

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2021**

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

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 Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

In view of the disclaimer of opinion issued by the Company's independent auditor, PKF-CAP LLP, on the audited financial statements of the Group for the financial year ended 31 December 2020, the Company is required by the SGX-ST to announce its quarterly financial statements pursuant to Catalyst Rule 705(2C) of the SGX-ST Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**").

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP					Change +/- %
		2Q2021 US\$	2Q2020 US\$	Change +/- %	6M2021 US\$	6M2020 US\$	
Revenue		3,685,522	2,097,413	76	5,264,112	4,832,420	9
Cost of Sales		(2,389,720)	(1,856,825)	29	(3,614,878)	(3,904,131)	(7)
Gross Profit		1,295,802	240,588	439	1,649,234	928,289	78
Other income	2.10	1,952	3,147	(38)	6,377	6,623	(4)
Other gains / (losses) - Currency translation differences	2.10	2,843	142,017	(98)	(103,645)	(541,211)	(81)
Fair value gains / (losses), financial liabilities FVPL		61,074	(168,071)	n.m.	169,650	(95,064)	n.m.
Expenses							
- Administrative		(555,602)	(652,445)	(15)	(1,304,570)	(1,530,927)	(15)
- Finance		(808,657)	(257,345)	214	(1,512,643)	(496,522)	205
Loss before tax	2.11	(2,588)	(692,109)	(100)	(1,095,597)	(1,728,812)	(37)
Income tax expense		(923)	-	n.m.	(1,846)	-	n.m.
Loss for the financial period		(3,511)	(692,109)	(99)	(1,097,443)	(1,728,812)	(37)

n.m. denotes not meaningful

Note	GROUP					
	2Q2021 US\$	2Q2020 US\$	Change +/- %	6M2021 US\$	6M2020 US\$	Change +/- %
<u>Other Comprehensive Income/Loss:</u>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Currency translation differences arising from consolidation	(6,631)	(268,779)	(98)	269,678	584,484	(54)
<i>Items that may not be reclassified subsequently to profit or loss</i>						
Currency translation differences arising from consolidation	(8,873)	(7,201)	23	(2,516)	12,877	n.m.
Other comprehensive (losses) / gains, net of tax	(15,504)	(275,980)	(94)	267,162	597,361	(55)
Total comprehensive loss, net of tax	<u>(19,015)</u>	<u>(968,089)</u>	(98)	<u>(830,281)</u>	<u>(1,131,451)</u>	(27)
Net loss attributable to:						
- Equity holders of the Company	(6,631)	(691,663)	(99)	(1,092,885)	(1,721,470)	(37)
- Non-controlling interests	3,120	(446)	n.m.	(4,558)	(7,342)	(38)
	<u>(3,511)</u>	<u>(692,109)</u>	(99)	<u>(1,097,443)</u>	<u>(1,728,812)</u>	(37)
Total comprehensive loss attributable to:						
- Equity holders of the Company	(21,832)	(960,442)	(98)	(831,777)	(1,136,986)	(27)
- Non-controlling interests	2,817	(7,647)	n.m.	1,496	5,535	(73)
	<u>19,015</u>	<u>(968,089)</u>	n.m.	<u>(830,281)</u>	<u>(1,131,451)</u>	(27)
Losses per share for loss attributable to equity holders of the Company (US cents per share)						
Basic losses per share	*	(0.07)		(0.11)	(0.17)	
Diluted losses per share	*	(0.06)		(0.09)	(0.16)	

n.m. denotes not meaningful

** denotes less than 0.01 cents per share*

1(b) 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

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		As at	As at	As at	As at
		30/6/2021	31/12/2020	30/6/2021	31/12/2020
		US\$	US\$	US\$	US\$
ASSETS					
Current assets					
Cash and cash equivalents		207,771	440,015	32,000	301,122
Restricted cash	2.6	717	8,796	-	-
Trade and other receivables	2.6	6,627,223	4,081,802	69,667	131,286
Inventories		663,662	510,147	-	-
Deposits and prepayments	2.6	110,786	384,823	8,015	20,229
		7,610,159	5,425,583	109,682	452,637
Non-current assets					
Property, plant and equipment		43,991	76,679	23,754	45,903
Investment in subsidiaries		-	-	1,415	1,415
Restricted cash	2.6	63,813	66,631	-	-
		107,804	143,310	25,169	47,318
Total assets		7,717,963	5,568,893	134,851	499,955
LIABILITIES					
Current liabilities					
Trade and other payables	2.7	3,026,331	2,806,829	1,276,120	1,260,427
Accrued operating expenses	2.7	8,969,483	5,998,840	843,984	712,906
Borrowings	2.7	34,946	404,936	17,244	36,591
Financial liabilities, at amortised cost	2.7	1,021,638	937,417	1,021,638	937,417
Financial liabilities, at FVPL	2.7	925,956	1,113,028	925,956	1,113,028
Current income tax liabilities		5,554	3,792	5,486	3,721
		13,983,908	11,264,842	4,090,428	4,064,090
Non-current liabilities					
Borrowings	2.8	10,700	11,173	-	-
Loans from shareholders	2.9	3,359,573	3,550,667	-	-
Provisions		517,437	497,955	-	-
Other non-current liabilities		109,378	98,501	-	-
		3,997,088	4,158,296	-	-
Total liabilities		17,980,996	15,423,138	4,090,428	4,064,090
NET ASSETS		(10,263,033)	(9,854,245)	(3,955,577)	(3,564,135)

	GROUP		COMPANY		
	Note	As at	As at	As at	As at
		30/6/2021	31/12/2020	30/6/2021	31/12/2020
	US\$	US\$	US\$	US\$	
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		56,453,281	56,453,281	171,550,476	171,550,476
Currency translation reserve		(2,448,319)	(2,709,427)	446,310	381,478
Other reserve		2,830,999	2,410,416	296,169	296,169
Accumulated losses		(66,832,218)	(65,739,333)	(176,248,532)	(175,792,258)
		(9,996,257)	(9,585,063)	(3,955,577)	(3,564,135)
Non-controlling interests		(266,776)	(269,182)	-	-
Total equity		(10,263,033)	(9,854,245)	(3,955,577)	(3,564,135)

1(c) 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.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

GROUP - Current period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2021	56,453,281	2,410,416	(2,709,427)	(65,739,333)	(269,182)	(9,854,245)
Fair value of interest-free loans	-	420,583	-	-	910	421,493
Loss for the period	-	-	-	(1,092,885)	(4,558)	(1,097,443)
Other comprehensive income for the period	-	-	261,108	-	6,054	267,162
Balance at 30 June 2021	<u>56,453,281</u>	<u>2,830,999</u>	<u>(2,448,319)</u>	<u>(66,832,218)</u>	<u>(266,776)</u>	<u>(10,263,033)</u>

GROUP - Prior period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2020	56,312,822	1,614,648	(2,531,727)	(61,718,287)	(248,464)	(6,571,008)
Fair value of interest-free loans	-	206,083	-	-	-	206,083
Loss for the period	-	-	-	(1,721,470)	(7,342)	(1,728,812)
Other comprehensive income for the period	-	-	584,484	-	12,877	597,361
Balance at 30 June 2020	<u>56,312,822</u>	<u>1,820,731</u>	<u>(1,947,243)</u>	<u>(63,439,757)</u>	<u>(242,929)</u>	<u>(7,496,376)</u>

COMPANY - Current period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2021	171,550,476	296,169	381,478	(175,792,258)	(3,564,135)
Loss for the period	-	-	-	(456,274)	(456,274)
Other comprehensive income for the period	-	-	64,832	-	64,832
Balance at 30 June 2021	<u>171,550,476</u>	<u>296,169</u>	<u>446,310</u>	<u>(176,248,532)</u>	<u>(3,955,577)</u>

COMPANY - Prior period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2020	171,410,017	296,169	481,364	(174,089,408)	(1,901,858)
Loss for the period	-	-	-	(840,173)	(840,173)
Other comprehensive income for the period	-	-	63,464	-	63,464
Balance at 30 June 2020	<u>171,410,017</u>	<u>296,169</u>	<u>544,828</u>	<u>(174,929,581)</u>	<u>(2,678,567)</u>

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6M2021 US\$	Unaudited 6M2020 US\$
Cash flows from operating activities		
Loss for the financial period	(1,097,443)	(1,728,812)
Adjustments for:		
- Depreciation of property, plant and equipment	31,055	18,665
- Fair value (gains)/losses, financial liabilities at FVPL	(169,650)	95,064
- Interest income	(3,973)	(4,714)
- Interest expense	1,512,643	496,522
- Income tax expense	1,846	-
- Provision for mine reclamation and rehabilitation	40,511	72,672
- Unrealised currency translation differences	85,187	367,629
	<hr/> 400,176	<hr/> (682,974)
Change in working capital:		
Inventories	(175,493)	(575,750)
Deposit and prepayments	258,502	(926,291)
Trade and other receivables	(3,906,672)	3,241,657
Trade and other payables	3,526,775	1,060,134
Provision for employee benefits	15,028	11,337
Cash used in operations	<hr/> 118,316	<hr/> 2,128,113
Tax paid	-	-
Net cash generated by operating activities	<hr/> 118,316	<hr/> 2,128,113
Cash flows from investing activities		
Addition of property, plant and equipment	-	(1,896)
Interest received	3,973	4,714
Net cash provided by investing activities	<hr/> 3,973	<hr/> 2,818
Cash flows from financing activities		
Proceeds from issuance of convertible bonds	-	1,404,593
Proceeds from borrowings	-	1,987,377
Repayment of borrowings	(325,942)	(4,977,912)
Principal repayment of lease liabilities	(24,736)	(18,621)
Interest paid	(4,327)	(2,211)
Placement of restricted cash	11,064	(24,076)
Net cash used in financing activities	<hr/> (343,941)	<hr/> (1,630,850)
Net (decrease)/ increase in cash and cash equivalents	<hr/> (221,652)	<hr/> 500,081
Cash and cash equivalents at the beginning of the period	440,015	89,132
Effects of currency translation on cash and cash equivalents	(10,592)	27,115
Cash and cash equivalents at the end of the period	<hr/> 207,771	<hr/> 616,328

2. Condensed interim notes to the financial statements

2.1 Corporate Information

The Company is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The condensed interim consolidated financial statements for the half year ended 30 June 2021 and condensed interim statement of comprehensive income for the three months ended 30 June 2021, comprise the Company and its subsidiaries (collectively, the “**Group**”).

The address of its registered office is 7 Temasek Boulevard, Suntec Tower One, #08-07, Singapore 038987.

The principal activity of the Company is that of investment holding and the principal activity of its subsidiaries is that of coal mining.

2.2 Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2021 and the condensed interim statement of comprehensive income for the three months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. Accordingly, this report should be read in conjunction with the Group’s annual report for the financial year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.3.

The condensed interim financial statements are presented in United States Dollar as the comparable companies in the industry in which the Group operates in also present its financial statements in United States Dollar. The functional currency of the Company is Singapore Dollar.

Going concern basis

The Group reported a loss after tax of US\$1,097,443 (31 December 2020: US\$4,039,537) for the 6-month period ended 30 June 2021. In addition, as at 30 June 2021, the Group’s current liabilities exceeded the current assets by US\$6,373,749 (31 December 2020: US\$5,839,259), and the Company’s current liabilities exceeded its current assets by US\$3,980,746 (31 December 2020: US\$3,611,453). These 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.

Management has assessed that it is appropriate to use the going concern assumption for the preparation of the accompanying financial statements based on:

- (i) On 30 January 2020, the Group has entered into three (3) convertible bond agreements to raise an aggregate of S\$5.0M from the Series A Bonds and up to S\$20.0M from a subsequent tranche of Series B Bonds. Please refer to the Company’s announcement dated 5 February 2020 for details^{1,2}.
- (ii) As at the date of the FY2020 annual report, the Company had received S\$2.0M from the Series A Bonds;

(iii) Revenue and gross profit of the Group in 6M2021 have improved by 9% and 78% respectively, against 6M2020;

(iv) The Group has secured supply chain financing facilities from a bank to support its operations;

(v) On 5 February 2020, the Company had announced that it has signed an offtake agreement with a new customer (on 29 January 2020) to supply coal at a minimum quantity of not less than 4.8 million tonnes of coal per year. On 29 January 2021, the offtake agreement was extended to 29 January 2022. If successful, the profits from the sales are expected to improve the Group's cash flow position; and

(vi) The Group has an available loan facility from its shareholders amounting to US\$35,815,153 from which it can draw upon when required. In addition, management was successful in negotiating for an extension of up to 31 March 2023, the period by which the shareholders have agreed not to demand repayment of the shareholders' loans.

Management is of the view that the Group is able to continue operations and meet its liabilities as and when they fall due within the next 12 months from the reporting date.

Accordingly, the accompanying financial statements does not include any adjustment relating to the realisation and classification of assets and liabilities that may be necessary if the Group and Company were unable to continue as a going concern. Should the going concern assumptions be inappropriate, adjustments may have to be made to (i) reflect the situation that assets may need to be realised other than in the normal course of the business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheets; (ii) to provide for further liabilities that might arise; and (iii) reclassify non-current assets and non-current liabilities as current. No adjustments have been made in the accompanying financial statements.

Note 1: In an announcement by the Company on 30 September 2020, the Convertible Bonds Subscription Agreement with Jinzhou Business Investment Logistics Co., Ltd had lapsed on 30 September 2020. As such, the total amount of subscription under Series A Bonds is S\$2M.

Note 2: On 16 November 2020, the Company has obtained the approval of shareholders for the issuance of another S\$8.0M of convertible bonds under the Series B Convertible Bonds. These bonds may be subscribed at the option of the subscribers.

2.3 New and amended standards adopted by the Group

A number of amendments to SFRS(I) and Interpretations of SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make any retrospective adjustments as a result of adopting those standards.

2.4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

2.5. Segment and revenue information

The Group's operations constitute a single segment which is the exploration and mining of coal in Indonesia. Accordingly, no segmental information is presented.

2.6 Financial assets

	<u>Group</u>		<u>Company</u>	
	As at 30/06/21 US\$	As at 31/12/20 US\$	As at 30/06/21 US\$	As at 31/12/20 US\$
Trade receivables				
- Non-related parties	1,633,954	3,233,662	-	-
Other receivables				
- Non-related parties	4,985,017	839,524	20,358	20,305
- Subsidiaries	-	-	22,845,598	23,302,213
- Non-controlling shareholder of a subsidiary	8,252	8,616	-	-
	<u>4,993,269</u>	<u>848,140</u>	<u>23,322,518</u>	<u>22,950,570</u>
Less: Loss allowance	-	-	(22,796,289)	(23,191,232)
	<u>6,627,223</u>	<u>4,081,802</u>	<u>69,667</u>	<u>131,286</u>
Deposits	6,395	6,506	6,395	6,506
Restricted cash	64,530	75,427	-	-
Cash and cash equivalents	207,771	440,015	32,000	301,122
Total financial assets at amortised cost	<u>6,905,919</u>	<u>4,603,750</u>	<u>108,062</u>	<u>438,914</u>

2.7 Financial liabilities

	<u>Group</u>		<u>Company</u>	
	As at 30/06/21 US\$	As at 31/12/20 US\$	As at 30/06/21 US\$	As at 31/12/20 US\$
Trade and other payables	3,026,331	2,806,829	1,276,120	1,260,427
Accrued operating expenses	8,969,483	5,998,840	843,984	712,906
Financial liabilities, at amortised cost	1,021,638	937,417	1,021,638	937,417
Financial liabilities, at FVPL	925,956	1,113,028	925,956	1,113,028
Borrowings	45,646	416,109	17,244	36,591
Loans from shareholders	3,359,573	3,550,667	-	-
Total financial assets at amortised cost	<u>17,348,627</u>	<u>14,822,890</u>	<u>4,084,942</u>	<u>4,060,369</u>

2.8 Loans and borrowings

	<u>Group</u>		<u>Company</u>	
	As at 30/06/21 US\$	As at 31/12/20 US\$	As at 30/06/21 US\$	As at 31/12/20 US\$
<i>Current</i>				
Borrowings	-	340,925	-	-
Lease liabilities	34,946	64,011	17,244	36,591
	<u>34,946</u>	<u>404,936</u>	<u>17,244</u>	<u>36,591</u>
<i>Non-current</i>				
Lease liabilities	10,700	11,173	-	-
Total borrowings	<u>45,646</u>	<u>416,109</u>	<u>17,244</u>	<u>36,591</u>

The lease liabilities (current and non-current) as at 30 June 2021 and 31 December 2020 are unsecured.

The borrowings as at 31 December 2020 are in relation to financing facilities provided by a bank and are secured by the account receivables of the Group.

2.9 Loan from shareholders

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

On 31 March 2021, the Group entered in a seventh supplemental deed with the Lenders to extend the period during which the Lenders have agreed not to demand repayment until 31 March 2023. There has been no request for repayment to date, which can be further extended by the Lenders.

The Group has drawn down US\$4,184,847 of the shareholders' loan to date and the remaining undrawn facility amounts to US\$35,815,153. The Group has not drawn on its shareholders' loan facilities for the six-month period ended 30 June 2021 ("6M2021"). Any movements arising are due to the fair valuation of the shareholders loans.

A summary of the Group's loans and borrowings and loan from shareholders is as follows:

	As at 30/06/21		As at 31/12/20	
	Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
Amount repayable in one year or less, or on demand				
Borrowings	-	-	340,925	-
Lease liabilities	-	34,946	-	64,011
Amount repayable after one year				
Borrowings	-	-	-	-
Lease liabilities	-	10,700	-	11,173
Shareholders' loan	-	3,359,573	-	3,550,667

2.10 Other income and other gains/(losses)

	2Q2021 US\$	2Q2020 US\$	6M2021 US\$	6M2020 US\$
Interest income	1,944	2,272	3,973	4,714
Other income	8	875	2,404	1,909
	<u>1,952</u>	<u>3,147</u>	<u>6,377</u>	<u>6,623</u>
Currency translation differences	2,843	142,017	(103,645)	(541,211)
	<u>4,795</u>	<u>145,164</u>	<u>(97,268)</u>	<u>(534,588)</u>

2.11 Profit before tax

The following items have been included in arriving at profit before tax:

	2Q2021 US\$	2Q2020 US\$	6M2021 US\$	6M2020 US\$
Cost of goods sold	2,389,720	1,856,825	3,614,878	3,904,131
Staff costs	171,380	198,999	380,121	393,700
Depreciation	15,337	15,741	31,055	18,865
Licensing and legal expenses	82,103	72,555	168,377	165,927
Professional fees	105,335	130,630	215,574	293,481
Rental expenses	11,993	12,299	24,580	21,315
Finance costs	808,657	257,345	1,512,643	496,522

2.12 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

	2Q2021 US\$	2Q2020 US\$	6M2021 US\$	6M2020 US\$
Current income tax	<u>923</u>	<u>-</u>	<u>1,846</u>	<u>-</u>

3. Other information required by the listing rules

3.1 Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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\$)
2021		
As at 31 March 2021	1,017,077,103	171,550,476
As at 30 June 2021	<u>1,017,077,103</u>	<u>171,550,476</u>
2020		
As at 31 March 2020	1,003,743,770	171,410,017
As at 30 June 2020	<u>1,003,743,770</u>	<u>171,410,017</u>

There were no changes in the issued and paid-up share capital of the Company from 31 December 2020 to 30 June 2021.

The Company has, on 26 March 2020, partially completed the issue of its Series A Convertible Bonds. An aggregate of S\$2,000,000 of convertible bonds were issued.

As of the date of this announcement, there have not been any conversion of the Series A Convertible Bonds to new shares. A total of 133,333,332 new shares may be issued at conversion at a conversion price of 1.5 Singapore Cents if the Series A Bonds were fully converted. The allotment and issuance of 533,333,332 new shares of Series B Convertible Bonds which will raise an amount of S\$8 million has been approved at an Extraordinary General Meeting held by the Company on 16 November 2020.

There were 133,333,332 outstanding convertible shares granted under the Series A Convertible Bonds, and no outstanding share options were granted as at 30 June 2021 and 30 June 2020.

There were no treasury shares or subsidiary holdings held or issued as at 30 June 2021 and 30 June 2020.

3.2 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 June 2021	As at 31 December 2020
Number of issued shares excluding treasury shares	1,017,077,103	1,017,077,103

3.3 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.

3.4 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. The Company does not have any subsidiary holdings.

4. Whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.

The condensed consolidated statements of financial position of the Group and Company as at 30 June 2021; the related condensed consolidated statement of comprehensive income for the 3 months and 6 months then ended; condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the 6 months then ended; and certain explanatory notes have not been audited or reviewed.

5. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

5A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

a) Updates on the efforts taken on resolve each outstanding audit issue.

This is not required for any audit issue that is a material uncertainty relating to going concern.

In the Company's latest audited financial statements for the financial year ended 31 December 2020 ("FY2020"), PKF-CAP LLP, the Group's auditors, has issued a disclaimer of opinion in respect of the Company's going concern ("**Going Concern Assumption**").

Details relating to the Group's comments on the Going Concern Assumption and its efforts taken to resolve the matter may be found in paragraph 10 of this announcement.

b) Confirmation from the Board that the impact of all outstanding audit issues on the consolidated financial statements have been adequately disclosed.

The Board confirms that all impact of outstanding audit issues on the financial statements in relation to FY2020 have been adequately disclosed.

6. 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 June 2021 are consistent with those applied in the financial statements for the year ended 31 December 2020, except for the adoption of accounting standards (including its subsequent amendments) and interpretations applicable for the financial period beginning 1 January 2021.

7. 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 has adopted all new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") that are effective for annual periods beginning on or after 1 January 2021.

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

8. 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.

	6M2021 US\$	6M2020 US\$
Loss attributable to equity holders of the Company for the financial period	<u>(1,092,885)</u>	<u>(1,721,470)</u>
Weighted average number of shares for the purpose of computing basic loss per share	<u>1,017,077,103</u>	<u>1,003,743,770</u>
Basic loss per share (cents)	(0.11)	(0.17)
Weighted average number of shares for the purpose of computing fully diluted loss per share	<u>1,150,410,435</u>	<u>1,075,198,650</u>
Fully diluted loss per share (cents)	(0.09)	(0.16)

9. 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 Jun 2021 US\$	31 Dec 2020 US\$
Net assets of the Group	(10,263,033)	(9,854,245)
No. of ordinary shares in issue	1,017,077,103	1,017,077,103
Net asset value of the Group per ordinary share (cents)	(1.01)	(0.97)
Net assets of the Company	(3,955,577)	(3,564,135)
No. of ordinary shares in issue	1,017,077,103	1,017,077,103
Net asset value of the Company per ordinary share (cents)	(0.39)	(0.35)

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

Revenue amounted to US\$3.7M for the second quarter ended 30 June 2021 (“**2Q2021**”) and US\$5.3M for the six-month period ended 30 June 2021 (“**6M2021**”), as compared to US\$2.1M for the second quarter ended 30 June 2020 (“**2Q2020**”) and US\$4.8M in for the six-month period ended 30 June 2020 (“**6M2020**”).

During 2Q2021, revenue increased by US\$1.6M or 76% due to a 61% increase in sale volume and a 9% improvement in average selling price.

During 6M2021, revenue increased by US\$432K or 9% due to a 15% increase in sale volume and an increase of 8% in average selling price.

Cost of sales

Cost of sales (“**COS**”) comprises mainly cost incurred in relation to mining contractors, coal processing and royalties to the Indonesian government pertaining to coal mining.

COS amounted to US\$2.4M in 2Q2021 and US\$3.6M in 6M2021, as compared to US\$1.9M in 2Q2020 and US\$3.9M in 6M2020.

During 2Q2021, COS increased by US\$533K or 29% due to an increase in sales volume and is in line with the higher sales volume for the quarter. The increase was partially offset by reductions in unit costs, as explained in the following paragraph.

During 6M2021, COS decreased by US\$289K or 7%. The Group had revised certain profit-sharing arrangements with a cooperation partner. Under the new arrangement, certain costs shall now be borne by the cooperation partner, resulting in the decrease in COS. In return, the Group receives a fixed return per ton of coal sold. Any incremental profits due to the cooperation partner is recorded as finance expenses.

Gross Profit

The Group recorded gross profits of US\$1.3M in 2Q2021 and US\$1.6M in 6M2021 as compared to gross profits of US\$241K in 2Q2020 and US\$928K in 6M2020.

The improved gross profit margins of 35% in 2Q2021 and 31% in 6M2021, against 11% in 2Q2020 and 19% in 6M2020 were mainly due to improvements in selling price and lower COS from revised profit-sharing arrangements with a cooperation partner.

Currency translation differences

The Group recorded a currency translation gain of US\$3K in 2Q2021 and a currency translation loss of US\$104K in 6M2021, as compared to a currency translation gain of US\$142K in 2Q2020 and currency translation loss of US\$541K in 6M2020.

During 2Q2021, the currency translation gains were mainly due to translation differences on shareholders’ loans at its Singapore and Indonesia subsidiaries. The United States Dollar (being the currency in which these liabilities are denominated) had weakened against the Singapore

Dollar and the Indonesia Rupiah (being the recording currencies for these liabilities), thereby accounting for the currency translation gain.

During 6M2021, the currency translation losses were mainly due to translation differences on shareholders' loans at its Singapore and Indonesia subsidiaries. The United States Dollar (being the currency in which these liabilities are denominated) had strengthened against the Singapore Dollar and the Indonesia Rupiah (being the recording currencies for these liabilities), thereby accounting for the currency translation loss.

Fair value gains, financial liabilities at FVPL

The Group recorded other gains of US\$61K in 2Q2021 and US\$170K in 6M2021 mainly from fair value movements in financial liabilities, fair value through profit or loss ("FVPL") in relation to the conversion options from the Series A convertible bonds.

Administrative Expenses

Administrative expenses mainly comprise staff remuneration and expenses relating to licensing and compliance, rental and recurring professional fees.

Administrative expenses amounted to US\$556K in 2Q2021 and US\$1.3M in 6M2021, as compared to US\$652K in 2Q2020 and US\$1.5M in 6M2020.

During 2Q2021, administrative expenses decreased by US\$97K or 15% due to:

- reduced professional fees due to efforts to reduce the costs of professional services;
- reduced staff costs from lower director fees; and
- reduced travelling expenses as travelling has been restricted due to measures imposed by various nations to control the effects of the Covid-19 pandemic.

During 6M2021 administrative expenses decreased by US\$226K or 15% due to:

- reduced professional fees due to efforts to reduce the costs of professional services;
- reduced staff costs from lower director fees;
- reduced repair and maintenance costs as the effects of these works are expected to last beyond a year; and
- the absence of mobilization expenses to increase machinery at the mining concession; the expenses, which occurred in 6M2020, was one-off and non-recurring.

Finance Expenses

Finance expenses amounted to US\$809K in 2Q2021 and US\$1.5M in 6M2021, against US\$257K in 2Q2020 and US\$497K in 6M2020.

During 2Q2021, finance expenses increased by US\$551K or 214% due to:

- an increase in finance expenses from the profit-sharing arrangement with a cooperation partner, and
- an increase in interest expenses from fair valuation of shareholders' loans.

During 6M2021, finance expense increased by US\$1.0M or 205% due to:

- an increase in finance expenses from the profit-sharing arrangement with a cooperation partner, and

- an increase in interest expenses from fair valuation of shareholders' loans.

Loss for the financial period

As a result of the abovementioned factors, the Group recorded net losses of US\$4K in 2Q2021 and US\$1.1M in 6M2021, against net losses of US\$692K in 2Q2020 and US\$1.7M in 6M2020.

Review of Statement of Financial Position

Current assets

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

Current assets increased by US\$2.2M from US\$5.4M as at 31 December 2020 to US\$7.6M as at 30 June 2021.

The increase in current assets was due to the following:

- Trade and other receivables increased by US\$2.5M due to increase in other receivables of US\$4.1M. This relates to sales receipts held by the Group's cooperation partner for the purpose of paying vendors. Upon payment to the vendors, the receivables shall be offset accordingly. Due to slower payments to the vendors, the receivables have increased accordingly. The increase in other receivables were offset against a reduction in trade receivables of US\$1.6M from collection of sales receipts from customers; and
- Inventories increased by US\$154K due to higher production activities from increasing sales volume.

Notwithstanding the above, the increase in current assets were partially offset by the following:

- Cash and cash equivalents decreased by US\$232K, mainly arising from payments to suppliers offset against receipts from customers. Please refer to section titled "Review of Statement of Cash Flows" for more details; and
- Deposits and prepayments decreased by US\$274K, mainly due to utilisation of prepayments to vendors for the Group's production activities.

Non-current assets

Non-current assets of the Group comprise property, plant and equipment (including right-of-use assets) and restricted cash.

Non-current assets decreased by US\$36K, from US\$143K as at 31 December 2020 to US\$108K as at 30 June 2021, mainly due to depreciation of property, plant and equipment of US\$31K and foreign currency translation differences of US\$5K.

Current liabilities

Current liabilities comprise trade and other payables, current income tax liability, accrued operating expenses, financial liabilities at amortised cost, financial liabilities at FVPL and borrowings (including lease liabilities, current portion).

Current liabilities increased by US\$2.7M, from US\$11.3M as at 31 December 2020 to US\$14.0M as at 30 June 2021. The increase was mainly due to increase in trade and other payables of US\$220K owing to mining and transportation contractors and increase in accrued operating expenses of US\$3.0M from higher levels of production activities. Financial liabilities, at amortised cost increased by US\$84K due to fair valuation of the convertible bonds.

The increases were partially offset by:

- a decrease in borrowings and lease liabilities of US\$370K from repayment of the liabilities, and
- a decrease in financial liabilities, at FVPL of US\$187K, mainly being fair value movements on the convertible option of Series A convertible bonds.

Non-current liabilities

Non-current liabilities comprise borrowings (including lease liabilities, non-current portion), loans from shareholders, other non-current liabilities and provision for reclamation and rehabilitation of land.

Non-current liabilities decreased by US\$161K from US\$4.2M as at 31 December 2020 to US\$4.0M as at 30 June 2021. The decrease was mainly due to fair value movements in shareholders' loans of US\$191K, offset against increases in provisions and other non-current liabilities of US\$30K.

Going Concern and Working Capital

The Board is of the view that the Group is able to continue improving its working capital position and operate as a going concern for the following reasons:

As stated in the going-concern assumptions provided in the FY2020 Annual Report, please see paragraphs (i), (ii) and (vi) below, as well as further updates and efforts undertaken by the Group in paragraphs (iii) to (v) below:

(i) On 30 January 2020, the Group has entered into three (3) convertible bond agreements to raise an aggregate of S\$5.0M from the Series A Bonds and up to S\$20.0M from a subsequent tranche of Series B Bonds. Please refer to the Company's announcement dated 5 February 2020 for details;

(ii) As at the date of the FY2020 annual report, the Company had received S\$2.0M from the Series A Bonds;

(iii) Revenue and gross profits of the Group in 6M2021 have improved by 9% and 78% respectively, against 6M2020;

(iv) The Group has secured supply chain financing facilities from a bank to support its operations;

(v) On 5 February 2020, the Company had announced that it has signed an offtake agreement with a new customer (on 29 January 2020) to supply coal at a minimum quantity of not less than 4.8 million tonnes of coal per year. On 29 January 2021, the offtake agreement was extended to 29 January 2022. If successful, the profits from the sales are expected to improve the Group's cash flow position; and

(vi) The Group has an available loan facility from its shareholders amounting to US\$35,815,153 from which it can draw upon when required. In addition, management was successful in negotiating for an extension of up to 31 March 2023, the period by which the shareholders have agreed not to demand repayment of the shareholders' loans.

Review of Statement of Cash Flows

6M2021

The Group recorded net cash generated by operating activities of US\$118K for 6M2021 which was a result of operating losses before changes in working capital of approximately US\$400K, adjusted for changes in net working capital of US\$282K.

Net cash provided by investing activities of US\$4K in 6M2021 was mainly due to interest income from current account and time deposits.

Net cash used in financing activities of US\$344K was mainly due to repayment of external borrowings amounting to US\$326K and repayment of lease liabilities amounting to US\$25K.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of US\$222K in 6M2021.

11. 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.

12. 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.

As reported by Tempo³ on 27 July 2021, Mineral and Coal Director-General from the Energy and Mineral Resources Ministry, Ridwan Djamiludin said that Indonesia still has large coal reserves of 38.84 billion tonnes, and are estimated to last approximately 60 to 65 years.

Kalimantan holds most of the total reserves at 24.84 billion tonnes or 62.11% of total national coal reserves, followed by Sumatra at 12.96 billion tonnes or 37.70%. Ridwan also said that "This is a huge potential that inevitably remains Indonesia's mainstay in providing affordable energy".

As reported by Reuters⁴ on 4 August 2021, Indonesia set its coal benchmark price at the highest in at least a decade in August 2021, according to an official document published by its energy and minerals ministry, as demand from China, Japan and South Korea grew.

Indonesia set its August coal benchmark price at \$130.99 per tonne, 13.6% higher than July 2021. This is the highest price since April 2010, the earliest data available, when coal prices were set at \$122 per tonne.

Barring any unforeseen circumstances, the trends currently driving the demand for coal and exerting a positive effect on its prices may bode well for the Group's business in the near term.

New Articles:

Note 3: Source: <https://en.tempo.co/read/1487728/energy-ministry-indonesias-coal-reserves-estimated-to-last-about-65-years>

Note 4: Source: <https://www.reuters.com/article/indonesia-coal-idUSL1N2PB00L>

13. 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.

14. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended during 2Q2021. The Group has not declared any dividend for 2Q2021 as the Group is loss-making and requires the existing cash to fund its operating activities.

15. 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 Catalist Rules.

There were no interested person transactions entered into by the Group during 2Q2021.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

16. Rule 705(6)(a) of the Catalyst Rules

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

In 2Q2021, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US\$)	Actual usage of funds (US\$)
Production activities	302,000	183,000
General working capital	728,000	266,000
Total	1,030,000	449,000

Actual cash used for production activities and general working capital was lower than forecasted by US\$581,000 because payment to contractors/suppliers are to be made in third quarter ending 30 September 2021 ("3Q2021") and the fourth quarter ending 31 December 2021.

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

For 3Q2021, the Group's use of funds for production activities are expected to be as follows:-

Purpose	Amount
	(US\$)
Production activities	147,000
General working capital	260,000
Total	407,000

Principal Assumptions

Projected use of funds for certain items includes, but not limited to, expenses to be incurred for the Group's mine development activities, which will vary according to the Group's actual 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.

17. Rule 705(6)(b) of the Catalyst 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.

18. Rule 705(7) of the Catalyst 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 2Q2021, no exploration activities were conducted. In relation to production activities, a total of approximately 38,500 metric tonnes of coal were produced during 2Q2021.

The Group has not made any previous projection in relation to exploration, development and/or production activities.

During 2Q2021, the cash expenditure paid for production activities amounted to US\$449,000.

Explanation for the variances from previous projections on the use of funds/cash for 2Q2021 may be found in paragraph titled "Rule 705(6)(a)" above.

19. 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.

20. Confirmation by the board pursuant to Rule 705(5) of the Catalist Rules

On behalf of the Board, we, the undersigned, hereby confirm that to the best knowledge of the Board, nothing has come to the attention of the Board which may render the financial statements for 2Q2021 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Soh Sai Kiang
Independent Non-Executive Chairman

Andreas Rinaldi
Executive Director and CEO

14 Aug 2021