BlackGold Natural Resources Limited
(Company Registration No. 199704544C)

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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 2017

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 ("**3Q2017**") and nine months ("**9M2017**") ended 30 September 2017. The corresponding unaudited consolidated financial results for the third quarter ("**3Q2016**") and nine months ("**9M2016**") ended 30 September 2016 are presented for comparison.

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

Consolidated Statement of Comprehensive Income

	GROUP					
	Unaudited 3Q2017 US$	**Unaudited 3Q2016 US$**	**Change +/- %**	**Unaudited 9M2017 US$**	**Unaudited 9M2016 US$**	**Change +/- %**
Sales	1,894,451	162,170	n.m.	3,370,638	320,307	n.m.
Cost of Sales	(1,815,274)	(18,185)	n.m.	(3,382,794)	(237,526)	n.m.
Gross Profit / (Loss)	79,177	143,985	(45)	(12,156)	82,781	n.m.
Other income	2,747	2,387	15	7,830	14,717	(47)
Currency translation gains	27,089	3,377	n.m.	149,916	141,135	6
Expenses						
- Administrative	(1,160,649)	(892,146)	30	(3,972,500)	(2,589,572)	53
- Finance	(43)	(80)	(46)	(153)	(264)	(42)
- Others	-	(4,341)	(100)	(695)	(8,207)	(92)
Loss before tax	(1,051,679)	(746,818)	41	(3,827,758)	(2,359,410)	62
Income tax expense	-	-		-	-	
Loss net of tax	(1,051,679)	(746,818)	41	(3,827,758)	(2,359,410)	62

n.m. denotes not meaningful

	GROUP					
	Unaudited 3Q2017 US$	Unaudited 3Q2016 US$	Change +/- %	Unaudited 9M2017 US$	Unaudited 9M2016 US$	Change +/- %
<u>Other Comprehensive Income/Loss:</u>						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences arising from consolidation	(234,469)	178,478	n.m.	(147,079)	859,256	n.m.
Other comprehensive (losses) / gains, net of tax	(234,469)	178,478	n.m	(147,079)	859,256	n.m.
Total comprehensive loss, net of tax	(1,286,148)	(568,340)	126	(3,974,837)	(1,500,154)	165
Net loss attributable to:						
- Equity holders of the Company	(1,047,086)	(745,663)	40	(3,805,086)	(2,352,314)	62
- Non-controlling interests	(4,593)	(1,155)	298	(22,672)	(7,096)	220
	(1,051,679)	(746,818)	41	(3,827,758)	(2,359,410)	62
Total comprehensive loss attributable to:						
- Equity holders of the Company	(1,275,495)	(570,470)	124	(3,940,821)	(1,497,440)	163
- Non-controlling interests	(10,653)	2,130	n.m.	(34,016)	(2,714)	n.m.
	(1,286,148)	(568,340)	126	(3,974,837)	(1,500,154)	165

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 3Q2017 US$	Unaudited 3Q2016 US$	Change +/- %	Unaudited 9M2017 US$	Unaudited 9M2016 US$	Change +/- %
Interest income	2,538	2,386	6	7,357	7,374	n.m.
Employee compensation & directors' fees	(395,330)	(364,746)	8	(1,138,163)	(1,049,050)	8
Professional fees, travelling and corporate social responsibility expenses	(197,558)	(251,739)	(22)	(738,125)	(734,207)	1
Legal and licensing expenses	(101,624)	(59,108)	72	(521,825)	(191,550)	172
Rental expenses	(73,915)	(57,597)	28	(173,269)	(139,756)	24
Mining, geology and survey expenses	(5,740)	-	n.m.	(532,208)	(40,283)	n.m.
Depreciation of property, plant and equipment	(10,340)	(4,584)	126	(24,450)	(15,922)	54
Amortisation of mining properties	(36,324)	-	n.m.	(87,347)	-	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

	GROUP		COMPANY	
	Unaudited	**Audited**	**Unaudited**	**Audited**
	As at	**As at**	**As at**	**As at**
	30/9/2017	**31/12/2016**	**30/9/2017**	**31/12/2016**
	US$	**US$**	**US$**	**US$**
ASSETS				
Current assets				
Cash and cash equivalents	2,966,571	123,541	2,455,773	81,472
Trade and other receivables	2,032,143	169,232	21,852,964	14,193,433
Inventories	1,512,830	34,270	-	-
Deposits and prepayments	2,467,592	3,503,550	23,893	7,149
	8,979,136	3,830,593	24,332,630	14,282,054
Non-current assets				
Property, plant and equipment	4,251,768	1,582,599	4,317	5,196
Mining properties	7,748,811	4,940,778	-	-
Exploration and evaluation expenditure	2,037,770	1,989,136	-	-
Deposits and prepayments	1,348,561	4,147,469	-	-
Investment in subsidiaries	-	-	123,409,681	123,409,681
Restricted cash	189,626	190,052	-	-
	15,576,536	12,850,034	123,413,998	123,414,877
Total assets	**24,555,672**	**16,680,627**	**147,746,628**	**137,696,931**
LIABILITIES				
Current liabilities				
Trade and other payables	1,096,870	961,893	813,443	951,665
Accrued operating expenses	2,401,745	1,718,178	202,755	276,329
Finance lease liabilities	2,494	2,451	-	-
Current tax liability	61,687	37,952	78	73
	3,562,796	2,720,474	1,016,276	1,228,067
Non-current liabilities				
Finance lease liabilities	-	1,715	-	-
Provision for employee benefit	66,782	47,222	-	-
Loans from shareholders	4,184,847	3,984,847	-	-
Other provisions	57,722	33,199	-	-
	4,309,351	4,066,983	-	-
Total liabilities	**7,872,147**	**6,787,457**	**1,016,276**	**1,228,067**
NET ASSETS	**16,683,525**	**9,893,170**	**146,730,352**	**136,468,864**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	55,619,594	44,854,402	170,716,789	159,951,597
Currency translation reserve	(1,287,683)	(1,151,948)	398,081	(706,456)
Accumulated losses	(37,627,296)	(33,822,210)	(24,384,518)	(22,776,277)
	16,704,615	9,880,244	146,730,352	136,468,864
Non-controlling interests	(21,090)	12,926	-	-
Total equity	**16,683,525**	**9,893,170**	**140,730,352**	**136,468,864**

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;

The Group does not have any borrowings and debt securities repayable in one year or less, or on demand as at 30 September 2017 and 31 December 2016.

(b) the amount repayable after one year;

	As at 30/9/2017		As at 31/12/2016	
	Secured	Unsecured	Secured	Unsecured
	US$	US$	US$	US$
Shareholders' loans	-	4,184,847	-	3,984,847

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

On 12 May 2017, the Group entered into a third supplemental deed with the Lenders to extend until 31 March 2019 the period during which the Lenders have agreed not to demand repayment. There has been no request for repayment to date.

(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 3Q2017 US$	Unaudited 3Q2016 US$
Cash flows from operating activities		
Loss before tax	(1,051,679)	(746,818)
Adjustments for:		
- Depreciation of property, plant and equipment	10,340	4,584
- Amortisation of mining properties	36,324	-
- Interest income from fixed deposits and current account	(2,538)	(2,386)
- Interest expense	43	80
- Unrealised currency translation differences	36,656	6,726
	(970,854)	(737,814)
Change in working capital:		
Inventories	(965,558)	(20,874)
Deposit and prepayments	(66,292)	178,431
Trade and other receivables	(811,356)	68,272
Trade and other payables	695,221	215,543
Provision for employee benefits	12,528	2,243
Other provisions	22,426	-
Cash used in operating activities	(2,083,885)	(294,199)
Tax paid	(40,052)	(33,858)
Net cash used in operating activities	(2,123,937)	(328,057)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,934)	(4,652)
Additions to mining properties	(200,413)	-
Acquisition of land use rights	(868,406)	-
Interest received	2,538	2,386
Net cash used in investing activities	(1,069,215)	(2,266)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	5,918,676	-
Repayment of finance lease	(614)	(618)
Interest paid	(43)	(80)
Net cash provided by / (used in) financing activities	5,918,019	(698)
Net increase / (decrease) in cash and cash equivalents	2,724,867	(331,021)
Cash and cash equivalents at the beginning of the period	240,484	466,004
Effects of currency translation on cash and cash equivalents	1,220	(2,576)
Cash and cash equivalents at the end of the period	2,966,571	132,407

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

GROUP - Current period

	Share Capital US$	Currency Translation reserve US$	Accumulated losses US$	Non-controlling interests US$	Total equity US$
Balance at 30 June 2017	49,700,918	(1,059,274)	(36,580,210)	(10,437)	12,050,997
Issuance of placement shares	5,918,676	-	-	-	5,918,676
Total comprehensive loss for the period	-	(228,409)	(1,047,086)	(10,653)	(1,286,148)
Balance at 30 September 2017	55,619,594	(1,287,683)	(37,627,296)	(21,090)	16,683,525

GROUP - Prior period

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

COMPANY - Current period

	Share Capital US$	Currency Translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 30 June 2017	164,798,113	20,660	(23,748,173)	141,070,600
Issuance of placement shares	5,918,676	-	-	5,918,676
Total comprehensive loss for the period	-	377,421	(636,345)	(258,924)
Balance at 30 September 2017	170,716,789	398,081	(24,384,518)	146,730,352

COMPANY - Prior period

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

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

Changes in the Company's share capital

	No. of Shares	Share capital (US$)
As at 30 June 2017	864,157,437	164,798,113
Issuance of placement shares on 6 July 2017	66,703,000	5,918,676
As at 30 September 2017	930,860,437	170,716,789

There were no outstanding convertibles or share options granted as at 30 September 2017 and 30 September 2016.

There were no treasury shares or subsidiary holdings held or issued as at 30 September 2017 and 30 September 2016.

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 2017	As at 31 December 2016
Number of issued shares excluding treasury shares	930,860,437	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.

1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable, as the Company does not have any subsidiary holdings.

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

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

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

Not applicable.

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

Accounting policies and methods of computations used in the consolidated financial statements for the period ended 30 September 2017 are consistent with those applied in the financial statements for the year ended 31 December 2016, except for the adoption of accounting standards (including its subsequent amendments) and interpretations applicable for the financial period beginning on or after 1 January 2017.

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 2017. 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:

- Amendments to FRS 7 Statement of Cash Flows
- Amendments to FRS 12 Income Taxes

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.

	9M2017 **US$**	**9M2016** **US$**
Basic loss per share (cents)	(0.45)	(0.30)
Weighted average number of shares for the purpose of computing basic loss per share	851,356,315	788,708,783
Fully diluted loss per share (cents)	(0.45)	(0.30)
Weighted average number of shares for the purpose of computing fully diluted loss per share	851,356,315	788,708,783

The basic loss per ordinary share and the fully diluted loss per ordinary share for 9M2017 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 2017 US$	31 Dec 2016 US$
Net asset value of the Group per ordinary share (cents)	1.8	1.3
No. of ordinary shares in issue	930,860,437	788,708,783
Net asset value of the Company per ordinary share (cents)	15.8	17.3
No. of ordinary shares in issue	930,860,437	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

<u>Revenue</u>

Revenue is generated through the sale of coal from its coal mining activities to its customers.

Revenue amounted to US$1.9M in 3Q2017 and US$3.4M in 9M2017, as compared to US$162K in 3Q2016 and US$320K in 9M2016. During 9M2017, the Group commenced deliveries to two of its major customers, PLN Tenayan and Cement Padang. The majority of these deliveries mainly occurred during 2Q2017 to 3Q2017. For the comparable periods in the 2016 financial year, sales to the aforementioned customers had not yet commenced.

<u>Cost of Sales</u>

Cost of sales ("**COS**") comprises mainly cost incurred in relation to mining contractors, coal processing, royalties to government, depreciation and amortization of mining properties and coal inventory.

COS amounted to US$1.8M in 3Q2017 and US$3.4M in 9M2017, as compared to US$18K in 3Q2016 and US$238K in 9M2016. The increases in COS are in line with the increased sales volume, which are higher than those recorded during the comparable periods in the 2016 financial year.

Gross Profit

The Group recorded gross profits of US$79K in 3Q2017 and a gross loss of US$12K in 9M2017. This gross loss in 9M2017 was mainly due to higher initial, non-recurring COS incurred during 2Q2017 as the Group continues to ramp-up its production activities.

Other Income

Other income amounted to US$3K in 3Q2017 and US$8K in 9M2017, as compared to US$2K in 3Q2016 and US$15K in 9M2016. The decrease of US$7K in 9M2017, was due to one-off receipts from a government grant scheme during 9M2016 which was not claimed in 9M2017.

Currency translation gain

The Group recorded a currency translation gain of US$27K in 3Q2017, as compared to currency translation gain of US$3K in 3Q2016, and currency translation gain of US$150K in 9M2017, as compared to currency translation gain of US$141K in 9M2016.

The currency translation gains in 3Q2017 and 9M2017 were mainly due to translation differences on shareholders' loans at its Singapore subsidiary. The United States Dollar (being the currency in which these loans are denominated) had weakened against the Singapore Dollar (being the recording currency for these liabilities), thereby accounting for the currency translation gain.

Administrative Expenses

Administrative expenses mainly relate to employees' remuneration, directors' fees and expenses relating to licensing & compliance, geologist & survey, rental and recurring professional fees.

Administrative expenses increased by US$269K or 30% from US$892K in 3Q2016 to approximately US$1.2M in 3Q2017. The increase was mainly attributable to:

- an increase in employees' compensation of US$31K, mainly due to the increase in headcount as the Group expands its mining operations.

- an increase in legal and licensing expenses of US$43K in respect of the Group's jetty licences and licences for the mining activities as the Group increases its production volumes.

- an increase in rental expenses of US$16K due to incremental office space leased for use at the head office to support its expanding operations.

- an increase in fees to placement agent of US$151K, mainly due to a new share placement completed during 3Q2017.

Administrative expenses increased by US$1.4M or 53% from US$2.6M in 9M2016 to approximately US$4.0M in 9M2017. The increase was mainly attributable to:

- an increase in employees' compensation of US$89K. During 9M2016, certain portions of employees' compensation associated with exploratory and development activities were capitalised under "exploration and evaluation expenditure". During 9M2017, these expenses were recorded in the profit or loss as the PT Samantaka Batubara ("**PT SB**") mining concession was already in production. During 9M2017, there was also an increase in headcount as the Group ramped-up its mining operations.

- an increase in legal and licensing expenses of US$330K in respect of the Group's jetty licences and licences for the mining activities as the Group increases its production volumes.

- an increase in mining, geologist and survey expenses of US$492K in respect of mobilisation of heavy equipment by contractors as the Group continues expansion of its production capacities.

- an increase in rental expenses of US$34K due to incremental office space leased for use at the Group's mine site and head office to support its production activities.

- an increase in fees to placement agent of US$209K, mainly due to a number of share placement exercises completed during 9M2017.

<u>Loss after tax</u>

As a result of the above factors, the Group recorded net losses of US$1.1M in 3Q2017 and US$3.8M in 9M2017.

Review of Statement of Financial Position

<u>Current assets</u>

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

Current assets increased by US$5.1M from US$3.8M as at 31 December 2016 to US$9.0M as at 30 September 2017.

This was partly due to a US$2.8M increase in cash and cash equivalents, mainly arising from sales collections from its customers, and the three share placements completed during 9M2017, partially offset by use of proceeds for the Group's operations. Please refer to note 1(c) Consolidated Cash Flow Statement for more details.

Inventories increased by US$1.5M as the Group continued to expand its production capacities and increases its coal inventory for sale to its customers.

Trade and other receivables increased by US$1.9M due to increased sales amounting to US$3.4M, partially offset by collections received from the Group's customers.

Deposits and prepayments decreased by US$1.1M mainly due to land use rights of US$1.9M capitalised and transferred to mining properties, partially offset by prepayment for land to be used for the Riau-1 Project of US$570K and prepayments to mining contractors amounting to US$161K.

<u>Non –current assets</u>

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

Non-current assets increased by US$2.7M, from US$12.9M as at 31 December 2016 to US$15.6M as at 30 September 2017, mainly due to (i) increase of US$1.9M transferred from "deposits and prepayments" (current assets), (ii) acquisition of US$600K of land use rights (recorded as "mining properties") and (iii) other additions to mining properties of US$200K.

Within non-current assets, property, plant and equipment have increased by US$2.7M due to transfers from "deposits and prepayments" (non-current assets) as capitalised costs of jetty construction and infrastructures in the mine pit area.

Current liabilities

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

Current liabilities increased by US$842K, from US$2.7M as at 31 December 2016 to US$3.6M as at 30 September 2017. The increase was mainly due to (i) an increase in trade and other payables of US$135K from the Group's production activities and (ii) an increase in accrued operating expenses of US$684K to mining contractors and forestry licences arising from the expansion of its mining activities.

Non-current liabilities

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

Non-current liabilities increased by US$242K, from US$4.1M as at 31 December 2016 to US$4.3M as at 30 September 2017. The increase was mainly due to (i) an increase of US$200K from an additional drawdown on the shareholder's loan and (ii) an increase of US$44K from provision for employee benefits and other provision.

Working Capital

The Group recorded working capital of US$5.4M as at 30 September 2017.

Review of Statement of Cash Flows

3Q2017

The Group recorded net cash used in operating activities of US$2.1M for 3Q2017 which was a result of operating losses before changes in working capital of approximately US$971K, adjusted for net working capital outflows of approximately of US$1.1M.

Net cash used in investing activities of US$1.1M in 3Q2017 was mainly due to cash used for the purchase of fixed assets of US$3K, additions to mining properties of US$200K and acquisition of land use rights of US$868K, partially offset by interest income of US$3K from current account and time deposits.

Net cash provided by financing activities of US$5.9M was mainly due to cash proceeds of US$5.9M from issuance of new shares pursuant to the placement exercises.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of US$2.7M in 3Q2017.

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.

On 10 August 2017, the Group announced that its Coal Reserves at the PT SB Concession as at 9 June 2017 had more than tripled from its last reported estimates. This substantial increase will enhance the Group's abilities to negotiate increases for future coal deliveries to existing customers, and for the planned 30-year exclusive coal supply to a 2 x 300 MW coal-fired mine-mouth power plant ("**the Riau-1 Project**").

Further, on 7 September 2017, the Group announced that, through its subsidiary, PT SB, had signed an addendum to the coal sales and purchase contract with PT Perusahaan Listrik Negara ("**PLN**"), Indonesia's state-owned electricity company, in relation the annual delivery of 500,000 tonnes of coal to PLN's Tenayan power plant. The coal sale price had been revised upwards by approximately 10%.

On 15 September 2017, the Group entered into a Heads of Agreement ("**HOA**") with China Huadian Engineering Co., Ltd, PT Pembangkitan Jawa-Bali and PT PLN Batubara to form a new consortium (the "**Consortium**") in relation to an ongoing cooperation project for the development, construction, operation and maintenance of the Riau-1 Project. Pursuant to the HOA, upon successful award of the Riau-1 Project by PLN to the Consortium, the Consortium shall establish a joint venture company, NewCo, which will enter into the relevant power purchase agreement with PLN to construct and commission the Riau-1 Project.

On the outlook for the industry, a publication in finance.detik.com on 13 September 2017 reported that Supangkat Iwan Santoso, the Director of Strategic Procurement in PLN, had commented that the 35,000 MW electricity program initiated by the government will increase domestic demand for coal by 2-fold from the current 80 million tonnes to 160 million tonnes per year in Indonesia.

Another article published in katadata.co.id on 17 July 2017, cited a letter sent from the Ministry of Energy and Mineral Resources ("**MEMR**") to the Indonesia Ministry of National Development Planning, which stated that the MEMR plans to increase coal production from 413 million tonnes to approximately 478 million tonnes in 2017.

The Group's other contracts for an annual delivery of 360,000 tonnes of coal each to PT Santosa Makmur Sejahtera Energy and PT Soma Daya Utama are expected to commence in 2H2017 and 1H2018 respectively, as disclosed previously.

The Group expects to commence delivery of coal from its own jetty by 4Q2017, which is anticipated to increase the Group's barge loading capacity and contribute to a reduction in costs.

Barring unforeseen circumstances, with the aforementioned HOA in hand, the government's ongoing support for the development of Indonesian power generation and the continued dominance of coal in this initiative, BlackGold looks towards future growth from these positive trends driving the industry.

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 3Q2017.

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**").

There were no interested person transactions that were individually more than S$100,000 entered into by the Group during 3Q2017 or 9M2017.

Below is the table detailing the amount of shareholders' loan that was drawn down during 3Q2017 and 9M2017:

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$100,000) S$	
	3Q2017	**9M2017**	**3Q2017**	**9M2017**
Twin Gold Ventures S.A.	-	Note 1	-	-

Note 1: During 9M2017, certain subsidiaries in the Group had drawn down a further amount of US$200,000 under these shareholders' loan facilities.

As at 30 September 2017, the total outstanding amount of the shareholders' loans is US$4,184,847. The shareholders' loans are non-interest bearing, unsecured, have no fixed terms of repayment but shall be repayable upon demand from the lenders. The shareholders' loans are provided by Twin Gold Ventures S.A. and Novel Creation Holdings Limited.

14. Use of Placement Proceeds

Pursuant to Rule 1204(5)(f) of the Catalist Rules, the Board wishes to provide an update on the use of the proceeds arising from the following placement exercises:

Description	Number of new ordinary shares alloted and issued	Issue price per ordinary share (S$)	Placement Proceeds (S$)
Share Placement Agreement dated 24 March 2017	35,937,000	0.090	3,234,330
Share Placement Agreement dated 22 June 2017	66,703,000	0.123	8,204,469
Total			11,438,799

The net proceeds of approximately S$11.1M as at date of this announcement (after deducting expenses of approximately S$319K) ("**Net Proceeds**") have been utilised as follows:-

Intended use of Net Proceeds	Allocation of Net Proceeds as disclosed in the announcements dated 27 March 2017 and 23 June 2017 (S$)	Net Proceeds utilised as at date of this announcement (S$)	Balance of the Net Proceeds as at the date of this announcement (S$)
Development of a 2 x 300 megawatt mine-mouth power plant (the "Riau 1 Project")	4,458,000	1,121,000	3,337,000
General working capital purposes	6,662,000	6,662,000 (1)	-
Total	**11,120,000**	**7,783,000**	**3,337,000**

Note (1): General working capital comprised operating and production expenses of the Group, mainly for the payment of trade and non-trade creditors, rental, salaries and professional fees.

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 3Q2017, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US$)	Actual usage of funds (US$)
Development activities *	99,000	559,000
Production activities	1,683,000	707,000
General working capital	103,000	88,000
Total	1,885,000	1,354,000

* Development activities includes capital expenditures.

Actual cash used for development activities in 3Q2017 was higher than forecasted by US$460K mainly due to higher payments for acquisition of land use rights and additions to mining properties. In its anticipation of higher customer demand, the Group accelerated the expansion of production activities at its PT SB mining concession during the quarter.

Actual cash used for production activities and general working capital was lower than forecasted by US$991K because payment to contractors/suppliers will be made in the subsequent quarter as part of the Group's measures to manage its cash flow.

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 2017 to 31 December 2017 ("**4Q2017**")), the Group's use of funds for production activities are expected to be as follows:-

Purpose	**Amount (US$)**
Development activities	31,000
Production activities	2,014,000
General working capital	396,000
Total	**2,441,000**

<u>Principal Assumptions</u>

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 3Q2017, no exploration activities were conducted. In relation to production activities, a total of approximately 103,000 metric tonnes of coal was produced during 3Q2017.

In 3Q2017, cash expenditure paid for production activities amounted to US$707K.

Development of the Group's port facilities and jetty remains ongoing and is approaching completion.

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.

An Independent Qualified Person's Report ("**IQPR**") on the Coal Resources and Ore Reserves estimates as at 7 August 2017 was announced on 10 August 2017. A soft copy of the IQPR is available for download on the SGXNET and the Group's website at www.blackgold-group.com.

As at 30 September 2017, the Group has no material updates to 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 3Q2017 to be false or misleading in any aspect.

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

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

BY ORDER OF THE BOARD

Philip Cecil Rickard CEO/Executive Director	James Rijanto CIO/Executive Director

10 November 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "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.

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