

BLACKGOLD NATURAL RESOURCES LIMITED
(Company Registration Number: 199704544C)
(Incorporated in the Republic of Singapore)

**RESPONSE TO SGX QUERIES IN RELATION TO TERMINATION OF COOPERATION
PARTNER AND EXPIRY OF OPERATION PRODUCTION LICENSE OF PT SAMANTAKA
BATUBARA**

All capitalised terms used in this announcement shall unless otherwise defined have the same meanings as given to them in the Previous Announcements (as defined below).

The Board of Directors (the “**Board**” or “**Directors**”) of BlackGold Natural Resources Limited (the “**Company**”) refers to its announcements on 1 March 2023 and 9 March 2023 in relation to (a) the termination of the cooperation partner of PT Samantaka Batubara (“**PT SB**”), a wholly-owned subsidiary of the Company (the “**Termination**”), (b) the Company’s response to queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 2 March 2023, and (c) the expiry of operation production license of PT SB (the “**License**”) (the “**Previous Announcements**”), and wishes to address the following queries raised by the SGX-ST on 9 March 2023.

QUERY 1

Response to SGX Query 2: “*Under the terms of the Cooperation Agreement, PT GEL is responsible for a target production of between 50,000 and 100,000 metric tonnes of coal every month. Accordingly, PT SB shall be seeking legal advice in relation to any possible recourse against PT GEL for loss of revenue or other losses in accordance with the terms of the Cooperation Agreement.*”

Please quantify the loss of revenue and other losses arising from non-fulfilment of the target production of between 50K and 100K metric tonnes of coal every month pursuant to the terms of the Cooperation Agreement.

COMPANY’S RESPONSE TO QUERY 1

The potential loss of revenue (after tax) arising from non-fulfilment of the target production between 50,000 and 100,000 metric tonnes of coal per month is approximately US\$40,000 to US\$80,000.

QUERY 2

Response to SGX Query 4: “*Pending signing of a definitive agreement with a new cooperation partner, PT SB is currently not able to produce and/or deliver any coal to its customer(s).*”

- a. Would this result in breach of PT SB’s contracts with its customers? Eg: the long-term offtake agreement with Indonesia’s state-owned company to supply 960k metric tonnes of coal per annum (the “**Offtake Agreement**”). This offtake agreement is part of the Board’s basis on the Group’s ability to continue operating as a going concern.
- b. If so, would PT SB be liable to compensate customers for such breaches? Please quantify the compensation amount.
- c. Who are PT SB’s major customers?

COMPANY’S RESPONSE TO QUERY 2

- a. Pursuant to an amendment signed on 14 October 2022 to the offtake agreement (“**Offtake Agreement**”) between PT SB and PT Perusahaan Listrik Negara (Persero) (“**PLN**”), PT SB is to supply 500,000 metric tonnes per annum during 2023 and PT SB is currently in discussion with PLN in relation to a revised supply quota for 2024 onwards. PT SB has since communicated to

PLN on or around January 2023 informing that it is presently unable to fulfil the monthly quota and will resume coal delivery once the coal production resumes. As at the date of this announcement, there has been no communication from PLN indicating that PT SB has violated its contractual obligations. Pursuant to the agreement, there is an applicable penalty for late shipment, which will be calculated by PLN upon submission of invoice (i.e. after shipments have been concluded.) The Group intends to request for a waiver on the late penalty. Historically, PLN has given reduction on late penalty upon requested by PT SB, and the penalties paid do not have material impact to the operations.

The Group has initiated a formal discussion with PLN regarding the procurement of alternative sources of supply, as it awaits the resumption of operations by PT SB after the License has been renewed.

- b. Please refer to response to query 2 (a) above.
- c. PT SB's current sole customer is PLN for the supply of coal to Tenayan powerplant.

QUERY 3

Response to SGX Query 3: The Board was informed of the Termination only on 23 February 2023 although the termination took effect from 30 Nov 2022. The director of PT SB who served the termination letter did not notify the management of the Company (the "**Management**") until January 2023.

- a. Why didn't the director of PT SB notify the Management of the termination letter earlier?
- b. Please clarify who are "Management". Why didn't the Management notify the Board immediately once they were made aware of the termination letter in Jan 2023? Why didn't the Management request / propose to the Board for a trading halt then?
- c. When the termination took effect from 30 Nov 2022, was there any mining activities since then? If not, were PT SB and / or the Management aware that there were no mining activities since end-Nov?
- d. When the Board was informed of the Termination on 23 Feb 2023 and concluded that that this was material information that requires announcement, why was the announcement only made on 1 March 2023? Why did the Board not request for trading halt?

COMPANY'S RESPONSE TO QUERY 3

- a. It was not clear as to why the director of PT SB (the "**SB Former Director**") did not notify the Company earlier. The SB Former Director who served the Termination letter had his position terminated with effect from 31 December 2022 and he had left PT SB prior to notifying the Company on the Termination. Prior to being terminated from his position, SB Former Director had stopped coming to the office. He notified two (2) personnel in January 2023 only upon being queried on the status of the agreement between PT GEL and PT SB.
- b. Two (2) personnel were made aware of the Termination in January 2023 by the SB Former Director, namely, the Chief Financial Officer and the Head of General Admin and Legal. 'Management' in this context refers to the Chief Financial Officer (the "**Notified Management**"). The Notified Management did not immediately notify the Board upon being made aware of the Termination due to the following reasons:
 - i. As the SB Former Director had left PT SB, the Notified Management needed time to contact the Former SB Director to seek clarification in relation to the Termination including assessing the potential impact on PT SB's operations; and
 - ii. The signing of the cooperation agreement with PT GEL was not announced by the Company previously on December 2018 as it was not considered as material information for disclosure back then since PT GEL was not the sole contractor of PT SB and it had a narrower scope of work. This has resulted in oversight by the Notified Management in not notifying the Board and/or proposing for a trading halt immediately upon being made aware of the Termination. Instead, the Notified Management had intended to notify and update the Board during the

board meeting that was originally scheduled to be held on 17 February 2023 which was further postponed.

- c. The Notified Management was only aware on or around December 2022 that PT GEL had slowed down its mining activities since October 2022, and there were no mining activities since around November 2022. However, the Notified Management was not aware that SB Former Director had formerly served the Termination letter on 28 November 2022 until this was disclosed to the Chief Financial Officer and the Head of General Admin and Legal in January 2023 as mentioned in our response to query 3(a) above.
- d. The Board had decided that the Company should announce the Termination upon being notified of the Termination on 23 February 2023. However, it encountered an unexpected delay as the Head of Compliance who is responsible for drafting the announcement fell sick and required surgery on 24 February 2023. As the Board had not anticipated this unexpected delay, it did not call for a trading halt.

QUERY 4

The Company announced that PT SB's operation production license had expired on 25 Feb 2023. Pending receipt of the License Renewal from ESDM, PT SB is currently halting its operational activities at the coal mine concession and will not be delivering coal until approval for the License Renewal is obtained. The Board expects PT SB to be issued the license by May 2023.

- a. Please explain the delay in announcement.
- b. What happens to the Group's operations from now till May 2023? Please quantify the impact on the Group's financials, eg: loss of revenue / potential compensation to customers.
- c. What is the implication on the Group in the event PT SB is unable to obtain the License Renewal?

COMPANY'S RESPONSE TO QUERY 4

- a. The Company was only informed by PT SB of the expiration of the License ("**IUP OP Expiration**") on 8 March 2023. Upon being notified of the IUP OP Expiration, the Board decided that the Company should make an immediate announcement on the IUP OP Expiration. The Executive Director of PT SB had not immediately notified the Board on the IUP OP Expiration as it had started the application for the License Renewal which is administrative in nature and has no reasons to believe that the License will not be obtained in due course.
- b. The Group's operation has currently halted from now until May 2023. The potential loss of revenue (after tax) arising from non-fulfilment of the target production between 50,000 and 100,000 metric tonnes of coal per month is approximately US\$40,000 to US\$80,000.
- c. The Company has no reasons to believe that PT SB is unable to obtain the License Renewal as the process is administrative in nature. Historically, it is not an unusual occurrence for a license to be granted after the date of expiration, with the commencement date being retroactively set to an earlier point in time.

QUERY 5

Response to SGX Query 6: Board's assessment Group's going concern

- a. The long-term offtake agreement with Indonesia's stated-owned Company is stated as one of the basis to support its going concern assessment. The Group's operation production license had expired on 25 Feb 2023 and its agreement with its co-operation partner (to extract and deliver coal) has been terminated. This implies that the Group has no ongoing operations currently and is unable to generate revenue.

How does this support the Board's assessment on going concern?

- b. The other stated bases are not definitive and depends on future developments such as obtaining renewal of production license, resumption of operational activities, entering into agreement with new co-operation partner, future fund raising, future expansion / diversification of revenue streams, etc.

Please provide the Board's and Sponsor's reassessment of the Company's ability to operate as a going concern based on the definite and concrete events and agreements.

COMPANY'S RESPONSE TO QUERY 5

- a. The Management of the Company, being the Executive Director and Chief Executive Officer as well as the Chief Financial Officer, is confident that PT SB's license will be renewed and PT SB is in the final stage of finalising a cooperation agreement with a new cooperation partner ("**New Cooperation Partner**") who is responsible for, *inter alia*, the production and delivery of PT SB's coal to the customer(s). PT SB and the New Cooperation Partner expects to sign the cooperation agreement by early next week.
- b. The Management of the Company, being the Executive Director and Chief Executive Officer as well as the Chief Financial Officer, still believes that the bases for assessing that the Company can continue as a going concern as announced on 9 March 2023 are still valid, in particular, that PT SB will be entering into a cooperation agreement with the New Cooperation Partner by early next week and the Management has no reasons to believe that PT SB is unable to obtain the License Renewal as the process is administrative in nature. In addition, the Group is currently engaged in negotiations with a new investor pertaining to the Group's fundraising activities. In the meantime, the Group is also looking to supply to PLN from alternative source(s) while pending the successful License Renewal.

The Board has reassessed the Group's ability to operate as a going concern as announced on 9 March 2023. Taking into consideration the improved conditions, the Board is of the opinion that the Group and the Company are able to continue operating as a going concern.

As set out in the announcement on 9 March 2023, the Sponsor notes that there are ongoing matters including the completion of the audit procedures by the Auditors and the opinions to be provided by the Auditors for the FY2021 and FY2022 consolidated financial statements. Accordingly, the Sponsor's assessment of the Company's ability to operate as a going concern as disclosed in the announcement on 9 March 2023, remains unchanged.

QUERY 6

What are the Group's internal processes / procedures on (i) escalation of matters to the Management and Board; and (ii) release of material announcements on SGXNet, including when to request for trading halt?

COMPANY'S RESPONSE TO QUERY 6

The Group's internal processes / procedure on the following are as follows:

- a. Escalation of matters to the Management and Board
- Identify the issue or concern and assess its severity and potential impact on the Group.
 - Report the issue to the immediate supervisor or designated point of contact.
 - If the issue is not resolved or requires further action, escalate it to the appropriate level of Management of the Company.
 - If the issue remains unresolved or requires further action, escalate it to the Management or Board, depending on the level of severity.

- b. Release of material announcements on SGXNet, including when to request for trading halt
- Management to identify material information that requires disclosure to the market pursuant to Rule 703 of the Catalist.
 - Management to verify the accuracy and completeness of the information.
 - Management to update the Board on potential material information to be announced by the Company.
 - Determine the appropriate timing for the announcement, and consider the potential impact on the market and stakeholders.
 - Request for a trading halt, if necessary, when there is a risk of market disruption or the material information is pending verification.
 - Notify the Sponsor of the upcoming announcement and provide a draft for review.
 - To obtain clearance from Sponsor as well as sought approval from the Board on the draft announcement.
 - Release the announcement on the SGXNet website.

By Order of the Board

Andreas Rinaldi
Executive Director and Chief Executive Officer
15 March 2023

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.
