

**UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS  
 ENDED 30 SEPTEMBER 2016**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR  
 AND FULL YEAR RESULTS**
**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER AND  
 NINE MONTHS ENDED 30 SEPTEMBER 2016**

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited consolidated financial results of the Group for the third quarter (“**3Q2016**”) and nine months ended 30 September 2016 (“**9M2016**”) and the corresponding third quarter (“**3Q2015**”) and nine months ended 30 September 2015 (“**9M2015**”).

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

	GROUP					
	Unaudited 3Q2016	Unaudited 3Q2015	Change +/-	Unaudited 9M2016	Unaudited 9M2015	Change +/-
	US\$	US\$	%	US\$	US\$	%
Sales	162,170	-	n.m.	320,307	-	n.m.
Cost of Sales	(18,185)	-	n.m.	(237,526)	-	n.m.
Gross Profit	143,985	-	n.m.	82,781	-	n.m.
Other income	2,387	3,237	(26)	14,717	10,582	39
Currency translation gains / (losses)	3,377	6,339	(47)	141,135	(700,061)	n.m.
Expenses						
- Administrative	(892,146)	(562,698)	59	(2,589,572)	(1,560,048)	66
- Finance	(80)	(112)	(29)	(264)	(1,877)	(86)
- Others *	(4,341)	-	n.m.	(8,207)	(25,665,530)	(100)
<b>Loss before tax</b>	(746,818)	(553,234)	35	(2,359,410)	(27,916,934)	(92)
Income tax expense	-	-		-	-	
<b>Loss net of tax</b>	(746,818)	(553,234)	35	(2,359,410)	(27,916,934)	(92)

*n.m. denotes not meaningful*

*Note:*

\* Other expenses in 9M2015 comprised mainly professional fees, reverse takeover (“RTO”) costs and arranger fees. Please refer to paragraph 1(a)(ii) below for a breakdown of these expenses.

	GROUP					
	Unaudited 3Q2016 US\$	Unaudited 3Q2015 US\$	Change +/- %	Unaudited 9M2016 US\$	Unaudited 9M2015 US\$	Change +/- %
<b>Other Comprehensive</b>						
<b>Income/Loss:</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Currency translation differences arising from consolidation	178,478	(994,943)	n.m.	859,256	(735,636)	n.m.
Other comprehensive gain / (losses), net of tax	178,478	(994,943)	n.m.	859,256	(735,636)	n.m.
<b>Total comprehensive loss, net of tax</b>	<b>(568,340)</b>	<b>(1,548,177)</b>	<b>(63)</b>	<b>(1,500,154)</b>	<b>(28,652,570)</b>	<b>(95)</b>
<b>Net loss attributable to:</b>						
- Equity holders of the Company	(745,663)	(545,350)	37	(2,352,314)	(27,902,745)	(92)
- Non-controlling interests	(1,155)	(7,884)	(85)	(7,096)	(14,189)	(50)
	<u>(746,818)</u>	<u>(553,234)</u>	35	<u>(2,359,410)</u>	<u>(27,916,934)</u>	(92)
<b>Total comprehensive loss attributable to:</b>						
- Equity holders of the Company	(570,470)	(1,530,638)	(63)	(1,497,440)	(28,626,721)	(95)
- Non-controlling interests	2,130	(17,539)	n.m.	(2,714)	(25,849)	(90)
	<u>(568,340)</u>	<u>(1,548,177)</u>	(63)	<u>(1,500,154)</u>	<u>(28,652,570)</u>	(95)

*n.m. denotes not meaningful*

**1(a)(ii) The total comprehensive income/(loss) attributable to equity holders of the Company include the following credits/(charges):-**

	GROUP					
	Unaudited 3Q2016 US\$	Unaudited 3Q2015 US\$	Change +/- %	Unaudited 9M2016 US\$	Unaudited 9M2015 US\$	Change +/- %
Interest income	2,386	3,237	(26)	7,374	8,202	(10)
Employee compensation & directors' fees	(364,746)	(311,825)	17	(1,049,050)	(767,337)	37
Professional fees, travelling and corporate social responsibility expenses	(251,739)	(116,986)	115	(734,207)	(456,304)	61
Legal and licensing expenses	(59,108)	(18,531)	219	(191,550)	(63,289)	203
Rental expenses	(57,597)	(34,130)	69	(139,756)	(121,615)	15
Mining, geology and survey expenses	-	-	n.m.	(40,283)	-	n.m.
Professional fees (for RTO)	-	-	n.m.	-	(1,719,162)	n.m.
RTO cost	-	-	n.m.	-	(12,959,101)	n.m.
Arranger fees	-	-	n.m.	-	(10,731,215)	n.m.

*n.m. denotes not meaningful*

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>Unaudited As at 30/9/2016 US\$</b>	<b>Audited As at 31/12/2015 US\$</b>	<b>Unaudited As at 30/9/2016 US\$</b>	<b>Audited As at 31/12/2015 US\$</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	132,407	2,522,778	39,016	1,777,886
Inventories	38,529	-	-	-
Trade and other receivables	211,911	85,866	14,749,380	13,667,035
Deposits and prepayments	8,376,732	8,925,632	15,047	39,009
	<b>8,759,579</b>	<b>11,534,276</b>	<b>14,803,443</b>	<b>15,483,930</b>
<b>Non-current assets</b>				
Property, plant and equipment	1,133,515	251,548	6,321	8,442
Mining properties	5,134,500	-	-	-
Deferred exploration expenditure	2,064,069	6,123,360	-	-
Investment in subsidiaries	-	-	123,409,681	123,409,681
Restricted cash	197,504	185,932	-	-
	<b>8,529,588</b>	<b>6,560,840</b>	<b>123,416,002</b>	<b>123,418,123</b>
<b>Total assets</b>	<b>17,289,167</b>	<b>18,095,116</b>	<b>138,219,445</b>	<b>138,902,053</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	374,337	260,138	35,835	-
Current tax liability	20,032	53,333	-	-
Accrued operating expenses	1,770,311	1,158,669	408,522	148,696
Finance lease liabilities	2,561	2,365	-	-
Loans from shareholders	-	3,511,376	-	-
	<b>2,167,241</b>	<b>4,985,881</b>	<b>444,357</b>	<b>148,696</b>
<b>Non-current liabilities</b>				
Finance lease liabilities	2,482	4,261	-	-
Provision for employee benefit	19,405	16,157	-	-
Loans from shareholders	3,511,376	-	-	-
	<b>3,533,263</b>	<b>20,418</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>5,700,504</b>	<b>5,006,299</b>	<b>444,357</b>	<b>148,696</b>
<b>NET ASSETS</b>	<b>11,588,663</b>	<b>13,088,817</b>	<b>137,775,088</b>	<b>138,753,357</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	44,854,402	44,854,402	159,951,597	159,951,597
Currency translation reserve	(729,274)	(1,584,148)	98,976	(461,056)
Accumulated losses	(32,553,734)	(30,201,420)	(22,275,485)	(20,737,184)
	<b>11,571,394</b>	<b>13,068,834</b>	<b>137,775,088</b>	<b>138,753,357</b>
<b>Non-controlling interests</b>	<b>17,269</b>	<b>19,983</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>11,588,663</b>	<b>13,088,817</b>	<b>137,775,088</b>	<b>138,753,357</b>

**1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-**

**(a) the amount repayable in one year or less, or on demand;**

	As at 30/9/2016		As at 31/12/2015	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Shareholders' loans	-	-	-	3,511,376

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

	As at 30/9/2016		As at 31/12/2015	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Shareholders' loans	-	3,511,376	-	-

The above relates to shareholders' loans from Twin Gold Ventures S.A. ("**TGV**") and Novel Creation Holdings Limited ("**Novel Creation**"), and these loans are non-interest bearing, unsecured and repayable upon demand.

On 31 March 2016, certain subsidiaries of the Group entered into second supplemental deeds with TGV and Novel Creation to extend the non-repayment period for a further 18 months until 9 March 2018.

Accordingly, these loans were reclassified from "current liabilities" to "non-current liabilities" in 1Q2016.

**(c) Details of any collateral**

Not Applicable.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Unaudited 3Q2016 US\$	Unaudited 3Q2015 US\$
<b>Cash flows from operating activities</b>		
Loss before tax	(746,818)	(553,234)
Adjustments for:		
- Depreciation of property, plant and equipment	4,584	4,343
- Interest income from fixed deposits and current account	(2,386)	(3,237)
- Interest expense	80	-
- Unrealised currency translation gains	6,726	(853,968)
	<u>(737,814)</u>	<u>(1,406,096)</u>
Change in working capital:		
Inventories	(20,874)	-
Deposit and prepayments	178,431	-
Other receivables	68,272	304,773
Other payables	215,543	202,745
Provision for employee benefits	2,243	-
Restricted cash	-	17,353
Cash used in operating activities	<u>(294,199)</u>	<u>(881,225)</u>
Tax paid	<u>(33,858)</u>	<u>-</u>
<b>Net cash used in operating activities</b>	<u>(328,057)</u>	<u>(881,225)</u>
<b>Cash flows from investing activities</b>		
Payment for exploration expenditure	-	(635,565)
Purchase of plant and equipment	(4,652)	(11,829)
Interest received	2,386	3,237
<b>Net cash used in investing activities</b>	<u>(2,266)</u>	<u>(644,157)</u>
<b>Cash flows from financing activities</b>		
Reduction of share issue expenses <sup>(1)</sup>	-	37,268
Repayment of finance lease	(618)	(1,005)
Interest paid	(80)	-
<b>Net cash (used in) / provided by financing activities</b>	<u>(698)</u>	<u>36,263</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(331,021)</u>	<u>(1,489,119)</u>
Cash and cash equivalents at the beginning of the period	466,004	9,880,657
Effects of currency translation on cash and cash equivalents	<u>(2,576)</u>	<u>(28,576)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>132,407</u>	<u>8,362,962</u>

**Note:**

<sup>(1)</sup> This relates to Goods and Services Tax ("GST") of US\$37,268 on share issue expenses amounting to US\$594,739 incurred in respect of the placement of new shares in March 2015 in connection with the RTO. The local tax authority has allowed the claim for the aforesaid GST expense in 3Q2015.

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**GROUP - Current period**

	<b>Share Capital US\$</b>	<b>Accumulated losses US\$</b>	<b>Currency Translation reserve US\$</b>	<b>Non- controlling interests US\$</b>	<b>Total equity US\$</b>
Balance at 30 June 2016	44,854,402	(31,808,071)	(904,467)	15,139	12,157,003
Total comprehensive loss for the period	-	(745,663)	175,193	2,130	(568,340)
Balance at 30 September 2016	44,854,402	(32,553,734)	(729,274)	17,269	11,588,663

**GROUP - Prior period**

	(Restated)				
	<b>Share Capital US\$</b>	<b>Accumulated losses US\$</b>	<b>Currency Translation reserve US\$</b>	<b>Non- controllin g interests US\$</b>	<b>Total equity US\$</b>
Balance at 30 June 2015 <sup>(a)</sup>	44,817,134	(28,389,337)	(470,580)	37,102	15,994,319
Total comprehensive loss for the period	-	(545,350)	(985,288)	(17,539)	(1,548,177)
Reduction of share issue expenses	37,268	-	-	-	37,268
Balance at 30 September 2015	44,854,402	(28,934,687)	(1,455,868)	19,563	14,483,410

**COMPANY - Current period**

	<b>Share Capital US\$</b>	<b>Accumulated losses US\$</b>	<b>Currency Translation reserve US\$</b>	<b>Total equity US\$</b>
Balance at 30 June 2016	159,951,597	(21,718,467)	253,185	138,486,315
Total comprehensive loss for the period	-	(557,018)	(154,209)	(711,227)
Balance at 30 September 2016	159,951,597	(22,275,485)	98,976	137,775,008

Note (a) Under the Hong Kong Companies Ordinance Cap 622, the concepts of par value and authorised share capital were abolished and the amount in the capital reserves account as of 31 December 2014 is required to become part of the share capital of BlackGold Energy Limited, a subsidiary of the Group, incorporated in Hong Kong.

**COMPANY - Prior period**

	Share Capital US\$	Accumulated losses US\$	Currency Translation reserve US\$	Total equity US\$
Balance at 30 June 2015	159,914,329	(19,846,875)	299,849	140,367,303
Total comprehensive loss for the period	-	(399,538)	(926,146)	(1,325,684)
Reduction of share issue expenses	37,268	-	-	37,268
Balance at 30 September 2015	159,951,597	(20,246,413)	(626,297)	139,078,887

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**Changes in the Company's share capital**

	No. of Shares	Share capital (US\$)
As at 30 September 2016	788,708,783	159,951,597
As at 30 June 2016	788,708,783	159,951,597

There were no changes in the issued and paid-up share capital of the Company from 30 June 2016 to 30 September 2016.

There were no outstanding convertibles or share options granted as at 30 September 2016 and 30 September 2015.

There were no treasury shares held or issued as at 30 September 2016 and 30 September 2015.

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

	As at 30 September 2016	As at 31 December 2015
Number of issued shares excluding treasury shares	788,708,783	788,708,783

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

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

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

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

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

Not applicable.

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

Accounting policies and methods of computations used in the consolidated financial statements for the quarter ended 30 September 2016 are consistent with those applied in the financial statements for the year ended 31 December 2015, except for the adoption of accounting standards (including its consequently amendments) and interpretations applicable for the financial period beginning 1 January 2016.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the new/revised Financial Reporting Standards ("FRS") that are effective for annual periods beginning on or after 1 January 2016. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Group:

- Improvements to Financial Reporting Standards (November 2014)
- Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 110 Consolidated Financial Statements
- Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The adoption of these new or revised accounting standards and interpretations do not have any material effect on the financial statements of the Group.



**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	9M2016 US\$	9M2015 US\$
Basic loss per share (cents)	(0.30)	(3.78)
Weighted average number of shares for the purpose of computing basic loss per share	788,708,783	737,904,807
Fully diluted loss per share (cents)	(0.30)	(3.78)
Weighted average number of shares for the purpose of computing fully diluted loss per share	788,708,783	737,904,807

The basic loss per ordinary share and the fully diluted loss per ordinary share for 9M2016 were the same as there were no potentially dilutive ordinary shares existing during the period.

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

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

	30 Sep 2016 US\$	31 Dec 2015 US\$
Net asset value of the Group per ordinary share (cents)	1.5	1.7
No. of ordinary shares in issue	788,708,783	788,708,783
Net asset value of the Company per ordinary share (cents)	17.5	17.6
No. of ordinary shares in issue	788,708,783	788,708,783

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

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

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

## **Review of Profit & Loss**

### Revenue

Revenue amounted to US\$162K in 3Q2016 and US\$320K in 9M2016. During 3Q2016, the Group continued to record revenues on coal sales to a Riau state-owned enterprise. The Group commenced coal sales in 2Q2016, no coal sales were made during 3Q2015 and 9M2015.

### Cost of Goods Sold

Cost of goods sold mainly relate to mining contractor, coal processing, royalties to government, depreciation and amortization of mining properties and coal inventory.

Cost of goods sold amounted to US\$18K in 3Q2016 and US\$238K in 9M2016.

### Gross Profit

The Group recorded gross profit of US\$144K in 3Q2016 and US\$83K in 9M2016.

### Other Income

Other income amounted to US\$2K in 3Q2016 and US\$15K in 9M2016, as compared to US\$3K in 3Q2015 and US\$11K in 9M2015. The increase of US\$4K in 9M2016 against 9M2015 was mainly due to receipts from a government grant scheme during 2Q2016.

### Currency translation gain

The Group recorded a currency translation gain of US\$3K in 3Q2016, as compared to currency translation gain of US\$6K in 3Q2015, and a currency translation gain of US\$141K in 9M2016, as compared to currency translation loss of US\$700K in 9M2015.

The currency translation gain in 3Q2016 and 9M2016 was mainly due to translation differences on shareholders' loans and tax payable for land at the Group's Indonesian subsidiaries. The weakening of the United States Dollar (being the reporting currency) against the Indonesian Rupiah (being the recording currency for these liabilities), accounts for the currency translation gain in 9M2016.

### Administrative Expenses

Administrative expenses mainly relate to employee remuneration, directors' fees and expenses relating to licensing, compliance, geological, survey and recurring professional fees.

Administrative expenses increased by US\$329K or 59%, from US\$563K in 3Q2015 to approximately US\$892 in 3Q2016. The increase was mainly attributable to:-

- an increase in employee compensation of US\$52K, mainly due to the increase in headcount as the Group ramped-up its mining operations.
- an increase in legal and licensing expenses of US\$41K in respect of the Group's road utilisation and concession licences relating to the Group's production activities and the licence fee for the Indonesian power sector.

- an increase of US\$236K in other administrative expenses mainly relating to recurring professional fees to fulfil the Group's regulatory obligations following its listing on the Singapore Exchange.

Administrative expenses increased by US\$1.0M or 66%, from US\$1.6M in 9M2015 to approximately US\$2.6M in 9M2016. The increase was mainly attributable to:-

- an increase in employee compensation and directors' fees of US\$282K, mainly due to the increase in headcount preparing for expansion and commencement of the Group's mining operations. Additionally, directors' fees were recorded for a full 3 months in 1Q2016, whereas during 1Q2015 certain employee compensation and directors' fees started accruing only upon completion of the RTO on 10 March 2015;
- an increase in legal and licensing expenses of US\$128K in respect of the Group's jetty and road utilisation licences as the concessions progressed in their exploratory and development activities as well as the licence fee for the Indonesian power sector.
- an increase in mining, geologist and survey expenses of US\$40K for development works at the Group's mining concessions;
- an increase of US\$788K in other administrative expenses mainly relating to recurring professional fees to fulfil the Group's regulatory obligations following its listing on the Singapore Exchange; and
- a decrease of US\$208K for corporate social responsibility activities as there were no such expenses incurred during 9M2016.

#### Other expenses

Other expenses decreased by US\$25.7M or approximately 100% from US\$25.7M in 9M2015 to 8K in 9M2016. This decrease was due to one-time RTO related expenses incurred during 3M2015.

These one-time RTO related expenses comprised mainly (a) non-recurring professional fees in relation to the RTO of US\$2.0M; (b) RTO cost of US\$13.0M; and (c) arranger fees of US\$10.7M. RTO cost relates to acquisition costs arising from the RTO on 10 March 2015. Arranger fees relate to one-off issuance of shares to UOB Kay Hian Private Limited as the arranger in the RTO transaction.

#### Loss after tax

As a result of the above factors, the Group recorded net losses of US\$747K in 3Q2016 and US\$2.4M in 9M2016.

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

#### Non-current assets

Non-current assets of the Group comprise property, plant and equipment, mining properties, deferred exploration expenditure and restricted cash equivalents.

Non-current assets increased by US\$2.0M, from US\$6.6M as at 31 December 2015 to US\$8.6M as at 30 September 2016, mainly due to (i) capitalisation of mining properties of US\$1.1M and (ii)

increase in property, plant, equipment of US\$0.9M, mainly transferred from “deposits and prepayment” to property, plant and equipment as capitalised costs of jetty construction.

#### Current assets

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

Current assets decreased by US\$2.7M, from US\$11.5M as at 31 December 2015 to US\$8.8M as at 30 September 2016.

This was partly due to a US\$2.4M decrease in cash and cash equivalents, mainly arising from the utilisation of placement proceeds for exploration, development and working capital purposes. Please refer to note 1(c) Cash Flow Statement for more details.

Deposits and prepayments decreased by US\$549K due to capitalisation of the costs of jetty construction, reclassified as property, plant and equipment amounting to US\$800K. This was partially offset by an increase in prepayments for acquisition of land for jetty and other operating costs amounting to approximately US\$251K.

Inventories as well as trade and other receivables increased by US\$164K due to the Group having commenced production and sale of coal in 1Q2016.

#### Current liabilities

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

Current liabilities decreased by US\$2.8M, from US\$5.0M as at 31 December 2015 to US\$2.2M as at 30 September 2016. The decrease was mainly due to a reclassification of US\$3.5M of loans from shareholders (as described in section 1(b)(ii) above), partially offset by an increase in accrued operating expenses of US\$612K for recurring professional fees and an increase in trade and other payables of US\$114K for mining costs.

#### Non-current liabilities

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

Non-current liabilities increased by approximately US\$3.5M, from US\$20K as at 31 December 2015 to US\$3.5M as at 30 September 2016. The increase was mainly due to the reclassification of loans from shareholders of US\$3.5M from “current liabilities” to “non-current liabilities” as explained in section 1(b)(ii).

#### Working capital

The Group recorded working capital of US\$6.6M as at 30 September 2016.

## Review of Statement of Cash Flows

### **3Q2016**

The Group recorded net cash used in operating activities of US\$328K for 3Q2016 which was a result of operating losses before changes in working capital of approximately US\$738K, adjusted for net working capital inflows of approximately US\$410K.

Net cash used in investing activities of US\$3K in 3Q2016 was mainly due to cash used for the purchase of fixed assets of US\$5K, partially offset by interest income of US\$2K from current account and time deposits.

Net cash used in financing activities of US\$1K was mainly due to repayment of finance lease liabilities.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of US\$331K in 3Q2016.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable as the Company has not disclosed any forecast or prospect statement to its shareholders previously.

### **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Over the past three months, Indonesian coal prices have surged. The official coal reference price (the Harga Batubara Acuan or "HBA") issued by the Ministry of Energy and Mineral Resources, rose to \$69.07 per tonne in October 2016, its highest level since April 2015. In the three months to October, the HBA has risen by 30%.

There are also developments in the Indonesian domestic market. Indonesia's coal consumption rose by 15% in 2015, from 69.8 million tonnes of oil equivalent ("Mtoe") in 2014 to 80.3 Mtoe in 2015<sup>1</sup>, putting Indonesia as the eighth largest coal consuming country in the world, aided by the Indonesian government's 35,000 MW electricity programme in which the majority of power plants are coal-fired. Coal now contributes 41% to Indonesia's total energy consumption, followed by oil at 37.6%<sup>2</sup>.

Barring unforeseen circumstances, the Group sees potential benefits ahead, buoyed by the general positive sentiment in the coal market, the dominance of coal in local Indonesian power generation, and the Indonesian government's ongoing support.

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<sup>1</sup> Source: BP Statistical Review of World Energy 2016.

<sup>2</sup> Source: BP Statistical Review of World Energy 2016.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

None.

**(b)(i) Amount per share**

Not applicable.

**(b)(ii) Previous corresponding period**

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended during 3Q2016.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for interested person transactions (“IPTs”) pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“Catalist Rules”).

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transaction conducted under the shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000)	
	S\$		S\$	
	3Q2016	9M2016	3Q2016	9M2016
N.A	-	-	-	-

There were no interested person transactions that were individually more than S\$100,000 during 3Q2016 or 9M2016.

#### **14. Use of IPO Proceeds**

Pursuant to Rule 1204(5)(f) of the Catalist Rules, the Board wishes to provide an update on the use of the proceeds arising from the allotment and issue of 86,000,000 new ordinary shares at an issue price of S\$0.295 per share in the capital of the Company through the placement exercise, which was completed on 10 March 2015. As of 3Q2016, the net proceeds of approximately S\$25 million (after deducting expenses of approximately S\$1 million) have been fully utilised.

#### **ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES**

##### **15 (a). Rule 705(6)(a) of the Catalist Rules**

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

In 3Q2016, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US\$)	Actual usage of funds (US\$)
Development activities*	2,000	7,000
Production activities	147,000	34,000
General working capital	174,000	156,000
Total	323,000	197,000

*\*Development activities includes capital expenditures and expenditure on exploration works.*

Actual cash used for pre-production activities in 3Q2016 was higher than forecasted figures by US\$5K due to an expansion of the container office at the mining concession.

Actual cash used for production activities and general working capital in 3Q2016 was lower than forecasted figures by US\$113K and US\$18K respectively. In preparation for the anticipated commencement of coal delivery to a major customer, the Group is transiting to a new mining contractor that has capabilities to produce coal at volumes required for the Group to fulfil its delivery to the aforementioned customer. During this transition period, cash outflow for the aforementioned activities was lower than forecasted figures.

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

For the next immediate quarter (financial period from 1 October 2016 to 31 December 2016 (“4Q2016”)), the Group’s use of funds for production activities are expected to be as follows:-

<b>Purpose</b>	<b>Amount (US\$)</b>
Development activities	26,000
Production activities	224,000
General working capital	163,000
<b>Total</b>	<b>413,000</b>

Principal Assumptions

Projected use of funds for certain items, including but not limited to, expenses incurred for the Group’s mine development activities, will vary according to the Group’s rate of coal mining and production. Accordingly, if the Group’s rate of coal mining and production changes, the Group’s use of funds for mine development activities will change as well.

**15 (b). Rule 705(6)(b) of the Catalist Rules**

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the above information provided to be false or misleading in any material aspect.

**15 (c). Rule 705(7)(a) of the Catalist Rules**

**Details of exploration (including geophysical surveys), development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.**

During 3Q2016, no exploration activities were conducted.

In relation to production activities, a total of 5,726 metric tonnes of coal were produced during 3Q2016. Total expenditure incurred for production activities in 3Q2016 amounted to US\$ 26K.

Development of the Group’s mine site, jetty and port facilities remain underway.



#### **15 (d). Rule 705(7)(b) of the Catalist Rules**

**Update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.**

The Independent Qualified Person's Report ("IQPR") on the coal resources and ore reserves estimates as at 8 July 2016 was announced on 8 August 2016. A soft copy of the IQPR is available for download on the SGXNET and the Group's website at [www.blackgold-group.com](http://www.blackgold-group.com).

As at 30 September 2016, the Group has no material updates on the coal resources and ore reserve estimates as set out in the IQPR.

#### **16. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules**

To the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results of Group and the Company for 3Q2016 and 9M2016 to be false or misleading in any aspect.

#### **17. Confirmation by the Company to Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured all the required undertakings from all directors and executive officers of the Company under Rule 720(1) of the Catalist Rules.

#### **BY ORDER OF THE BOARD**

Phil Cecil Rickard  
CEO/Executive Director

James Rijanto  
CIO/Executive Director

10 November 2016

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*This announcement 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 ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

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*SAC Advisors Private Limited is a wholly-owned subsidiary of SAC Capital Private Limited.*

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