translation reserve	(1,304,560)	(1,151,948)	1,213,380	(706,456)
Accumulated losses	(40,806,303)	(33,822,210)	(55,925,647)	(22,776,277)
	13,508,731	9,880,244	116,004,522	136,468,864
Non-controlling interests	(72,195)	12,926	-	-
Total equity	**13,436,536**	**9,893,170**	**116,004,522**	**136,468,864**

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

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

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

(b) the amount repayable after one year;

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

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

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

(c) Details of any collateral

Not Applicable.

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

	Unaudited 12M2017 US$	Audited 12M2016 US$
Cash flows from operating activities		
Loss before tax	(7,054,382)	(3,634,506)
Adjustments for:		
- Depreciation of property, plant and equipment	34,029	19,581
- Amortisation of mining properties	39,744	3,715
- Impairment of exploration and evaluation expenditure	2,128,684	-
- Loss on disposal of property, plant and equipment	695	-
- Interest income from fixed deposits and current account	(9,777)	(9,738)
- Interest expense	186	332
- Unrealised currency translation differences	(182,375)	338,852
	(5,043,196)	(3,281,764)
Change in working capital:		
Inventories	(2,206,846)	(33,529)
Deposit and prepayments	(419,245)	(379,610)
Trade and other receivables	(897,046)	(83,352)
Trade and other payables	288,708	1,115,696
Provision for employee benefits	35,216	30,707
Other provisions	68,152	33,199
Cash used in operating activities	(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	(206,801)	(71,453)
Advances for exploration and evaluation expenditure	-	(133,110)
Acquisition of land use rights	(1,329,719)	-
Purchase of property, plant and equipment	(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 finance lease	(2,653)	(2,645)
Interest paid	(186)	-
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 at the beginning of the period	123,541	2,522,778
Effects of currency translation on cash and cash equivalents	8,143	(23,205)
Cash and cash equivalents at the end of the period	1,203,825	123,541

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

GROUP - Current period

	Share Capital US$	Currency Translation reserve US$	Accumulated losses US$	Non-controlling interests US$	Total equity US$
Balance at 31 December 2016	44,854,402	(1,151,948)	(33,822,210)	12,926	9,893,170
Issuance of placement shares	10,765,192	-	-	-	10,765,192
Total comprehensive loss for the period	-	(152,612)	(6,984,093)	(85,121)	(7,221,826)
Balance at 31 December 2017	55,619,594	(1,304,560)	(40,806,303)	(72,195)	13,436,536

GROUP - Prior period

	Share Capital US$	Currency Translation reserve US$	Accumulated losses US$	Non-controlling interests US$	Total equity US$
Balance at 31 December 2015	44,854,402	(1,584,148)	(30,201,420)	19,983	13,088,817
Total comprehensive loss for the period	-	432,200	(3,620,790)	(7,057)	(3,195,647)
Balance at 31 December 2016	44,854,402	(1,151,948)	(33,822,210)	12,926	9,893,170

COMPANY - Current period

	Share Capital US$	Currency Translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 31 December 2016	159,951,597	(706,456)	(22,776,277)	136,468,864
Issuance of placement shares	10,765,192	-	-	10,765,192
Total comprehensive loss for the period	-	1,919,836	(33,149,370)	(31,229,534)
Balance at 31 December 2017	170,716,789	1,213,380	(55,925,647)	116,004,522

COMPANY - Prior period

	Share Capital US$	Currency Translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 31 December 2015	159,951,597	(461,056)	(20,737,184)	138,753,357
Total comprehensive loss for the period	-	(245,400)	(2,039,093)	(2,284,493)
Balance at 31 December 2016	159,951,597	(706,456)	(22,776,277)	136,468,864

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

Changes in the Company's share capital

	No. of Shares	Share capital (US$)
As at 31 December 2016	788,708,783	159,951,597
Issuance of placement shares on 18 April 2017	35,937,000	2,307,105
Issuance of placement shares on 19 May 2017	39,511,654	2,539,411
Issuance of placement shares on 6 July 2017	66,703,000	5,918,676
As at 31 December 2017	930,860,437	170,716,789

There were no outstanding convertibles or share options granted as at 31 December 2017 and 31 December 2016.

There were no treasury shares or subsidiary holdings held or issued as at 31 December 2017 and 31 December 2016.

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

	As at 31 December 2017	**As at 31 December 2016**
Number of issued shares excluding treasury shares	930,860,437	788,708,783

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

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

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

Not applicable, as the Company does not have any subsidiary holdings.

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

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

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

Not applicable.

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

Accounting policies and methods of computations used in the consolidated financial statements for the year ended 31 December 2017 are consistent with those applied in the financial statements for the year ended 31 December 2016, except for the adoption of accounting standards (including its consequently amendments) and interpretations applicable for the financial period beginning 1 January 2017.

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

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

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

- Amendments to FRS 17 Statement of Cash Flows
- Amendments to FRS 12 Income Taxes

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

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

	12M2017 US$	**12M2016 US$**
Basic loss per share (cents)	(0.80)	(0.46)
Weighted average number of shares for the purpose of computing basic loss per share	871,395,710	788,708,783
Fully diluted loss per share (cents)	(0.80)	(0.46)
Weighted average number of shares for the purpose of computing fully diluted loss per share	871,395,710	788,708,783

The basic loss per ordinary share and the fully diluted loss per ordinary share for 12M2017 were the same as there were no potentially dilutive ordinary shares existing during the period.

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

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

	31 Dec 2017 US$	31 Dec 2016 US$
Net asset value of the Group per ordinary share (cents)	1.4	1.3
No. of ordinary shares in issue	930,860,437	788,708,783
Net asset value of the Company per ordinary share (cents)	12.5	17.3
No. of ordinary shares in issue	930,860,437	788,708,783

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

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

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

Review of Profit & Loss

<u>Revenue</u>

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

Revenue amounted to US$4.1M in 12M2017, as compared to US$320K in 12M2016. During 12M2017, the Group commenced deliveries to two of its major customers, PLN Tenayan and Cement Padang. The majority of these deliveries mainly occurred between 2Q2017 to 4Q2017. For the comparable period during 12M2016, sales to the aforementioned customers had not yet commenced.

<u>Cost of sales</u>

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

COS amounted to US$4.2M in 12M2017, as compared to US$266K in 12M2016. The increase in COS is in line with the increased sales volume, which is higher than those recorded during 12M2016.

Gross Profit

The Group recorded gross loss of US$115K in 12M2017 and gross profit of US$55K in 12M2016. The gross loss during 12M2017 was mainly due to higher overburden removal and coal mining costs arising from the Group's initial scale-up of its production volumes during the year.

Other income

Other income amounted to US$10K in 12M2017, as compared to US$19K in 12M2016. The decrease of US$9K in 12M2017, was due to one-off receipts from a government grant scheme during 12M2016 which was not claimed in 12M2017.

Currency translation gain

The Group recorded a currency translation gain of US$160K in 12M2017, as compared to currency translation loss of US$27K in 12M2016.

The currency translation gains in 12M2017 were mainly due to translation differences on shareholders' loans at its Singapore subsidiary. The United States Dollar (being the currency in which these loans are denominated) had weakened against the Singapore Dollar (being the recording currency for these liabilities), thereby accounting for the currency translation gain.

Administrative Expenses

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

Administrative expenses increased by US$1.3M or 36% from US$3.7M in 12M2016 to approximately US$5.0M in 12M2017. The increase was mainly attributable to:

- an increase in legal and licensing expenses of US$352K in respect of the Group's jetty licences, the Group had completed the construction of, and commenced use of its jetty in November 2017. Licensing expenses for mining activities had also increased as the Group was continually ramping up its production during 12M2017.

- an increase in mining, geologist and survey expenses of US$499K in respect of mobilisation of heavy equipment by contractors as the Group continues expansion of its production capacities.

- an increase in rental expenses of US$66K due to incremental office space leased for use at the Group's mine site and head office to support its production activities.

- an increase in fees to placement agent of US$209K, mainly due to a number of share placement exercises completed during 12M2017.

Other Expenses

Impairment of exploration and evaluation expenditure amounting to US$2.1M arises from the Group's decision not to continue with extension of the Exploration IUP licences for both the PT Ausindo Andalas Mandiri and PT Ausindo Prima Andalas mining concessions. The Group had commenced the process of renewing the Exploration IUP Licences prior to their expiration on 22 February 2017.

Having considered the costs of maintaining these Exploration IUP Licences, the Group decided to focus its resources on the currently in-production PT Samantaka Batubara mining concession and its ongoing bid for the Riau-1 Project, and not follow up with the process of the renewal of the Exploration IUP Licences of PT Ausindo Andalas Mandiri and PT Ausindo Prima Andalas.

Following the non-renewal of the Exploration IUP Licences, these capitalised cost of exploration and evaluation expenditures are assessed to be non-recoverable and therefore impaired.

Loss after tax

As a result of the above factors, the Group recorded net losses of US$7.1M in 12M2017.

Review of Statement of Financial Position

Current assets

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

Current assets increased by US$1.3M from US$3.8M as at 31 December 2016 to US$5.1M as at 31 December 2017.

This was partly due to a US$1.1M increase in cash and cash equivalents, mainly arising from sales collections from its customers, and the three share placements completed during 12M2017, partially offset by use of proceeds for the Group's operations. Please refer to note 1(c) Consolidated Cash Flow Statement for more details.

Inventories increased by US$2.4M as the Group continued to expand its production capacities and builds up its coal inventory for sale to its customers.

Trade and other receivables increased by US$897K due to increased sales amounting to US$4.1M, partially offset by collections received from the Group's customers.

Deposits and prepayments decreased by US$3.0M mainly due to land use rights of US$1.8M which were capitalised and transferred to "mining properties", and US$1.4M transferred to "deferred exploration expenditure", these were partially offset by other prepayments to mining contractors amounting to US$222K.

Investment in subsidiaries (Company level accounts only)

Investments in subsidiaries decreased by US$30.6M to US$92.8M as at 31 December 2017 from US$123.4M, mainly due to impairments of certain subsidiaries amounting to US$31.1M with the balance arising from foreign exchange differences between the United States Dollar and the Singapore Dollar. The impairment charge is non-cash in nature and does not impact the financial results of the Group.

The breakdown of the impairment charge relates to the following mining concessions:

a) PT Ausindo Andalas Mandiri ("**PT AAM**") and PT Ausindo Prima Andalas ("**PT APA**")

   This impairment charge of US$1.0M arises from the non-renewal of the Exploration IUP licences as discussed in Note 8(a) and represents the proportionate costs of acquiring PT APA and PT AAM during the Reverse Acquisition on 10 March 2015. This amount of US$1.0M differs from the impairment charge recorded at the Group level accounts of

US$2.1M as the latter represents the capitalized costs of exploration and evaluation expenditures at the two mining concessions.

b) <u>PT Samantaka Batubara ("**PT SB**")</u>

The impairment charge of US$29.6M follows an annual review of the Company's asset values in accordance with International Financial Reporting Standards and reflects changes to price and cost assumptions as well as the mine development plan for the PT SB mining concession.

The review compared the value in use (present value of future cash flows) of the subsidiaries' cash generating unit, i.e. the PT SB mining concession, with the carrying value of the investment and identified a shortfall of US$29.6M.

This impairment follows an internal reassessment of the concession's value in use and mainly results from incremental production and development costs at the PT SB mining concession.

<u>Non-current assets</u>

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

Non-current assets increased by US$3.0M, from US$12.9M as at 31 December 2016 to US$15.9M as at 31 December 2017, mainly due to (i) US$3.5M transferred from "deposits and prepayments" (current assets) and "accrued operating expenses", (ii) acquisition of US$1.3M of land use rights (recorded as "mining properties" and the non-current portion of "deposits and prepayments"), (iii) other additions to property, plant and equipment of US$131K, and (iv) payment for exploration expenditure of US$207K. These were partially offset by an impairment charge of US$2.1M to "exploration and evaluation expenditure". Please refer to "Other Expenses" in Note 8(a) for details.

Within non-current assets, property, plant and equipment have increased by US$4.0M due to transfers from "deposits and prepayments" (non-current assets) as capitalised costs of jetty construction and infrastructures in the mine pit area.

<u>Current liabilities</u>

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

Current liabilities increased by US$526K, from US$2.7M as at 31 December 2016 to US$3.2M as at 31 December 2017. The increase was mainly due to (i) an increase in accrued operating expenses of US$730K to mining contractors and forestry licences arising from the expansion of the Group's mining activities, which were partially offset by a decrease in trade and other payables of US$242K from the Group's production activities.

<u>Non-current liabilities</u>

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

Non-current liabilities increased by US$301K from US$4.1M as at 31 December 2016 to US$4.4M as at 31 December 2017. The increase was mainly due to (i) an increase of US$200K from an additional drawdown on the shareholder's loan and (ii) an increase in accrued operating expenses of US$103K from provision for employee benefits and other provisions.

Working Capital

The Group recorded working capital of US$1.9M as at 31 December 2017.

Review of Statement of Cash Flows

12M2017

The Group recorded net cash used in operating activities of US$8.2M for 12M2017 which was a result of operating losses before changes in working capital of approximately US$5.0M, adjusted for net working capital outflows of approximately US$3.2M.

Net cash used in investing activities of US$1.7M in 12M2017 was mainly due to cash used for the purchase of property, plant and equipment of US$131K, payment for exploration expenditure of US$207K and acquisition of land use rights of US$1.3M, partially offset by interest income of US$10K from current account and time deposits.

Net cash provided by financing activities of US$11.0M was mainly due to cash proceeds of US$10.8M from issuance of new shares pursuant to the placement exercises and a draw-down on shareholder's loan of US$200K.

As a result of the above, the Group recorded a net in cash and cash equivalents of US$1.1M in 12M2017.

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

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

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

PT Santosa Makmur Sejahtera Energy ("**SMS**"), an independent power producer, has informed the Group that it expects a delay in the completion of its power plant. Consequently, barring unforeseen circumstances, the Group's delivery of coal to SMS will be postponed and is expected to commence in 3Q2018. No penalties will be imposed on the Group as the delay was not the fault of the Group.

On 23 January 2018, the consortium consisting of the Company and its partners formally received a Letter of Intent ("**LOI**") from PT Perusahaan Listrik Negara ("**PPA**") for the award of a Power Purchase Agreement. Upon fulfilling the terms and conditions stipulated in the LOI, the consortium will enter in to a definitive PPA with PLN. This brings the Group closer to also becoming the exclusive supplier of coal to the Riau-1 Project from its PT SB concession with estimated sales of 3.5 million tonnes per annum.

On a nation-wide level, the domestic coal business in Indonesia is continuing to grow. As reported in an article in Merdeka.com, the Director General of Mines and Coal from Indonesia's Ministry of Energy and Mineral Resources, Bambang Gatot Ariyono, stated on a press conference on 11th

January 2018, that the Government has set a target of for domestic coal demand of 114 million tons for 2018. This target is 17% more than that of the actual domestic coal demand of 97 Million tons in 2017.

Barring unforeseen circumstances, given the continued dominance of coal in the development of local power generation in Indonesia, the Group sees opportunities to strengthen its position in the market.

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

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

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended during 12M2017.

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

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

There were no interested person transactions that were individually more than S$100,000 entered into by the Group during 12M2017.

Below is the table detailing the amount of shareholders' loan that was drawn down during 12M2017:

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 12M2017, certain subsidiaries in the Group had drawn down a further amount of US$200,000 under these shareholders' loan 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. The shareholders' loans are provided by Twin Gold Ventures S.A. and Novel Creation Holdings Limited.

14. Use of IPO Proceeds

Pursuant to Rule 1204(5)(f) of the Catalist Rules, the Board wishes to provide an update on the use of the proceeds arising from the following placement exercises:

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

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

Intended use of Net Proceeds	Allocation of Net Proceeds as disclosed in the announcements dated 27 March 2017 and 23 June 2017 (S$)	Net Proceeds utilised as at date of this announcement (S$)	Balance of the Net Proceeds as at the date of this announcement (S$)
Development of a 2 x 300 megawatt mine-mouth power plant (the "Riau-1 Project")	4,458,000	3,596,000	862,000
General working capital purposes	6,662,000	6,662,000 (1)	-
Total	**11,120,000**	**10,258,000**	**862,000**

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

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

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

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

In 4Q2017, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US$)	Actual usage of funds (US$)
Development activities *	31,000	6,000
Production activities	2,014,000	1,534,000
General working capital	396,000	102,000
Total	2,441,000	1,642,000

* Development activities includes capital expenditures.

Actual cash used for development activities, production activities and general working capital was lower than forecasted by US$799K because payment to contractor/suppliers will be made in the subsequent quarter as part of the Group's measures to manage its cash flow.

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

For the next immediate quarter (financial period from 1 January 2018 to 31 March 2018 ("**1Q2018**")), the Group's use of funds for production activities are expected to be as follows:-

Purpose	Amount (US$)
Development activities	7,000
Production activities	577,000
General working capital	112,000
Total	**696,000**

Principal Assumptions

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

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

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

15 (c). Rule 705(7)(a) of the Catalist Rules

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

During 12M2017, no exploration activities were conducted. In relation to production activities, a total of approximately 197,000 metric tonnes of coal was produced during 12M2017.

During 12M2017, cash expenditure paid for production activities amounted to US$2.7M.

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

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

An Independent Qualified Person's Report ("**IQPR**") on the Coal Resources and Ore Reserves estimates as at 7 August 2017 was announced on 10 August 2017. A soft copy of the IQPR is available for download on the SGXNET and the Group's website at www.blackgold-group.com.

As at 31 December 2017, the Group has no material updates to the Coal Resources and Ore Reserve estimates as set out in the IQPR.

ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16 (a). Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

The Group's operations constitute a single segment which is the exploration and mining of coal in Indonesia.

16 (b). In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by business or geographical segments.

The Group's operations constitute a single segment which is the exploration and mining of coal in Indonesia.

16 (c). A breakdown of sales

	Latest Financial Year	Previous Financial Year	Change +/-
	US$	US$	%
(a) Sales reported for first half year	1,476,187	158,137	n.m.
(b) Operating profit/loss after tax before deducting minority interest reported for first half year	(2,776,079)	(1,612,592)	72
(c) Sales reported for second half year	2,620,616	162,170	n.m.
(d) Operating profit/loss after tax before deducting minority interest reported for second half year	(4,278,303)	(2,021,914)	112

16 (d). A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Not applicable as the Company has neither declared nor recommended any dividend as at 31 December 2017 and 31 December 2016.

16 (e). Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10).

There is no person occupying managerial position who is related to a director or Chief Executive Officer or substantial shareholder.

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

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

BY ORDER OF THE BOARD

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

28 February 2018

*This announcement 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 announcement.*

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

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.