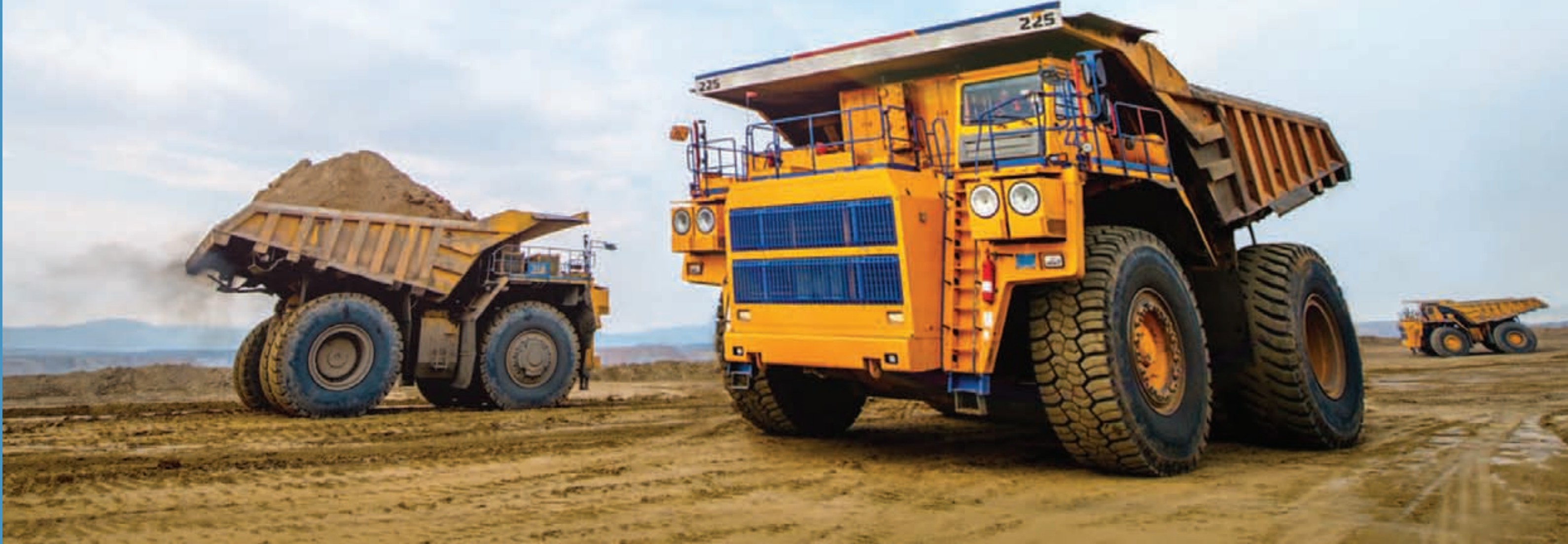
BLACKGOLD
Natural Resources Limited

CREATING VALUE

Annual Report 2016



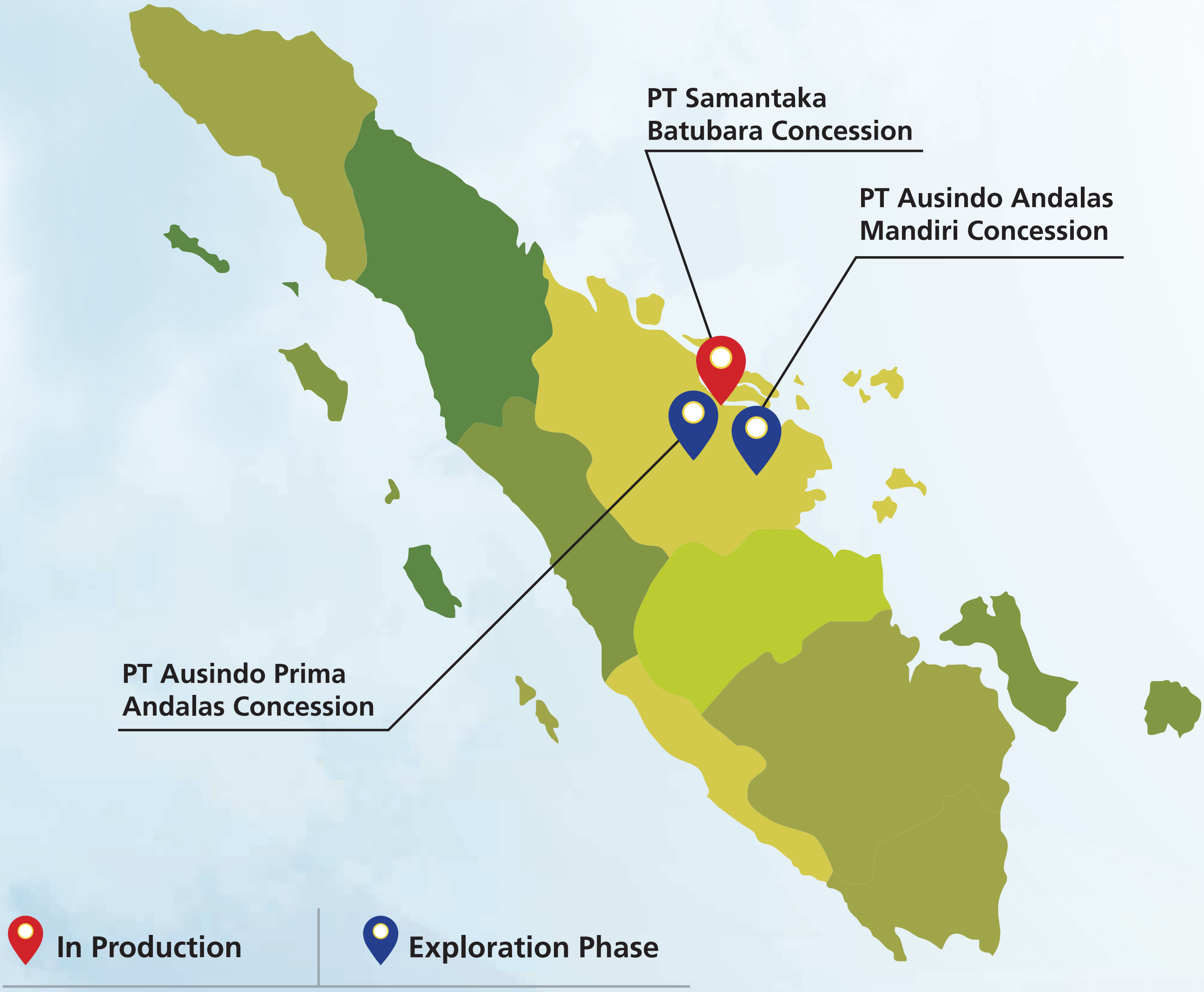
CONTENTS

This annual report has been prepared by BlackGold Natural Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Advisors Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Mr Sebastian Jones, Director, SAC Advisors Private Limited at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone (65) 6532 3829.

SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

CORPORATE PROFILE



BlackGold Natural Resources Limited ("**BlackGold**" or the "**Company**", and together with its subsidiaries, the "**Group**") is an Indonesia-focused coal mining company targeting Indonesia's rapidly-growing power plant industry, with a specific focus on supplying coal to power plants located in Riau province, Sumatra, Indonesia.

The Group holds the rights to three coal concessions in Sumatra, namely PT Samantaka Batubara, PT Ausindo Andalas Mandiri, and PT Ausindo Prima Andalas (the "**Concessions**") as shown in the diagram above, covering over 45,550 hectares in combined acreage. The Group has, to date, explored a total area of approximately 10,000 hectares in the PT Samantaka Batubara Concession.

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

The listing follows the acquisitions of the entire issued and paid up share capital of BlackGold Asia Resources Pte. Ltd. and BlackGold Energy Limited and their respective subsidiaries, which was completed on 10 March 2015.

GROUP STRUCTURE

BLACKGOLD Natural Resources Limited

- BlackGold Asia Resources Pte. Ltd. (Singapore) — 100%
  - PT Samantaka Batubara (PT SB Concession, Sumatra, Indonesia) — 99%
- BlackGold Energy Ltd (Hong Kong) — 100%
  - PT BlackGold Energy Indonesia (Indonesia) — 99%
    - PT Ausindo Andalas Mandiri (PT AAM Concession, Sumatra, Indonesia) — 99%
    - PT Ausindo Prima Andalas (PT APA Concession, Sumatra, Indonesia) — 99%
- BlackGold Power Pte. Ltd. (Singapore) — 100%
  - PT BlackGold Energy Power (Indonesia) — 99%

CORPORATE MILESTONES

2014

November

Coal Sales/Purchase Agreement with PT Santosa Makmur Sejahtera Energy

Coal Sales/Purchase Agreement with PT Soma Daya Utama

December

Awarded tender by PT Perusahaan Listrik Negara (“**PT PLN**”) for coal supply of 500,000 tonnes per annum

2015

March

Successfully completed Reverse Takeover and listed on the Catalist board of the SGX-ST

November

Incorporation of BlackGold Power Pte. Ltd.

December

Incorporation of PT BlackGold Energy Power

Signed a consortium agreement with China Huadian Engineering Co., Ltd. (“**CHEC**”) for the construction and development of a coal-fired power plant in Riau, Indonesia (“**Riau 1 Project**”)

2016

April

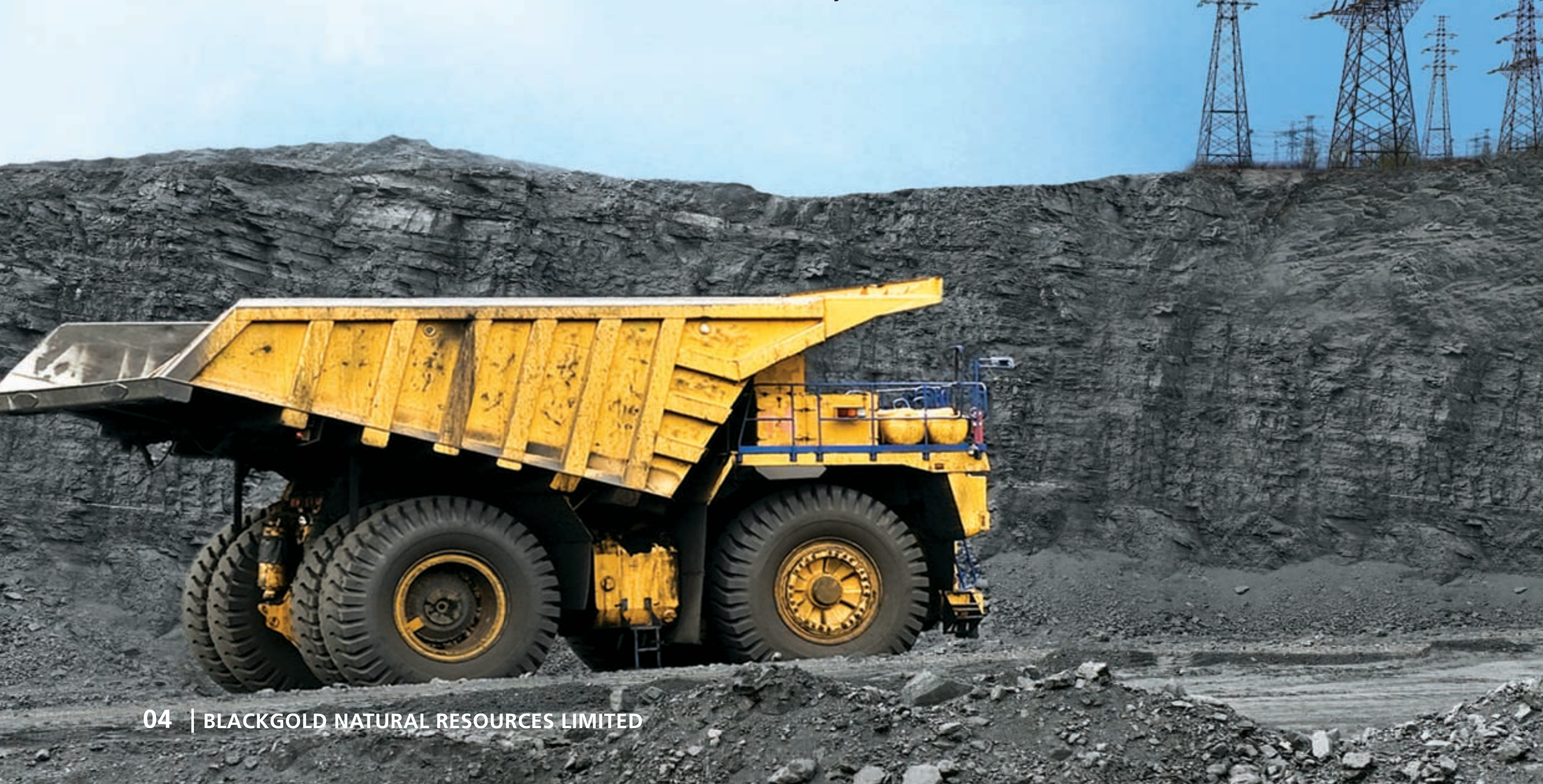
PT SB Concession commenced production and signed a coal sales contract with a Riau state-owned enterprise

June

Successfully completed first coal delivery to a Riau state-owned enterprise

December

Signed a 5 year coal sales contract with Indonesia’s state-owned electricity company, PT PLN



2017

February

Successfully completed first barge delivery of 5,000 tonnes to PT PLN

Received US$12.6 million purchase order for the supply of coal to an Indonesian state-owned cement company, Cement Padang

March

Signed a non-binding Memorandum of Understanding with PT PLN Batubara for potential cooperation to supply coal from PT SB Concession to power plants in Indonesia

April

Successfully completed share placement agreement with SAC Capital as placement agent to raise S$3.23 million

May

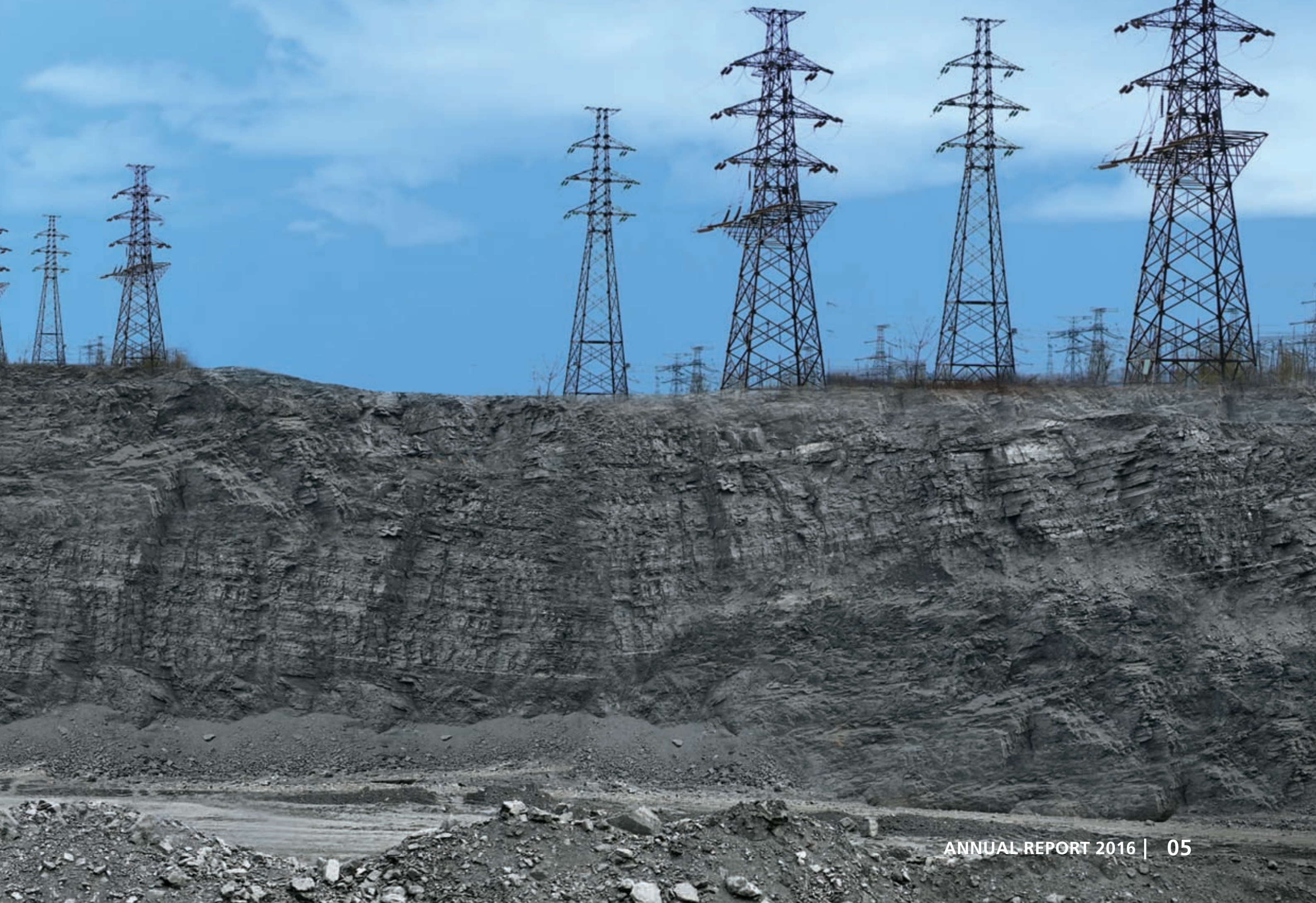
Successfully completed share placement agreement with Mr Johanes Budisutrisno Kotjo to raise S$3.56 million

June

Signing of a conditional term sheet with CHEC for the Riau 1 Project

July

Completed a placement with SAC Capital as placement agent to raise up to S$8.2 million



CHAIRMAN'S STATEMENT

"Coal will continue to play a vital role in the development of power generation and Indonesia's electrification efforts for the foreseeable future, with between 84 -152 million tonnes of coal to be consumed annually over the next 10 years."

Dear shareholders,

On behalf of the Board, it is my great pleasure to present to you the Annual Report of BlackGold Natural Resources Limited for the financial year ended 31 December 2016 **("FY2016")**.

PERFORMANCE

Over the years, we have developed a well-trained workforce led by experienced supervisors who have expertise in a wide range of skills. Our employees delivered another year of positive development in FY2016. The Group commenced its production activities in March 2016 and successfully made its first coal delivery in June 2016. We have subsequently made steady progress in ramping-up production and the Group produced a total of 30,000 metric tonnes of coal in FY2016.

In 2014, the Group was awarded a tender to supply 500,000 metric tonnes per annum to the Indonesian state-owned electricity company, PT Perusahaan Listrik Negara ("**PT PLN**"), for a new 2 x 110 MW power plant project in Riau province, Indonesia. I am very pleased to announce that in December 2016, the Group's subsidiary, PT Samantaka Batubara ("**PT SB**"), signed a sales and purchase contract in respect of this award, with an initial term of 5 years and the option to extend for three-additional 5-year terms subject to mutual agreement between the Group and PT PLN (the "**Tenayan Contract**"). Largely guided by Regulation 9/2016 issued by the Ministry of Energy and Mineral Resources, the Group qualifies as a mine-mouth coal supplier, and is eligible to sell its coal to the power plant at a benchmarked production cost plus a margin. This contract gives the Group a competitive edge since it ensures a consistent amount of coal sales volume and a steady long-term income stream for the Group.

In February 2017, the Group announced that it had received a US$12.6 million purchase order for the supply of coal to Indonesia's state-owned cement company, PT Semen Padang ("**Cement Padang**"), with the first delivery successfully completed in March 2017. Cement Padang is part of the largest cement distributor group in Indonesia. We are very pleased to add another esteemed state-owned company to our current portfolio of customers, and we are confident that this will accelerate our strategy of becoming a leading Indonesian coal producer.

As BlackGold continues to grow, we are always on the look-out for ways to expand our business. Up to July 2017, BlackGold successfully completed share placements raising a total of S$15 million, which will be used mainly to strengthen working capital and for preliminary preparation work on the potential development of a 2 x 300 MW coal-fired power plant in Riau province, Indonesia (the "**Project**", or the "**Riau 1 Project**"), pending the successful award of the Project by PT PLN. In addition, we are very encouraged by the strong interest from our new investors in BlackGold, as it further affirms investor confidence in the Company's prospects.

FORGING AHEAD

Indonesia has been experiencing high economic growth and urbanisation in the past few decades, leading to an increase in urban energy consumption. Indonesia's energy demand is projected to increase 8.3%[1] annually from 2017 to 2026. In spite of the increasing focus on renewable energy, coal will continue to play a vital role in the development of power generation and Indonesia's electrification efforts for the foreseeable future, with between 84 - 152 million tonnes of coal to be consumed annually over the next 10 years[1]. This translates into a large market for well-positioned coal suppliers such as BlackGold. With our substantial thermal coal reserves, the Group sees significant opportunities to thrive in the domestic market.

In addition to the government's effort to meet the energy demand, Indonesia also recognizes the importance of electricity in boosting economic growth. In line with this, during 2015, President Joko Widodo launched a program to provide an additional 35,000 MW of power capacity by 2019 (the "**Program**") to attract investments and create equal access to electricity in the less developed regions - in which 56.8%[1] of the planned power plants in the Program are coal-fired. With an intention to be part of this Program, in June 2017 the Group has signed a conditional term sheet together with China Huadian Engineering Co., Ltd. ("**CHEC**") to work on the Project, as mentioned above, which is a joint cooperation project for the development, construction, operation and maintenance of a 2 x 300 MW coal-fired power plant in Riau province, Indonesia. Upon successful award of the Project, PT SB would be appointed the designated exclusive coal supplier to the Project for up to 30 years. This offtake contract would allow the Group to enjoy a steady revenue stream in the future.

Coal will remain an integral fuel source for Indonesia electricity generation for years to come, and we will continue to work hard to strengthen our position in the market. We are very pleased to inform shareholders that the Coal Reserves at our PT SB Concession have increased by 227% as compared to its last reported estimates, from 45 million tonnes to 147 million tonnes. We are very encouraged with this development since having abundant reserves is crucial for the Group to achieve its long-term goal of becoming a major coal player in Indonesia. Furthermore, the Group has been working tirelessly to boost production in early 2017 to meet the requirements of the Tenayan Contract, and PT SB has continued to make steady deliveries to PT PLN in this regard. Once production reaches full capacity, we expect to produce up to approximately 70,000 tonnes of coal per month for both the Tenayan and Cement Padang contracts. The Group is ready to thrive in the ever-evolving energy landscape, and we are working hard to create measurable results for our shareholders.

As the Group continues to work towards strengthening its position in the market, we will also continue to work proactively to reduce costs, increase operational efficiency and raise productivity. We will continuously monitor market conditions and enhance our cash-flow management. At the same time, we will persist in our efforts towards expansive sales and marketing strategies to increase our customer base.

ACKNOWLEDGEMENT

Our achievements in FY2016 would not have been possible without the dedication, support and trust of our business associates, employees, customers and shareholders. On behalf of the Group, I would like to extend my deepest gratitude for your commitment and unwavering support during FY2016. We remain optimistic in the future of the company and aspire to bring the Group to greater heights.

INTEKHAB KHAN

Independent Non-Executive Chairman

---

[1] RUPTL PLN 2017-2026, Ministry of Energy and Mineral Resources of the Republic of Indonesia

BOARD OF DIRECTORS

INTEKHAB KHAN

Independent Non-Executive Chairman

Mr Khan was appointed as the Non-Executive Chairman of the Group on 10 March 2015, and was re-designated to Independent Non-Executive Chairman on 28 March 2016. He is also a member of the Board's Audit, Nominating and Remuneration Committees. As the Chairman, he provides leadership to the Board, and ensures the Board's effectiveness in the execution of its duties.

Mr Khan is also currently serving as the managing director of M & A Law Corporation, a Singapore-incorporated law firm. A lawyer with over 19 years of experience, Mr Khan brings to the Group a wealth of legal experience in the energy sector, having advised clients on, *inter alia*, energy commercial contracts, construction projects and general commercial and corporate law.

Mr Khan has represented coal mining owners and investors in numerous energy projects, including areas related to mergers and acquisitions, group and corporate restructuring, project financing and general compliance. His extensive knowledge and well-honed skills have enabled him to execute his responsibilities efficiently and effectively.

Mr Khan is also qualified to practice law in England and Wales; and is currently a Commissioner for Oaths and Notary Public.

PHILIP RICKARD

Chief Executive Officer And Executive Director

Mr Rickard was appointed as the Group's Chief Executive Officer and Executive Director on 10 March 2015. He is a global entrepreneur with more than 26 years of experience in the energy and mining industry, and has repeatedly produced sustained revenue and EBITA growth in dynamic and changing markets. Mr Rickard is currently Executive Director and Chief Executive Officer of the Group, where he is responsible for overseeing the overall strategic directions and expansion plans for the growth and development of the Group, as well as for the development of its coal mines in Sumatra.

Prior to joining the BlackGold Group in November 2011, Mr Rickard was the country manager (Indonesia) for the Norsk Hydro Group from January 2009. He is the founder of several successful resource and mining ventures, including Terrasys Energy Pte. Ltd., Sawa Energy, and Indo Gold Mining Pte. Ltd. In these ventures, Mr Rickard led significant acquisitions, capital raisings and mining expansions, and demonstrated an acute ability to formulate strategic vision and advance expansion plans, developing mines and investments for various large resource companies.

Mr Rickard also serves as the President Commissioner of PT Samantaka Batubara, a subsidiary of the Group.

Mr Rickard graduated with a Bachelor of Arts (Philosophy) from Gonzaga University in 1992.

JAMES RIJANTO
Chief Investment Officer And Executive Director

Mr Rijanto was appointed as the Chief Investment Officer and Executive Director of the Group in March 2015. He is in charge of developing the Group's strategies and business plans. Mr Rijanto is also responsible for managing the Group's investments, sales and marketing operations, and sourcing for new investment opportunities.

Mr Rijanto started his career at Ernst & Young Corporate Finance as a senior associate in 2006. He went on to become a director of PT Vitadaya Harapan, a privately-owned Indonesian power generation company, from January 2009 to December 2011. He also worked at PT Pathway International, an Indonesian energy and infrastructure construction and development firm where he advised on strategic financial and investment matters.

Mr Rijanto graduated with a Bachelor of Arts (Economics) from Boston University in 2005.

NANDAKUMAR PONNIYA
Lead Independent Director

Mr Ponniya joined the Board in March 2015 and was appointed as Lead Independent Director of the Company, as well as the chairman of the Nominating and Remuneration Committees. He is a lawyer and was appointed as a principal in Baker & McKenzie. Wong & Leow, in October 2014.

His key practice was in international arbitration involving commercial and corporate matters, as well as major construction disputes. Mr Ponniya has also been listed in the *Guide to the World's Leading Construction Lawyers* 2013 and further identified as a "rising star" in the *Guide to the World's Leading Experts in Commercial Arbitration* 2013.

Mr Ponniya currently serves on the Inquiry Panel of the Law Society of Singapore and is an accredited Associate Mediator of the Singapore Mediation Centre. He is also currently an adjunct assistant professor at the National University of Singapore and the Singapore Management University, as well as a visiting lecturer at the Faculty of Law, Universitas Pelita Harapan, Indonesia. Mr Ponniya has also been an independent director of Sakae Holdings Ltd. since March 2011.

Mr Ponniya graduated with a Bachelor of Law (Honours) from the National University of Singapore in July 1995. He is also qualified to practise law in England and Wales, and New York, USA.

BALA CHANDRAN

Independent Director

Mr Chandran was appointed as an Independent Director of the Company in March 2015. He also serves as a member of the Remuneration and Nominating Committees. Mr Chandran is a litigation lawyer and has over 30 years of experience at Mallal & Namazie, where he is currently a partner. His main area of practice focuses in commercial and civil matters such as contractual disputes, employment, personal injury and compensation claims, insurance related claims, landlord and tenant disputes, as well as wills and probate matters.

Mr Chandran is currently a Commissioner of Oaths and a Notary Public, as well as a member of the Law Society of Singapore. He is also on the panel of arbitrators with the Court of Arbitration for Sport. He is the current chairperson of the Disciplinary Committee of the Football Association of Singapore and also a member of the Disciplinary Committee of the Singapore Hockey Federation and the Singapore Silat Federation.

He graduated with a Bachelor of Law (Honours) from the National University of Singapore in May 1978, and obtained a post-graduate diploma in business law from the University of Singapore in July 1987.

GERALD LIM THIEN SU

Independent Director

Mr Lim joined the Board as an Independent Director in March 2015. He also serves as the chairman of the Audit Committee of the Company. He is currently serving as the chairman of Phillip Insurance Investments. Mr Lim brings to the Group extensive experience in venture capital, private equity, finance, and risk management.

Mr Lim has served on various grassroots and non-government organizations. He currently sits on the board of SGX-listed Hi-P International Limited since November 2010. Mr Lim also served as the chief executive officer of AON Singapore, AON Taiwan, and Marsh Trade Credit, Financial & Political Risks Asia. In recognition of his contribution to the community, Mr Lim was awarded the Public Service Medal in 2006 and the Public Service Star in 2016 by the President of Singapore.

He is currently the Honorary Consul of the Republic of Slovenia and the president of the Singapore Insurance Brokers Association. Apart from his commitment to the Group, Mr Lim also participates actively in the community. He serves as chairman of Tampines Central Citizens Consultative Committee, and is a member of the Council of Education of the Methodist Church in Singapore.

Mr Lim graduated with a Bachelor of Business Administration from the National University of Singapore in 1981, and obtained a Masters of Arts in Education and Human Development from George Washington University in 1991.

BANGUN MADONG PARULIAN SAMOSIR

Independent Director

Mr Parulian was appointed to the Board on 10 March 2015 and serves as an Independent Director of the Company. He brings to the Group an extensive mining and entrepreneurial experience from holding a variety of senior positions in the Indonesian mining and construction industry.

Mr Parulian has been the adviser of PT Pamapersada Nusantara, one of Indonesia's largest mining construction and contracting companies and part of the multi-billion dollar PT Astra International Group, since 2007, and had also served in its engineering division (first as engineering department head and subsequently as engineering division head) and operational audit division (as operational auditor) from February 1994 to August 2007.

Prior to his tenure with PT Pamapersada Nusantara, Mr Parulian had served in both the Surface and Underground mining divisions of PT Freeport Indonesia Inc. (first as a mine engineer trainee, where he progressed to a control foreman, and subsequently the assistant chief engineer) from January 1983 to January 1994.

Mr Parulian graduated with a Bachelor of Mine Engineering from Bandung Institute of Technology in October 1982.

KEY MANAGEMENT

SUHERMAN BUDIONO

Chief Financial Officer

Mr Budiono is currently the Chief Financial Officer of the Group. He leads the finance, accounting, tax, analysis and financial reporting of the BlackGold Group's operations. He is also responsible for improving the Group's financial control systems and policies.

Prior to joining the BlackGold Group in 2012, Mr Budiono served as the head of finance & accounting at PT Vitadaya Harapan from August 2009 to December 2011, where he led the financial control, financial reporting, as well as tax planning and analysis of the company. He was responsible for developing the financial control system and policy of PT Vitadaya Harapan, including its integration with the company site office system.

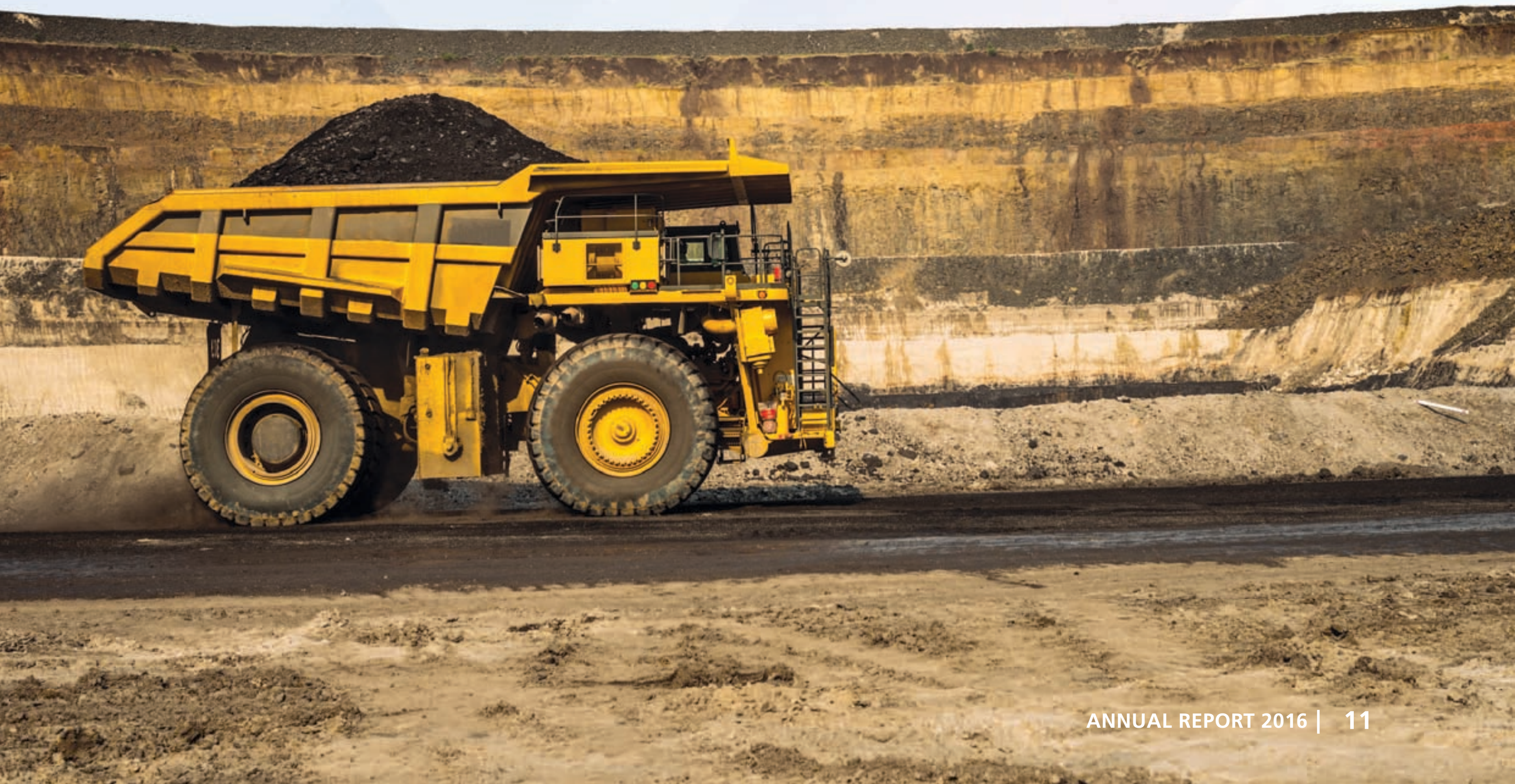
Mr Budiono graduated with a Bachelor of Accounting and Economics from Wijaya Kusuma University in August 1986. He is currently a member of the Ikatan Akuntan Indonesia, which is a member of the International Federation of Accountants.

JEREMY NG

Deputy Chief Financial Officer

Mr Ng is the Deputy Chief Financial Officer of the Group since 2015, and performs a key-supporting role to the Chief Financial Officer. From 2006 – 2010, he worked as an audit staff and was appointed as an audit manager of PricewaterhouseCoopers LLP. Prior to joining the BlackGold Group, he also served as the chief financial officer of a coal trading company based in China. Mr Ng is an associate member of the Institute of Singapore Chartered Accountants.

He graduated from Nanyang Technological University, Singapore, in 2002 and holds a Bachelor of Accountancy degree.



RISA HERISANA

Head Of Sales And Marketing

Mr Herisana is the Head of Sales and Marketing of the Group since 2015, and brings to the Group a wealth of experience in sales and marketing processes and commercial activities as well as experience in financing, logistics and project management and operational matters.

Mr Herisana is responsible for developing and leading the implementation of annual marketing plans with the goal of having a consistent sale increases over a period of time. He is also responsible for directing the development and implementation of the Group sales strategy that currently targets local clients with a view of expanding this to international clients. Prior to joining the Group in 2012, Mr Herisana was a project manager at PT Karya Anugrah Kusuma, where he developed his understanding of coal logistics and built his contacts within the industry.

Mr Herisana graduated with a Bachelor of Management from Widyatama University, Bandung in January 2004.

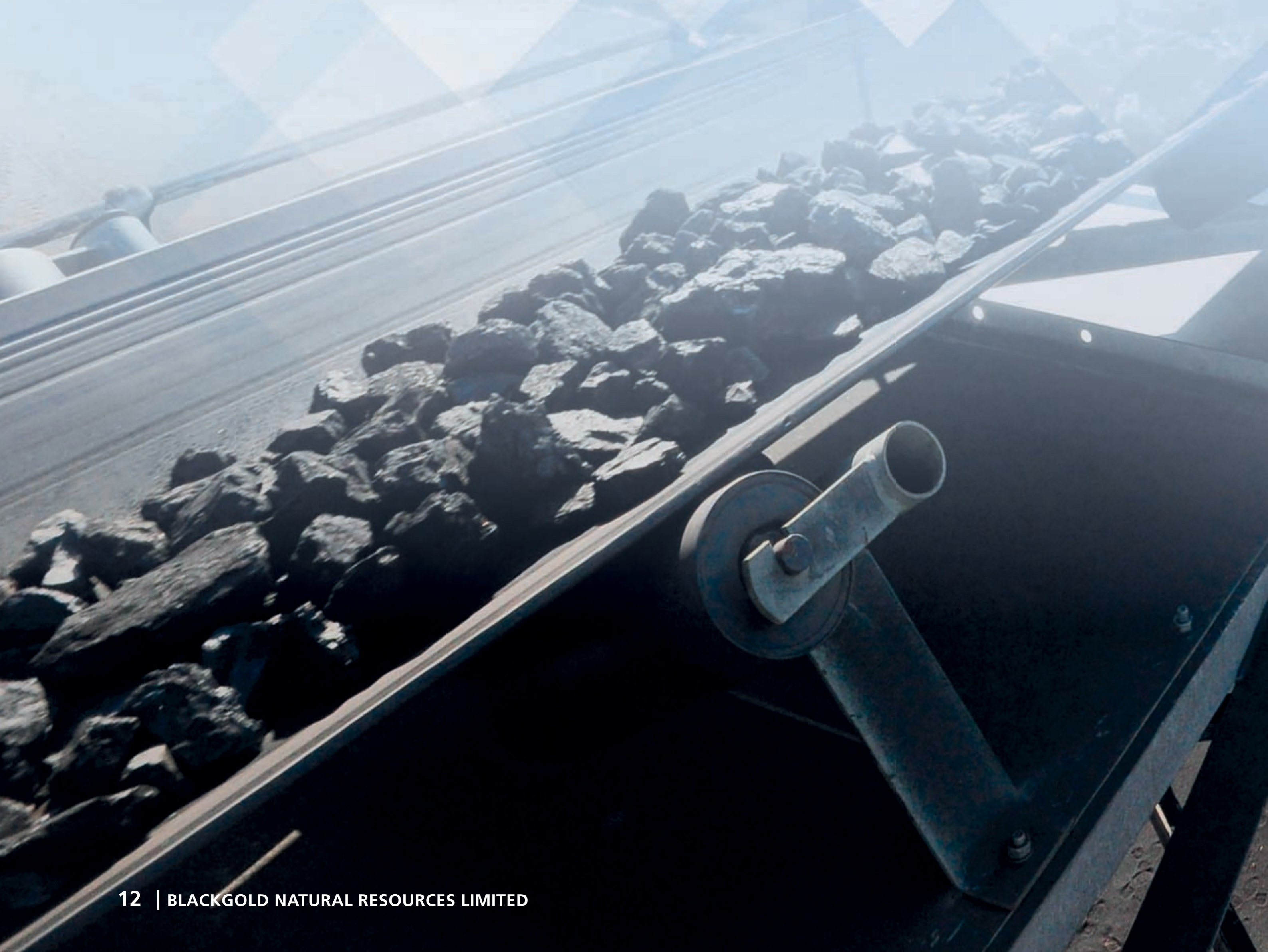
HANGGONO SAKTI

Head Of Mining And Exploration

Mr Sakti is the Head of Mining and Exploration of the Group since 2015. He is responsible for leading, coordinating, and supervising the exploration activities in the Group's Concessions. Mr Sakti manages a team of geologists and technical specialists in completing a wide range of geological tasks.

Mr Sakti is a qualified geologist and has been actively involved in numerous coal exploration programmes range from field geology, drilling, data management, programme direction and management, with roles in companies such as PT Karya Anugrah Kusuma from July 2011 to February 2012, PT Adidaya Tangguh from April 2011 to June 2011, and PT Indika Energy Group from June 2008 to February 2010.

Mr Sakti graduated with a Bachelor in Geology from the Sekolah Tinggi Teknologi Nasional Yogyakarta in April 2006.



LILI HARYANTO

Operations Director

Mr Haryanto is a qualified mining engineer with more than 30 years of experience. He joined the Group in 2016.

Mr Haryanto started his career in PT Astra International Group. Mr Haryanto served as supervisor of the rental division in United Tractors where he managed its clients' mining and construction activities. Thereafter, Mr Haryanto assumed the role of project manager in PT Allied Indo Coal's concession in Padang, overseeing an annual coal production of 3 million tonnes.

Mr Haryanto also served as the project manager in Adaro Indonesia for a coal-mine in Banjarmasin. Under his charge, the coal-mine was able to reach an annual coal production of 5 million tonnes. Mr Haryanto then joined PT Bukit Asam Tbk as its project manager for the Muara Tiga Besar coal mine overseeing an annual coal production of 3 million tonnes.

Recognized for his talents, Mr Haryanto was appointed by PT Pamapersada Nusantara, one of Indonesia's largest mining construction and contracting companies and part of the PT Astra International group, as its general manager for the training and development center; and was subsequently appointed as the head of health and safety.

Mr Haryanto graduated in 1998 from University of Sriwijaya majoring in Mining Engineering.

SUDIARSO PRASETIO

Consultant

An experienced civil engineer, Mr Prasetio brings to the Group more than 40 years of experience in the construction and mining industry, having had senior and managerial positions with responsibilities in construction, infrastructure, plant management, logistics, heavy machinery and finance. Mr Prasetio joined the Group in 2015.

Mr Prasetio was the president director of PT Pamapersada Nusantara, one of Indonesia's largest mining construction and contracting companies and part of the multi-billion dollar PT Astra International group. He was first appointed as a director of PT Pamapersada Nusantara in 1992, became its managing director in 1993, and was appointed as its president director in 1999. Mr Prasetio has led PT Pamapersada Nusantara through several milestones and contracts for construction, logging and mining service contracts in a multitude of natural resources. Under his stewardship, PT Pamapersada Nusantara grew to become one of Indonesia's largest mining contractors.

JOHANES BUDISUTRISNO KOTJO

Consultant

Mr Kotjo was the senior executive director of the Indonesia based Salim Group from 1983 to 1994. Mr Kotjo has more than 20 years of experience in merger and acquisitions transactions. He was the president commissioner of the IDX-listed PT Apac Citra Centerfex Tbk from 1995 to 2014. In 1994, Mr Kotjo went into his first resources venture together with a major mining player, Robert Friedland, and has been successfully investing into mining ventures such as Gold Field Resources, Diamond Field Fosset Bay and others. Mr Kotjo joined the Group in 2016.

Mr Kotjo graduated from Technical University of Berlin, Germany, majoring in Chemical Engineering.

CORPORATE SOCIAL RESPONSIBILITY

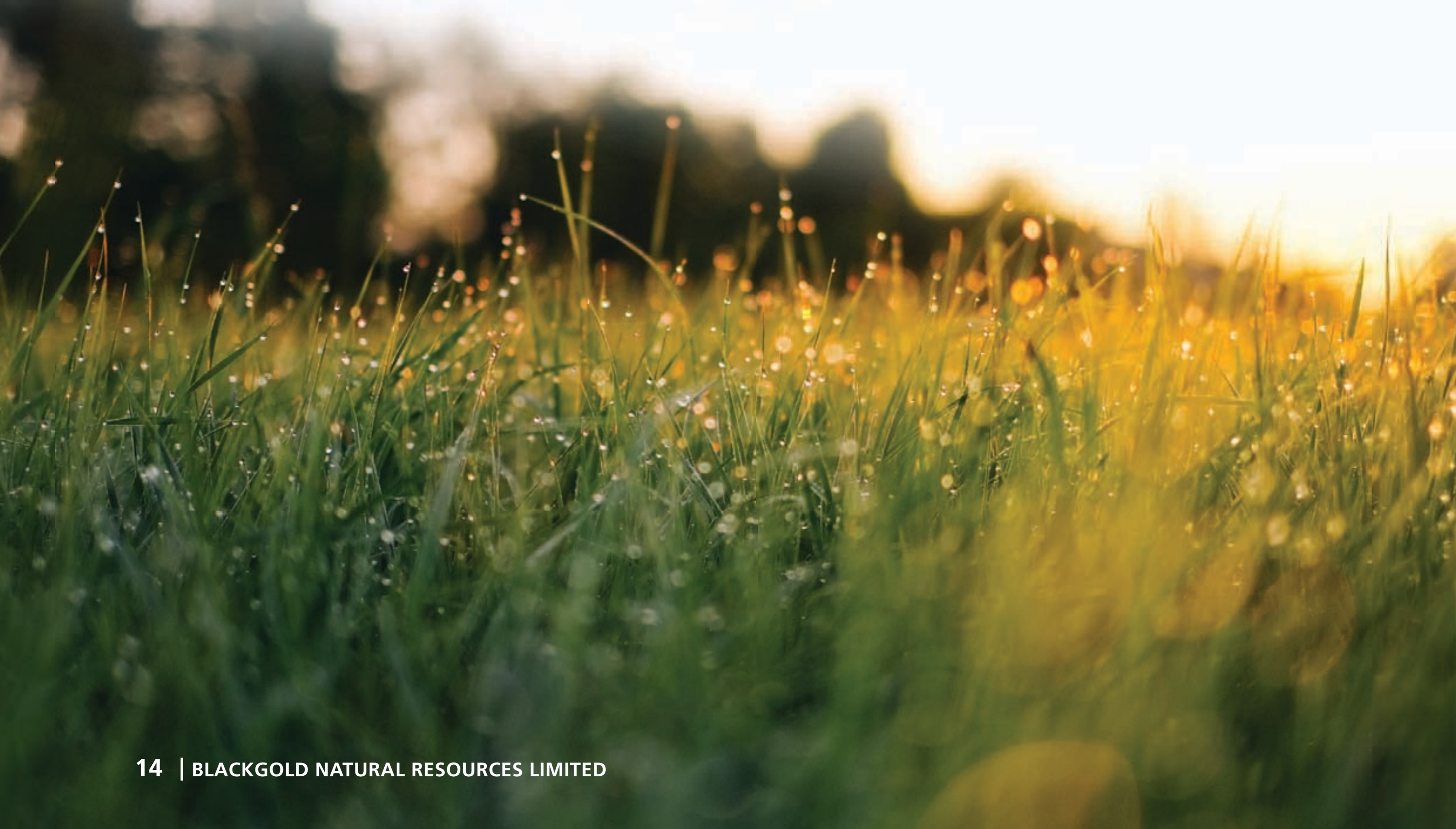
Corporate and Social Responsibility (“**CSR**”) has always been an integral part of BlackGold’s business. Our CSR strategies reflect our commitment to conducting sustainable business practices, and these strategies are anchored around four areas: Health and Safety, Our People, Community, and Environmental Care.

HEALTH AND SAFETY

BlackGold regards health and safety as a way of life. We understand that effective safety management contributes to operational excellence, and the Group strives to create and maintain an incident-free workplace. The Group demonstrates its commitment in maintaining this high standard by continuously improving the health and safety practices described in its Health, Safety and Environmental (“**HSE**”) Management System. The principal aspects of BlackGold’s HSE include:

- Comprehensive health check-ups - conducted annually for all workers and sub-contractors;
- Emergency Preparedness Plan - a comprehensive plan to guide our workers and sub-contractors on how to react during emergencies or accidents; and
- Safety Risk Management – a guide on how to control and minimize risks in situations that pose a safety hazard to our employees.

The significant efforts we put in ensuring the safety of all our workers have yielded satisfactory results, and we are pleased to report that we have achieved another year of zero severe injuries or fatalities in FY2016. We applaud the determination of our employees in maintaining high standards of health and safety excellence.



OUR PEOPLE

People are the cornerstone of our business, and we are committed to growing and nurturing our human resources. The Group invests in its employees through many professional development opportunities and training programmes for mining supervisors. We also believe in the importance of creating a work culture that encourages employee retention and instils motivation in our people. BlackGold provides safe working conditions, recognises outstanding performances, fosters team work and offers rewarding career growth.

COMMUNITY

We believe in maintaining a balance between the attainment of both our financial and CSR objectives. Our success depends on our ability to maintain the trust and relationships with the communities at our concessions, and we foster these relationships through various activities and programmes. During Ramadhan, the Group sponsored meals for a Fast-Breaking event that we held for the community. We also gave donations for other religious celebrations such as Christmas, and provided financial assistance to improve the infrastructure of religious buildings. The Group also improved access to clean drinking water for the local villagers through the drilling of a new well at a mosque in Peranap, Riau province, Indonesia.

Our commitment to enrich the lives of the community is demonstrated through the following initiatives:

- Supporting local business owners by procuring our food supplies directly from them; and
- Sponsoring the training of workers at the local community health centres so they can in turn provide better health services to the community.

The Group also recognises the importance of education and seeks to positively influence the community by providing scholarships for bright and motivated students.

ENVIRONMENTAL MANAGEMENT

It is BlackGold's main priority to protect the environment and minimize any impacts of its mining activities on it. Some of the Group's environmental management strategies that have been implemented include:

- Construction of a settling pond to eliminate acid water seepage from the mine and ensure proper water drainage. The pond will also be used to neutralize the pH level in the water prior to its discharge.
- Extensive use of dust suppression techniques to control the emanation of mining dust at the mine site.

The Group also has in place plans to rehabilitate the land through the use of protective top soil cover and the re-planting of native vegetation.

BUSINESS REVIEW

INCOME STATEMENT

Revenue & Gross Profits

The Group entered the production phase at its PT SB Concession during FY2016, producing a total of approximately 30,000 metric tonnes of coal. Revenue for the Group was generated from the PT SB Concession from which deliveries of coal to a Riau state-owned enterprise, were made.

Cost of goods sold ("**COGS**") for FY2016 consisted mainly of: mining contractor costs (including waste mining and coal mining), coal processing, government royalties, provision for mine reclamation and rehabilitation, depreciation and amortization of mining properties.

Gross profit amounting to approximately US$54 thousand and a gross profit margin of 17% were recorded in FY2016.

Key Expenses

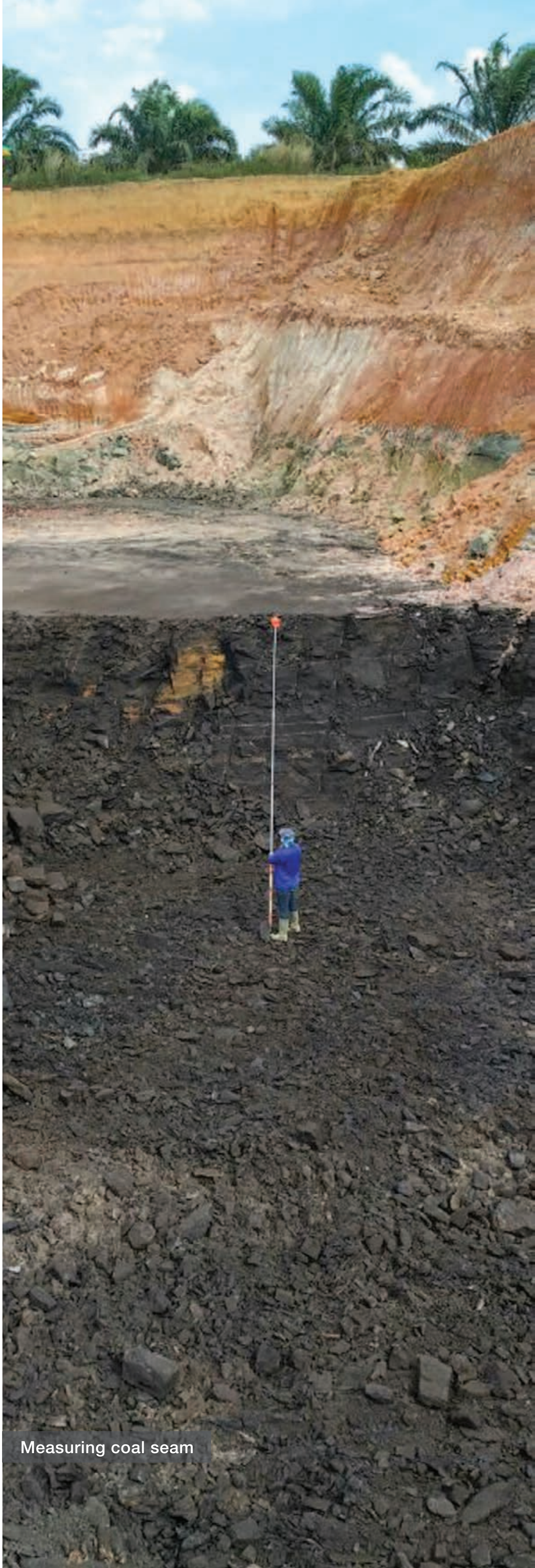
Administrative expenses rose 10% to US$3.7 million in FY2016 from US$3.3 million in FY2015, mainly as a result of the following:

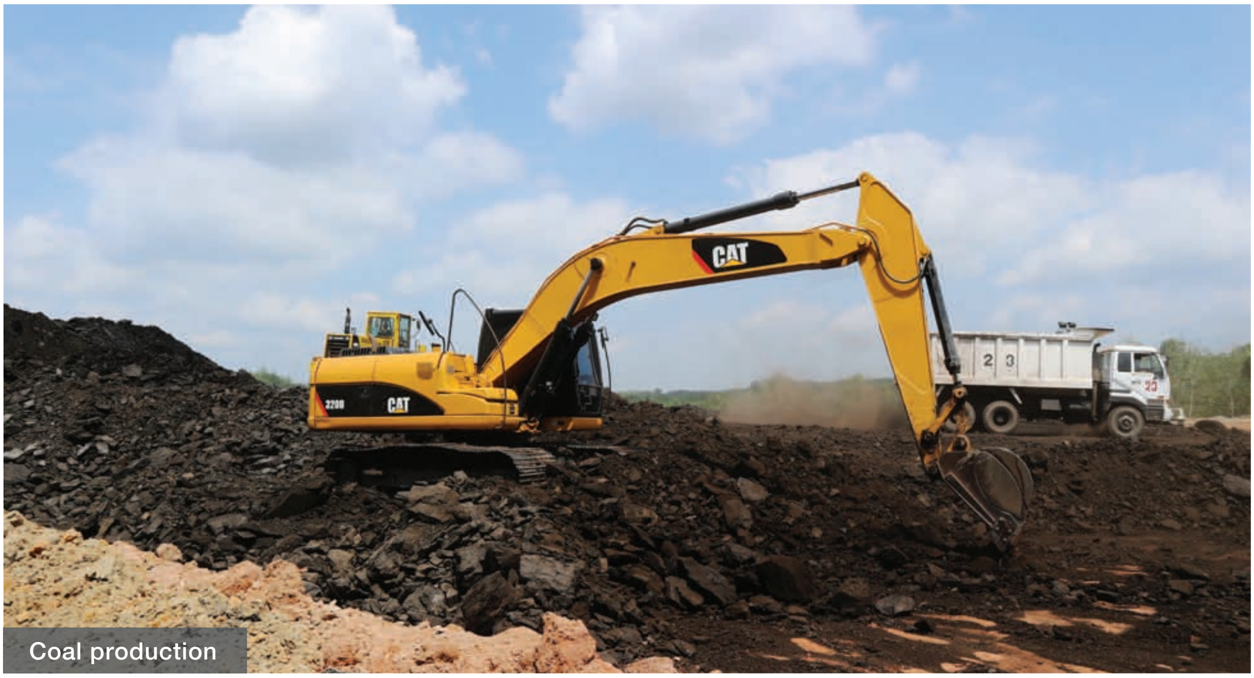
i) As the Group moved towards a ramp-up in its production activities, there were increases in headcount during FY2016 at the mining concession. Additionally, during FY2015, directors' fees were only recorded subsequent to completion of the RTO in March 2015, whilst during FY2016, directors' fees were accrued for a full 12-month period. As a result, employees' compensation and directors' fees increased by US$0.4 million in FY2016.

ii) An increase in legal and licensing expenses of US$0.1 million in respect of jetty and road utilization licences as the Group made steady progress towards the construction of its jetty and commencement of production at the PT SB mining concession.

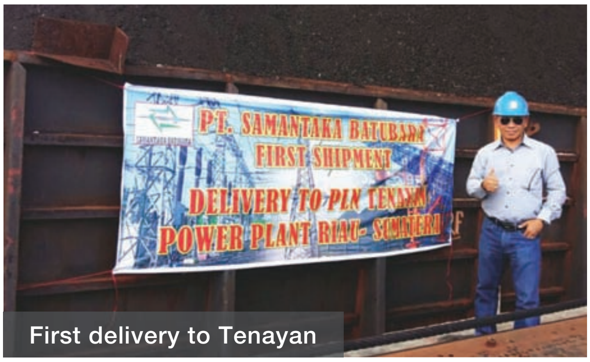
iii) An increase of US$0.6 million in other administrative expenses, mainly from recurring professional fees for a full 12-month period in FY2016 as compared to FY2015 during which these expenses started accruing only from March 2015 following completion of the RTO.

iv) The above increases were partially offset by a US$0.75 million reduction in geologist and survey expenses, as well as CSR expenses. Exploratory activities at the PT SB Concession had been completed as the concession enters


Measuring coal seam



Coal production



First delivery to Tenayan

Mining activities at PT SB Concession

the production phase of its operations. CSR expenses were higher during FY2015, as the Group had focused extensively on its CSR efforts towards the local communities in preparation for the commencement of its mining activities.

Other Expenses

Other expenses decreased by approximately 99% to US$12.0 thousand from US$26.0 million. The Group recorded one-time RTO expenses amounting to US$26.0 million as a result of the RTO in FY2015; these expenses were not incurred in FY2016.

Net Loss Before Tax

As a result of the above factors, the Group recorded a net loss of US$3.6 million for FY2016.

BALANCE SHEET

Total assets of the Group decreased by 8% to US$16.7 million as at 31 December 2016 from US$18.1 million as at 31 December 2015, mainly due to:

i) Decrease in current assets of 67% to US$3.8 million as at 31 December 2016 from US$11.5 million as at 31 December 2015, mainly due to the use of cash and cash equivalents for the Group's development and production activities amounting to US$2.4 million, and the capitalisation of US$1.3 million of prepayments into "property, plant and equipment" for the costs of jetty construction and freehold land. Certain prepayments amounting to US$4.15 million in respect of jetty construction and mining facilities were reclassified to non-current assets. This is due to higher certainty that these prepayments will be, in the foreseeable future, capitalised as "property, plant and equipment" and "mining properties", which are assets of a non-current nature.

ii) Increase in non-current assets of 96% to US$12.9 million as at 31 December 2016 from US$6.6 million as at 31 December 2015 due to additional costs capitalised in "mining properties" from the development of the Group's mining concessions of US$0.8 million, the transfer of capitalised costs of jetty construction costs and freehold land to "property, plant and equipment" of US$1.3 million. In addition, there was also a reclassification of prepayments for jetty construction and mining facilities, as mentioned in the paragraph above.

Total liabilities increased by 36% to US$6.8 million as at 31 December 2016 from US$5.0 million as at 31 December 2015, mainly due to:

i) Decrease in current liabilities of 45% to US$2.7 million as at 31 December 2016 from US$5.0 million as at 31 December 2015, mainly arising from the reclassification of Shareholders' Loans from "current liabilities" to "non-current liabilities" as the shareholders have extended the period wherein they will not demand for repayment of the loan (the "Non-Repayment Period") up to 9 March 2018. The decrease in current liabilities was partially offset by increases of US$0.6 million in accrued operating expenses and a US$0.7 million increase in trade and other payables from the Group's production activities.

ii) Increase in non-current liabilities of 198% to US$4.0 million as at 31 December 2016 from US$20.4 thousand as at 31 December 2015. This increase was due to a reclassification of Shareholders' Loans from "current liabilities" to "non-current liabilities" as noted above, and an additional drawdown of US$0.5 million on these loans.

CASH FLOW

During FY2016, the Group was mainly focused on developing the PT SB Concession for ramped-up production in FY2017. At the same time, it produced a modest amount of coal for delivery to one of its customers. As a result, the Group recorded net cash used in operating activities of US$2.6 million for FY2016, being the result of operating losses before changes in working capital of approximately US$3.3 million, adjusted for net working capital inflows of US$0.7 million.

Net cash used in investing activities in FY2016 was mainly due to cash used for purchase of fixed assets of US$37.0 thousand, advances and expenditure made in preparation for the Group's production activities of US$0.2 million.

Net cash provided by financing activities in FY2016 arose from a drawdown of Shareholders' Loans amounting to US$0.5 million.

BUSINESS OUTLOOK

The Group has commenced coal sales with regular deliveries to its two major customers from early 2017. It has since been making steady progress in ramping-up its production activities. During 2017, the Group raised placement proceeds of approximately S$15.0 million, demonstrating strong confidence in our business from investors. Additionally, our lending shareholders have, on 12 May 2017, demonstrated their continued commitment to the Group by extending the Non-Repayment Period of the Shareholders' Loans to 31 March 2019.

With the strong support received from new investors and existing shareholders, the Group remains focused on the expansion of its production capabilities and the continuation of regular coal deliveries to our major customers in Riau province, Sumatra.

COAL RESERVES AND RESOURCES

The following should be read in accordance with the Independent Qualified Person's Report ("**IQPR**") dated 10 August 2017, released on the SGXNET. Hard copies of the IQPR will be furnished to shareholders upon their request.

Name of Asset/Country: PT SB Concession / Indonesia
Effective date of Resources and Reserves estimates: 9 June 2017

		GROSS ATTRIBUTABLE TO LICENCE (1)		NET ATTRIBUTABLE TO ISSUER		
CATEGORY	MINERAL TYPE	TONNES (MILLION)	GRADE/ RANK	TONNES (MILLION)	GRADE/ RANK	CHANGE FROM PREVIOUS UPDATE (%) (4)
RESERVES (3)						
Proved	Coal	55	Lignite	55	Lignite	-
Probable	Coal	92	Lignite	92	Lignite	+104%
Total	**Coal**	**147**	**Lignite**	**147**	**Lignite**	**+227%**
RESOURCES (2&3)						
Measured	Coal	140	Lignite	140	Lignite	+324%
Indicated	Coal	250	Lignite	250	Lignite	+108%
Inferred	Coal	130	Lignite	130	Lignite	+136%
Total	**Coal**	**520**	**Lignite**	**520**	**Lignite**	**+150%**

Notes:
1. Licence refers to the PT SB Concession's Production Operations (IUP) licence.
2. Reported Coal Resources are inclusive of those Coal Resources converted to Coal Reserves.
3. Coal Resources and Reserves are reported in accordance with the JORC Code (2012).
4. The date of previous update was 30 April 2016.

In FY2016, the Group drilled a total of 19 drill holes with a total depth of 198 metres at the PT Samantaka Batubara Concession. In addition, infill drilling on a total area of approximately 50 hectares was conducted for the purpose of mine design verification. Total expenditure incurred for exploration activities in FY2016 amounted to US$126K. The Group commenced its production activities at its SB Mine Pit 1 in 1H2016. A total of approximately 30,000 metric tonnes of coal was produced during FY2016. Total expenditure incurred for production activities in FY2016 amounted to US$123K.

Name of qualified person: William (Bill) Park
Credentials: BSc (Geology), BEcon, MAusIMM

Name of qualified person: Chris Spiliopoulus
Credentials: BE (Mining), MAusIMM

CORPORATE INFORMATION

BOARD OF DIRECTORS

Intekhab Khan
*Independent Non-Executive Chairman**

Philip Cecil Rickard
Chief Executive Officer and Executive Director

James Rijanto
Executive Director

Nandakumar Ponniya
Lead Independent Director

Gerald Lim Thien Su
Independent Director

Bala Chandran
Independent Director

Bangun Madong Parulian Samosir
Independent Director

COMPANY SECRETARY

Prakash P Mulani

AUDIT COMMITTEE

Gerald Lim Thien Su *Chairman*

Nandakumar Ponniya

Intekhab Khan

NOMINATING COMMITTEE

Nandakumar Ponniya *Chairman*

Bala Chandran

Intekhab Khan

REMUNERATION COMMITTEE

Nandakumar Ponniya *Chairman*

Bala Chandran

Intekhab Khan

REGISTERED OFFICE

7 Temasek Boulevard #06-02A
Suntec City Tower 1
Singapore 038987
Tel: (65) 6884 4418
Fax: (65) 6884 4406
Website: http://www.blackgold-group.com

SHARE REGISTRAR

M&C Services Pte Ltd

112 Robinson Road
#05-01, Singapore 068902

AUDITORS

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424

AUDIT PARTNER-IN-CHARGE

Tham Tuck Seng

Appointed since the financial year ended 31 December 2015

PRINCIPAL BANKERS

DBS Bank Ltd
12 Marina Boulevard
DBS Asia Central
Marina Bay Financial Centre
Tower 3, Singapore 018982

SPONSOR

SAC Advisors Private Limited
1 Robinson Road
#21-02 AIA Tower
Singapore 048542

* Note: Mr Intekhab Khan was re-designated from Non-Executive Chairman to Independent Non-Executive Chairman with effect from 28 March 2016.

CORPORATE GOVERNANCE REPORT

CONTENTS OF CORPORATE GOVERNANCE REPORT

BlackGold Natural Resources Limited (the "Company", and together with its subsidiaries, the "Group") is committed to the highest standards of corporate governance and supports the principles of transparency, integrity and accountability advocated by the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Board of Directors (the "Board" or the "Directors") of the Group recognises the importance of corporate governance and is committed to maintaining high standards to safeguard the interests of the Company's shareholders and enhance corporate value and accountability by complying with the corporate governance practices, principles and guidelines contained in the Code of Corporate Governance 2012 (the "Code").

This report sets out the corporate governance practices that were adopted by the Group during the financial period from 1 January 2016 to 31 December 2016 ("FY2016") with specific reference to each of the principles of the Code. The Board confirms that, for FY2016, the Group adhered to the principles and guidelines set out in the Code, and where there were deviations from the Code, appropriate explanations are provided.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board oversees the Group's corporate governance together with the Management, led by the Chief Executive Officer, who are accountable to the Board. The Board is collectively responsible for promoting long-term shareholder value and making objective decisions in the best interests of the Company.

In addition to carrying out its statutory responsibilities, the Board's roles include:-

- Guiding and formulating the Group's overall long-term strategic plans, performance objectives as well as operational initiatives and ensure that the necessary financial and human resources are in place to meet its objectives;
- Establishing and overseeing the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Reviewing the performance of the management;
- Setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and duly met; and
- Assuming responsibility for corporate governance.

Delegation of authority by the Board

The Board Committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and the Remuneration Committee ("RC") support the Board in discharging its responsibilities. The AC, NC and RC have been constituted with clearly defined terms of reference, which are reviewed on a regular basis to ensure their continued relevance. Whilst these committees are delegated with certain responsibilities, ultimate responsibility and final decision on all matters remains with the Board. The effectiveness of each Board Committee is constantly monitored. Details on the Board Committees are set out in this Report.

Matters specifically referred to the Board for its approval include, but are not limited to, the following:-

- Quarterly results announcements;
- Annual results and accounts;
- Declaration of interim dividends and proposal for final dividends;
- Convening of shareholders' meetings;
- Authorisation for merger and acquisition transactions; and
- Authorisation of major transactions.

CORPORATE GOVERNANCE REPORT

Meetings of Directors

The Board and Board Committees meetings are scheduled and planned in advance and, at a minimum, the Board meets quarterly during the year to review and evaluate the Group's performance, and to address key policy matters. Ad-hoc meetings will be convened when circumstances require. Prior to the meeting, the Board will also receive management papers. When physical meetings are not possible, the Board and Board Committees may also make decisions by way of circulating written resolutions. The Company's constitution ("Constitution") has provisions for Board meetings to be held via teleconferencing or videoconferencing.

The attendance by each Director at the Board and Board Committees meetings held during the year ended 31 December 2016 are disclosed as follows:-

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Number of meetings held in FY2016:	4		4		1		1	
Name of Director	**No. of meetings to be attended**	**No. of meetings attended**	**No. of meetings to be attended**	**No. of meetings attended**	**No. of meetings to be attended**	**No. of meetings attended**	**No. of meetings to be attended**	**No. of meetings attended**
Intekhab Khan#	4	4	4	4	1	1	1	1
Philip Cecil Rickard	4	4	–	4*	–	–	–	–
James Rijanto	4	4	–	4*	–	–	–	–
Nandakumar Ponniya	4	4	4	4	1	1	1	1
Gerald Lim Thien Su	4	4	4	4	–	–	–	–
Bala Chandran	4	4	–	4*	1	1	1	1
Bangun Madong Parulian Samosir	4	3	–	3*	–	–	–	–

Notes:-

* By invitation

\# Mr Intekhab Khan was re-designated from Non-Executive Chairman to Independent Non-Executive Chairman on 28 March 2016.

Briefings, updates and training for Directors

Upon appointment, each new Director is issued with a formal letter of appointment setting out their roles, obligations, duties and responsibilities as a member of the Board. The Directors are given appropriate briefing when they were appointed to the Board. Appropriate programmes are conducted for all Directors appointed to ensure that they are familiar with the Company's business, operations, corporate governance practices and regulatory requirements. Newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore will be provided training in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection to their duties.

All Directors are encouraged to attend seminars, conferences and training courses for them to stay abreast of relevant new laws and regulations, as well as business development and industry outlook. Such conferences, seminars and training courses will be arranged and funded by the Company for the Directors.

During the year, the external auditors, Messrs PricewaterhouseCoopers LLP briefed the AC and the Board on developments in financial reporting standards. In addition, the Management updates the Board during the Board and Board Committees meetings on changes to relevant laws and regulations and on business and strategic developments relating to the Group's activities.

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises seven Directors of whom five (constituting more than half of the Board) are Independent Directors, details of the directorships are as follow:-

Name of Director	Designation	Audit Committee	Nominating Committee	Remuneration Committee
Intekhab Khan#	Independent Non-Executive Chairman	Member	Member	Member
Philip Cecil Rickard	Chief Executive Officer and Executive Director	–	–	–
James Rijanto	Executive Director	–	–	–
Nandakumar Ponniya	Lead Independent Director	Member	Chairman	Chairman
Gerald Lim Thien Su	Independent Director	Chairman	–	–
Bala Chandran	Independent Director	–	Member	Member
Bangun Madong Parulian Samosir	Independent Director	–	–	–

Mr Intekhab Khan was re-designated from Non-Executive Chairman to Independent Non-Executive Chairman on 28 March 2016.

With Independent Directors constituting more than half of the Board, the Board is satisfied that there is a strong and independent element on the Board. Each Director's independence is reviewed annually by the NC in accordance with the criterion provided by the Code. The Board exercises objective and independent judgment on the Group's affairs. No individual dominates the Board's decision-making.

The NC has reviewed and determined that the Independent Directors are independent. The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. None of the Independent Directors has served beyond nine years from the date of his first appointment.

The Board has examined its size and is satisfied that the current size of the Board is appropriate, taking into consideration the existing nature and scope of the operations of the Company.

The Board consists of individuals possessing a wide range of competencies, skills, experience and qualifications which are extensive and complementary, and include accounting, finance, business, legal as well as industry expertise and knowledge to effectively provide oversight of, and guide the Company's strategic direction. Profiles of the Directors are set out in the "Board of Directors" section of the Annual Report. The NC is satisfied that the current Board comprises persons as a group has core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective.

CORPORATE GOVERNANCE REPORT

The Non-Executive Directors provide, amongst other things, strategic guidelines to the Company based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy and review the performance of the Management in achieving agreed targets and objectives. To facilitate a more effective check on the Management, the Non-Executive Directors are encouraged to arrange meetings without the presence of Management when necessary.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

There is a clear division of executive duties and responsibilities in the Company. To ensure an appropriate balance of power and improved accountability to shareholders, the Code recommends that the roles of Chairman and Chief Executive Officer ("CEO") be held by separate persons. Mr Intekhab Khan and Mr Philip Cecil Rickard hold the roles of Independent Non-Executive Chairman (effective as at 28 March 2016) and Chief Executive Officer, respectively.

The Chairman is responsible for, *inter alia,* leading the Board to ensure its effectiveness, setting agenda for Board meetings, and ensuring adequate time for discussion, promoting openness and discussion during Board meetings, ensuring that Directors receive complete, adequate and timely information, ensuring effective communication with the shareholders, encouraging constructive relations within the Board and between the Board and the Management, facilitating effective contributions from the Directors and promoting high standards of corporate governance.

The CEO is responsible to the Board for the overall development of strategy, management and performance of the Company.

To ensure that shareholders' interests are protected, Mr Nandakumar Ponniya has been appointed as the Lead Independent Director of the Company. Shareholders will be able to consult the Lead Independent Director where they have concerns for which interactions through the normal channels of the Chairman of the Company has failed to resolve or for which such communications is considered inappropriate. Where necessary, the Lead Independent Director, together with the Independent Directors, will meet in the absence of other non-Independent Directors, and the Lead Independent Director will provide feedback to the Chairman if necessary. During the financial period under review, the Independent Directors, led by the Lead Independent Director, held various informal meetings and discussions among themselves without the presence of the other Directors, and had provided feedback to the Chairman.

4. BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises 3 Directors, all of whom are independent subsequent to the re-designation of Mr Intekhab Khan as at 28 March 2016 ("Re-designation"). The NC is chaired by Mr Nandakumar Ponniya. The NC is scheduled to meet at least once a year, or when necessary.

The NC's duties and functions are guided by its terms of reference, and include:-

- Reviewing and making recommendations to the Board on board appointments and re-nomination having regard to the Directors' contribution and performance;
- Reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;

- Determining annually whether a Director is independent, guided by guidelines of the Code;
- Assessing if a Director is able to and has been adequately carrying out his duties as a Director of the Company, especially where he has multiple board representations;
- Recommending the nomination of Directors who are retiring by rotation to be put forward for re-election; and
- Proposing objective criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

Each member of the NC shall abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance, his independence, or his re-nomination as a Director.

Selection and Appointment of New Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors. On an annual basis, the NC will conduct a review of the composition of the Board in terms of the size and mix of skills and qualifications of the Board members. Where necessary, the search and nomination process for new Directors will be through search companies, contacts or recommendations that go through the normal selection process. In the selection and nomination of new Directors, the NC establishes the key attributes that an incoming Director should have, based on attributes of existing Board members and the requirements of the Company.

The NC shall assess the suitability of the candidate based on his skills, knowledge and experience, and ensure he is aware of the expectations and the level of commitment required, before recommending the candidate to the Board. Upon review and recommendation by the NC to the Board, the new Director will be appointed by way of passing a board resolution.

Re-appointment of Directors

The Company's Constitution require that every Director retires once every three years and that one-third of Directors shall retire and subject themselves to re-election by shareholders at every annual general meeting of the Company ("AGM").

The NC recommended to the Board that Mr Philip Cecil Rickard, Mr Nandakumar Ponniya, and Mr Gerald Lim Thien Su, be nominated for re-appointment at the forthcoming AGM. In making its recommendation, the NC has considered, amongst others, the Directors' integrity, independent mindedness, contribution and performance (such as attendance, participation, preparedness and candour). The Board has accepted the recommendations of the NC and the retiring Directors will be offering themselves for re-appointment at the forthcoming AGM, and have abstained from both the NC's and the Board's deliberations of their respective re-appointments.

Director's Independence

The NC is charged with determining the independence of the Directors with reference to the guidelines set out in sections 2.3 and 2.4 of the Code.

In line with the guidance in the Code, the Board takes into account the existence of relationships or circumstances that are relevant in its determination as to whether a Director is independent, including the employment of a Director by the Company or any of its related corporations in the current or any of the past three financial years; an immediate family member of a Director who has been employed by the Company or its related corporations in any of the past three financial years; the acceptance by a Director of any significant compensation from the Company or any of its related corporations for the provision of services in the current or the past financial year, other than compensation for board service; and a Director being related to any organisation from which the Company or any of its subsidiaries received payments in excess of S$200,000 (the "Threshold") in the current or past financial year.

For the financial year under review, the Board, upon recommendation by the NC, is of the view that the Independent Directors are independent, and that, no individual or small group of individual dominates the Board's decision-making process.

Representations on Multiple Boards

The Company's current policy stipulates that a Director should not have in aggregate more than five listed companies' board representations, in order to be able to devote sufficient time and attention to the affairs of the Company, and to discharge his duties as a Director of the Company. Each of the Directors updated the Company of any changes in his external appointments and these changes are noted at the Board meetings.

The NC has reviewed and is satisfied that in FY2016, where Directors had other listed company board representations, the Directors have been able to devote sufficient time, resources and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company. There is no alternate Director being appointed to the Board for the financial year under review.

Key information on each Director, including his current directorship in other listed companies are set out in the "Board of Directors" section of this Annual Report.

Currently, the Company does not have alternate directors.

5. BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board, through the NC, implements an annual evaluation process to assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The Board has not engaged any external facilitator for this annual assessment of Board's effectiveness.

The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Board Committees and the contribution by each Director to the effectiveness of the Board. For the financial year under review, all Directors were requested to complete a Board Evaluation Form to assess the overall effectiveness of the Board and the Board Committees. The completed evaluations forms were collated and submitted to the NC for review before being submitted to the Board for discussion and determining areas for improvements to the Board's effectiveness. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The performance criteria for the Board are in respect of board size and composition, board processes and participation in meetings, Board's accountability, discharge of Board's functions and Board's access to information.

The performance criteria for evaluation of the individual Directors focuses on whether the Directors, both individually and collectively, bring to the Board independent and objective perspectives to enable sound, balanced and well-considered decisions to be made.

6. ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors have unrestricted access to the Company's records and information. The Management also furnishes the Board with regular accurate, timely and complete information to enable the Board to fulfil its responsibilities. The Directors are provided with Board papers in advance of each Board and Board Committee meeting to enable them to be properly informed of matters to be discussed and/or approved. These include matters relating to the financial, strategic plan and developments of the Group, as well as other matters for the information of the Board.

The Board has direct and independent access to Management and the Company Secretary at all times through email, telephone and face-to-face meetings.

The Company Secretary is present at all formal Board meetings to respond to the queries of any Director, to ensure that Board procedures are followed, and that the requirements under the Companies Act (Chapter 50 of Singapore) and all other regulations of the SGX-ST are complied with.

The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Where the Directors, whether individually or collectively, require independent professional advice in furtherance of their duties, will have access to such services. The cost of such independent professional advice will be borne by the Company.

7. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
8. LEVEL AND MIX OF REMUNERATION
9. DISCLOSURE ON REMUNERATION

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC comprises three Directors, all of whom, including the Chairman, are independent, subsequent to the Re-designation. The RC is chaired by Mr Nandakumar Ponniya. The RC will meet at least once a year or when necessary.

The RC is responsible for, amongst other:-

- Review and recommend a framework of remuneration policies to determine specific remuneration packages and terms of employments for the Directors and key executives; and
- Functioning as the committee to administer the BlackGold Employee Share Option Scheme as set out in the "Directors' Statement" section in this Annual Report.

CORPORATE GOVERNANCE REPORT

No individual Director shall be directly involved in deciding their own remuneration.

The NC has access to expert advice relating to executive compensation and remuneration matters where required, the cost of such independent professional advice will be borne by the Company. During the financial year, the RC did not require the services of an external remuneration consultant.

Annual reviews of the compensation and remuneration packages are conducted by the RC to ensure that the remuneration of the Executive Directors and key management personnel are commensurate with their performance, giving due regard to the size, complexity, financial health and current stage of production of the Group, and are competitive to recruit, retain and motivate the personnel.

The Independent Directors receive Directors' fees in accordance with a remuneration framework where each Director is paid a basic fee based on their level of responsibilities. The Chairman and Lead Independent Director are paid additional fees for their appointments commensurate with additional responsibilities associated with their appointments. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised, and the RC's recommendation for the Directors' fees had been endorsed by the entire Board, following which the recommendation is presented for shareholders' approval at the AGM.

Executive Directors are remunerated as members of Management, and do not receive Directors' fees. The Company has entered into service agreements with Mr Philip Cecil Rickard (Chief Executive Officer and Executive Director) and Mr James Rijanto (Chief Investment Officer and Executive Director) (together, the "Executive Directors") (the "Service Agreements"), for an initial term of three years from 10 March 2015. Upon expiry of the initial term of three (3) years, the employment of each Appointee shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. Pursuant to their respective Service Agreements, the remuneration packages of the Executive Directors comprise (i) a basic salary component; (ii) a fixed bonus in the amount equivalent to the basic monthly salary of the executive; and (iii) a variable component, where applicable, based on the performance of the Group as a whole. The variable bonus is calculated based on the Group's audited consolidated profit before income tax, excluding exceptional items, for the financial year. Please refer to the Circular dated 30 December 2014 issued in connection with the Reverse Takeover (the "Circular") for details. The Executive Directors and/or their associates will abstain from voting in respect of any resolution or decision to be made by the Board in relation to their terms and renewal of their respective Service Agreements. Each member of the RC shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package or that of employees related to him (if any).

The Board has reviewed the terms of their Service Agreements and is of the opinion that the remuneration of the Executive Directors and Management is competitive compared to the market rate for companies in a similar stage of production.

No termination or retirement benefits are granted to the Directors, CEO and key management personnel. The RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

A breakdown showing the level and mix of remuneration paid/payable to each individual Director or key executive for the financial year ended 31 December 2016 is as follows:-

Name of Director	Base Salary	Directors' Fee	Bonus	Provident Fund Contribution	Total
Between S$250,001 to S$500,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Philip Cecil Rickard	92	–	8	–	100
James Rijanto	92	–	8	–	100
Below S$250,000					
Intekhab Khan	–	100	–	–	100
Bala Chandran	–	100	–	–	100
Gerald Lim Thien Su	–	100	–	–	100
Nandakumar Ponniya	–	100	–	–	100
Bangun Madong Parulian Samosir	–	100	–	–	100

Name of Top 5 Management Personnel (who are not Directors or CEO)	Base Salary	Directors' Fee	Bonus	Provident Fund Contribution	Total
Below S$250,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Suherman Budiono	92	–	8	–	100
Jeremy Ng	85	–	7	8	100
Christian Johan	100	–	–	–	100
Risa Herisana	100	–	–	–	100
Natalia Hermanto	92	–	8	–	100

The Company is of the view that full disclosure of the specific remuneration of each Directors and key executives is not in the best interest of the Company due to reasons of commercial sensitivity.

For FY2016, the aggregate total remuneration paid to the top five management personnel (who are not Directors or CEO) was approximately S$515,500.

During the financial year ended 31 December 2016, there were no employees in the Group who were immediate family members of the Directors or the CEO.

A BlackGold Employee Share Option Scheme was approved by shareholders at an extraordinary general meeting of the Company held on 28 January 2015. During FY2016, no options have been granted under the BlackGold Employee Share Option Scheme. Details and terms of the scheme are set out in the "Directors' Statement" section of this Annual Report.

10. ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7H of the Catalist Rules to undertake to use their best endeavours to comply with the Catalist Rules and to procure that the Company shall so comply. Similar undertakings have been executed by the Executive Officers.

In presenting the quarterly and annual financial results to shareholders, it is the aim of the Board to include analyses in these reports of sufficient detail to provide a balanced and understandable assessment of the Company's financial performance, position and prospects. Management provides the Board with reports for planning, decision-making and review of consolidated quarterly and year-end performances for SGXNET and public announcements. The Board also provides shareholders with periodic updates and reports through announcements, where necessary, in relation to the business's developments.

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligation of continuing disclosure under the Catalist Rules.

11. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The AC conducts annual review to ensure the adequacy, sufficiency and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management.

The Group maintains an effective system of internal control and risk management to provide reasonable assurance against material financial misstatements of loss, including the safeguarding of assets, maintenance of proper accounting records and compliance with appropriate legislation and the identification and containment of business risks.

Information relating to risk management, objective and policies is set out on pages 71-76.

As the Group does not have a risk management committee, the Board and the Management assume the responsibility of the risk management function.

The Board notes that all internal controls systems contain inherent limitations and no system of internal control provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls of the Group are adequate and effective in addressing the financial, operational, information technology controls, compliance risks and risk management systems as at 31 December 2016.

The Board has also received the assurance of the CEO and the Chief Financial Officer that (a) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the risk management and internal control systems.

12. AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises 3 Directors, all of whom including the Chairman of the AC are independent subsequent to the Re-designation. The AC is chaired by Mr Gerald Lim Thien Su. The other committee members are Mr Intekhab Khan and Mr Nandakumar Ponniya.

The AC is guided by its terms of reference, its duties and functions include:-

- Reviewing with the internal and external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management's response and results of the audits conducted by the internal and external auditors;
- Reviewing the internal control and procedures and ensure coordination between the external auditors and Management;
- Monitoring the integrity of the financial information provided by the Company, assessing, and challenging, where necessary, the correctness, completeness, and consistency of financial information before submission to the Board for approval;
- Assessing the adequacy and effectiveness of the internal control systems established by Management to identify, assess, manage, and disclose financial, operational, compliance and information technology controls (including those relating to compliances with existing legislation and regulation);
- Monitoring and assessing the role and effectiveness of the internal audit function in the overall context of the Company's risk management system, including review of the internal auditors' reports on the effectiveness of the systems for internal control, financial reporting and risk management;
- In connection with the terms of engagement to the external auditors, making recommendations to the Board on the selection, appointment, re-appointment, and resignation of the external auditors based on a thorough assessment of the external auditors' functioning, and approve the remuneration and terms of engagement of the external audit;
- Monitoring and assessing the external auditors' independence annually and keep the nature and extent of non-audit services provided by the external auditors under review to ensure the external auditors' independence or objectivity is not impaired, and to nominate them for re-appointment;
- Reviewing the interested person transactions on a quarterly basis; and
- Assessing, at the end of the audit cycle, the effectiveness of the audit process.

The AC is given full access to and co-operation of the Management and has reasonable resources to enable it to discharge its function properly.

Annually, the AC will meet with the internal and external auditors without the presence of the Management as and when necessary to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors. The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Messrs PricewaterhouseCoopers LLP is the appointed external auditors of the Company. In FY2016, the aggregate amount of audit fees paid or payable to the Company's external auditors was S$220,000. The AC noted that there was no non-audit related work carried out by the external auditors for FY2016. The AC was satisfied that the external auditors had been objective and independent in the audit of the Group. Accordingly, the AC has recommended to the Board that, Messrs PricewaterhouseCoopers LLP be nominated for re-appointment as external auditors at the forthcoming AGM.

The AC is kept abreast by Management, the external and internal auditors on changes and updates to accounting standards, and other issues which could have a direct impact on the financial statements of the Group, if any, during FY2016.

A whistle-blowing policy has been in place since 2015 to promote the highest standards of business and personal ethics in the conduct of the Group's affairs. Under the whistle-blowing policy, employees and outsiders could, through defined and accessible channels, raise concerns in confidence about possible improprieties in matters of business activities, financial reporting or other matters to the Board. No such whistle-blowing matters were received during FY2016.

No former partner or director of the Company's auditing firm has acted as a member of the Company's Audit Committee.

13. INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Company's businesses and assets while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner.

For the financial year under review, as the size of the Group does not warrant an in-house internal audit function, the Company has outsourced its internal audit function to Nexia TS Risk Advisory Pte Ltd. Audit work performed by the internal auditors is guided by International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The internal auditors' primary line of reporting would be to the Chairman of the AC, although the internal auditors would also report administratively to the CEO.

Before the commencement of the internal audit, the internal auditors will propose an internal audit plan to the AC and obtain the approval from the AC before proceeding. The findings of such review are submitted to the AC for their review. Subsequent to the internal audit conducted, the findings and corresponding responses from the Management to address these findings were reported at the meeting of the AC.

For FY2016, the AC has reviewed the adequacy and effectiveness of the internal audit function of the Company, and is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The AC also reviews the internal audit reports as well as the remedial measures recommended by the internal auditors and adopted by Management to address any issues or inadequacies identified.

14. SHAREHOLDER RIGHTS
15. COMMUNICATION WITH SHAREHOLDERS
16. CONDUCT OF SHAREHOLDER MEETINGS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company communicates with shareholders and the investment community through timely release of announcements via SGXNET, including the Company's quarterly and full year financial results announcements. Financial results announcements and annual reports are announced or issued within the mandatory period prescribed. All information on the Company's new developments, as necessary, is communicated to shareholders equally and on a timely basis via SGXNET.

Shareholders are informed of general meetings through reports/circulars sent to all shareholders in addition to notices published in the newspapers, and the Company's announcements via SGXNET. All shareholders of the Company with an address in Singapore will be able to receive a copy of the Company's annual report and notices of general meetings.

At general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors or Management regarding the Company and the Group. Shareholders can have access to the Company's financial information as well as developments of the Company through its website at http://www.blackgold-group.com.

The Board and Management are present at these meetings to address any questions that shareholders may have. The Chairman of the AC, the NC and the RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. External auditors are also present to assist the Board in addressing queries by shareholders. All resolutions at the forthcoming AGM will be put to vote by poll, in compliance with the Catalist Rules to allow greater transparency and more equitable participation by shareholders. The proceedings of the AGM will be properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and these minutes will be available to shareholders upon their request.

The Company does not have a fixed dividend policy. The Board has reviewed and has not declared any dividend for FY2016 as the Company requires the existing cash to fund its operating activities.

17. DEALINGS IN SECURITIES

In compliance with Catalist Rule 1204(19) of the Catalist Rules, the Company has adopted an internal securities code of compliance to provide guidance to the Directors and all employees with regard to dealings in securities. All Directors and employees of the Company are advised by way of quarterly circulars to (i) not deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information and (ii) that they are required to report on their dealings in shares of the Company. The Company prohibits dealings in its shares by its Directors and employees during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the results.

Directors and employees are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price-sensitive information and they are not to deal in the Company's securities on short-term considerations.

The Group confirms that it has adhered to its internal securities code of compliance for FY2016.

18. INTERESTED PERSON TRANSACTIONS

The Company has adopted a policy in respect of any transactions with interested persons and has set out procedures such that all such transactions be at arm's length and reviewed by the AC quarterly.

The Company does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules for FY2016.

Save for interested person transactions with a value of less than S$100,000 each, there were no interested persons transactions entered into by the Group during FY2016.

Below is the table detailing the amount of Shareholders' Loans that was drawn down for the financial year ended 31 December 2016.

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$100,000) S$
	12M2016	**12M2016**
Twin Gold Ventures S.A.	Note 1	–

Note 1: During FY2016, certain subsidiaries in the Group had drawn-down a further amount of US$473,471 under these Shareholders' Loans facilities.

As at 31 December 2016, the total outstanding amount of the Shareholders' Loans is US$3,984,847. The Shareholders' Loans are non-interest bearing, unsecured, have no fixed terms of repayment but shall be repayable upon demand from the lenders.

19. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholders, either still subsisting at the end of FY2016, or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2015:-

1. Service Agreements entered into between the Executive Directors and the Company.
2. Loan agreement dated 20 December 2012 between Twin Gold Ventures S.A. ("Twin Gold Ventures") and BlackGold Energy Limited ("BGE") for a loan facility from Twin Gold Ventures to BGE for up to US$10 million. The loan is interest-free and unsecured.
3. Loan agreement dated 20 December 2012 between Twin Gold Ventures and BlackGold Asia Resources Pte. Ltd. ("BGA") for a loan facility from Twin Gold Ventures to BGA for up to US$10 million. The loan is interest-free and unsecured.
4. Loan agreement dated 20 December 2012 between Twin Gold Ventures and PT Samantaka Batubara ("PT SB") for a loan facility from Twin Gold Ventures to PT SB for up to US$10 million. The loan is interest-free and unsecured.
5. Loan agreement dated 26 March 2013 between Novel Creation Holdings Limited ("Novel Creation") and PT SB for a loan facility from Novel Creation to PT SB for up to US$10 million. The loan is interest-free and unsecured.
6. First Supplemental Deed dated 29 September 2014 between Twin Gold Ventures, Novel Creation (collectively, the "Lenders") and BGA, BGE and PT SB (collectively, the "Subsidiaries") to extend the Non-Repayment Period to 9 September 2016.
7. Second Supplemental Deed dated 31 March 2016 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 9 March 2018.

Material contracts (2) to (6) set out above were entered into prior to the completion of the Reverse Takeover on 10 March 2015, and details have been set out in the Circular. On 12 May 2017, the Subsidiaries have entered into a third supplemental deed with the Lenders to further extend the Non-Repayment Period to 31 March 2019 and the Lenders shall not demand for repayment of all or any part of the Shareholders' Loans on or before 31 March 2019.

20. SPONSORSHIP

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsorship fee paid to the Company's Sponsor, SAC Advisors Private Limited during FY2016.

21. UTILISATION OF PROCEEDS

With the completion of the recent placement on 6 July 2017, the Group has successfully raised a total of S$14.99 million from three share placements. As of 7 August 2017, the utilisation of the net proceeds from the Placements are as follows:

Intended use of net proceeds	**Allocation of net proceeds (S$'000)**	**Net proceeds utilised as of 7 August 2017 (S$'000)**	**Balance (S$'000)**
Development of a 2 x 300 megawatt mine-mouth power plant (the "Riau 1 Project")	4,458	89	4,369
General working capital	10,198	8,731	1,467
Total	**14,656**	**8,820**	**5,836**

Breakdown of proceeds used for general working capital is as follows:

Use of proceeds for working capital	**S$'000**
Administrative expenses, including employee remuneration, rental, payment to non-trade creditors and professional fees	3,138
Production-related activities, including payment to trade creditors	5,276
Payment of liabilities for property, plant and equipment	317
Total	**8,731**

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

In the opinion of the Directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 43 to 82 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are as follows:

Mr Intekhab Khan
Mr Philip Cecil Rickard
Mr James Rijanto
Mr Bala Chandran
Mr Gerald Lim Thien Su
Mr Nandakumar Ponniya
Mr Bangun Madong Parulian Samosir

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of Directors' shareholdings, none of the Directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31.12.2016	At 1.1.2016	At 31.12.2016	At 1.1.2016
BlackGold Natural Resources Limited				
(No. of ordinary shares)				
Mr Intekhab Khan(1)	–	–	**36,996,294**	36,996,294
Mr Philip Cecil Rickard(2)	–	–	**13,967,607**	13,967,607
Mr James Rijanto(3)	–	–	**13,967,607**	13,967,607

(1) Pursuant to Section 7 of the Companies Act, Mr Intekhab Khan is deemed to be interested in 36,996,294 shares held by Kaalasona Limited.
(2) Pursuant to Section 7 of the Companies Act, Mr Philip Cecil Rickard is deemed to be interested in 13,967,607 shares held by Cerenti Investments Ltd.
(3) Pursuant to Section 7 of the Companies Act, Mr James Rijanto is deemed to be interested in 13,967,607 shares held by Cerenti Investments Ltd.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The Directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2017 were the same as those as at 31 December 2016.

Share Options

At an Extraordinary General Meeting held on 28 January 2015, shareholders of the Company approved the BlackGold Employee Share Option Scheme (the "Scheme") for the granting of transferable options that are settled by issuance or transfer of the ordinary shares of the Company, as the employee may elect, in the name of the Central Depository (Pte) Limited ("CDP") for credit to the securities account of the employee maintained with CDP, the employee's securities sub-account with a CDP Depository Agent or the Central Provident Fund ("CPF") investment account maintained with a CPF agent bank.

During the financial year, there were:

(i) no options granted to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

The Remuneration Committee ("RC") is responsible for administering the Scheme. At the date of this report, the members of the RC are Mr Nandakumar Ponniya (Chairman of the RC), Mr Intekhab Khan, and Mr Bala Chandran.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Gerald Lim Thien Su (Chairman)
Mr Intekhab Khan
Mr Nandakumar Ponniya

All members of the Audit Committee were independent non-executive directors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing these functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Philip Cecil Rickard Director	James Rijanto Director

10 August 2017

INDEPENDENT AUDITOR'S REPORT

To the members of BlackGold Natural Resources Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of BlackGold Natural Resources Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2016;
- the balance sheet of the Group as at 31 December 2016;
- the balance sheet of the Company as at 31 December 2016;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT

To the members of BlackGold Natural Resources Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of deposits and prepayments, property, plant and equipment and mining properties (Note 3.3 to the financial statements) The Group has deposits and prepayments of US$7.65 million, property, plant and equipment of US$1.58 million and mining properties of US$4.94 million as at 31 December 2016, contained primarily within a coal mining concession of the Group. Management has performed an impairment assessment and concluded that no impairment charge was required to be recorded. As part of its impairment assessment, management has also relied on the indicative economic value of the coal mining concession in a report prepared by an Independent Qualified Person ("IQP"), an external, independent and qualified geologist. The report was prepared in accordance with The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code (2012)"). The key inputs used in arriving at the indicative economic value of the coal mining concession were coal price, production volume and operating costs. We focused on the impairment assessment of these deposits and prepayments, property, plant and equipment and mining properties because of the significant judgment required in estimating the coal price, production volume and operating costs.	Our procedures in relation to management's impairment assessment are as follows: • Discussed with management to understand their impairment assessment including the identification of indicator of impairment and determination of recoverable amounts; • Agreed the management's future cash flow projections to the IQP's report; • Assessed the appropriateness of the key inputs used in the determination of the indicative economic value of the coal mining concession; • Evaluated the competency, capability and objectivity of the IQP; and • Evaluated management's sensitivity analysis to assess the impact on the recoverable amount of the related deposits and prepayments, property, plant and equipment and mining properties by reasonable possible changes to the key inputs. Based on our work performed, we found the key inputs used to be appropriate and management's assessment to be reasonable.

INDEPENDENT AUDITOR'S REPORT

To the members of BlackGold Natural Resources Limited

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

To the members of BlackGold Natural Resources Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Tham Tuck Seng.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 10 August 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	2016 US$	2015 US$
Sales	4	**320,307**	–
Cost of sales	6	**(265,759)**	–
Gross profit		**54,548**	–
Other income	5	**18,626**	14,415
Currency translation losses - net		**(26,918)**	(217,781)
Expenses			
– Administrative	6	**(3,667,738)**	(3,325,311)
– Finance	6	**(332)**	(1,976)
– Others	6	**(12,541)**	(25,659,163)
Loss before income tax		**(3,634,355)**	(29,189,816)
Income tax expense	8	**(151)**	–
Loss for the financial year		**(3,634,506)**	(29,189,816)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**438,859**	(866,029)
Other comprehensive income/(loss), net of tax		**438,859**	(866,029)
Total comprehensive loss, net of tax		**(3,195,647)**	(30,055,845)
Loss attributable to:			
Equity holders of the Company		**(3,620,790)**	(29,169,478)
Non-controlling interests		**(13,716)**	(20,338)
		(3,634,506)	(29,189,816)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(3,188,590)**	(30,021,734)
Non-controlling interests		**(7,057)**	(34,111)
		(3,195,647)	(30,055,845)
Loss per share for loss attributable to equity holders of the Company (US Cents per share)			
Basic and diluted loss per share	9	**(0.46)**	(3.89)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET – GROUP

As at 31 December 2016

	Note	2016 US$	2015 US$
ASSETS			
Current assets			
Cash and cash equivalents	10	**123,541**	2,522,778
Trade and other receivables	11	**169,232**	85,866
Inventories	12	**34,270**	–
Deposits and prepayments	13	**3,503,550**	8,925,632
		3,830,593	11,534,276
Non-current assets			
Property, plant and equipment	18	**1,582,599**	251,548
Mining properties	16	**4,940,778**	–
Exploration and evaluation expenditure	15	**1,989,136**	6,123,360
Deposits and prepayments	13	**4,147,469**	–
Restricted cash	14	**190,052**	185,932
		12,850,034	6,560,840
Total assets		**16,680,627**	18,095,116
LIABILITIES			
Current liabilities			
Trade and other payables	19	**961,893**	260,138
Accrued operating expenses	20	**1,718,178**	1,158,669
Finance lease liabilities	23	**2,451**	2,365
Loans from shareholders	22	**–**	3,511,376
Current income tax liabilities	8	**37,952**	53,333
		2,720,474	4,985,881
Non-current liabilities			
Finance lease liabilities	23	**1,715**	4,261
Other non-current liabilities		**47,222**	16,157
Loans from shareholders	22	**3,984,847**	–
Provisions	21	**33,199**	–
		4,066,983	20,418
Total liabilities		**6,787,457**	5,006,299
NET ASSETS		**9,893,170**	13,088,817
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	**44,854,402**	44,854,402
Currency translation reserve		**(1,151,948)**	(1,584,148)
Accumulated losses		**(33,822,210)**	(30,201,420)
		9,880,244	13,068,834
Non-controlling interests		**12,926**	19,983
Total equity		**9,893,170**	13,088,817

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET – COMPANY

As at 31 December 2016

	Note	2016 US$	2015 US$
ASSETS			
Current assets			
Cash and cash equivalents	10	**81,472**	1,777,886
Other receivables	11	**14,193,433**	13,667,035
Prepayments	13	**7,149**	39,009
		14,282,054	15,483,930
Non-current assets			
Plant and equipment	18	**5,196**	8,442
Investments in subsidiaries	17	**123,409,681**	123,409,681
		123,414,877	123,418,123
Total assets		**137,696,931**	138,902,053
LIABILITIES			
Current liabilities			
Other payables	19	**951,665**	–
Accrued operating expenses	20	**276,329**	148,696
Current income tax liabilities		**73**	–
		1,228,067	148,696
Total liabilities		**1,228,067**	148,696
NET ASSETS		**136,468,864**	138,753,357
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	**159,951,597**	159,951,597
Currency translation reserve		**(706,456)**	(461,056)
Accumulated losses		**(22,776,277)**	(20,737,184)
Total equity		**136,468,864**	138,753,357

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Note	Share capital	Currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		← Attributable to equity	holders of the Company		→		
		US$	US$	US$	US$	US$	US$
2016							
Beginning of financial year		**44,854,402**	**(1,584,148)**	**(30,201,420)**	**13,068,834**	**19,983**	**13,088,817**
Loss for the year		–	–	(3,620,790)	(3,620,790)	(13,716)	(3,634,506)
Other comprehensive income for the year		–	432,200	–	432,200	6,659	438,859
Total comprehensive income/(loss) for the year		–	432,200	(3,620,790)	(3,188,590)	(7,057)	(3,195,647)
End of financial year		**44,854,402**	**(1,151,948)**	**(33,822,210)**	**9,880,244**	**12,926**	**9,893,170**

	Note	Share capital	Currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		← Attributable to equity	holders of the Company		→		
		US$	US$	US$	US$	US$	US$
2015							
Beginning of financial year		**2,053,109**	**(731,892)**	**(1,031,942)**	**289,275**	**45,412**	**334,687**
Loss for the year		–	–	(29,169,478)	(29,169,478)	(20,338)	(29,189,816)
Other comprehensive loss for the year		–	(852,256)	–	(852,256)	(13,773)	(866,029)
Total comprehensive loss for the year		**–**	**(852,256)**	**(29,169,478)**	**(30,021,734)**	**(34,111)**	**(30,055,845)**
Issue of placement shares		18,462,994	–	–	18,462,994	–	18,462,994
Share issue expenses		(557,471)	–	–	(557,471)	–	(557,471)
Shares issued to Arranger		10,731,216	–	–	10,731,216	–	10,731,216
Shares issued for Reverse Acquisition		14,164,554	–	–	14,164,554	–	14,164,554
Incorporation of a subsidiary		–	–	–	–	8,682	8,682
Total transactions with owners, recognised directly in equity		**42,801,293**	**–**	**–**	**42,801,293**	**8,682**	**42,809,975**
End of financial year		**44,854,402**	**(1,584,148)**	**(30,201,420)**	**13,068,834**	**19,983**	**13,088,817**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	2016 US$	2015 US$
Cash flows from operating activities			
Loss before tax		**(3,634,506)**	(29,189,816)
Adjustments for:			
– Depreciation	6	**19,581**	17,976
– Amortisation of mining properties		**3,715**	–
– Interest income	5	**(9,738)**	(11,234)
– Loss on disposal of subsidiaries	6	**–**	3,728
– Interest expense	6	**332**	1,976
– Acquisition costs arising from Reverse Acquisition	6	**–**	12,959,102
– Shares issued to Arranger	6	**–**	10,731,216
– Unrealised currency translation losses/(gains)		**338,852**	(697,131)
		(3,281,764)	(6,184,183)
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:			
– Inventories		**(33,529)**	–
– Deposits and prepayments		**(379,610)**	(39,328)
– Trade and other receivables		**(83,352)**	(55,601)
– Trade and other payables		**1,115,696**	353,120
– Other non–current liability		**30,707**	5,709
– Provisions		**33,199**	–
Cash generated from operations		**(2,598,653)**	(5,920,283)
Tax (paid)/refund		**(16,563)**	40,225
Net cash used in operating activities		**(2,615,216)**	(5,880,058)
Cash flows from investing activities			
Payment for exploration and evaluation expenditure	15	**(71,453)**	(2,695,224)
Advances for exploration and evaluation expenditure		**(133,110)**	(8,546,978)
Purchase of property, plant and equipment	18	**(36,817)**	(223,069)
Reverse Acquisition – net cash effect		**–**	1,184,129
Interest received		**9,738**	11,234
Net cash used in investing activities		**(231,642)**	(10,269,908)
Cash flows from financing activities			
Proceeds from shareholders' loan		**473,471**	705,819
Proceeds from issuance of placement shares		**–**	18,462,994
Share issue expenses		**–**	(557,471)
Repayment of lease liabilities		**(2,645)**	(4,259)
Net cash provided by financing activities		**470,826**	18,607,083
Net (decrease)/increase in cash and cash equivalents		**(2,376,032)**	2,457,117
Cash and cash equivalents			
Beginning of financial year	10	**2,522,778**	44,339
Effects of currency translation on cash and cash equivalents		**(23,205)**	21,322
End of financial year	10	**123,541**	2,522,778

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

BlackGold Natural Resources Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 7 Temasek Boulevard, Suntec Tower One, #06-02A, Singapore 038987.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods – coal

Revenue from these sales is recognised when the Group has delivered the coal to locations specified by its customers and the customers have accepted the coal in accordance with the sales contract.

(b) Interest income

Interest income is recognised using the effective interest method.

2. Significant accounting policies (continued)

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Freehold land

Freehold land is initially recognised at cost. It is subsequently carried at the revalued amount less accumulated impairment losses.

Freehold land is revalued by independent professional valuers whenever their carrying amounts are likely to differ materially from their revalued amounts.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase are recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(a) *Measurement* (continued)

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) *Depreciation*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Motor vehicles	5 years
Furniture and fittings	3 – 5 years
Equipment	3 – 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.6 Mining properties

Mining properties are stated at cost less accumulated amortisation, and include costs transferred from exploration and evaluation expenditure once technical feasibility and commercial viability of an area of interest are demonstrable, and subsequent costs to develop the mine to the production phase.

The mining properties balance are amortised using the units-of-production method based on estimated coal reserves from commencement of commercial production.

2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets

Property, plant and equipment, mining properties, exploration and evaluation expenditure and investments in subsidiaries

Property, plant and equipment, mining properties, exploration and evaluation expenditure and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

Loans and receivables are presented as "deposits and prepayments" (Note 13), "trade and other receivables" (Note 11), "cash and cash equivalents" (Note 10) and "restricted cash" (Note 14) on the balance sheet.

(a) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Loans and receivables are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(b) *Initial measurement*

Loans and receivables are initially recognised at fair value plus transaction costs.

(c) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.9 Loans and receivables (continued)

(c) *Subsequent measurement* (continued)

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

(d) *Impairment*

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.10 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

(i) the rights of tenure of exploring and evaluating an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

(ii) exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or in relation to the area are continuing.

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective area and is reviewed at the end of each accounting period. Exploration and evaluation expenditure in respect of an area of interest, which has been abandoned, or for which a decision has been made by the Company's Directors against the commercial viability of the area of interest are written-off in the period the decision is made.

Exploration and evaluation expenditure represents the accumulated costs relating to general investigation, administration and licensing, geology and geophysics expenditures.

Exploration and evaluation costs are assessed for impairment if facts and circumstances indicate that impairment may exist and are also tested yearly for impairment once commercial reserves are found.

Cash flows associated with exploration and evaluation expenditure are classified as investing activities in the consolidated statement of cash flows.

2. Significant accounting policies (continued)

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Leases

The Group leases equipment under finance and operating leases from non-related parties.

(a) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprised direct labour, other direct costs and amortisation of mining properties. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

2. Significant accounting policies (continued)

2.15 Income taxes (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.17 Mine reclamation and rehabilitation

Mine reclamation and rehabilitation expenditures are costs associated with mine reclamation during the mine operation period, mine closure and decommissioning and demobilisation of facilities and other closure activities.

Provision for estimated costs of mine reclamation and rehabilitation and provision for mine closure are recorded on an incremental basis based on the quantity produced. The rate used is subject to a regular review based on mine reclamation and mine closure plans.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2. Significant accounting policies (continued)

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars. The functional currency of the Company is Singapore Dollars.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "currency translation losses – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2. Significant accounting policies (continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

The Executive Committee ("Exco") is the Group's chief operating decision maker. Exco comprises the Chief Executive Officer, the Chief Financial Officer, head of mining and exploration and head of infrastructure and facilities. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decision, allocate resources and assess performance.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and cash at bank which are subject to an insignificant risk of change in value.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Uncertain tax positions

The Group is subject to income taxes in Singapore and Indonesia. The Group operates in jurisdictions where legislative applications can give rise to uncertain tax positions. Management believes that the current tax positions taken by the Group are appropriate and supportable by expert advice where relevant.

In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

3.2 Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of proved, probable and inferred coal resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to coal prices. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. The carrying value of assets within each area of interest are reviewed regularly taking into consideration the available facts and circumstances, and to the extent to which the capitalised value exceeds its recoverable value. The excess of capitalised value over the recoverable amount should be written off and this will reduce profits and net assets in the period in which this determination is made.

3. Critical accounting estimates, assumptions and judgements (continued)

3.2 Exploration and evaluation expenditure (continued)

Management is of the opinion that there is no objective evidence or indication that there was impairment as at 31 December 2016. The carrying amount of the Group's exploration and evaluation expenditure at 31 December 2016 was US$1,989,000 (2015: US$6,123,000) (Note 15).

3.3 Impairment of deposits and prepayments, property, plant and equipment and mining properties

The Group assesses at each balance sheet date whether there is any objective evidence that the deposits and prepayments, property, plant and equipment and mining properties are impaired. For the purpose of impairment testing, the recoverable amount is determined for the CGU to which the asset belong. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The Group has deposits and prepayments of US$7.65 million, property, plant and equipment of US$1.58 million and mining properties of US$4.94 million as at 31 December 2016, contained primarily within a coal mining concession of the Group.

Management has performed an impairment assessment and concluded that no impairment charge was required to be recorded. As part of its impairment assessment, management has also relied on the indicative economic value of the coal mining concession in a report prepared by an Independent Qualified Person ("IQP"), an external, independent and qualified geologist. The report was prepared in accordance with The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code (2012)").

The key inputs used in arriving at the indicative economic value of the coal mining concession were coal price, production volume and operating costs.

As at 31 December 2016, any reasonable possible change to the key inputs is not likely to cause the recoverable amounts of deposits and prepayments, property, plant and equipment and mining properties to be below the respective carrying amounts.

3.4 Impairment of investment in subsidiaries and other receivables

The investment in subsidiaries held by the Company represents the fair value of consideration paid by the Company to acquire the BlackGold Group. The carrying amount of investment in subsidiaries and other receivables of the Company was US$123 million and US$14 million as at 31 December 2016, respectively. Management is of the view that the recoverable amount of the investment in subsidiaries and other receivables is the fair value of the mining concessions held by the BlackGold Group. The Company assesses at each balance sheet date whether there is objective evidence that the investment in subsidiaries and other receivables are impaired and recognises an impairment charge when such evidence exists.

If the discount rate was to increase by 0.25%, the Company would have recognised an impairment charge of US$2 million.

3.5 Provisions for mine reclamation and rehabilitation

The Group's accounting policy for the recognition of provision for mine reclamation and rehabilitation requires significant estimates and assumptions, such as requirement of the relevant legal and regulatory framework; the magnitude of possible land disturbance and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. The carrying amount of the provision for mine reclamation and rehabilitation at the end of the financial year is disclosed in Note 21.

4. Revenue

	Group	
	2016	**2015**
	US$	**US$**
Sale of coal	**320,307**	–

5. Other income

	Group	
	2016	**2015**
	US$	**US$**
Interest income	**9,738**	11,234
Wage credit scheme	**2,894**	3,181
Others	**5,994**	–
	18,626	14,415

The Wage Credit Scheme ("WCS") was introduced in Budget 2013 as a 3 years scheme under which the Government co-funds 40% of the wage increases that are given to Singaporean employees over 2013 to 2015. Only Singaporean employees who earn a gross monthly wage of up to S$4,000 will qualify for WCS and the amount an employer can receive would depend on the fulfilment of the conditions as stated in the scheme.

In Budget 2015, it was announced that the WCS would be extended for 2 years (2016 to 2017), to give companies more time to adjust to rising wages in the tight labour market. New wage increases given from 2016 to 2017 will be co-funded at 20% instead of 40%, to ensure sustainability of wage increases as the scheme is eventually phased out.

6. Expenses by nature

	Group 2016 US$	Group 2015 US$
Mining costs	**265,759**	–
Employment compensation (Note 7)	**1,182,014**	855,518
Directors' fees	**324,578**	266,666
Medical expenses	**9,151**	2,542
Depreciation of property, plant and equipment (Note 18)	**19,581**	17,976
Travelling expenses	**155,724**	123,209
Licensing and compliance costs	**342,913**	213,451
Sponsor fees	**86,916**	41,420
Legal expenses	**14,228**	40,130
Rental expenses	**195,091**	161,061
Representative expenses	**78,976**	51,892
Corporate social responsibility expenses	**–**	208,438
Professional fees	**822,849**	393,095
Geologist and surveyor fees	**40,283**	581,076
Stamp duty fees	**–**	251,071
Professional fees in connection with the Reverse Acquisition	**–**	1,719,162
Shares issued to Arranger	**–**	10,731,216
Acquisition costs arising from Reverse Acquisition	**–**	12,959,102
Loss on disposal of subsidiaries	**–**	3,728
Interest expense	**332**	1,976
Printing and supplies	**32,940**	30,950
Others	**375,035**	332,771
Total expenses	**3,946,370**	28,986,450

7. Employee compensation

	Group 2016 US$	Group 2015 US$
Wages and salaries	**1,119,724**	827,181
Other benefits	**31,346**	5,709
Employer's contribution to defined contribution plans including Central Provident Fund	**30,944**	22,628
	1,182,014	855,518

8. Income taxes

(a) Income tax expense

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2016	2015
	US$	US$
Loss before tax	**(3,634,355)**	(29,189,816)
Tax calculated at tax rate of 17% (2015: 17%)	**(617,840)**	(4,962,269)
Effects of:		
– different tax rates in other countries	**(60,374)**	(89,233)
– expenses not deductible for tax purposes	**668,449**	5,040,369
– income not subject to tax	**9,916**	11,133
Tax charge	**151**	–

(b) The tax charge relating to each component of other comprehensive income is as follows:

Group		2016			2015	
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
	US$	US$	US$	US$	US$	US$
Currency translation differences arising from consolidation of subsidiary	**438,859**	**–**	**438,859**	(866,029)	–	(866,029)
Other comprehensive income	**438,859**	**–**	**438,859**	(866,029)	–	(866,029)

(c) Tax payables

	Group	
	2016	2015
	US$	US$
Indonesian income tax:		
– Withholding tax	**37,879**	53,333
Singapore income tax:		
– Income tax	**73**	–
	37,952	53,333

Under tax laws in Indonesia, the Group is required to withhold income tax on certain types of income earned by resident taxpayers or Indonesia permanent residents.

9. Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2016	2015
Net loss attributable to equity holders of the Company (US$)	**(3,620,790)**	(29,169,478)
Weighted average number of ordinary shares outstanding for basic earnings per share	**788,708,783**	750,710,194
Basic loss per share (US Cents per share)	**(0.46)**	(3.89)

(b) Diluted loss per share

The basic loss per share for the period ended 31 December 2015 and financial year ended 31 December 2016 is the same as the respective diluted loss per share, as there were no potential dilutive ordinary shares in existence during the period ended 31 December 2015 and financial year ended 31 December 2016.

10. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Cash at bank and on hand	**123,541**	2,522,778	**81,472**	1,777,886

11. Trade and other receivables – current

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Trade receivables				
– Non-related parties	**7,694**	–	–	–
Other receivables				
– non-related parties	**152,664**	77,184	**5,465**	42,609
– subsidiaries	–	–	**14,187,968**	13,624,426
– non-controlling shareholder of a subsidiary	**8,874**	8,682	–	–
	169,232	85,866	**14,193,433**	13,667,035

Non-trade receivables due from subsidiaries and non-controlling shareholder of a subsidiary are unsecured, interest-free and repayable on demand.

12. Inventories

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Coal, at cost	**34,270**	–	–	–

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US$265,759 (2015: Nil).

13. Deposits and prepayments

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Current				
Deposits	**21,352**	–	–	–
Prepayments	**3,482,198**	8,925,632	**7,149**	39,009
	3,503,550	8,925,632	**7,149**	39,009
Non-current				
Prepayments	**4,147,469**	–	–	–
	7,651,019	8,925,632	**7,149**	39,009

Prepayments of the Group primarily consist of down payments made for exploration and evaluation activities and acquisition of plant and equipment in connection with the mining activities.

14. Restricted cash

	Group	
	2016	2015
	US$	US$
Time deposit	**190,052**	185,932

Restricted cash equivalents represents security deposit placed in Bank Kepulauan Riau until the expiry of the Mining Business Licence (Izin Usaha Pertambangan, "IUP") as required by the Department of Mining and Energy of the Regency of Riau, Indonesia. The expiry date of the IUP is 26 February 2023.

Interest rates on time deposit during 31 December 2016 were 6.0% (2015: 6.0%) per annum.

15. Exploration and evaluation expenditure

	Group	
	2016	**2015**
	US$	**US$**
Beginning of the financial year	**6,123,360**	3,799,838
Expenditure capitalised during the financial year	**934,790**	2,695,224
Reclassification to mining properties (Note 16)	**(4,945,234)**	–
Depreciation capitalised during the financial year	**11,792**	11,987
Currency translation losses	**(135,572)**	(383,689)
End of the financial year	**1,989,136**	6,123,360

Exploration and evaluation expenditure are assessed for impairment when facts and circumstances indicate that the carrying amount of the exploration and evaluation expenditure may exceed its recoverable amount. Management believes that there was no impairment indicator in relation to the exploration and evaluation expenditure as at 31 December 2016.

16. Mining properties

	Group	
	2016	**2015**
	US$	**US$**
Cost		
Beginning of the financial year	**–**	–
Reclassification from exploration and evaluation expenditure	**4,945,234**	–
End of financial year	**4,945,234**	–
Accumulated amortisation		
Beginning of the financial year	**–**	–
Amortisation charge	**4,456**	–
End of financial year	**4,456**	–
Net carrying value at end of the financial year	**4,940,778**	–

Amortisation expense is initially recognised under "inventories" and subsequently transferred to the consolidated statement of comprehensive income under the "cost of sales" line item.

17. Investments in subsidiaries

	Company 2016 US$	Company 2015 US$
Equity investments at cost		
Beginning of financial year	**123,409,681**	3,980,018
Impairment	–	(3,972,652)
Disposals	–	(7,366)
Additions	–	123,409,681
End of financial year	**123,409,681**	123,409,681

The Group had the following subsidiaries as at 31 December 2016 and 2015:

	Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by Group 2016 %	Proportion of ordinary shares directly held by Group 2015 %	Proportion of ordinary shares directly held by non-controlling interests 2016 %	Proportion of ordinary shares directly held by non-controlling interests 2015 %
	Held by the Company						
1	BlackGold Asia Resources Pte. Ltd.[(a)]	Investment holding	Singapore	**100**	100	–	–
2	BlackGold Energy Limited[(c)]	Investment holding	Hong Kong	**100**	100	–	–
3	BlackGold Power Pte. Ltd.[(a)]	Investment holding	Singapore	**100**	100	–	–
	Held by the subsidiaries						
4	PT BlackGold Energy Indonesia[(b)]	Investment holding	Indonesia	**99**	99	**1**	1
5	PT BlackGold Energy Power[(b)]	Investment holding	Indonesia	**99**	99	**1**	1
6	PT Samantaka Batubara[(b)]	Coal mining	Indonesia	**99**	99	**1**	1
7	PT Ausindo Prima Andalas[(b)]	Coal mining	Indonesia	**99**	99	**1**	1
8	PT Ausindo Andalas Mandiri[(b)]	Coal mining	Indonesia	**99**	99	**1**	1

(a) Audited by PricewaterhouseCoopers LLP, Singapore
(b) Audited by KAP Tanudiredja, Wibisana, Rintis dan Rekan, PwC Indonesia for the purpose of preparation of consolidated financial statements of the Group
(c) Audited by Heng & Tan, Certified Public Accountants, Hong Kong

The Directors are of the view that the non-controlling interests in subsidiaries are not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

18. Property, plant and equipment

	Freehold Land US$	Motor vehicles US$	Furniture and fittings US$	Equipment US$	Assets under construction US$	Total US$
Group						
2016						
Cost						
Beginning of financial year	–	57,426	10,794	58,948	207,394	334,562
Additions	497,833	–	–	36,817	822,070	1,356,720
Currency translation differences	–	1,272	(239)	(242)	4,596	5,387
End of financial year	497,833	58,698	10,555	95,523	1,034,060	1,696,669
Accumulated depreciation						
Beginning of financial year	–	41,339	7,860	33,815	–	83,014
Depreciation charge	–	11,931	2,590	16,852	–	31,373
Currency translation differences	–	725	(298)	(744)	–	(317)
End of financial year	–	53,995	10,152	49,923	–	114,070
Net book value						
End of financial year	**497,833**	**4,703**	**403**	**45,600**	**1,034,060**	**1,582,599**

	Motor vehicles US$	Furniture and fittings US$	Equipment US$	Assets under construction US$	Total US$
Group					
2015					
Cost					
Beginning of financial year	62,767	10,772	48,878	–	122,417
Additions	981	718	13,976	207,394	223,069
Currency translation differences	(6,322)	(696)	(3,906)	–	(10,924)
End of financial year	57,426	10,794	58,948	207,394	334,562
Accumulated depreciation					
Beginning of financial year	33,289	4,706	21,802	–	59,797
Depreciation charge	11,987	3,608	14,368	–	29,963
Currency translation differences	(3,937)	(454)	(2,355)	–	(6,746)
End of financial year	41,339	7,860	33,815	–	83,014
Net book value					
End of financial year	**16,087**	**2,934**	**25,133**	**207,394**	**251,548**

18. Property, plant and equipment (continued)

Depreciation charge of US$11,792 (2015: US$11,987) has been capitalised in "exploration and evaluation expenditure" (Note 15).

	Equipment US$
Company	
2016	
Cost	
Beginning of financial year	**9,385**
Additions	**–**
Currency translation differences	**(208)**
End of financial year	**9,177**
Accumulated depreciation	
Beginning of financial year	**943**
Depreciation charge	**3,207**
Currency translation differences	**(169)**
End of financial year	**3,981**
Net book value	
End of financial year	**5,196**

	Equipment US$
Company	
2015	
Cost	
Beginning of financial year	–
Additions	9,352
Currency translation differences	33
End of financial year	9,385
Accumulated depreciation	
Beginning of financial year	–
Depreciation charge	950
Currency translation differences	(7)
End of financial year	943
Net book value	
End of financial year	**8,442**

19. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Other payables to:				
– non-related parties	**549,722**	260,138	**154,641**	–
– subsidiaries	**–**	–	**503,359**	–
Remuneration payable to:				
– Directors	**192,000**	–	**192,000**	–
– others	**60,000**	–	**60,000**	–
Consultancy fees payable	**41,665**	–	**41,665**	–
Amounts payable to non-controlling shareholder of subsidiaries	**118,506**	–	**–**	–
	961,893	260,138	**951,665**	–

Non-trade payables due to subsidiaries are unsecured, interest-free and repayable on demand.

20. Accrued operating expenses

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Accrued operating expenses for				
– Dead rent	**1,234,888**	877,275	**–**	–
– Professional fees	**126,613**	20,285	**120,084**	17,918
– Directors' fee	**7,602**	8,938	**7,602**	8,938
– Others	**349,075**	252,171	**148,643**	121,840
	1,718,178	1,158,669	**276,329**	148,696

During the term of the IUP (Note 14), the Company is required to pay rent ("dead rent") which is based on the number of hectares covered by the mining concession, as well as the stage of mining operations.

21. Provisions

Movements in provision for mine reclamation and rehabilitation are as follows:

	Group	
	2016	2015
	US$	US$
Beginning of financial year	**–**	–
Provision for the financial year	**32,642**	–
Currency translation differences	**557**	–
End of financial year	**33,199**	–

22. Loans from shareholders

The loans from shareholders are unsecured and interest-free. The shareholders, had on 29 September 2014, through supplemental deeds with certain subsidiaries of the Group agreed that they would not demand for repayment of all or any part of the shareholders' loan (the "Non-Repayment Period") before 9 September 2016. On 31 March 2016, the shareholders entered into a second supplemental deed with the subsidiaries to extend the Non-Repayment Period for a further eighteen (18) months until 9 March 2018. Further, on 12 May 2017, the shareholders entered into a third supplemental deed with subsidiaries to extend the Non-Repayment Period to 31 March 2019.

23. Finance lease liabilities

The Group leases equipment from a non-related party under a finance lease. The lease agreement does not have a renewal clause but provides the Group with the option to purchase the leased asset at a nominal value at the end of the lease term.

	Group	
	2016	**2015**
	US$	**US$**
Minimum lease payments due		
– Not later than one year	**2,629**	2,689
– Between one and five years	**1,753**	4,481
	4,382	7,170
Less: Future finance charges	**(216)**	(544)
Present value of finance lease liabilities	**4,166**	6,626

The present values of finance lease liabilities are analysed as follows:

	Group	
	2016	**2015**
	US$	**US$**
Not later than one year	**2,451**	2,365
Later than one year		
– Between one and five years	**1,715**	4,261
Total	**4,166**	6,626

24. Share capital

	No. of ordinary shares issued Company & Group	Amount of share capital US$ Group	Amount of share capital US$ Company
2016			
Beginning and end of financial year	**788,708,783**	**44,854,402**	**159,951,597**
2015			
Beginning of financial year	335,577,825	2,053,109	15,508,587
Share consolidation	67,115,563	2,053,109	15,508,587
Issuance of shares to Arranger	50,847,458	10,731,216	10,731,216
Issuance of shares for Reverse Acquisition	584,745,762	14,164,554	123,408,973
Issue of placement shares	86,000,000	18,462,994	18,462,994
Share issue expenses	–	(557,471)	(557,471)
Capital distribution	–	–	(7,602,702)
End of financial year	788,708,783	44,854,402	159,951,597

The Group's share capital amount differs from that of the Company as a result of the reverse acquisition accounting in 2015. More information on the reverse acquisition and the accounting can be found in the Company's published financial statements for the financial year ended 31 December 2015.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

25. Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company	
	2016 US$	2015 US$
Beginning of financial year	**(20,737,184)**	(10,466,109)
Net loss	**(2,039,093)**	(10,271,075)
End of financial year	**(22,776,277)**	(20,737,184)

26. General reserve

The Limited Liability Company Law of the Republic of Indonesia No. 40/2007, introduced in August 2007, requires the established of a general reserve from net profits amounting to at least 20% of a company's issued and paid up capital. There is no set period of time over which this reserve should be established. As at 31 December 2016, the Group has not yet established a general reserve, as it has accumulated losses rather than profits.

27. Commitments

Operating lease commitments - where the Group is a lessee

The Group leases offices from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2016	**2015**
	US$	**US$**
Not later than one year	**128,378**	140,115
Between one and five years	**328**	66,530
	128,706	206,645

28. Financial risk management

Financial risk factors

The Group's activities expose it to currency risk, liquidity risk and capital risk. The management is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Currency risk

The Group operates in Singapore and Indonesia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD	**USD**	**IDR**	**Total**
	US$	**US$**	**US$**	**US$**
At 31 December 2016				
Financial assets				
Cash and cash equivalents	97,416	6,470	19,655	123,541
Restricted cash	–	–	190,052	190,052
Inter-group receivables	14,648,045	1,268,471	3,816,954	19,733,470
Trade and other receivables	5,465	–	163,767	169,232
	14,750,926	1,274,941	4,190,428	20,216,295

28. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD US$	USD US$	IDR US$	Total US$
Financial liabilities				
Trade and other payables	(113,301)	(350,699)	(497,893)	(961,893)
Accrued expenses	(412,972)	(543,983)	(761,223)	(1,718,178)
Finance lease liabilities	(4,166)	–	–	(4,166)
Inter-group payables	(14,648,045)	(1,268,471)	(3,816,954)	(19,733,470)
Loans from shareholders	–	(3,984,847)	–	(3,984,847)
	(15,178,484)	(6,148,000)	(5,076,070)	(26,402,554)
Net financial liabilities	(427,558)	(4,873,059)	(885,642)	(6,186,259)
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	(14,399,230)	(3,609,455)	(970,683)	(18,979,368)
At 31 December 2015				
Financial assets				
Cash and cash equivalents	2,056,170	7,073	459,535	2,522,778
Restricted cash	–	–	185,932	185,932
Inter-group receivables	14,068,762	795,000	3,491,113	18,354,875
Other receivables	42,609	–	43,257	85,866
	16,167,541	802,073	4,179,837	21,149,451
Financial liabilities				
Other payables	(35,971)	(7,787)	(216,380)	(260,138)
Accrued expenses	(236,436)	(365,198)	(557,035)	(1,158,669)
Finance lease liabilities	(6,626)	–	–	(6,626)
Inter-group payables	(14,068,762)	(795,000)	(3,491,113)	(18,354,875)
Loans from shareholders	–	(3,511,376)	–	(3,511,376)
	(14,347,795)	(4,679,361)	(4,264,528)	(23,291,684)
Net financial assets/(liabilities)	1,819,746	(3,877,288)	(84,691)	(2,142,233)
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	(13,726,055)	(2,624,102)	(917,715)	(17,267,872)

28. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2016				
Financial assets				
Cash and cash equivalents	81,472	–	–	81,472
Other receivables	14,193,433	–	–	14,193,433
	14,274,905	–	–	14,274,905
Financial liabilities				
Other payables	(112,976)	(808,801)	(29,888)	(951,665)
Accrued expenses	(276,329)	–	–	(276,329)
	(389,305)	(808,801)	(29,888)	(1,227,994)
Net financial assets/(liabilities)	13,885,600	(808,801)	(29,888)	13,046,911
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	–	(808,801)	(29,888)	(838,689)
At 31 December 2015				
Financial assets				
Cash and cash equivalents	1,777,886	–	–	1,777,886
Other receivables	13,667,035	–	–	13,667,035
	15,444,921	–	–	15,444,921
Financial liabilities				
Other payables	–	–	–	–
Accrued expenses	(148,696)	–	–	(148,696)
	(148,696)	–	–	(148,696)
Net financial assets	15,296,225	–	–	15,296,225
Currency exposure of financial assets, net of those denominated in the respective entities' functional currencies	–	–	–	–

28. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SGD, USD and IDR change against the respective functional currencies by 5% (2015: 5%) and 5% (2015: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease)	
	2016	**2015**
	Loss after tax	**Loss after tax**
Group		
SGD		
- Strengthened	**597,568**	569,631
- Weakened	**(597,568)**	(569,631)
USD		
- Strengthened	**149,792**	108,900
- Weakened	**(149,792)**	(108,900)
IDR		
- Strengthened	**40,283**	38,085
- Weakened	**(40,283)**	(38,085)
Company		
USD		
- Strengthened	**33,565**	–
- Weakened	**(33,565)**	–
IDR		
- Strengthened	**1,240**	–
- Weakened	**(1,240)**	–

(ii) Price risk

The Group and Company have insignificant exposure to equity risk because it does not hold any financial assets which are classified as financial assets at fair value through profit or loss.

(iii) Interest rate risk

The Group and Company have insignificant exposure to interest rate risk because there are no interest-bearing borrowings as at 31 December 2016 and 2015.

28. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade and other receivables, the Group adopts the policy of dealing only with customers with appropriate credit history.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2016 US$	2015 US$	2016 US$	2015 US$
Past due < 3 months	–	–	–	–
Past due 3 to 6 months	7,694	–	–	–
Past due over 6 months	–	–	–	–
	7,694	–	–	–

(c) Liquidity risk

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$
Group				
At 31 December 2016				
Trade and other payables	961,893	–	–	–
Accrued operating expenses	1,718,178	–	–	–
Finance lease liabilities	2,629	1,753	–	–
Loans from shareholders	–	3,984,847	–	–

28. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$
At 31 December 2015				
Trade and other payables	260,138	–	–	–
Accrued operating expenses	1,158,669	–	–	–
Finance lease liabilities	2,689	2,689	1,792	–
Loans from shareholders	3,511,376	–	–	–
Company				
At 31 December 2016				
Trade and other payables	951,665	–	–	–
Accrued operating expenses	276,329	–	–	–
Finance lease liabilities	–	–	–	–
Loans from shareholders	–	–	–	–
At 31 December 2015				
Trade and other payables	–	–	–	–
Accrued operating expenses	148,696	–	–	–
Finance lease liabilities	–	–	–	–
Loans from shareholders	–	–	–	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Board of Directors monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as loans from shareholders plus trade and other payables and finance lease liabilities less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2016 US$	**2015 US$**	**2016 US$**	**2015 US$**
Net debt	**6,545,543**	2,414,031	**1,146,522**	(1,629,190)
Total equity	**9,893,170**	13,088,817	**136,468,864**	138,753,357
Total capital	**16,438,713**	15,502,848	**137,615,386**	137,124,167
Gearing ratio	**40%**	16%	**1%**	–[a]

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

[a] Not meaningful

29. Related party transactions

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and a related party at terms agreed between the parties:

	Group	
	2016	**2015**
	US$	**US$**
Professional services rendered by a related party	**63,445**	57,869

A related party is a company which is controlled by a Director.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2016	**2015**
	US$	**US$**
Wages and bonuses	**805,298**	689,465
Employer's contribution to defined contribution plans, including Central Provident Fund	**10,021**	6,493
	815,319	695,958

30. Segment information

Management has determined the operating segments based on the reports reviewed by the management that are used to make strategic decisions.

The management considers that the entire Group's operations constitute a single segment which is the exploration and mining of coal in Indonesia. The mining concessions in Indonesia are held by investment holding companies incorporated in Singapore and Hong Kong. The management assesses the performance of the Group's operations based on the profit before income, total assets and total liabilities which are measured in a manner consistent with that of the financial statements.

31. Events occurring after balance sheet date

On 18 April 2017 the Company announced the completion of the second placement pursuant to which 35,937,000 shares were allotted and issued at an issue price of S$0.09 per placement share, amounting to an aggregate consideration of up to S$3.23 million.

On 19 May 2017 the Company announced the completion of the first placement pursuant to which 39,511,654 shares were allotted and issued at an issue price of S$0.0901 per placement share, amounting to an aggregate consideration of up to S$3.56 million.

31. Events occurring after balance sheet date (continued)

On 8 June 2017, the Group, through its subsidiary PT Samantaka Batubara, entered into a conditional term sheet with China Huadian Engineering Co., Ltd. for an ongoing cooperation project for the development, construction, operation and maintenance of a 2 x 300 MW coal-fired power plant in Riau province, Indonesia.

On 6 July 2017 the Company announced the completion of the placement pursuant to which 66,703,000 shares were allotted and issued at an issue price of S$0.123 per placement share, amounting to an aggregate consideration of up to S$8.2 million.

32. Significant laws and regulations that may have an impact on the Group

a. Ministerial Regulation No. 34/2009

In December 2009, the Ministry of Energy and Mineral Resources issued Ministerial Regulation No. 34/2009, which provides a legal framework requiring mining companies to sell a portion of their output to domestic customers ("DMO'').

On 27 April 2015, the Directorate General of Mineral and Coal issued Regulation No. 2805/30/DJB/2016 regarding the DMO implementation for year 2016 which revoked the DMO requirement which was announced previously in 2014. As of the date of these financial statements, there is no clarification on this matter from the Government. Management is of the opinion that the implementation of this regulation will not have a significant impact on the Group's financial position and cash flow.

b. Ministerial Regulation No. 27/2013

On 13 September 2013, the Ministry of Energy and Mineral Resources issued Ministerial Regulation No. 27/2013 on the Procedures and Determination of Divestment Price as well as Changes in Capital Investment in Mineral and Coal Mining Businesses. Based on this regulation, the provision which governs the changes in capital investment consists of (a) changes in investment and financing sources, (b) changes in company status from foreign investment to domestic investment or vice versa, (c) changes in Article of Association, (d) changes in the Board of Directors and Commissioners and (e) changes in shareholders composition.

c. Government Regulation No. 78/2010

On 20 December 2010, the Government of Indonesia released an implementing regulation for Mining Law No. 4/2009, i.e. Government Regulation No. 78/2010 ("GR No. 78") that deals with reclamation and post-mining activities for both IUP-Exploration and IUP-Production Operation holders. This regulation updates Ministerial Regulation No. 18/2008 issued by the Ministry of Energy and Mineral Resources on 29 May 2008.

An IUP-Exploration holder, among other requirements, must include a reclamation plan in its exploration work plan and budget and provide a reclamation guarantee in the form of a time deposit placed at a state-owned bank.

The requirement to provide reclamation and post-mine guarantees does not release the IUP holder from the requirement to perform reclamation and post-mine activities.

In 2014, the Ministry of Energy and Mineral Resources released implementing Regulation No. 7/2014 on reclamation and post-mining activities for mineral and coal mining companies which further regulates aspects of the reclamation plan, consideration of future value from the post-mining costs and accounting reserve determination.

As at the date of these financial statements, the Group has placed time deposit as its reclamation guarantee.

32. Significant laws and regulations that may have an impact on the Group (continued)

d. Government Regulation No. 9/2012

On 6 January 2012, the Government of Indonesia released a regulation for non-tax state revenue GR No. 9/2012 which replaced previous Regulation GR No. 45/2003. This regulation provides clarification for obligation fees on metal mineral and coal commodities business which previously has not been set in GR No. 45/2003. In addition, it also provides guidelines on other fixed fees related to metal mineral and coal mines activities and other fees which are not related to commodities such as compensation for information related to IUP and IUPK exploration areas, replacement costs for closed coal mines and portion of the Government's share (4%) from IUPK-Production Operation holders based on its net income. The Group has accrued its dead rent obligation as at 31 December 2016 and 2015.

e. Government Regulation No. 33/2014

Based on Government Regulation No. 33/2014, all companies which have activities in production and protected forest areas but not related to forestry activity will have an obligation to pay a forestry fee ranging from IDR1,600,000 to IDR4,000,000 per hectare. The Group has recognised this fee on an accrual basis.

f. Ministry of Energy and Mineral Resources Regulation No. 9/2016

On 4 April 2015, the Ministry of Energy and Mineral Resources ("MEMR") issued a new regulation on coal pricing and mine mouth power projects, Regulation No. 9/2016 on the Procedures for the Supply and Determination of Coal Price for Mine Mouth Power Plants ("Reg 9"). Reg 9 replaces the previous MEMR Regulation No.10/2014 on the same matter ("Reg 10").

As with Reg 10, the new Reg 9 provides for the pricing of coal from mines to a mine mouth power plant to be on a cost-plus basis, but the key change introduced under Reg 9 is to allow the "plus" to be set within the rate of 15% to 25%, instead of the previously fixed margin of 25%. The Group has assessed that any reasonable possible change to the margin is not likely to cause the recoverable amounts of exploration and evaluation expenditure and prepayments to be below the respective carrying amounts.

g. Environmental Law No. 32/2009

On 3 October 2009, Law No. 32/2009 on Protection and Management of Environment ("Environmental Law 32") replaced Law No. 23/1997 on Environmental Management. Under Indonesian environmental regulations, remedial and preventative measures and sanctions (such as the obligation to rehabilitate tailings areas, the imposition of substantial criminal penalties and fines and the cancellation of approvals) may be imposed to remedy or prevent pollution caused by operations. A monetary penalty may be imposed in lieu of performance of an obligation to rehabilitate damaged areas. Environmental Law 32 also requires licensing of all waste disposals, storage and handling. Waste disposal may only be conducted in specified locations determined by the Ministry of Environmental Affairs.

As at the date of these financial statements, nothing has come to the Group's attention that would deem them in violation of the regulations.

32. Significant laws and regulations that may have an impact on the Group (continued)

h. Ministerial Regulation No. 7/2017

In September 2010, the Ministry of Energy and Mineral Resources ("MEMR") issued Ministerial Regulation No. 17/2010 on the Procedure for the Setting of Benchmark Prices for Mineral and Coal Sales, which stipulates that the sale of coal shall be conducted with reference to the benchmark price issued by the Government.

On 3 March 2011, the MEMR issued Ministerial Decision No. 0617.K/32/MEM/2011 on The Benchmark Price for PT Perusahaan Listrik Negara (Persero) ("PLN") for the Operation of Coal Fired Power Plants.

On 11 January 2017, the MEMR issued Ministerial Regulation No 7/2017, regarding the Procedure for the Setting of Benchmark Prices for Mineral and Coal Sales, to replace Ministerial Regulation No. 17/2010. Any provision on Ministerial Regulation No. 17/2010, relating to benchmark prices for metal mineral and coal sales are revoked since that date.

Management believes that the Group has complied with the requirements of the regulations mentioned above.

33. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements.

33. New or revised accounting standards and interpretations (continued)

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through OCI and hence there will be no change to the accounting for these assets.

  The other financial assets held by the Group include loans and receivables which are measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

  Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. While the Group is yet to undertake a detailed assessment, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of FRS 109. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

33. New or revised accounting standards and interpretations (continued)

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 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 exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of US$128,000 (Note 27). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

34. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of BlackGold Natural Resources Limited on 10 August 2017.

STATISTICS OF SHAREHOLDINGS

As at 31 July 2017

Number of subsidiary holdings held	:	NIL
Number of issued shares	:	930,860,437
Number of treasury shares	:	NIL
Class of shares	:	Ordinary
Voting rights	:	One vote per ordinary share

Shareholdings Held in Hands of Public

As at 31 July 2017, approximately 47.61% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	3	0.21	32	0.00
100 – 1,000	343	24.64	113,579	0.01
1,001 – 10,000	216	15.52	1,289,100	0.14
10,001 – 1,000,000	793	56.97	97,839,258	10.51
1,000,001 and above	37	2.66	831,618,468	89.34
	1,392	100.00	930,860,437	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	UOB Kay Hian Pte Ltd	628,526,114	67.52
2	Yao Hsiao Tung	21,800,000	2.34
3	DBS Nominees Pte Ltd	21,571,000	2.32
4	Maybank Kim Eng Securities Pte Ltd	19,341,770	2.08
5	Lee Sheldon Norman James	12,946,458	1.39
6	Citibank Nominees Singapore Pte Ltd	12,463,900	1.34
7	OCBC Securities Private Ltd	12,002,509	1.29
8	Raffles Nominees (Pte) Ltd	11,939,500	1.28
9	Subhas S/O V Nathan	9,200,458	0.99
10	NCL Housing Pte Ltd	8,500,000	0.91
11	BNP Paribas Nominees Singapore Pte Ltd	8,000,000	0.86
12	DBS Vickers Securities (S) Pte Ltd	6,768,800	0.73
13	Vincent Lawrence	5,991,000	0.64
14	Yip Choi Heng	4,700,000	0.50
15	Phillip Securities Pte Ltd	4,696,700	0.50
16	CIMB Securities (S) Pte Ltd	4,316,745	0.46
17	RHB Securities Singapore Pte Ltd	3,500,000	0.38
18	Ong Wei Young William	2,690,000	0.29
19	Lim Cher Hwa	2,100,000	0.23
20	Lin Guan Yu @Jerry Lum	2,055,800	0.22
		803,110,754	86.27

STATISTICS OF SHAREHOLDINGS

As at 31 July 2017

SUBSTANTIAL SHAREHOLDERS (as shown in the register of substantial shareholders)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Twin Gold Ventures S.A.	204,170,960	21.93	–	–
2. Sujono Hadi Sudarno[1]	–	–	218,138,567	23.43
3. Rockfield Lake Limited	150,386,197	16.16	–	–
4. Lerman Ambarita[2]	–	–	150,386,197	16.16
5. Novel Creation Holdings Limited	82,162,556	8.83	–	–
6. Sudiarso Prasetio[3]	–	–	82,162,556	8.83

Notes:

1. Sujono Hadi Sudarno is deemed interested in 204,170,960 Shares held by Twin Gold Ventures S.A. and 13,967,607 Shares held by Cerenti Investments Ltd.
2. Lerman Ambarita is deemed interested in 150,386,197 Shares held by Rockfield Lake Limited.
3. Sudiarso Prasetio is deemed interested in 82,162,556 Shares held by Novel Creation Holdings Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BLACKGOLD NATURAL RESOURCES LIMITED (the "**Company**") will be held at NUSS Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119244, on Wednesday, 30 August 2017 at 9.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016, the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company and who, being eligible, offer themselves for re-election, as a Director of the Company:

   (a) Mr Philip Cecil Rickard (Retiring under Article 94) **(Resolution 2)**

   (b) Mr Nandakumar Ponniya (Retiring under Article 94) **(Resolution 3)**

   (c) Mr Gerald Lim Thien Su (Retiring under Article 94) **(Resolution 4)**

   [See Explanatory Note I]

3. To approve Directors' fees of up to S$487,500 for the financial year ending 31 December 2017 ("**FY2017**") to be payable quarterly in arrears. **(Resolution 5)**

4. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions with or without any modifications:

6. Authority to allot and issue shares and convertible securities.

   That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (A) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares; and/or

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force at the time the Shares are to be issued) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis, then the aggregate number of Shares to be issued under such circumstances (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustment as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (i) above, the percentage of the aggregate number of Shares and Instruments shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the provisions of the Listing Manual Section B: Rules of Catalist of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note II] **(Resolution 7)**

7. Authority to grant share options and issue Shares under the BlackGold Employee Share Option Scheme.

That, pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to grant share options in accordance with the provisions of the BlackGold Employee Share Option Scheme ("**BGG ESOS**") and to issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the share options granted under the BGG ESOS, provided always that the aggregate number of Shares to be issued pursuant to the BGG ESOS, when aggregated together with the Shares issued and/or issuable in respect of all share options granted under the BGG ESOS, and all Shares issued and/or issuable in respect of all share options or share awards granted under any other share schemes or share plans adopted by the Company for the time being, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note III] **(Resolution 8)**

8. The proposed adoption of the BlackGold Share Award Scheme.

That:

(a) a share award scheme to be known as the "BlackGold Share Award Scheme" (the "**ESAS**"), substantially in the form set out in the rules of the ESAS, the details and rules, a summary of which is set out in the Circular to Shareholders dated 15 August 2017, under which awards ("**Awards**") of fully-paid ordinary shares in the capital of the Company ("**Shares**"), their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees of the Company and its subsidiaries, including Directors of the Company and its subsidiaries, be and is hereby approved and adopted;

(b) the Directors of the Company be and are hereby authorised:

(i) to establish and administer the ESAS;

(ii) to modify and/or amend the ESAS from time to time, provided that such modification and/or amendment is effected in accordance with the provisions of the ESAS and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the ESAS;

(iii) to grant Awards in accordance with the provisions of the ESAS and to allot, issue, transfer and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the vesting of Awards under the ESAS, provided that the aggregate number of Shares to be issued or delivered pursuant to the ESAS and pursuant to all other share option or other share schemes of the Company shall not exceed fifteen per cent (15%) of the total number of issued Shares of the Company (excluding any treasury shares) at any time and from time to time;

(iv) subject to the same being allowed by law, to apply any share purchased or acquired under any share purchase mandate and to deliver such existing Shares (including any treasury shares) towards the satisfaction of Awards granted under the ESAS; and

(v) to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and authorised by this Resolution.

(Resolution 9)

BY ORDER OF THE BOARD

Prakash P Mulani
Company Secretary

SINGAPORE

15 August 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

I. Mr Philip Cecil Rickard will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company. Mr Philip Cecil Rickard has a deemed interest of 1.77% in the Company. Save for the aforementioned, there are no other relationships (including immediate family relationships) between Mr Philip Cecil Rickard and the other Directors, the Company, its related corporations and its 10% Shareholders or its officers.

Mr Nandakumar Ponniya will, upon re-election as a Director of the Company, remain as Independent Director of the Company, Chairman of the Nominating Committee and Remuneration Committee and member of the Audit Committee. There are no relationships (including immediate family relationships) between Mr Nandakumar Ponniya and the other Directors, the Company, its related corporations, and its 10% Shareholders or its officers. The Board considers Mr Nandakumar Ponniya to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Mr Gerald Lim Thien Su will, upon re-election as a Director of the Company, remain as Independent Director of the Company and Chairman of the Audit Committee. There are no relationships (including immediate family relationships) between Mr Gerald Lim Thien Su and the other Directors, the Company, its related corporations, and its 10% Shareholders or its officers. The Board considers Mr Gerald Lim Thien Su to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Further detailed information on the abovementioned Directors who are proposed to be re-appointed at the Annual General Meeting of the Company can be found under the sections entitled "**Board of Directors**", "**Corporate Governance**" and "**Director's Statement**" of the Company's Annual Report 2016.

II. Resolution 7, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares and to make or grant convertible securities convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in aggregate 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the total number of Shares and convertible securities issued other than on a pro-rata basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company.

This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

For the purpose of this Resolution, the total number of issued Shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

III. Resolution 8, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to grant share options under the BGG ESOS and to issue Shares pursuant to the exercise of such share options in accordance with the BGG ESOS.

Notes:

(a) A member (who is not a relevant intermediary) entitled to attend and vote at the Annual General Meeting may appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her. Where such member's form of proxy appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

(c) If the appointor is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its attorney or duly authorised officer.

(d) The instrument appointing a proxy must be deposited at the Share Registrar's office at M&C Services Pte. Ltd. at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

(e) The sending of a form of proxy by a member does not preclude him/her from attending and voting in person at the Annual General Meeting if he/she so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the form of proxy to the Annual General Meeting.

(f) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Advisors Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this notice.*

This notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr Sebastian Jones, Director, at 1 Robinson Road, #21-02 AIA Tower Singapore 048542, telephone (65) 6532 3829.

SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

This page has been intentionally left blank

BLACKGOLD NATURAL RESOURCES LIMITED
(Company Registration No. 199704544C)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:
1. For investors who have used their CPF monies to buy shares of BLACKGOLD NATURAL RESOURCES LIMITED, this report is forwarded to them at the request of their CPF Approved Nominees and is solely FOR INFORMATION ONLY.
2. The Proxy Form is, therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____________________ *(Name)* ____________________

(NRIC/Passport No.) of ____________________ *(Address)*

being a member/members of BLACKGOLD NATURAL RESOURCES LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as *my/our *proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at NUSS Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119244, on Wednesday, 30 August 2017 at 9.00 a.m., and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	Resolutions	For**	Against**
	Ordinary Business		
1	To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016, the Directors' Statement and the Independent Auditor's Report thereon.		
2	To re-elect Mr Philip Cecil Rickard, a Director retiring under Article 94 of the Constitution of the Company.		
3	To re-elect Mr Nandakumar Ponniya, a Director retiring under Article 94 of the Constitution of the Company.		
4	To re-elect Mr Gerald Lim Thien Su, a Director retiring under Article 94 of the Constitution of the Company.		
5	To approve Directors' fees of up to S$487,500 for the financial year ending 31 December 2017 ("**FY2017**") to be payable quarterly in arrears.		
6	To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
7	Authority to allot and issue Shares and convertible securities.		
8	Authority to grant share options and issue Shares under the BlackGold Employee Share Option Scheme.		
9	The proposed adoption of the BlackGold Share Award Scheme.		

All Resolutions will be put to vote by poll in accordance with the listing rules of the Singapore Exchange Securities Trading Limited.

* *Please indicate your vote "For" or "Against" with a "√" within the box provided.*

** *If you wish to exercise all your votes "For" or "Against", please indicate with a "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ______________ 2017.

Total no. of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Members	

____

Signature(s) of Member(s)/ Common Seal of Corporate Member(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of Shares is not inserted, the instrument appointing a proxy or proxies will be deemed to relate to the entire number of Shares in the Company registered in your name(s).

2. A member who is not a relevant intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same general meeting. In any case where instrument appointing a proxy or proxies appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies.

3. Pursuant to Section 181(6) of the Companies Act, Chapter 50 of Singapore, a member who is a relevant intermediary may appoint more than two (2) proxies in relation to a meeting to exercise all or any of the member's rights to attend and to speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by the member (which number and class of Shares shall be specified). In such an event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

4. A proxy need not be a member of the Company.

5. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the Annual General Meeting.

7. The instrument appointing a proxy or proxies must be deposited at the Share Registrar's office at M&C Services Pte. Ltd. at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies, failing which the instrument of proxy may be treated as invalid.

9. A corporation, which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

10. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

11. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register as at 72 hours before the time set for the Annual General Meeting.

12. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Annual General Meeting dated 15 August 2017.

BLACKGOLD
Natural Resources Limited

Co. Reg. No. 199704544C

7 Temasek Boulevard, #06-02A
Suntec City Tower 1
Singapore 038987

Tel : (65) 6884 4418
Fax : (65) 6884 4406

http://www.blackgold-group.com