

BLACKGOLD NATURAL RESOURCES LIMITED

(Company Registration Number: 199704544C)

(Incorporated in the Republic of Singapore)

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited Listing Manual – Section B: Rules of Catalist, the Board of Directors (the “**Board**” or “**Directors**”) of BlackGold Natural Resources Limited (the “**Company**” or “**BlackGold**” and, together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditor, PricewaterhouseCoopers LLP (the “**Auditor**”) has issued a disclaimer of opinion (“**Disclaimer of Opinion**”) in its Independent Auditor’s Report in relation to the audited financial statements of the Group for the financial year ended 31 December 2019 (“**FY2019**”) (the “**Financial Statements**”) relating to the existence of material uncertainties which cast significant doubt about the ability of the Group and the Company to continue as a going concern.

The Independent Auditor’s Report and the Financial Statements will form part of the Company’s Annual Report for FY2019 (the “**2019 Annual Report**”). Shareholders are advised to read the Independent Auditor’s Report and the 2019 Annual Report in their entirety, which will be dispatched to Shareholders (the “**Shareholders**”) in due course.

The extracts of the Disclaimer of Opinion in relation to the Financial Statements are attached to this announcement for information.

The management (“**Management**”) believes that the Group will have sufficient cash flows to continue its operations for the foreseeable future after taking into consideration the following:

- (i) 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 July 2020, to satisfy its working capital requirements and to meet its obligations as and when they fall due;
- (ii) Significant improvements in revenues and gross profit margins have been attained in the financial year ended 31 December 2019;
- (iii) On 30 January 2020, the Company has entered into three convertible bond agreements with 3 subscribers, pursuant to which the Company proposes to issue to the subscribers convertible bonds of up to an aggregate S\$25 million in two tranches. As at the date of this announcement the Company has successfully issued convertible bonds of S\$2 million with the remaining S\$23 million to be subscribed;
- (iv) Subsequent to 31 December 2019 and as announced by the Company on 5 February 2020, the Company had, on 29 January 2020, signed an offtake agreement with a new customer to supply coal at a minimum quantity of not less than 4.8 million tonnes of coal per year. The profits from the sales is expected to improve the Group’s cash flow position;
- (v) The Group is continually pursuing growth opportunities to strengthen its financial and operational capabilities through the sourcing of new customers and further co-operations with its strategic partners; and

- (vi) On 20 December 2012 and 26 March 2013, the Group entered into shareholders loan agreements with Twin Gold Ventures S.A. and Novel Creation Holdings Limited (together the “**Lenders**”) for a facility of US\$40 million in aggregate. As at 31 December 2019, the Lenders have extended approximately US\$4.2 million and the group currently has a remaining undrawn facility amount of approximately US\$35.8 million on the loans from shareholders.

In light of the foregoing, and taking into consideration the information provided by 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.

The Board of Directors has continuously monitored the Company’s operations and receives periodic reports from 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 for the trading of the Company’s shares to continue in an orderly manner.

Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Soh Sai Kiang
Independent Non-Executive Chairman
29 June 2020

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 Mr David Yeong (Telephone number: +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

INDEPENDENT AUDITOR'S REPORT

To the Members of Blackgold Natural Resources Limited
For the financial year ended 31 December 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of Blackgold Natural Resources Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of the Company and the Group comprising:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2019;
- the balance sheet of the Group as at 31 December 2019;
- the balance sheet of the Company as at 31 December 2019;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Disclaimer of Opinion

Going concern

As stated in Note 2.1 to the financial statements, the Group reported a loss after tax of US\$1,541,866 for the financial year ended 31 December 2019. In addition, as at 31 December 2019, the Group's current liabilities exceeded the current assets by US\$2,553,899 and the Company's current liabilities exceeded its current assets by US\$1,943,481. These and the other matters described in Note 2.1 to the financial statements indicate the existence of material uncertainties that cast significant doubt about the ability of the Group and of the Company to operate as going concerns.

The directors have prepared the financial statements on a going concern basis based on the assumptions as disclosed in Note 2.1 to the financial statements. The validity of the going concern basis on which the financial statements are prepared is dependent on certain assumptions and the successful outcome of the Group's various efforts as disclosed in Note 2.1 to the financial statements. The assumptions are premised on future events, the outcome of which are inherently uncertain. Notwithstanding the availability of the shareholders' loan facility, based on the information available to us, we were unable to obtain sufficient appropriate audit evidence regarding the financial ability of the shareholders in providing the financial support required to ensure that the Group and the Company are able to pay their debts as and when they fall due. We were therefore unable to conclude whether the use of the going concern assumption, which has been adopted for the preparation of the accompanying financial statements, is appropriate.

If the Group and the Company are unable to obtain the necessary funding to continue in operational existence for the foreseeable future, several adjustments would have to be made to the accompanying financial statements to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. The accompanying financial statements do not reflect these adjustments.

INDEPENDENT AUDITOR'S REPORT

To the Members of Blackgold Natural Resources Limited
For the financial year ended 31 December 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act (the "Act"), Chapter 50 and Singapore Financial Reporting Standards (International), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In view of the significance of the matters referred to in the "Basis for Disclaimer of Opinion" section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mohamad Saiful Saroni.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 29 June 2020