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

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "**Board**") of the Company is pleased to announce the unaudited consolidated financial results of the Group for the second quarter ("**2Q2018**") and six months ("**6M2018**") ended 30 June 2018. The corresponding unaudited consolidated financial results for the second quarter ("**2Q2017**") and six months ("**6M2017**") ended 30 June 2017 are presented for comparison.

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

Consolidated Statement of Comprehensive Income

	GROUP					
	Unaudited 2Q2018 US$	**Unaudited 2Q2017 US$**	**Change +/- %**	**Unaudited 6M2018 US$**	**Unaudited 6M2017 US$**	**Change +/- %**
Sales	2,116,893	1,008,017	110	3,486,614	1,476,187	136
Cost of Sales	(1,477,122)	(1,169,465)	26	(2,839,284)	(1,567,520)	81
Gross Profit / (Loss)	639,771	(161,448)	n.m.	647,330	(91,333)	n.m.
Other income	2,138	2,526	(15)	4,523	5,083	(11)
Currency translation differences	(179,168)	27,399	n.m.	(167,903)	122,827	n.m.
Expenses						
- Administrative	(1,206,619)	(1,705,102)	(29)	(2,253,068)	(2,811,851)	(20)
- Finance	(24,920)	(51)	n.m.	(24,944)	(110)	n.m.
- Others	-	-	-	-	(695)	n.m.
Loss before tax	(768,798)	(1,836,676)	(58)	(1,794,062)	(2,776,079)	(35)
Income tax expense	-	-		-	-	
Loss net of tax	(768,798)	(1,836,676)	(58)	(1,794,062)	(2,776,079)	(35)

n.m. denotes not meaningful

	GROUP					
	Unaudited 2Q2018 US$	Unaudited 2Q2017 US$	Change +/- %	Unaudited 6M2018 US$	Unaudited 6M2017 US$	Change +/- %
<u>Other Comprehensive Income/Loss:</u>						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences arising from consolidation	(407,072)	(15,432)	n.m.	(634,162)	87,390	n.m.
Other comprehensive (losses) / gains, net of tax	(407,072)	(15,432)	n.m.	(634,162)	87,390	n.m.
Total comprehensive loss, net of tax	(1,175,870)	(1,852,108)	(37)	(2,428,224)	(2,688,689)	(10)
Net loss attributable to:						
- Equity holders of the Company	(768,651)	(1,823,817)	(58)	(1,787,621)	(2,758,000)	(35)
- Non-controlling interests	(147)	(12,859)	(99)	(6,441)	(18,079)	(64)
	(768,798)	(1,836,676)	(58)	(1,794,062)	(2,776,079)	(35)
Total comprehensive loss attributable to:						
- Equity holders of the Company	(1,179,730)	(1,836,650)	(36)	(2,419,599)	(2,665,326)	(9)
- Non-controlling interests	3,860	(15,458)	n.m.	(8,625)	(23,363)	(63)
	(1,175,870)	(1,852,108)	(37)	(2,428,224)	(2,688,689)	(10)

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 2Q2018 US$	Unaudited 2Q2017 US$	Change +/- %	Unaudited 6M2018 US$	Unaudited 6M2017 US$	Change +/- %
Interest income	2,170	2,455	(12)	4,554	4,819	(5)
Employee compensation & directors' fees	(540,185)	(394,210)	37	(891,993)	(742,833)	20
Professional fees, travelling and corporate social responsibility expenses	(258,270)	(335,857)	(23)	(472,115)	(540,567)	(13)
Legal and licensing expenses	(88,877)	(241,074)	(63)	(219,370)	(420,201)	(48)
Rental expenses	(82,744)	(50,089)	65	(176,838)	(99,354)	78
Mining, geology and survey expenses	-	(394,054)	n.m.	(10,737)	(526,468)	(98)
Depreciation of property, plant and equipment	(69,206)	(10,824)	n.m.	(144,830)	(14,110)	n.m.
Amortisation of mining properties	(8,950)	(45,334)	(80)	(18,038)	(51,023)	(65)
Commission	-	(58,071)	n.m.	-	(58,071)	n.m.

n.m. denotes not meaningful

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

	GROUP		COMPANY	
	Unaudited As at 30/6/2018 US$	**Audited As at 31/12/2017 US$**	**Unaudited As at 30/6/2018 US$**	**Audited As at 31/12/2017 US$**
ASSETS				
Current assets				
Cash and cash equivalents	208,641	1,203,825	166,321	1,086,089
Trade and other receivables	2,653,692	1,066,133	22,772,197	23,091,975
Inventories	3,447,944	2,436,891	-	-
Deposits and prepayments	234,778	456,221	42,974	31,636
	6,545,055	5,163,070	22,981,492	24,209,700
Non-current assets				
Property, plant and equipment	5,148,758	5,587,009	4,803	6,466
Mining properties	7,403,324	7,835,048	-	-
Exploration and evaluation expenditure	1,338,314	1,406,942	-	-
Deposits and prepayments	827,858	870,309	-	-
Investment in subsidiaries	-	-	92,752,976	92,752,976
Restricted cash	180,124	189,360	-	-
	14,898,378	15,888,668	92,757,779	92,759,442
Total assets	**21,443,433**	**21,051,738**	**115,739,271**	**116,969,142**
LIABILITIES				
Current liabilities				
Trade and other payables	2,487,111	720,234	908,198	714,557
Accrued operating expenses	2,304,246	2,448,456	148,171	249,650
Finance lease liabilities	462	1,856	-	-
Borrowings	936,493	-	-	-
Current tax liability	89,326	76,313	258	413
	5,817,638	3,246,859	1,056,627	964,620
Non-current liabilities				
Provision for employee benefit	96,685	82,266	-	-
Loans from shareholders	4,184,847	4,184,847	-	-
Other provisions	148,040	101,230	-	-
	4,429,572	4,368,343	-	-
Total liabilities	**10,247,210**	**7,615,202**	**1,056,627**	**964,620**
NET ASSETS	**11,196,223**	**13,436,536**	**114,682,644**	**116,004,522**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	55,797,181	55,619,594	170,894,376	170,716,789
Currency translation reserve	(1,936,538)	(1,304,560)	793,497	1,213,380
Other reserve	10,324	-	10,324	-
Accumulated losses	(42,593,924)	(40,806,303)	(57,015,553)	(55,925,647)
	11,277,043	13,508,731	114,682,644	116,004,522
Non-controlling interests	(80,820)	(72,195)	-	-
Total equity	**11,196,223**	**13,436,536**	**114,682,644**	**116,004,522**

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;

	As at 30/6/2018		As at 31/12/2017	
	Secured	Unsecured	Secured	Unsecured
	US$	US$	US$	US$
Borrowings	-	936,493	-	-

(b) the amount repayable after one year;

	As at 30/6/2018		As at 31/12/2017	
	Secured	Unsecured	Secured	Unsecured
	US$	US$	US$	US$
Shareholders' loans	-	4,184,847	-	4,184,847

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 29 March 2018, the Group entered into a fourth supplemental deed with the Lenders to extend until 31 March 2020 the period during which the Lenders have agreed not to demand repayment. There has been no request for repayment to date.

The Group currently has a remaining undrawn facility amounting to US$35,815,153 on the abovementioned shareholders' loan facilities.

(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 2Q2018 US$	Unaudited 2Q2017 US$
Cash flows from operating activities		
Loss before tax	(768,798)	(1,836,676)
Adjustments for:		
- Depreciation of property, plant and equipment	69,206	10,824
- Amortisation of mining properties	8,950	45,334
- Share-based compensation expenses	187,911	-
- Interest income from fixed deposits and current account	(2,170)	(2,455)
- Interest expense	24,920	51
- Unrealised currency translation differences	173,913	27,276
	(306,068)	(1,755,646)
Change in working capital:		
Inventories	(404,890)	(67,190)
Deposit and prepayments	98,597	(105,847)
Trade and other receivables	(1,552,079)	(594,566)
Trade and other payables	758,300	(3,039,329)
Provision for employee benefits	9,439	5,174
Other provisions	13,841	1,115
Cash used in operating activities	(1,382,860)	(5,556,289)
Tax paid	(3,511)	(8,417)
Net cash used in operating activities	(1,386,371)	(5,564,706)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,454)	(16,867)
Payment for land use rights	-	(292,869)
Interest received	2,170	2,455
Net cash used in investing activities	(2,284)	(307,281)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	4,846,516
Proceeds from borrowings	943,502	-
Repayment of borrowings	(7,009)	-
Repayment of finance lease	(684)	(584)
Interest paid	(13)	(51)
Net cash provided by financing activities	935,796	4,845,881
Net decrease in cash and cash equivalents	(452,859)	(1,026,106)
Cash and cash equivalents at the beginning of the period	687,104	1,259,790
Effects of currency translation on cash and cash equivalents	(25,604)	6,800
Cash and cash equivalents at the end of the period	208,641	240,484

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$	Other Reserve US$	Currency Translation reserve US$	Accumulated losses US$	Non-controlling interests US$	Total equity US$
Balance at 31 March 2018	55,619,594	-	(1,525,459)	(41,825,273)	(84,680)	12,184,182
Share issued as equity compensation plan	177,587	-	-	-	-	177,587
Employee share awards - Value of employee services	-	10,324	-	-	-	10,324
Total comprehensive loss for the period	-	-	(411,079)	(768,651)	3,860	(1,175,870)
Balance at 30 June 2018	55,797,181	10,324	(1,936,538)	(42,593,924)	(80,820)	11,196,223

GROUP - Prior period

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

COMPANY - Current period

	Share Capital US$	Other Reserve US$	Currency Translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 31 March 2018	170,716,789	-	1,652,519	(56,334,312)	116,034,996
Share issued as equity compensation plan	177,587	-	-	-	177,587
Employee share awards - Value of employee services	-	10,324	-	-	10,324
Total comprehensive loss for the period	-	-	(859,022)	(681,241)	(1,540,263)
Balance at 30 June 2018	170,894,376	10,324	793,497	(57,015,553)	114,682,644

COMPANY - Prior period

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

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.

<u>Changes in the Company's share capital</u>

	No. of Shares	Share capital (US$)
As at 31 March 2018	930,860,437	170,716,789
Share based compensation	5,750,000	177,587
As at 30 June 2018	936,610,437	170,894,376

There were no outstanding convertibles or share options granted as at 30 June 2018 and 30 June 2017.

There were no treasury shares or subsidiary holdings held or issued as at 30 June 2018 and 30 June 2017.

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

	As at 30 June 2018	**As at 31 December 2017**
Number of issued shares excluding treasury shares	936,610,437	930,860,437

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

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

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

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

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

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

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

Not applicable.

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

Accounting policies and methods of computations used in the consolidated financial statements for the period ended 30 June 2018 are consistent with those applied in the financial statements for the year ended 31 December 2017, except for the adoption of accounting standards (including its subsequent amendments) and interpretations applicable for the financial period beginning on or after 1 January 2018.

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 2018. 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:

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers
- FRS 116 Leases
- Adoption of Singapore Financial Reporting Standards (International)

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.

	6M2018	**6M2017**
	US$	**US$**
Basic loss per share (cents)	(0.19)	(0.34)
Weighted average number of shares for the purpose of computing basic loss per share	931,178,117	812,788,005
Fully diluted loss per share (cents)	(0.19)	(0.34)
Weighted average number of shares for the purpose of computing fully diluted loss per share	931,184,562	812,788,005

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

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

	30 Jun 2018 US$	31 Dec 2017 US$
Net asset value of the Group per ordinary share (cents)	1.2	1.4
No. of ordinary shares in issue	936,610,437	930,860,437
Net asset value of the Company per ordinary share (cents)	12.2	12.5
No. of ordinary shares in issue	936,610,437	930,860,437

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

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

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

Review of Profit & Loss

Revenue

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

Revenue amounted to US$2.1M in 2Q2018 and US$3.5M in 6M2018, as compared to US$1.0M in 2Q2017 and US$1.5M in 6M2017. This is due to (i) an increase in sales volumes during 2Q2018 and 6M2018, and (ii) an upward revision of coal sale price during 2Q2018.

Cost of Goods Sold

Cost of Sales ("**COS**") comprises mainly of costs incurred in relation to mining contractors, coal processing, royalties payable to the government, depreciation and amortisation of mining properties and coal inventory.

COS amounted to US$1.5M in 2Q2018 and US$2.8M in 6M2018, as compared to US$1.2M in 2Q2017 and US$1.6M in 6M2017. The increase in COS is in line with the increased sales volume, which is higher than those recorded in the comparable periods in 2017.

Gross Profit

The Group recorded a gross profit of US$640K in 2Q2018 and a gross profit of US$647K in 6M2018. The improved gross margin was mainly attributable to (i) a higher selling price, (ii) lower costs of production and (iii) reduced logistics costs of coal delivery to the Group's customers.

Currency translation loss

The Group recorded a currency translation loss of US$179K in 2Q2018, as compared to currency translation gain of US$27K in 2Q2017, and currency translation loss of US$168K in 6M2018, as compared to currency translation gain of US$123K in 6M2017.

The currency translation loss in 2Q2018 and 6M2018 was mainly due to translation differences in shareholders' loans at its Singapore subsidiary. The United States Dollar (being the currency in which these loans are denominated) had strengthen against Singapore Dollar (being the recording currency for these liabilities), thereby accounting for the currency translation loss.

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 decreased by US$498K or 29% from US$1.7M in 2Q2017 to approximately US$1.2M in 2Q2018. The decrease was mainly attributable to:-

- a decrease in legal and licensing expenses of US$152K as the Group had completed the construction and commenced use of its jetty in November 2017;

- a decrease in mining, geologist and surveyor expenses of US$395K as there was no mobilisation of heavy equipment by contractors in 2Q2018; and

- a decrease in fees to placement agent of US$58K as there was a one-time payment for the share placements completed in 2Q2017, which did not recur in 2Q2018.

Partially offset by:-

- an aggregated increase in directors' fees of US$134K arising from the value of the non-cash share awards granted in 2Q2018, partially offset by a decrease in the directors' fees due to a reduction in the number of directors on the Board with effect March 2018; and

- an increase in depreciation expenses of US$47K in respect of the commencement of usage of the jetty in November 2017.

Administrative expenses decreased by US$559K or 20% from US$2.8M in 6M2017 to approximately US$2.3M in 6M2018. The decrease was mainly attributable to:-

- a decrease in legal and licensing expenses of US$201K as the Group had completed the construction, and commenced use of its jetty in November 2017;

- a decrease in mining, geologist and surveyor expenses of US$516K as there was no mobilisation of heavy equipment by contractors in 6M2018; and

- a decrease in fees to placement agent of US$58K as there was a one-time payment for the placements completed in 2Q2017, which did not recur in 6M2018.

Partially offset by:-

- an aggregated increase in directors' fees of US$120K from the value of the non-cash share awards granted in 2Q2018, partially offset by a decrease in the directors' fees due to a reduction in the number of directors on the Board with effect March 2018; and

- an increase in depreciation expenses of US$106K mainly in respect of a newly constructed jetty for which usage commenced in November 2017.

Loss after tax

As a result of the abovementioned factors, the Group recorded net losses of US$769K in 2Q2018 and US$1.8M in 6M2018, against net losses of US$ 1.8M in 2Q2017 and US$2.8M in 6M2017

Review of Statement of Financial Position

Current assets

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

Current assets increased by US$1.3M from US$5.2M as at 31 December 2017 to US$6.5M as at 30 June 2018.

This was partly due to a US$995K decrease in cash and cash equivalents, mainly arising from payments for production activities and working capital purposes. Please refer to Note 1(c) Cash Flow Statement for more details.

Inventories increased by US$1.0M as the Group continues to expand its production capacities and build up its coal inventory for sale to its customers.

Trade and other receivables increased by US$1.6M due to increased sales amounting to US$3.5M, partially offset by collections received from the Group's customers.

Deposits and prepayments decreased by US$221K mainly due to utilisation of the prepayments for payment to the contractors amounting to US$238K, partially offset by an increase in prepayments for land use rights amounting to US$17K.

Non-current assets

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

Non-current assets decreased by US$990K from US$15.9M as at 31 December 2017 to US$14.9M as at 30 June 2018, mainly due to (i) depreciation of property, plant and equipment of US$189K[1], (ii) amortisation of mining properties of US$50K[1], (iii) foreign exchange differences of US$770K and (iv) partially offset by additions to property, plant and equipment of US$18K.

Note 1: Depreciation and amortisation expenses are recorded initially under "inventories" and subsequently transferred to profit and loss when the coal inventory is sold. As at end of the period, a portion of depreciation and amortisation expenses remain recorded as inventories.

Current liabilities

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

Current liabilities increased by US$2.6M from US$3.2M as at 31 December 2017 to US$5.8M as at 30 June 2018. The increase was mainly due to (i) an increase in trade and other payables of US$1.8M to its mining and transportation contractors for the Group's production activities, and (ii) an increase in borrowings of US$936K, which were partially offset by a decrease in accrued operating expenses of US$144K paid to mining contractors.

Non-current liabilities

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

Non-current liabilities increased by US$61K from US$4.4M as at 31 December 2017 to US$4.4M as at 30 June 2018. The increase was mainly due to an increase in provision for employee benefits and other provisions.

Working capital

The Group recorded working capital of US$727K as at 30 June 2018, against working capital of US$1.9M as at 31 December 2017.

Review of Statement of Cash Flows

2Q2018

The Group recorded net cash used in operating activities of US$1.4M for 2Q2018 which was a result of operating losses before changes in working capital of approximately US$306K, adjusted for net working capital outflows of approximately US$1.1M.

Net cash used in investing activities of US$2K in 2Q2018 was mainly due to cash used for the purchase of property, plant and equipment of US$4K, partially offset by interest income of US$2K from current account and time deposits.

Net cash provided by financing activities of US$929K was mainly due to cash proceeds of US$944K from borrowings, partially offset by repayment of borrowings of US$7K, and the repayment of finance lease liabilities of US$1K.

As a result of the abovementioned, the Group recorded a net decrease in cash and cash equivalents of US$453K in 2Q2018.

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.

Regarding the total national coal output, projected at 485 million tonnes for 2018, Mr Bambang Gatot Ariyono, the Director General for Coal and Minerals at the Ministry of Energy and Mineral Resources, stated that he would not be surprised if the actual output for 2018 exceeds the projected 485 million tonne figure, since many mining licence holders are eager to generate profit, taking advantage of the recent rally of coal prices, as reported by Indonesia Investment on 26 June 2018.

According to an article published on 22 July 2018 by Indonesia's Ministry of Energy and Mineral Resources regarding long term projection for renewable energy mix in the recently adopted Business Plan for Electricity Provision (RUPTL) for 2018-2025, coal is still the dominant energy source, occupying 54.4% of the energy mix. The slight decrease on the projection of coal usage is due to the more aggressive projection for the use of renewable energy sources, now up to 23% in Indonesia's target energy mix.

The Group saw much improvement in its financial results this quarter, with the highest gross profit reported in 2Q2018 of US$640K and a 110% increase in revenue during 2Q2018, as compared to 2Q2017. The increase in revenue and profit can be largely attributed to ramped up production levels, increased sales volumes during 6M2018, and an upward revision of coal price in 2Q2018. Aside from that, the Group is also pleased to report that since the last audited financial position in FY2017, trade and other receivables increased by 149%, and inventories by 41%. Coal deliveries to PT Tenayan are progressing as planned. Moving forward, the Group will be focusing on improving its financial position through the lowering of its administrative costs, expanding its coal production and sales volumes, and acquiring new coal sales contracts to maintain its growth momentum.

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 2Q2018.

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 2Q2018 or 6M2018.

Below is the table detailing the amount of shareholders' loan that was drawn down during 2Q2018 and 6M2018:

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$100,000) S$	
	2Q2018	**6M2018**	**2Q2018**	**6M2018**
N.A.	-	-	-	-

There were no interested person transactions that were individually more than S$100,000 entered into by the Group during 2Q2018 or 6M2018.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

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

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

In 2Q2018, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US$)	Actual usage of funds (US$)
Production activities	775,000	554,000
General working capital	114,000	74,000
Total	**889,000**	**628,000**

Actual cash used for production activities and general working capital was lower than forecasted by US$261K because payment to contractor/suppliers are to be made in the subsequent quarter.

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

For the next immediate quarter (financial period from 1 July 2018 to 30 September 2018 ("**3Q2018**")), the Group's use of funds for production activities are expected to be as follows:-

Purpose	Amount (US$)
Production activities	691,000
General working capital	115,000
Total	**806,000**

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.

14 (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.

14 (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 2Q2018, no exploration or development activities were conducted. In relation to production activities, a total of approximately 50,162 metric tonnes of coal was produced during 2Q2018.

During 2Q2018, cash expenditure paid for production activities amounted to US$554K.

14 (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 31 December 2017 was announced on 3 April 2018. A soft copy of the IQPR is available for download on the SGXNET and the Group's website at www.blackgold-group.com.

As at 30 June 2018, the Group has no material updates to the Coal Resources and Ore Reserve estimates as set out in the IQPR.

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

To the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results of Group and the Company for 2Q2018 to be false or misleading in any aspect.

16. 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	James Rijanto
Executive Chairman and CEO	Executive Director and CIO

10 August 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.

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