

**UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD  
 ENDED 30 JUNE 2019**
**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 2019**

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 (“**2Q2019**”) and six months (“**6M2019**”) ended 30 June 2019. The corresponding unaudited consolidated financial results for the second quarter (“**2Q2018**”) and six months (“**6M2018**”) ended 30 June 2018 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 2Q2019 US\$	Unaudited 2Q2018 US\$	Change +/- %	Unaudited 6M2019 US\$	Unaudited 6M2018 US\$	Change +/- %
	Sales	1,919,951	2,116,893	(9)	2,900,367	3,486,614
Cost of Sales	(1,832,213)	(1,477,122)	24	(2,670,694)	(2,839,284)	(6)
Gross Profit	87,738	639,771	(86)	229,673	647,330	(65)
Other income	2,516	2,138	18	6,970	4,523	54
Currency translation differences	1,707	(179,168)	n.m.	137,944	(167,903)	n.m.
Expenses						
- Administrative	(790,690)	(1,206,619)	(34)	(1,556,142)	(2,253,068)	(31)
- Finance	(61,754)	(24,920)	148	(176,877)	(24,944)	n.m.
<b>Loss before tax</b>	(760,483)	(768,798)	(1)	(1,358,432)	(1,794,062)	(24)
Income tax expense	(50)	-	n.m.	(86)	-	n.m.
<b>Loss net of tax</b>	(760,533)	(768,798)	(1)	(1,358,518)	(1,794,062)	(24)

*n.m. denotes not meaningful*

	GROUP					
	Unaudited 2Q2019 US\$	Unaudited 2Q2018 US\$	Change +/- %	Unaudited 6M2019 US\$	Unaudited 6M2018 US\$	Change +/- %
<b>Other Comprehensive Income/Loss:</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Currency translation differences arising from consolidation	104,084	(407,072)	n.m.	180,483	(634,162)	n.m.
Other comprehensive gains / (losses), net of tax	104,084	(407,072)	n.m.	180,483	(634,162)	n.m.
<b>Total comprehensive loss, net of tax</b>	<b>(656,449)</b>	<b>(1,175,870)</b>	<b>(44)</b>	<b>(1,178,035)</b>	<b>(2,428,224)</b>	<b>(51)</b>
<b>Net loss attributable to:</b>						
- Equity holders of the Company	(756,610)	(768,651)	(2)	(1,352,277)	(1,787,621)	(24)
- Non-controlling interests	(3,923)	(147)	n.m.	(6,241)	(6,441)	(3)
	<b>(760,533)</b>	<b>(768,798)</b>	<b>(1)</b>	<b>(1,358,518)</b>	<b>(1,794,062)</b>	<b>(24)</b>
<b>Total comprehensive loss attributable to:</b>						
- Equity holders of the Company	(653,140)	(1,179,730)	(45)	(1,171,971)	(2,419,599)	(52)
- Non-controlling interests	(3,309)	3,860	n.m.	(6,064)	(8,625)	(30)
	<b>(656,449)</b>	<b>(1,175,870)</b>	<b>(44)</b>	<b>(1,178,035)</b>	<b>(2,428,224)</b>	<b>(51)</b>

*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 2Q2019 US\$	Unaudited 2Q2018 US\$	Change +/- %	Unaudited 6M2019 US\$	Unaudited 6M2018 US\$	Change +/- %
Interest income	2,516	2,170	16	5,596	4,554	23
Employee compensation & directors' fees	(320,579)	(540,185)	(41)	(638,989)	(891,993)	(28)
Professional fees, travelling and corporate social responsibility expenses	(126,284)	(258,270)	(51)	(237,285)	(472,115)	(50)
Legal and licensing expenses	(85,312)	(88,877)	(4)	(180,713)	(219,370)	(18)
Rental expenses	(19,919)	(82,744)	(76)	(42,965)	(176,838)	(76)
Mining, geology and survey expenses	(562)	-	n.m.	(562)	(10,737)	(95)
Depreciation of property, plant and equipment	(100,963)	(69,206)	46	(191,520)	(144,830)	32
Amortisation of mining properties	(19,772)	(8,950)	121	(33,255)	(18,038)	84

*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 30/6/2019 US\$	Unaudited As at 31/12/2018 US\$	Unaudited As at 30/6/2019 US\$	Unaudited As at 31/12/2018 US\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	33,071	547,816	8,369	26,649
Restricted cash	4,097	24,497	-	-
Trade and other receivables	1,596,812	1,448,078	22,453,146	22,548,279
Inventories	1,225,661	1,882,602	-	-
Deposits and prepayments	342,643	210,372	703	5,958
	<b>3,202,284</b>	<b>4,113,365</b>	<b>22,462,218</b>	<b>22,580,886</b>
<b>Non-current assets</b>				
Property, plant and equipment	5,551,421	5,596,359	2,842	2,789
Right-of-use assets	199,504	-	-	-
Mining properties	7,413,091	7,307,069	-	-
Exploration and evaluation expenditure	1,352,056	1,320,914	-	-
Deposits and prepayments	106,210	103,764	-	-
Investment in subsidiaries	-	-	92,752,976	92,752,976
Restricted cash	181,972	177,781	-	-
	<b>14,804,254</b>	<b>14,505,887</b>	<b>92,755,818</b>	<b>92,755,765</b>
<b>Total assets</b>	<b>18,006,538</b>	<b>18,619,252</b>	<b>115,218,036</b>	<b>115,336,651</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	1,170,890	2,235,919	1,098,632	1,065,248
Accrued operating expenses	3,744,891	2,507,976	577,794	310,325
Lease liabilities	90,562	-	-	-
Borrowings	1,235,905	1,141,421	-	-
Current tax liability	117,907	107,167	302	214
	<b>6,360,155</b>	<b>5,992,483</b>	<b>1,676,728</b>	<b>1,375,787</b>
<b>Non-current liabilities</b>				
Lease liabilities	109,754	-	-	-
Provision for employee benefit	107,275	83,280	-	-
Loans from shareholders	4,184,847	4,184,847	-	-
Other provisions	127,984	110,972	-	-
	<b>4,529,860</b>	<b>4,379,099</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>10,890,015</b>	<b>10,371,582</b>	<b>1,676,728</b>	<b>1,375,787</b>
<b>NET ASSETS</b>	<b>7,116,523</b>	<b>8,247,670</b>	<b>113,541,308</b>	<b>113,960,864</b>

	GROUP		COMPANY	
	Unaudited As at 30/6/2019 US\$	Unaudited As at 31/12/2018 US\$	Unaudited As at 30/6/2019 US\$	Unaudited As at 31/12/2018 US\$
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	55,913,068	55,797,181	171,010,263	170,894,376
Currency translation reserve	(1,866,441)	(2,046,747)	944,426	781,153
Other reserve	-	68,285	-	68,285
Accumulated losses	(46,821,808)	(45,468,817)	(58,413,381)	(57,782,950)
	7,224,819	8,349,902	113,541,308	113,960,864
<b>Non-controlling interests</b>	(108,296)	(102,232)	-	-
<b>Total equity</b>	<b>7,116,523</b>	<b>8,247,670</b>	<b>113,541,308</b>	<b>113,960,864</b>

**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 30/6/2019		As at 31/12/2018	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Borrowings	-	1,235,905	-	1,141,421

**(b) the amount repayable after one year;**

	As at 30/6/2019		As at 31/12/2018	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Shareholders' loans	-	4,184,847	-	4,184,847

The above loans repayable after one year relate 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 20 March 2019, the Group entered into a fifth supplemental deed with the Lenders to extend until 31 March 2021 the period during which the Lenders have agreed not to demand repayment. There has been no request for repayment to date, which can be further extended by the shareholder.

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 2Q2019 US\$	Unaudited 2Q2018 US\$
<b>Cash flows from operating activities</b>		
Total loss	(760,533)	(768,798)
Adjustments for:		
- Depreciation of property, plant and equipment	100,963	69,206
- Amortisation of mining properties	19,772	8,950
- Share-based compensation expenses	17,775	187,911
- Interest income from fixed deposits and current account	(2,516)	(2,170)
- Interest expense	61,754	24,920
- Income tax expense	50	-
- Unrealised currency translation differences	(602)	173,913
	<u>(563,337)</u>	<u>(306,068)</u>
Change in working capital:		
Inventories	463,272	(404,890)
Deposit and prepayments	12,482	98,597
Trade and other receivables	(821,049)	(1,552,079)
Trade and other payables	914,760	758,300
Provision for employee benefits	5,481	9,439
Restricted cash	21,318	-
Other provisions	6,515	13,841
Cash provided by/(used in) operating activities	<u>39,442</u>	<u>(1,382,860)</u>
Tax paid	(3,700)	(3,511)
<b>Net cash provided by/(used in) operating activities</b>	<u>35,742</u>	<u>(1,386,371)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(248)	(4,454)
Interest received	2,516	2,170
<b>Net cash used in investing activities</b>	<u>2,268</u>	<u>(2,284)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	725,129	943,502
Repayment of borrowings	(1,262,829)	(7,009)
Repayment of lease liabilities	(21,954)	(684)
Interest paid	(149)	(13)
<b>Net cash (used in)/provided by financing activities</b>	<u>(559,803)</u>	<u>935,796</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(521,793)</u>	<u>(452,859)</u>
Cash and cash equivalents at the beginning of the period	550,412	687,104
Effects of currency translation on cash and cash equivalents	4,452	(25,604)
<b>Cash and cash equivalents at the end of the period</b>	<u>33,071</u>	<u>208,641</u>

**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	Other Reserve	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 31 March 2019	55,797,181	98,112	(1,969,911)	(46,065,198)	(104,987)	7,755,197
Share issued as equity compensation plan	115,887	(115,887)	-	-	-	-
Employee share awards - Value of employee services	-	17,775	-	-	-	17,775
Total comprehensive loss for the period	-	-	103,470	(756,610)	(3,309)	(656,449)
Balance at 30 June 2019	55,913,068	-	(1,866,441)	(46,821,808)	(108,296)	7,116,523

**GROUP - Prior period**

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	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

**COMPANY - Current period**

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 31 March 2019	170,894,376	98,112	902,950	(58,096,474)	113,798,964
Share issued as equity compensation plan	115,887	(115,887)	-	-	-
Employee share awards - Value of employee services	-	17,775	-	-	17,775
Total comprehensive loss for the period	-	-	41,476	(316,907)	(275,431)
Balance at 30 June 2019	171,010,263	-	944,426	(58,413,381)	113,541,308

**COMPANY - Prior period**

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	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

**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 March 2019	936,610,437	170,894,376
Share based compensation	3,800,000	115,887
As at 30 June 2019	940,410,437	171,010,263

There were no outstanding convertibles or share options granted as at 30 June 2019 and 30 June 2018.

There were no treasury shares or subsidiary holdings held or issued as at 30 June 2019 and 30 June 2018.

**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 2019	As at 31 December 2018
Number of issued shares excluding treasury shares	940,410,437	936,610,437

**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 2019 are consistent with those applied in the financial statements for the year ended 31 December 2018, except for the adoption of accounting standards (including its subsequent amendments) and interpretations applicable for the financial period beginning on or after 1 January 2019.

**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 Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and interpretations of SFRS(I) that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

The following are the new or amended SFRS(I) that are relevant to the Group:

- SFRS(I) 16 Leases

Except for SFRS(I) 16, the adoption of these new or revised accounting standards and interpretations do not have any material effect on the financial statements of the Group.

The Company and Group has adopted SFRS(I) 16 *Leases* that is effective from 1 January 2019.

SFSR(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short term and low-value leases.

[Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implied by the lease. If the rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lease.]

The Group applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.



**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.**

	<b>6M2019</b>	<b>6M2018</b>
	<b>US\$</b>	<b>US\$</b>
Basic loss per share (cents)	(0.14)	(0.19)
Weighted average number of shares for the purpose of computing basic loss per share	936,820,382	931,178,117
Fully diluted loss per share (cents)	(0.14)	(0.19)
Weighted average number of shares for the purpose of computing fully diluted loss per share	936,820,382	931,184,562

**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.**

	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>
	<b>US\$</b>	<b>US\$</b>
Net asset value of the Group per ordinary share (cents)	0.8	0.9
No. of ordinary shares in issue	940,410,437	936,610,437
Net asset value of the Company per ordinary share (cents)	12.1	12.2
No. of ordinary shares in issue	940,410,437	936,610,437

**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\$1.9M in 2Q2019 and US\$2.9M in 6M2019, as compared to US\$2.1M in 2Q2018 and US\$3.5M in 6M2018. The Group has enlarged its portfolio of customers in the current quarter and the six months period, increasing its sales volume by approximately [57% as compared to 2Q2018] and [6% as compared to 6M2018] . Despite an increase in sales volume, the reduction in sales revenue was mainly due to a larger component of its sales skewing towards customers with a relatively lower selling price.

#### Cost of Goods Sold

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 in 6M2019 of US\$2.7 million remained relatively constant as compared to 6M2018 at US\$2.8 million. The increase in COS in 2Q2019 of US\$1.8 million as compared to US\$1.5 million in 2Q2018 is in line with the increased sales volume, which is higher than those recorded in the comparable periods in 2018.

#### Gross Profit

The Group recorded a gross profit of US\$88K in 2Q2019 and a gross profit of US\$230K in 6M2019.

The reduced gross margins in 2Q2019 and 6M2019 were mainly due to more sales to customers with lower margins, offsetting the effects of a higher sales volume.

#### Currency translation gain

The Group recorded a currency translation gain of US\$2K in 2Q2019, as compared to currency translation loss of US\$179K in 2Q2018, and currency translation gain of US\$138K in 6M2019, as compared to currency translation loss of US\$168K in 6M2018.

The currency translation gain in 2Q2019 and 6M2019 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 weakened against 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 decreased by US\$416K or 34% from US\$1.2M in 2Q2018 to approximately US\$791K in 2Q2019. The decrease was mainly attributable to:-

- a decrease in employee compensation expenses of US\$40K due to employee turnover;
- a decrease in professional fee of US\$119K due to a reduction in professional services contracted;
- a decrease in the directors’ fees of US\$180K due to a reduction in the number of directors on the Board with effect from March 2018; and
- a decrease in rental expenses of US\$63K as a result of adopting SFRS(I) 16 in which operating lease expenses were capitalised as “Right-of-use assets” instead of being directly expensed to profit and loss

Administrative expenses decreased by US\$697K or 31% from US\$2.3M in 6M2018 to approximately US\$1.6M in 6M2019. The decrease was mainly attributable to:-

- a decrease in employee compensation expenses of US\$40K due to employee turnover;
- a decrease in professional fee of US\$190K due to a reduction in professional services contracted;
- a decrease in the directors' fees of US\$213K due to a reduction in the number of directors on the Board with effect from March 2018; and
- a decrease in rental expenses of US\$134K as a result of adopting SFRS(I) 16 in which operating lease expenses were capitalised as "Right-of-use assets" instead of being directly expensed to profit and loss.

The decrease was offset by:

- increase in recognition of depreciation expenses amounting to US\$37K from the depreciation of "Right-of-use assets" above.
- Increase in insurance expenses of US\$30K due to insurance coverage for a larger volume of coal sold.

### **Loss after tax**

As a result of the abovementioned factors, the Group recorded net losses of US\$761 in 2Q2019 and US\$1.4M in 6M2019, against net losses of US\$769K in 2Q2018 and US\$1.8M in 6M2018.

### **Review of Statement of Financial Position**

#### Current assets

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

Current assets decreased by US\$911K from US\$4.1M as at 31 December 2018 to US\$3.2M as at 30 June 2019.

Inventories decreased by US\$657K due to increasing sales of coal to the Group's customers.

Cash and cash equivalents decreased by US\$515K mainly arising from payments for production activities and working capital purposes. Please refer to Note 1(c) Cash Flow Statement for more details.

The decrease in current assets was partially offset by an increase in deposits and prepayments by US\$132K mainly due to prepayments for payment on insurance and a US\$149K increase in trade and other receivables.

#### Non-current assets

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

Non-current assets increased by US\$298K from US\$14.5M as at 31 December 2018 to US\$14.8M as at 30 June 2019, mainly due to (i) foreign exchange differences of US\$340K, (ii) additions to property, plant and equipment of US\$5K, (iii) recognition of right-of-use assets amounting to US\$200K, (iv) partially offset by depreciation of property, plant and equipment of US\$181K<sup>1</sup> and (v) amortisation of mining properties of US\$66K<sup>1</sup>.

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

Current liabilities increased by US\$368K, from US\$6.0M as at 31 December 2018 to US\$6.4M as at 30 June 2019. The increase was mainly due to (i) the recognition of lease liabilities of US\$91K following the Group’s adoption of SFRS(I) 16, (ii) an increase in accrued operating expenses of US\$1.2M for the Group’s operations, and (iii) an increase in external borrowings amounting to US\$94K which were partially offset by a decrease in trade and other payables of US\$1.1M, mainly from payments to its mining and transportation contractors for the Group’s production activities.

### Non-current liabilities

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

Non-current liabilities increased by US\$151K from US\$4.4M as at 31 December 2018 to US\$4.5M as at 30 June 2019. The increase was mainly due to the recognition of lease liabilities following the Group’s adoption of SFRS(I) 16, and increases in provision for employee benefits and other provisions.

### Working capital

The Group recorded negative working capital of US\$3.2M as at 30 June 2019, against working capital of US\$1.9M as at 31 December 2018. In view of this, the Board is of the opinion that the Group should be able to meet its short-term payment obligations for the next 12 months, taking into consideration the following:

- (i) the completion of a placement of 63,333,333 new ordinary shares in the capital of the Company on 31 August 2019 with Mr Luhendri, raising gross proceeds amounting to S\$950,000;
- (ii) the Group is exploring certain financing options to pay off its short-term financial obligations.
- (iii) the Group is also enlarging its portfolio of customers and its sales volumes to strengthen the operating cash inflow from operating activities
- (iv) the Group has an available loan facility from its shareholders amounting to US\$35,815,153 from which it can draw upon when required.

## **Review of Statement of Cash Flows**

### 2Q2019

The Group recorded net cash provided by operating activities of US\$36K for 2Q2019 which was a result of operating losses before changes in working capital of approximately US\$563K, adjusted for net working capital outflows of approximately US\$603K.

Net cash used in investing activities of US\$2K in 2Q2019 was mainly due to purchase of property, plant and equipment of US\$1K, partially offset proceeds from interest income of US\$3K from current account and time deposits.

Net cash provided by financing activities of US\$560K was mainly due to cash proceeds of US\$725K from borrowings and partially offset by repayment of borrowings of US\$1.3M, and repayment of lease liability of US\$22K.

As a result of the abovementioned, the Group recorded a net decrease in cash and cash equivalents of US\$522K in 2Q2019.

**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.**

At the national level, the urge to improve conditions for investors in mineral and coal industries continues to show. The Director-General of Mineral and Coal at the Ministry of Energy and Mineral Resources, Bambang Gatot Ariyono affirms his office's commitment to improve the conditions of investment in Indonesia's mining industries, citing the Ministry's efforts to simplify regulations and expedite services.

Continuing shift towards fulfilment of domestic markets is also a consistent theme in the Ministry of Energy and Mineral Resources. Speaking at the 25th Coaltrans Asia Conference where Indonesia is again appointed as host, the Director-General of Mineral and Coal at the Ministry of Energy and Mineral Resources, Bambang Gatot Ariyono cited that coal production figures in 2018 reached 528 million tonnes, and domestic consumption is taking ever larger portions of the nation's total production. In 2019, Mr. Bambang stated that the Ministry targets a 60% increase in proportion for domestic coal consumption.

In line with the focus to fulfil domestic markets, the Provincial Governments also continue to improve the infrastructure condition of their region, mainly aiming to improve the distribution infrastructure of industrial raw material, including coal.

Speaking to Bisnis.com, The Head of the Bureau of Public Works and Zoning of the Government of the Province of Riau, Dadang Eko Purwanto states that the Riau Province has allocated 430 billion Rupiah (around SGD 41 million) for this year alone for road infrastructure works, both for building new ones and improving existing ones. The construction and improvement of roads will also be aimed at improving access to sources of raw materials, including coal mines.

In light of the Indonesian government's commitment to i) improving the investment climate for the mining industry, ii) focus on prioritizing domestic coal consumption and iii) improving infrastructural access to raw materials, including coal mines, by being focused on fulfilling Indonesian's domestic coal demand, the Group is poised to benefit from these nation-wide initiatives.

**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 2Q2019. [The Group has not declared any dividend for 1Q2019 as it requires the existing cash to fund its operating activities.]

**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").

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)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000)	
	S\$		S\$	
	2Q2019	6M2019	2Q2019	6M2019
N.A.	-	-	-	-

There were no interested person transactions that were individually more than S\$100,000 entered into by the Group during 2Q2019 and 6M2019.

#### 14. Use of Placement 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 allotted and issued	Issue price per ordinary share (S\$)	Placement Proceeds (S\$)
Share Placement Agreement dated 26 June 2019	63,333,333	0.015	950,000
<b>Total</b>			<b>950,000</b>

The net proceeds of approximately S\$950K as at date of this announcement have been utilised as follows:-

Intended use of Net Proceeds	Allocation of Net Proceeds as disclosed in the announcements dated 27 June 2019 (S\$)	Net Proceeds utilised as at date of this announcement (S\$)	Balance of the Net Proceeds as at the date of this announcement (S\$)
Repayment of borrowings	260,000	86,789	173,211
General working capital	690,000	252,196	437,804
<b>Total</b>	<b>950,000</b>	<b>338,985</b>	<b>611,015</b>

#### 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 2Q2019, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US\$)	Actual usage of funds (US\$)
Production activities	840,000	443,000
General working capital	93,000	58,800
<b>Total</b>	<b>933,000</b>	<b>501,800</b>

Actual cash used for production activities and general working capital was lower than forecasted by US\$431K 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 2019 to 30 September 2019 (“3Q2019”)), the Group’s use of funds for production activities are expected to be as follows:-

Purpose	Amount
	(US\$)
Production activities	493,000
General working capital	94,000
Total	587,000

**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) 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 2Q2019, no exploration or development activities were conducted. In relation to production activities, a total of approximately 55,291 metric tonnes of coal was produced during 2Q2019.

During 2Q2019, cash expenditure paid for production activities amounted to US\$443K.

**16. 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 2Q2019 to be false or misleading in any aspect.



## **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  
Executive Chairman and Chief Executive Officer

14 August 2019

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*"This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*

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