

BLACKGOLD NATURAL RESOURCES LIMITED

(Company Registration Number: 199704544C)

(Incorporated in the Republic of Singapore)

RESPONSES TO SGX-ST QUERIES

The Board of Directors (the “**Board**” or “**Directors**”) of BlackGold Natural Resources Limited (the “**Company**” or “**BlackGold**” and, together with its subsidiaries, the “**Group**”) refers to its announcements dated 24 October 2019 in relation to the cessation of Deputy Chief Financial Officer (the “**Announcement**”).

Further to the Announcement, the Company wishes to announce the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), and the Company’s responses to the said queries. The queries from the SGX-ST and the Company’s responses are as follows:

SGX Query 1:

The Deputy CFO resigned shortly after joining. There have also been several changes to the Board and Key Management since July 2019. SGX would like the NC and Sponsor to confirm the reasons for resignations and that there are no concerns raised.

Company’s response to Query 1:

The NC and the Sponsor confirm that save as disclosed in the respective announcements, there are no concerns raised in relation to the resignation of member of the Board and/or Key Management since July 2019.

SGX Query 2:

Who is currently overseeing operations and finance now?

Company’s response to Query 2:

The operations of the Group are currently led by Mr Philip Rickard (“**Chief Executive Officer**”) together with Mr Andreas Rinaldi (“**CEO Designate**”) and the Group’s finance is led by Mr. Suherman Budiono (“**Chief Financial Officer**”).

The operations of PT Samantaka Batubara (“**PT SB**”), the Company’s Indonesian subsidiary, is led by Mr Rudy Herlambang (“**President Director**”).

SGX Query 3:

Please provide the Board’s assessment on the Group’s ability to continue operating as a going concern and the bases for the said assessment.

Company’s response to Query 3:

The Company's Independent Auditor, PricewaterhouseCoopers LLP (the "**Auditor**") will be issuing their report (the "**Independent Auditor's Report**") on the financial statements of the Group and the Company for the financial year ended 31 December 2018 ("**FY2018**") (the "**Financial Statements**"), containing a disclaimer of opinion relating to the going concern assumption and impairment of deposits and prepayments, property, plant and equipment and mining properties of the Group and investment in subsidiary of the Company. The Independent Auditor's Report and the Financial Statements will form part of the Company's Annual Report for FY2018 (the "**2018 Annual Report**"). Shareholders are advised to read the Independent Auditor's Report and the 2018 Annual Report in their entirety. The Company is currently working on the finalization of the 2018 Annual Report, which will be dispatched to the shareholders of the Company (the "**Shareholders**") in due course. Subject to sending out notice and dispatch of 2018 Annual Report by 15 November 2019, the Company targets to hold the annual general meeting for FY2018 ("**AGM**") on 2 December 2019.

The management is confident that the Group will have sufficient resources to continue its operation for the foreseeable future after taking into consideration the following:

- i. The management has prepared a cash flow forecast and is of the view that the Group will have sufficient cash resources, including from estimated earnings for the next 18-months period starting from 1 November 2019, to satisfy its working capital requirements and to meet its obligations as and when they fall due;
- ii. The Group has enlarged its portfolio of customers in the nine months period in 2019, increasing its sales volume by approximately 48% as compared to 9M2018;
- iii. The Group has recorded a higher gross profit in 9M2019 as compared to US\$340K for the whole year of 2018; the management is confident that the trend will continue as the Group obtain new customers, ramp up production, and implement cost efficiency initiatives in every aspect of production activities;
- iv. During financial year ended 31 December 2018 and as at 30 September 2019, the Group received short-term financing from third party in relation to PT SB's operating activities amounting to approximately US\$ 4,900,000. The management is currently exploring financing arrangement with the aforesaid third party and is confident of securing additional funding (when and if required) to support the Group's plan to ramp up production;
- v. The Group is exploring certain financing option to pay off its short-term financial obligations, and PT SB has since received an offer letter dated 28 October 2019 from Bank Rakyat Indonesia in relation to supply chain financing facility ("**SCF**") to support its operation; and
- vi. The Group is actively exploring potential corporate fund-raising exercises and have spoken to several parties who have expressed interest into entering convertible loan arrangement with the Company upon the completion of the FY2018 annual general meeting. Any updates to the fund-raising exercise will be announced in due course when there are any significant developments.

Therefore, taking into consideration the information provided by the management, the Board of Directors is of the opinion that the Group and the Company is able to continue operating as a going concern and accordingly the Financial Statements have been prepared on that basis.

SGX Query 4:

Board to opine whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's response to Query 4:

The Board of Directors has continuously monitored the Company's operations and receives periodic reports from the management about the Company's performance and financial status, and nothing material has come to the Board's attention that warrants disclosure to shareholders. In this regard, the Board of Directors confirms that to its best knowledge, sufficient information has been disclosed to shareholders to enable trading of the Company's shares to continue in an orderly manner.

SGX Query 5:

Following the termination of the coal-fired power plant project, was there material impact to the Group?

Company's response to Query 5:

The Company's previous Coal Resources and Reserves estimates as at 31 December 2017 covered both PT SB's North Block and South Block. Following the expiry of the heads of agreement ("HOA") in relation to the coal-fired power plant project in Riau province (the "Project"), PT SB's South Block has been excluded from the Company's Coal Resources and Reserves estimates as at 31 December 2018 ("FY2018 QPR") due to the uncertainty of the Project for which coal from South Block was dedicated. The exclusion of PT SB's South Block in the FY2018 QPR has resulted in variance to the Company's Coal Resources and Reserves, deemed as material change by the Qualified Persons. A revision in the methodology of determining resource limits has also been a contributing factor in a material change to the stated Resources and Reserves in the North Block. The Shareholders are advised to read the FY2018 QPR in their entirety which shall be announced in due course. Notwithstanding the foregoing, the Group's primary business activities remains unaffected, including coal deliveries to its customers which are proceeding as normal.

SGX Query 6:

What is the status of the mining operations?

Company's response to Query 6:

PT SB's coal mine are operating as normal, and it has since secured additional sales contract by way of a master sale and purchase agreement ("Master Agreement") dated 27 March 2019 with PT Indah Kiat Pulp & Paper Tbk ("IKPP"), a fully integrated pulp and paper mill in Riau listed on the Indonesia Stock Exchange. Pursuant to the Master Agreement, PT SB will deliver an average of 30,000 tonnes of coal per month from March 2019 to December 2019. As at the date of this Announcement, the Group has delivered approximately 198,000 tonnes of coal, which includes approximately 84,000 tonnes of delivery to IKPP. The Group remains focused on further expanding its production capabilities as it looks forward to increasing deliveries to the customers.

SGX Query 7:

What is the status of the preparation of the annual report? Noted that the Company previously stated that it was working on the preparation of the annual report for FY2018 and was working towards holding the AGM for FY2018 by 31 October 2019.

Company's response to Query 7:

The Group is currently in midst of obtaining final clearance for the FY2018 QPR as well as the Financial Statements, and in this regard, barring unforeseen circumstances, the Group targets to hold the AGM on 2 December 2019.

By Order of the Board

Philip Cecil Rickard
Executive Chairman and Chief Executive Officer
30 October 2019

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms. Tay Sim Yee (Telephone number: +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.
