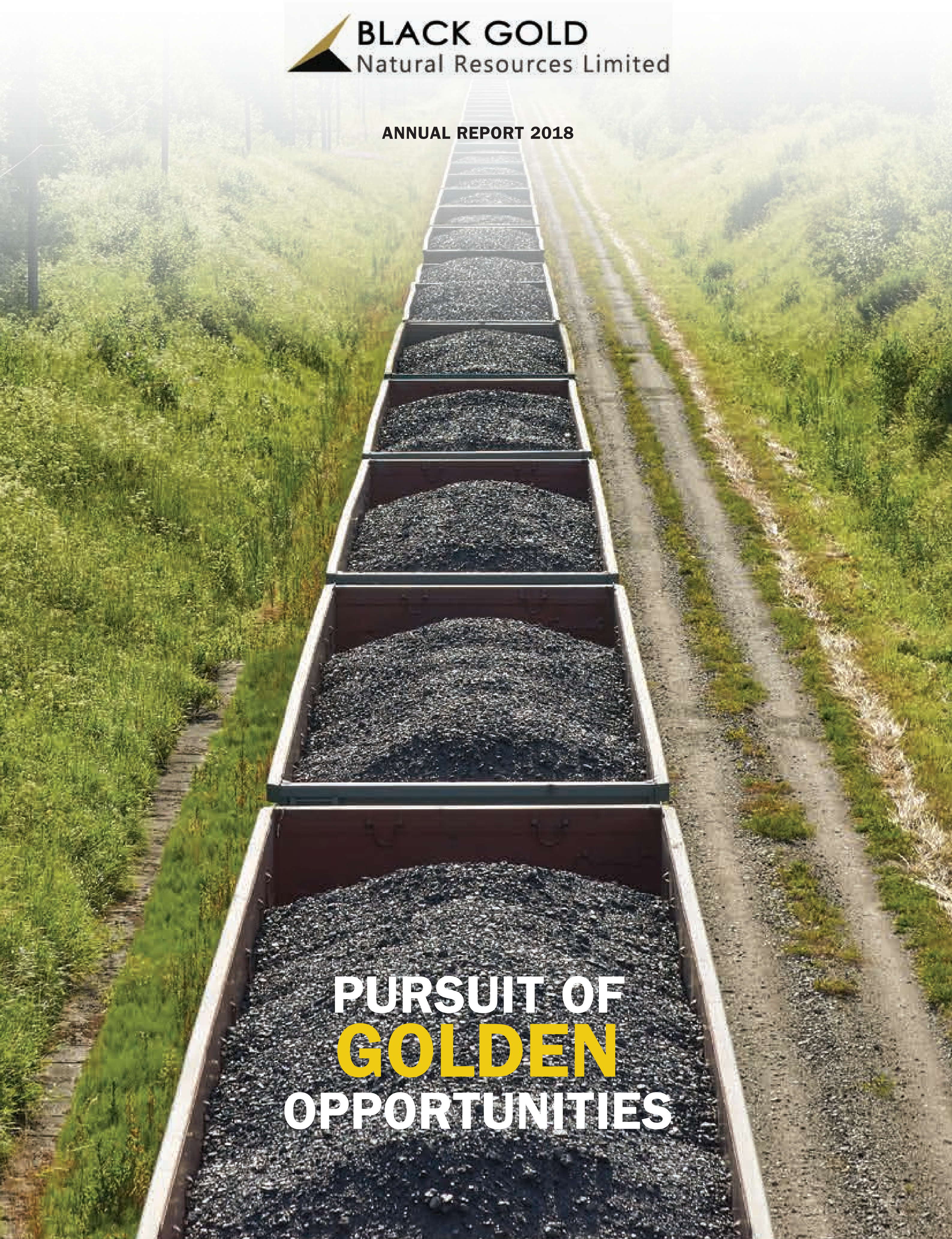
BLACK GOLD
Natural Resources Limited

ANNUAL REPORT 2018

PURSUIT OF GOLDEN OPPORTUNITIES



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This annual report has been prepared by BlackGold Natural Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

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

CORPORATE PROFILE

BlackGold Natural Resources Limited ("**BlackGold**" or the "**Company**", and together with its subsidiaries, the "**Group**") is an Indonesia-focused coal mining company targeting Indonesia's rapidly-growing power plant industry, with a specific focus on supplying coal to power plants located in Riau province, Sumatra, Indonesia.

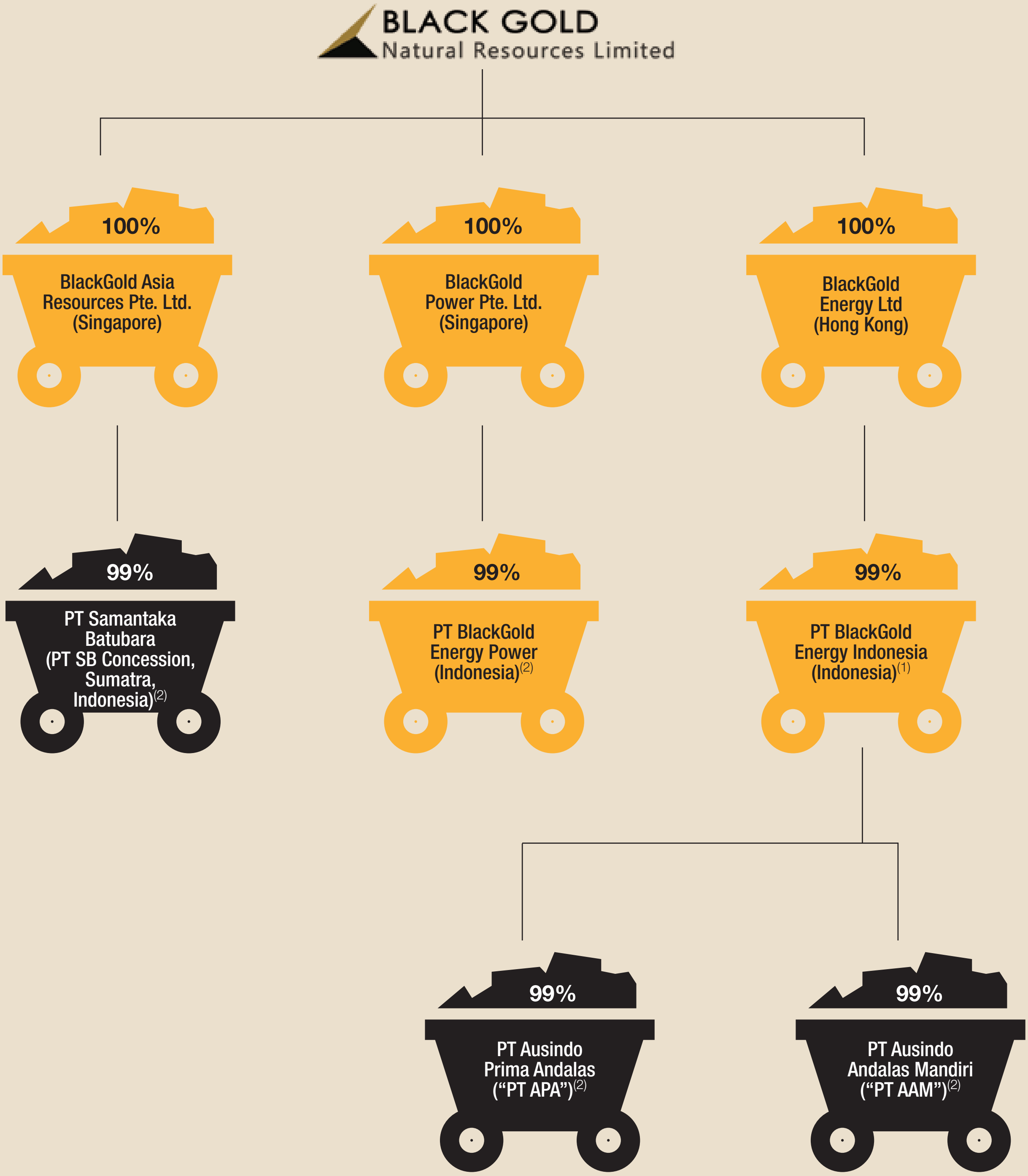
The Group holds the rights to a coal concession in Sumatra, PT Samantaka Batubara ("**PT SB**"), as shown in the diagram below, covering approximately 15,000 hectares in acreage. The Group has, to date, explored a total area of approximately 10,000 hectares in the PT SB concession.

The Group is listed on the Catalist board of the Singapore Exchange Securities Trading ("**SGX-ST**").

The listing follows the acquisitions of the entire issued and paid up share capital of BlackGold Asia Resources Pte. Ltd. and BlackGold Energy Limited as well as their respective subsidiaries, which was completed on 10 March 2015.

Through its subsidiary PT SB, the Group has an estimated total of 110 million tonnes of Coal Resources and 13 million tonnes of Coal Reserves as of 31 December 2018 (reported in compliance with JORC 2012).

GROUP STRUCTURE



Notes:

(1) 1.0% non-controlling interests held by PT Bahagia Sakti Makmur (Indonesia), an investment holding company incorporated in Indonesia to own 1.0% of PT BlackGold Energy Indonesia to comply with Indonesian laws, which require a minimum of 2 shareholders in a limited liability company. For information on PT Bahagia Sakti Makmur, please refer to the Circular dated 30 December 2014 issued in connection with the Reverse Takeover.

(2) 1.0% non-controlling interests held by PT Serasi Duta Pratama (Indonesia), an investment holding company incorporated in Indonesia to own 1.0% of PT SB, PT AAM, PT APA, and PT BlackGold Energy Power to comply with Indonesian laws, which require a minimum of 2 shareholders in a limited liability company. For information on PT Serasi Duta Pratama, please refer to the Circular dated 30 December 2014 issued in connection with the Reverse Takeover.

CORPORATE MILESTONES

2014

- Coal Sales/Purchase Agreement with PT Santosa Makmur Sejahtera Energy
- Coal Sales/Purchase Agreement with PT Soma Daya Utama
- Awarded tender by Indonesia's state-owned electricity company, PT Perusahaan Listrik Negara ("**PLN**") for coal supply of 500,000 tonnes per annum

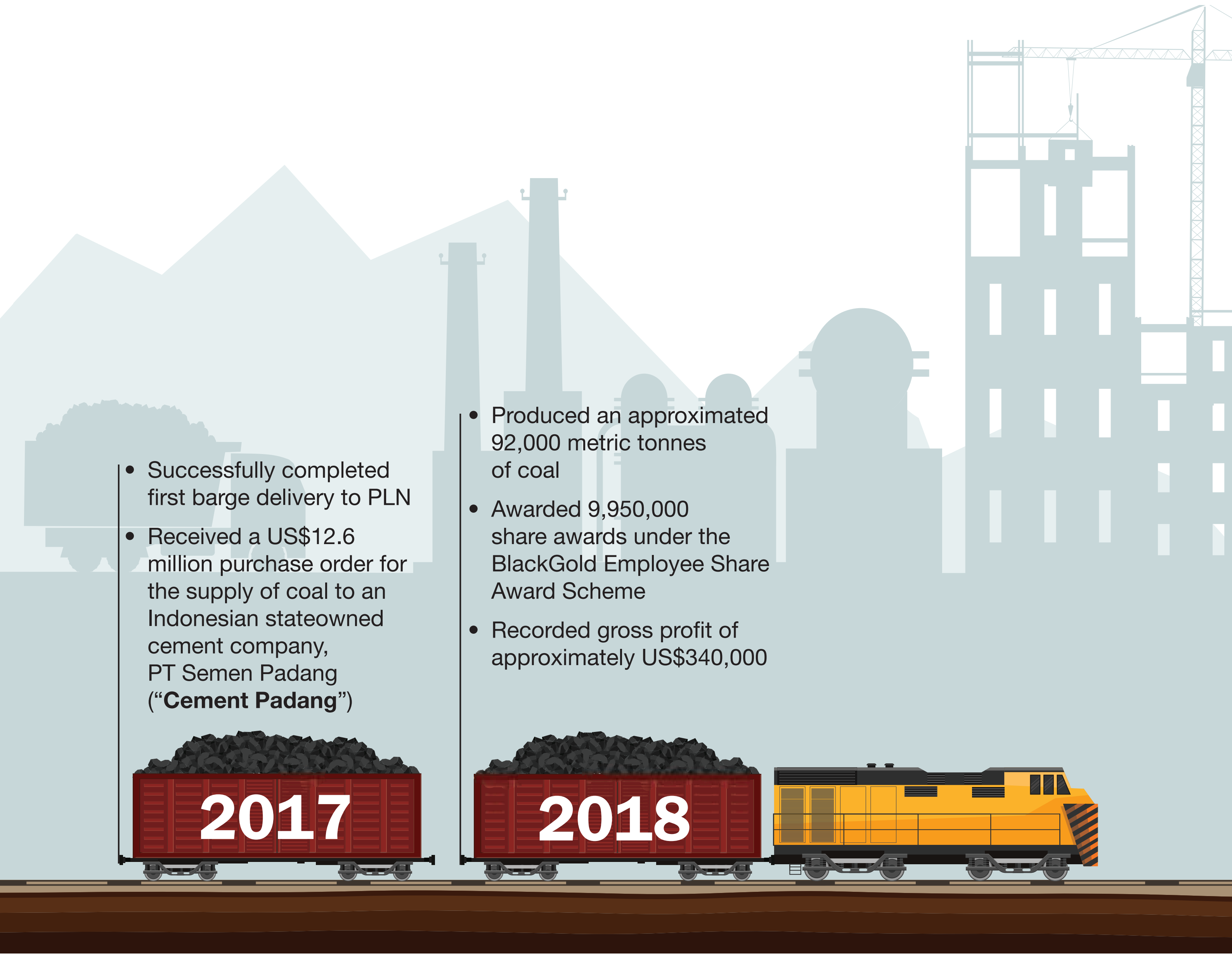
2015

- Successfully completed Reverse Takeover and listed on the Catalist board of the SGX-ST

2016

- PT SB Concession commenced production and signed a coal sales contract with a Riau state-owned enterprise
- Successfully completed first coal delivery to a Riau state-owned enterprise
- Signed a 5-year coal sales contract with PLN in respect of the PT Tenayan Project, a 2 x 110 MW power plant in Riau province, Indonesia

CORPORATE MILESTONES



2017

- Successfully completed first barge delivery to PLN
- Received a US$12.6 million purchase order for the supply of coal to an Indonesian stateowned cement company, PT Semen Padang (“**Cement Padang**”)

2018

- Produced an approximated 92,000 metric tonnes of coal
- Awarded 9,950,000 share awards under the BlackGold Employee Share Award Scheme
- Recorded gross profit of approximately US$340,000

CHAIRMAN'S STATEMENT

"Moving into 2019 and beyond, the Group aims to grow its business by securing more short to long-term coal sales contracts and increasing its foothold in Indonesia's coal production and sales market."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "**Board**" or "**Directors**"), it is my pleasure to present to you the annual report of BlackGold Natural Resources Limited (the "**Company**" or "**BlackGold**" and, together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2018 ("**FY2018**").

OVERVIEW

FY2018 has proven to be a turbulent year for the Group, with unforeseen ups and downs which had call attention to some sensitive areas that we, as a Company, has to monitor on a regular basis, and this in turn has helped to recalibrate and re-focus the direction of the Company – which is the production and sales of coal in Indonesia.

Since the birth of the Company and its Reverse Takeover ("**RTO**") in early 2015, we have been putting in time and effort to build up the foundation of the Company – through investing in our people, infrastructure, and equipment. The journey till this day has not been an easy one, and there will be further hurdles ahead, but we shall continue to push forward with unwavering determination, with the support of our shareholders.

As a demonstration of our appreciation to our employees who have stood by the Company resolutely since its formation, the Company has, in June 2018, awarded 9,950,000 share awards to several of its Directors and employees under the BlackGold Employee Share Award Scheme.

PERFORMANCE

In FY2018, the Group produced approximately 92,000 metric tonnes of coal, and recorded gross profit of US$340,000 as compared to a gross loss of US$115,000 in 2017. The increase in profitability is largely attributable to an upward revision in coal sales price, lowered costs of production, and reduced logistics costs of coal delivery to the Group's customers, partly owing to the completion and commencement of usage of the Group's own jetty in Kuala Cenaku.

As at 1 November 2019, PT GMT Indonesia, an independent mining consultant commissioned by the Group to perform an assessment of the PT Samantaka Batubara concession, has prepared a summary independent qualified person's report which recorded 13 metric tonnes of reserves and 110 metric tonnes of resources.

LOOKING FORWARD

Moving into 2019 and beyond, the Group aims to learn and evolve from its past oversights, growing its business by securing more short to long-term coal sales contracts, and re-establishing its foothold in Indonesia's coal production and sales market. As a testament of the Group's efforts, it has, to date, managed to secure a master sale and purchase agreement ("**Master Agreement**") with PT Indah Kiat Pulp & Paper Tbk ("**IKPP**"). Pursuant to the Master Agreement, the Company's subsidiary PT Samantaka Batubara ("**PT SB**") will deliver an average of 30,000 tonnes of coal per month from March 2019 to December 2019.

With the country's continued reliance on coal generated power, BlackGold is confident that its current strategies will prevail and produce satisfactory results for its shareholders. There is also potential to be found in the consideration of acquiring other mines and exporting coal to international markets.

ACKNOWLEDGEMENT

Here at BlackGold, we believe that our people is our strength. Which is why the Group takes pride in its diverse, socially responsible hiring practices, and nurturing the latent potential and talent in our current employees.

We would like to thank all our stakeholders who have stood by our side and believed in our philosophy of building a sustainable business that balances delivering monetary profit and constructing a sustainable future.

PHILIP CECIL RICKARD
Executive Chairman and
Chief Executive Officer

BOARD OF DIRECTORS

PHILIP RICKARD
Executive Chairman and Chief Executive Officer

Mr Rickard joined BlackGold in 2011, was appointed as Chief Executive Officer and Executive Director of the Group in 2015, and re-designated as Executive Chairman and Chief Executive Officer on 3 March 2018 where he oversees the overall strategic directions and expansion plans for the growth and development of the Group as well as its coal mine in Sumatra. Mr Rickard serves as President Commissioner of PT Samantaka Batubara, a subsidiary of the Group.

Mr Rickard is also the Founding President of the Association of Catalist Companies.

Mr Rickard is a global entrepreneur with more than 28 years of experience in the energy and mining industry. He has founded several successful resource and mining ventures, including Terrasys Energy Pte. Ltd., Sawa Energy, and Indo Gold Mining Pte. Ltd., where he demonstrated his acute ability to formulate and execute strategic vision. He has successfully led numerous acquisitions, capital raisings and mining expansions. Mr Rickard was previously the country manager (Indonesia) for the Norsk Hydro Group. Mr Rickard graduated with a Bachelor of Arts (Philosophy) from Gonzaga University in 1992.

Mr Rickard will retire as a Director and Executive Chairman of the Board at the conclusion of the upcoming annual general meeting for FY2018. He will also simultaneously resign as CEO of the Company with effect from the same date as announced on SGXNET on 16 October 2019.

BANGUN MADONG PARULIAN SAMOSIR
Independent Director

Mr Samosir has served the Board as Independent Director of the Company since 2015 and brings to the Group an extensive mining and entrepreneurial experience from a portfolio of senior positions held in the Indonesian mining and construction industry.

Mr Samosir has been the adviser of PT Pamapersada Nusantara since 2007. Prior to his appointment as adviser, from 1994 to 2007, he had been engineering division head and operational auditor in PT Pamapersada Nusantara. From 1983 to 1994, he began his career at PT Freeport Indonesia Inc. as a mine engineer trainee, gradually rising through the ranks to assistant chief engineer, serving in both the surface and mining divisions of the organisation. Mr Samosir graduated with a Bachelor of Mine Engineering from Bandung Institute of Technology in 1982.

LIM CHEE SAN
Lead Independent Director

Mr Lim Chee San was appointed as an Independent and Non-Executive Director of the Company on 31 July 2019. Mr Lim has been an accountant, a banker and a lawyer at different times during the last 35 years. He has his own law firm, TanLim Partnership, now. Before he started his current law practice, he was the Head of Banking Operations in a large regional bank. He also has many years of experience as an auditor in large international accounting firms. He is a barrister-at-law, a chartered certified accountant, and a chartered information technology practitioner. He was among the top candidates in his accountancy and law examinations.

WAHYU MAHADI
Independent Director

Mr Wahyu Mahadi was appointed as an Independent and Non-Executive Director of the Company on 31 July 2019. Mr Mahadi is currently managing the nationwide roll-out implementation as well as administrative and operational business support to auditor function for PT. Hutchison 3 Indonesia or known as CK Hutchison Group Telecom Holding Hongkong. Prior to his tenure at PT. Hutchison 3 Indonesia, Mr Mahadi joined PT. Alcatel Indonesia in 1995 as testing commissioning engineer and was assigned throughout South East Asian countries (Malaysia, Thailand and Brunei). Mr Mahadi graduated with a Bachelor of Electrical Engineering from National Institute of Science and Technology of Indonesia in 1995.

BOARD OF DIRECTORS

CHNG HEE KOK

Independent Director

Mr Chng was appointed as an Independent and Non-Executive Director of the Company on 17 September 2019. He is Chairman of Ellipsiz Ltd. Mr Chng had served as the Chief Executive Officer of Scotts Holdings Limited, Yeo Hiap Seng Limited, Hartawan Holdings Ltd., HG Metals Manufacturing Ltd, and LH Group Ltd. He was a Member of Parliament of Singapore from 1984 to 2001. Mr Chng served on the boards of Sentosa Development Corporation and Singapore Institute of Directors. Currently he sits on the boards of a number of listed companies which include Samudera Shipping Line Limited, United Food Holdings Ltd, Luxking Group Holding Ltd, Chaswood Resources Holdings Ltd, The Place Holding Ltd, and Full Apex (Holdings) Limited. Mr Chng was awarded a Merit Scholarship by the Singapore Government and graduated with a BEng (First Class Honours) from the University of Singapore in 1972. He also holds a MBA from the National University of Singapore.

SOH SAI KIANG PHILIP

Independent Director

Mr Soh Sai Kiang Philip was appointed as an Independent and Non-Executive Director of the Company on 17 September 2019. He was the Head of Internet Trading in Lum Chang Securities Pte Ltd (subsequently known as DBS Vickers Securities Pte Ltd) where he was responsible for managing the internet trading business for the company. In 2001, he joined UOB Kay Hian Pte Ltd as the Head of Business Development and subsequently, rose to the rank of Director of Capital Markets (Singapore) where he now handles capital fund raising and debt financing for listed and non-listed companies. Mr Soh is also the lead independent director of Sin Heng Heavy Machinery Ltd, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. Mr Soh graduated with a Bachelor of Arts (Merit) degree in Economics and Political Science from the National University of Singapore in 1993.

KEY MANAGEMENT

ANDREAS RINALDI
CEO Designate

Mr Rinaldi was appointed as CEO Designate of the Group on 16 October 2019. Mr Rinaldi has been with the Group more than 8 years, playing a key role as an Executive Director of the Company's Indonesian subsidiaries, PT Samantaka Batubara, PT Ausindo Prima Andalas, and PT Ausindo Andalas Mandiri from 2005 to present. Prior to joining the Group, Mr Rinaldi held the position of Director at Sarmi Papua Asia Oil Ltd and PT Inti Nickelindo Resources where he led and oversaw the companies' strategic direction and business plan. Mr Rinaldi graduated from Atma Jaya University with an Associate Degree in English Education.

At the conclusion of the upcoming annual general meeting for FY2018, Mr Rinaldi will take over the full responsibilities of CEO from Mr Rickard and will be appointed as Executive Director to the Board.

SUHERMAN BUDIONO
Chief Financial Officer

Mr Budiono was appointed as the Chief Financial Officer (CFO) of the Group on 31 July 2019. He leads the finance, accounting, tax, analysis and financial reporting of the BlackGold Group's operations. He is also responsible for improving the BlackGold Group's financial control systems and policies. Mr Budiono was CFO of the Group from January 2012 to September 2017.

Prior to joining the Group in 2012, Mr Budiono served as the head of finance & accounting at PT Vitadaya Harapan from August 2009 to December 2011, where he led the financial control, financial reporting, as well as tax planning and analysis of the company. He was responsible for developing the financial control system and policy of PT Vitadaya Harapan, including its integration with the company site office system.

Mr Budiono graduated with a Bachelor of Accounting and Economics from Wijaya Kusuma University in August 1986. He is currently a member of the Ikatan Akuntan Indonesia, which is a member of the International Federation of Accountants.

HANGGONO SAKTI
Head of Sales and Marketing

Mr Sakti continues to hold the position of Head of Mining and Exploration of the Group since his appointment in 2015. He is responsible for leading, coordinating, and supervising the exploration activities in the Group's concession. Mr Sakti manages a team of geologists and technical specialists in completing a wide range of geological tasks.

Mr Sakti is a qualified geologist and has been actively involved in numerous coal exploration programmes ranging from field geology, drilling, data management, programme direction and management. He has held key roles in companies such as PT Karya Anugrah Kusuma from July 2011 to February 2012, PT Adidaya Tangguh from April 2011 to June 2011, and PT Indika Energy Group from June 2008 to February 2010.

Mr Sakti graduated with a Bachelor in Geology from the Sekolah Tinggi Teknologi Nasional Yogyakarta in April 2006.

RISA HERISANA
Head of Sales and Marketing

Mr Herisana began his career at BlackGold in 2012 where he was subsequently appointed as Head of Sales and Marketing of BlackGold in 2015 where he continues to be responsible for the development and implementation of the Group's sales strategy and marketing activities. His core responsibilities include achieving consistent sales increases over a target time period as well as engaging a portfolio of both local and international clientele. Mr Herisana had previously worked as a project manager at PT Karya Anugrah Kusuma, where he developed his understanding of coal logistics and built his contacts within the industry.

Mr Herisana holds a Bachelor of Management from Widyatama University, Bandung since graduation in 2004.

BUSINESS REVIEW

INCOME STATEMENT

Revenue & Gross Profits

In FY2018, the Group produced a total of 92,320 metric tonnes of coal, as compared to 197,000 metric tonnes of coal produced in FY2017. The decrease in production volume is mainly attributable to a reduction in sales volume required by the customers, leading to a slowdown in the volume of coal produced and delivered to the Group's customers. Total revenue recorded for FY2018 amounted to US$5.6 million as compared to US$4.1 million in FY2017 mainly due to an upward revision of the coal sale price.

Cost of goods sold ("COGS") for FY2018 consist mainly of mining contractor costs, including waste mining, and coal mining. The other costs incurred were in relation to coal processing, royalties, depreciation, amortization, and other costs.

As a result of the higher selling price and lower costs of production in conjunction with reduced logistics costs of coal delivery to the Group's customers, the Group recorded a gross profit of US$339,000 in FY2018.

Key Expenses

The Group's administrative expenses consist mainly of employees' remuneration, directors' fees, licensing and compliance expenses, geologist and survey expenses, rental, and recurring professional fees.

Administrative expenses decreased by 9% to approximately US$4.6 million in FY2018 from US$5.0 million in FY2017, mainly as a result of the following factors:

i) A decrease in legal and licensing expenses of US$314,000 as the Group had completed the construction and commenced use of its jetty in November 2017;

ii) A decrease in fees to placement agent of US$209,000 as there was a one-time payment for share placements completed in FY2017 which did not recur in FY2018; and

iii) A decrease in professional fee of US$114,000 due to a reduction in professional services contracted.

Other Expenses

Other expenses decreased by US$838,000 due to a impairment charge on two (2) of the Group's mining concessions in FY2017 amounting to US$2.1 million netted-off with impairment for the year US$1.3 million.

Net Loss Before Tax

As a result of the above factors, the Group recorded a net loss of US$6.2 million in FY2018.

BALANCE SHEET

Total assets of the Group decreased by 18% to US$17.3 million as at 31 December 2018 from US$21.1 million as at 31 December 2017.

BUSINESS REVIEW

Current assets decreased by 21% to US$4.1 million as at 31 December 2018 from US$5.2 million as at 31 December 2017, mainly due to the following factors:–

i) A decrease in inventory of US$554,000 due to the sale of coal to the Group's customers;

ii) A decrease in deposits and prepayment of US$246,000 mainly due to the utilization of prepayments for payment to the contractors amounting to US$231,000; and

iii) A decrease in cash and cash equivalents of US$656,000 mainly due to payments for production activities and working capital purposes.

Non-current assets decreased by 17% to US$13.2 million as at 31 December 2018 from US$15.9 million as at 31 December 2017, mainly due to the following factors:–

i) An increase in depreciation expenses on property, plant and equipment of US$365,000;

ii) An increase in amortization expenses on mining properties of US$49,000;

iii) An increase in foreign exchange differences of US$964,000; and

iv) Disposal of property, plant and equipment of US$16,000, partially offset by the purchase of new property, plant and equipment of US$26,000.

v) Impairment on the Group's mining concession of US$1.3 million.

Total liabilities increased by 38% to US$10.1 million as at 31 December 2018 from US$7.3 million as at 31 December 2017.

Current liabilities increased by 88% to US$6.0 million as at 31 December 2018 from US$3.2 million as at 31 December 2017, mainly due to an increase in borrowings, as well as trade and other payables, and accruals for mining contractor charges arising from the Group's mining activities.

Non-current liabilities increased by 0.2% to US$4.09 million as at 31 December 2018 from US$4.08 million as at 31 December 2017, mainly due to an increase in provisions for employee benefits and other provisions.

CASH FLOW

In FY2018, cash flow used in operating activities of US$1.7 million is mainly due to operating losses before changes in working capital of US$3.7 million and adjustments for net working capital changes of US$1.7 million.

Net cash used in investing activities of US$15,702 arose mainly from acquisition of new property, plant and equipment netted off with proceed from disposal of property, plant and equipment.

Net cash provided by financing activities in FY2018 of US$1.1million mainly arose from borrowings of US$1.6million.

COAL RESERVES AND RESOURCES

The following should be read in accordance with the Independent Qualified Person's Report ("**IQPR**") dated 1 November 2019, released on the SGXNET. Hard copies of the IQPR will be furnished to shareholders upon their request. There has been material change in the Group's Coal Resources and Coal Reserves since they were last reported in April 2018.

Name of Asset/Country: PT SB Concession/Indonesia
Effective date of Resources and Reserves estimates: 31 December 2018

		GROSS ATTRIBUTABLE TO LICENCE [1]		NET ATTRIBUTABLE TO ISSUER		
CATEGORY	MINERAL TYPE	TONNES (MILLION)	GRADE/ RANK	TONNES (MILLION)	GRADE/ RANK	CHANGE FROM PREVIOUS UPDATE (%)[5]
RESERVES[4]						
Proved	Coal	3.6	Lignite	3.6	Lignite	-93%
Probable	Coal	9.2	Lignite	9.2	Lignite	-90%
Total	**Coal**	**13**	**Lignite**	**13**	**Lignite**	**-91%**
RESOURCES[2&4]						
Measured	Coal	24	Lignite	24	Lignite	-83%
Indicated	Coal	61	Lignite	61	Lignite	-76%
Inferred	Coal	23	Lignite	23	Lignite	-82%
Total	**Coal**	**110[3]**	**Lignite**	**110[3]**	**Lignite**	**-79%**

Notes:
1. *Licence refers to the PT SB concession's Production Operations (IUP) licence.*
2. *Resources are inclusive of Reserves.*
3. *The results presented are rounded to the nearest million to reflect the accuracy of the estimates. Minor discrepancies are due to rounding and are not considered material by PT GMT.*
4. *Resources and Reserves are reported in accordance with the JORC Code (2012).*
5. *The date of previous update was 3 April 2018.*

The previous Coal Resources and Reserves estimates as at 31 December 2017 covered both the North and South Blocks. The variances are principally due to the PT SB South Block been excluded due to the uncertainty regarding the proposed schedule for the development of the Riau 1 MMPP for which coal from the South Block was dedicated. The previous Coal Resources estimates having been based on an elevation cut-off of RL -100 as the lowest elevation, while in this Statement Coal Resources are reported to the base level of the Optimised Pit Shell, which provides a more reasonable representation of Coal Resource limits than an RL (as applied previously) and also reflects the JORC Code 2012 (Section 20, paragraph 7) criteria of "including the approximate mining parameters".

A total of approximately 92,320 metric tonnes of coal was produced during FY2018. Total cash expenditure incurred for production activities in FY2018 amounted to US$2,063,800.

Name of Qualified Person for Resources: William (Bill) Park
Date: 31 December 2018 (effective date of Resources estimate)
Professional Society Affiliation/Membership: BSc (Geology), BEcon, MAusIMM

Name of Qualified Person for Reserves: Chris Spiliopoulos
Date: 31 December 2018 (effective date of Reserves estimate)
Professional Society Affiliation/Membership: BE(Mining), MAusIMM

The information in this report that relates to Coal Resources is based on information compiled by Mr William (Bill) Park, a qualified person who is a Member of The Australasian Institute of Mining and Metallurgy. The information in this report that relates to Coal Reserves is based on information compiled by Mr Chris Spiliopoulos, a qualified person who is a Member of The Australasian Institute of Mining and Metallurgy.

Mr Park and Mr Spiliopoulos are employed by PT New Resource Mine Consulting, and retained by PT GMT Indonesia to undertake the annual reporting of Coal Resources and Reserves for the Company.

Mr Park and Mr Spiliopoulos will be paid a consulting fee for the preparation of the qualified person's report by BlackGold Natural Resources Limited. No other relationship which could create a potential for conflict of interest exists.

Both Mr Park and Mr Spiliopoulos have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Park and Mr Spiliopoulos also satisfy the requirements for a qualified person as per Catalist Rules 1204(23). Mr Park and Mr Spiliopoulos consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

BlackGold Natural Resources Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to the highest standards of corporate governance and supports the principles of transparency, integrity and accountability advocated by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This report sets out the corporate governance practices that were adopted by the Group during the financial period from 1 January 2018 to 31 December 2018 ("**FY2018**") with specific reference to the Code of Corporate Governance 2012 ("**Code**"). The Board confirms that, for FY2018, the Group adhered to the principles and guidelines set out in the Code, and where there were deviations from the Code, appropriate explanations are provided.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the "**2018 Code**") and an accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and applies to annual reports covering financial years commencing from 1 January 2019. The Group will outline its corporate governance practices and structure in place to comply with the 2018 Code, where appropriate, in its next annual report for the financial year ending 31 December 2019.

The Company will also continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the requirements of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the SGX-ST.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board provides entrepreneurial leadership, sets the strategic direction for the Group, ensures that the necessary financial and human resources are in place, reviews management performance, and guides the BlackGold management, led by the Chief Executive Officer ("**CEO**"), in achieving efficient management of the Group. The Board is also responsible in ensuring that Management has a framework of internal and risk management controls in place, staying aligned to good practices in relation to financial reporting, compliance and corporate governance, while taking into consideration the interest of its shareholders.

In addition to carrying out its statutory responsibilities, the Board's roles include:–

- Guiding and formulating the Group's overall long-term strategic plans, performance objectives as well as operational initiatives and ensure that the necessary financial and human resources are in place to meet its objectives;
- Establishing and overseeing the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Reviewing the performance of the Management;
- Setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and duly met; and
- Assuming responsibility for corporate governance.

Delegation of authority by the Board

The Board Committees, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") support the Board in discharging its responsibilities. The AC, NC and RC have been constituted with clearly defined terms of reference, which are reviewed on a regular basis to ensure their continued relevance. Whilst these committees are delegated with certain responsibilities, ultimate responsibility and final decision on all matters remains with the Board. The effectiveness of each Board Committee is constantly monitored. Details on the Board Committees are set out in this Report.

CORPORATE GOVERNANCE REPORT

Matters specifically referred to the Board for its approval include, but are not limited to, the following:–

- Quarterly results announcements;
- Annual results and accounts;
- Declaration of interim dividends and proposal for final dividends;
- Convening of shareholders' meetings;
- Authorisation for merger and acquisition transactions; and
- Authorisation of major transactions.

Meetings of Directors

The Board of Directors meet on a regular basis, at least four times a year, to review and approve the financial results of the Group and receive key reports from both Management and external professionals. In addition, the Board also addresses key policy matters pertaining to the strategic direction of the Group, risk reports and key policies, annual budget and any capital structuring. Ad-hoc meetings are convened as and when warranted by circumstances and deemed necessary. When physical meetings are not possible, the Board and Board Committees may also make decisions by way of circulating written resolutions. Under the Company's constitution ("**Constitution**"), Board meetings are permitted to be held by way of telephonic or video conferencing or by similar means of communication equipment.

The attendance by each Director at the Board and Board Committees meetings held during FY2018 are disclosed as follows:–

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Number of meetings held in FY2018	**4**		**4**		**1**		**1**	
Name of Director	**No. of meetings to be attended**	**No. of meetings attended**	**No. of meetings to be attended**	**No. of meetings attended**	**No. of meetings to be attended**	**No. of meetings attended**	**No. of meetings to be attended**	**No. of meetings attended**
Philip Cecil Rickard	4	4	–	4*	1	1	–	–
James Rijanto	4	4	–	4*	–	–	–	–
Nandakumar Ponniya Servai	4	3	4	4	1	1	1	1
Gerald Lim Thien Su	4	2	4	3	–	–	1	1
Bala Chandran	4	3	4	3	1	1	1	1
Bangun Madong Parulian Samosir ("**Mr Samosir**")	4	3	–	3*	–	–	–	–

Notes:–

* *By invitation*

Subsequent to FY2018, the Company experienced the following changes to the Board:

- Resignation of Mr James Rijanto as Chief Investment Officer and Executive Director with effect from 31 July 2019;
- Resignation of Mr Nandakumar Ponniya Servai as Lead Independent Director, Chairman of the NC and RC and member of the AC with effect from 31 July 2019;
- Resignation of Mr Gerald Lim Thien Su as Independent Director, Chairman of the AC and member of the RC with effect from 31 July 2019;
- Resignation of Mr Bala Chandran as Independent Director, member of the AC, NC and RC with effect from 31 July 2019;
- Appointment of Mr Lim Chee San ("**Mr Lim**") as Lead Independent Director, Chairman of the AC, NC and RC with effect from 31 July 2019;
- Appointment of Mr Wahyu Mahadi ("**Mr Mahadi**") as Independent Director, member of the AC and RC with effect from 31 July 2019;
- Appointment of Mr Chng Hee Kok ("**Mr Chng**") as Independent Director, member of the AC, NC and RC with effect from 17 September 2019; and
- Appointment of Mr Philip Soh Sai Kiang ("**Mr Soh**") as Independent Director, member of the AC, NC and RC with effect from 17 September 2019.
- Appointment of Mr Andreas Rinaldi ("**Mr Rinaldi**") as CEO-Designate with effect from 16 October 2019. At the conclusion of the upcoming annual general meeting for FY2018 ("**AGM**"), Mr Rinaldi will take over the full responsibilities of CEO from Mr Rickard and will be appointed as Executive Director to the Board as announced on SGXNET on 16 October 2019.

Briefings, updates and training for Directors

Newly appointed Directors to the Board are issued with a formal letter of appointment that states their duties, responsibilities and obligations as a Director. All Directors exercise due diligence and independent judgement, and are obliged to act in good faith at all times by considering the interests of the Company. Upon appointment, the Directors are appropriately briefed by the management team who would provide them an overview of the Company's business, operations, regulatory requirements as well as the key policies and Board processes.

In accordance with recent revisions to Catalist Rules, with effect from 1 January 2019, the NC will ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST. There was no new director appointed in FY2018. Of the 4 directors appointed subsequent to FY2018 and Mr Rinaldi to be appointed as director at the conclusion of the AGM, Mr Mahadi and Mr Rinaldi do not have prior experience as directors of listed issuers on the SGX-ST. The Company will arrange for Mr Mahadi and Mr Rinaldi to attend the mandatory training courses.

All Directors are encouraged to keep themselves abreast of the latest developments relevant to the Company through the attendance of seminars, conferences and training courses which will be arranged and funded by the Company. Key issues related to the Company include, but are not limited to, any relevant legal and regulatory requirements, business development and industry outlook.

During the year, the external auditors, Messrs PricewaterhouseCoopers LLP briefed the AC and the Board on developments in financial reporting standards. The Management also updates the Board during the Board and Board Committees meetings on changes to relevant laws and regulations and on business and strategic developments relating to the Group's activities.

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

Following the recent Board changes, the Board currently comprises six Directors, of whom five (constituting more than half of the Board) are Independent Directors, details of the directorships are as follow:–

Name of Director	Designation	Audit Committee	Nominating Committee	Remuneration Committee
Philip Cecil Rickard	Executive Chairman and Chief Executive Officer	–	–	–
Lim Chee San	Lead Independent Director	Chairman	Chairman	Chairman
Bangun Madong Parulian Samosir	Independent Director	Member	Member	Member
Wahyu Mahadi	Independent Director	Member	–	Member
Philip Soh Sai Kiang	Independent Director	Member	Member	Member
Chng Hee Kok	Independent Director	Member	Member	Member

CORPORATE GOVERNANCE REPORT

With five Independent Directors, the Board is able to exercise objective and independent judgement on the Group's affairs. There is no individual or small groups of individuals which dominates the Board's decision-making.

The NC reviews the size of the Board from time to time with a view to determine the impact of its number on its effectiveness. The NC decides on what it considers an appropriate size, taking into account the nature and current scope of the Company's operations, the requirements of the business of the Company and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making.

The Board consists of individuals possessing a wide range of competencies, skills, experience and qualifications which are extensive and complementary, and include accounting, finance, business, legal as well as industry expertise and knowledge to effectively provide oversight of, and guide the Company's strategic direction. Profiles of the Directors are set out in the "Board of Directors" section of the Annual Report. The NC is satisfied that the current Board comprises persons who as a group, has core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective.

Where necessary or appropriate, Non-Executive Directors are encouraged to meet without the presence of Management to facilitate a more effective check on Management. Non-Executive Directors participate in strategy discussions as well as review and monitor the performance of Management in achieving set targets and objectives.

The Board noted that gender diversity on the Board and Board Committees is one of the recommendations under the Code for balance and diversity. Although none of the Directors are female, the Group does not discriminate against gender diversity within the Board nor actively set targets on the proportion of males to females sitting on the Board. The Board does not rule out the possibility of the appointment of a female director if a nominated candidate is a good fit and possesses the qualifications required for the Board to effectively carry out its duties collectively.

Director's Independence

The independence of each Director is reviewed annually by the NC.

In accordance to the recent revisions to the Catalist Rules, Catalist Rule 406(3)(d)(i) and 406(3)(d)(ii) which took effect on 1 January 2019 stipulates that a director will not be considered as independent if (i) he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or (ii) he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer.

In this regard and with reference to the guidelines set out in sections 2.3 and 2.4 of the Code, the Independent Directors have confirmed that they and their respective associates do not have any employment relationship with the Company or any of its related corporations for the current or any of the past three financial years, and they also do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company

The NC is of the view that Mr Lim, Mr Samosir, Mr Mahadi, Mr Soh and Mr Chng are independent in character and judgment, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

There was no Director who has served on the Board beyond nine years from the date of his first appointment. Should there be any Director who has served on the Board beyond nine years, his independence will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Philip Cecil Rickard ("**Mr Rickard**") currently assumes the roles of Executive Chairman and Chief Executive Officer ("**CEO**"). As the Executive Chairman of the Group, Mr Rickard is responsible for, *inter alia*, leading the Board to ensure its effectiveness, setting agenda for Board meetings, and ensuring adequate time for discussion, promoting openness and discussion during Board meetings, ensuring that Directors receive complete, adequate and timely information, ensuring effective communication with the shareholders, encouraging constructive relations within the Board and between the Board and the Management, facilitating effective contributions from the Directors and promoting high standards of corporate governance.

As CEO of the Company, Mr Rickard oversees the general management of the Group in accordance with the business considerations and strategies set out by the Board. At as the date of this report, Mr Rickard has opted not to seek re-election as a Director and Executive Chairman of the Board at the AGM and will simultaneously resign as CEO of the Company. In this regard, Mr Rinaldi has been appointed as CEO-Designate with effect from 16 October 2019 and will take over the full responsibilities of CEO from Mr Rickard upon the completion of the AGM.

To promote a high standard of corporate governance, Mr Lim has been appointed as the Lead Independent Director, serving as the conduit between our shareholders and the Board, or between Board members. Shareholders will be able to consult the Lead Independent Director where they have concerns for which interactions through the normal channels of the Chairman or CEO has failed to resolve or is inappropriate. Where necessary, the Lead Independent Director, together with the Independent Directors, will meet in the absence of other non-Independent Directors, and the Lead Independent Director will provide feedback to the Chairman if necessary.

The Independent Directors, led by the Lead Independent Director, discuss or meet amongst themselves without the presence of the Executive Chairman and CEO where necessary. The Lead Independent Director will also provide feedback to the Executive Chairman and CEO after such discussions or meetings.

CORPORATE GOVERNANCE REPORT

4. BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

As at the date of this report, the NC is led by Mr Lim, Lead Independent Director of the Company, and comprises five Directors, four of whom are independent.

The NC is scheduled to meet at least once a year, or when necessary.

The NC's duties and functions are guided by its terms of reference, and include:–

- Reviewing and making recommendations to the Board on board appointments and re-nomination having regard to the Directors' contribution and performance;
- Reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;
- Determining annually whether a Director is independent, guided by guidelines of the Code and the Catalist Rules;
- Assessing if a Director is able to and has been adequately carrying out his duties as a Director of the Company, especially where he has multiple board representations;
- Recommending the nomination of Directors who are retiring by rotation to be put forward for re-election; and
- Proposing objective criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and its Board Committees and the contribution of each Director to the effectiveness of the Board.

Each member of the NC shall abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance, his independence, or his re-nomination as a Director.

Selection and Appointment of New Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors. On an annual basis, the NC will conduct a review of the composition of the Board in terms of the size and mix of skills and qualifications of the Board members. Where necessary, the search and nomination process for new Directors will be through search companies, contacts or recommendations that go through the normal selection process. In the selection and nomination of new Directors, the NC establishes the key attributes that an incoming Director should have, based on attributes of existing Board members and the requirements of the Company.

The NC shall assess the suitability of the candidate based on his skills, knowledge and experience; and ensure he is aware of the expectations and the level of commitment required, before recommending the candidate to the Board. Upon review and recommendation by the NC to the Board, the new Director will be appointed by way of passing a board resolution.

Re-appointment of Directors

The Company's Constitution requires that every Director retires once every three years and that one-third of the Board shall retire and subject themselves to re-election by shareholders at every annual general meeting of the Company ("**AGM**").

The following sets forth the respective dates of appointment and the dates of last re-election of each Director:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies: Present	Directorships in Other Listed Companies: Past (Last 5 Years)
Philip Cecil Rickard	10 March 2015	30 August 2017	Nil	Nil
Lim Chee San	31 July 2019	–	• Hupsteel Limited • Soon Lian Holdings Limited	Resources Prima Group (formerly known as Sky One Holdings Limited)
Bangun Madong Parulian Samosir	31 July 2019	–	Nil	Nil
Wahyu Mahadi	31 July 2019	–	Nil	Nil
Philip Soh Sai Kiang	17 September 2019	–	Sin Heng Machinery Ltd	Artivision Technologies Ltd
Chng Hee Kok	17 September 2019	–	• Ellipsiz Ltd • Samudera Shipping Line Ltd • Full Apex Holdings Ltd (PRC) • Luxking Group Holdings Ltd • United Food Holdings Ltd (PRC) • Chaswood Resources Holdings Ltd • The Place Holdings Ltd	• China Flexible Packaging Holdings Limited • LH Group Ltd (currently known as Pacific Star Development Limted) • Infinio Group Ltd (currently known as Rich Capital Holdings Limited) • Pacific Century Regional Development Limited

Pursuant to Article 95 of the Constitution of the Company, Mr Lim, Mr Mahadi, Mr Chng and Mr Soh shall retire in accordance to Article 95. In this regard, the NC, having considered the Directors' overall contributions and performance since they were appointed, has recommended their re-election. The retiring Directors, being eligible have offered themselves for election at the forthcoming AGM. The Board has concurred with the NC's recommendation. Details of the Directors seeking re-election are found in Table A set out on pages 34 to 37 of this Annual Report.

Representations on Multiple Boards

The NC is also responsible for ascertaining if a Director, holding multiple directorships, is able and has been adequately carrying out his duties as a Director. A review is conducted annually by the NC and takes into consideration a Director's portfolio of directorships and principal commitments. The Company's current policy stipulates that a Director should not have in aggregate more than five listed companies' board representations, in order to be able to devote sufficient time and attention to the affairs of the Company, and to discharge his duties as a Director of the Company. Each of the Directors updates the Company of any changes in his external appointments and these changes are noted at the Board meetings for review.

CORPORATE GOVERNANCE REPORT

The NC has reviewed and is satisfied that, where Directors had other listed company board representations, the Directors have been able to devote sufficient time, resources and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company. Currently, the Company does not have alternate directors, and no alternate Director had been appointed to the Board for the financial year under review.

Key information such as academic and professional qualifications of the Directors, including his current directorship in other listed companies are set out in the "Board of Directors" section of this Annual Report.

5. BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each director to the effectiveness of the Board.

The Board, through the NC, conducts a formal assessment annually on the effectiveness of the Board, the Board Committees and on each Director. The Board has not engaged any external facilitator for this annual assessment of Board's effectiveness.

The Board Evaluation Form seeks to assess effectiveness of the Board based on board size and composition, board processes and participation in meetings, Board's accountability, discharge of Board's functions and Board's access to information. The performance criteria for evaluation of the individual Directors focuses on whether the Directors, both individually and collectively, bring to the Board independent and objective perspectives to enable sound, balanced and well-considered decisions to be made.

For FY2018, the assessment is conducted through the completion of a Board Evaluation Form by each Director, collated and submitted to the NC for review to assess the overall effectiveness of the Board and the Board Committees. The results of the evaluation and the NC's recommendations were presented to the Board, along with identified areas for improvement in relation to the effectiveness of the Board and the Board Committees. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

6. ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors are entitled to unrestricted access to the Company's records and information. The Management also furnishes the Board with regular, accurate, timely and complete information to support the Board in their decision-making process as well as the fulfilment of their responsibilities. Prior to Board meetings, the Directors are furnished, in advance, with the relevant documents and information necessary to have a comprehensive understanding of the matters to be discussed and/or approved. These include matters relating to the financial, strategic plan and developments of the Group, as well as other matters for the information of the Board.

The Board (whether individually or collectively) has direct and independent access to Management and the Company Secretary at all times, and may seek independent professional advice, if necessary, through email, telephone and face-to-face meetings, at the expense of the Company.

The Company Secretary is present at all formal Board meetings to respond to the queries of any Director, to ensure that Board procedures are followed, and that the requirements under the Companies Act (Chapter 50 of Singapore) and all other regulations of the SGX-ST are complied with. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

7. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
8. LEVEL AND MIX OF REMUNERATION
9. DISCLOSURE ON REMUNERATION

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC comprises five Directors, all of whom are Independent Non-Executive Directors, and are responsible for reviewing the remuneration policy and framework of the Directors and Management. The Chairman of the RC is Mr Lim. The RC will meet at least once a year or when necessary. The RC is responsible for, amongst others:–

- Reviewing and recommending a framework of remuneration policies to determine specific remuneration packages and terms of employments for the Directors and key executives;
- Functioning as the committee to administer the BlackGold Employee Share Option Scheme as set out in the "Directors' Statement" section in this Annual Report; and
- Functioning as the committee to administer and implement the BlackGold Employee Share Award Scheme.

No individual Director shall be directly involved in recommending and deciding their own remuneration.

The RC has access to the appropriate expert advice in the field of executive compensation and remuneration matters, if required, whereby the cost of such independent professional advice will be borne by the Company. During the financial year, the RC did not require the services of an external remuneration consultant.

Annual reviews of the compensation and remuneration packages are conducted by the RC to ensure that the remuneration of the Executive Directors and key management personnel are commensurate with their performance, giving due regard to the size, complexity, financial health and current stage of production of the Group, and are competitive to recruit, retain and motivate the personnel.

The Independent Directors receive Directors' fees in accordance with a remuneration framework where each Director is paid a basic fee based on their level of responsibilities. The Chairman and Lead Independent Director are paid additional fees for their appointments commensurate with additional responsibilities associated with their appointments. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised, and the RC's recommendation for the Directors' fees had been endorsed by the entire Board, following which the recommendation is presented for shareholders' approval at the AGM.

CORPORATE GOVERNANCE REPORT

Executive Directors are remunerated as members of Management, and do not receive Directors' fees. The Company has entered into service agreements with Mr Philip Cecil Rickard (Executive Chairman and Chief Executive Officer) (the "**Service Agreements**"), for an initial term of three years from 10 March 2015. Upon expiry of the initial term of three years, the employment of each Appointee shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. Pursuant to their respective Service Agreements, the remuneration packages of the Executive Directors comprise (i) a basic salary component; (ii) a fixed bonus in the amount equivalent to the basic monthly salary of the executive; and (iii) a variable component, where applicable, based on the performance of the Group as a whole. The variable bonus is calculated based on the Group's audited consolidated profit before income tax, excluding exceptional items, for the financial year. Please refer to the Circular dated 30 December 2014 issued in connection with the Reverse Takeover (the "Circular") for details. The Executive Directors and/or their associates will abstain from voting in respect of any resolution or decision to be made by the Board in relation to their terms and renewal of their respective Service Agreements. Each member of the RC shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package or that of employees related to him (if any).

The Board has reviewed the terms of their Service Agreements and is of the opinion that the remuneration of the Executive Directors and Management is competitive compared to the market rate for companies in a similar stage of production.

No termination or retirement benefits are granted to the Directors, CEO and key management personnel. The RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

A breakdown showing the level and mix of remuneration paid/payable to each individual Director or key executive for the financial year ended 31 December 2018 is as follows:–

Name of Director	Base Salary	Directors' Fee	Bonus	Provident Fund Contribution	Total
Between S$250,001 to S$500,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Philip Cecil Rickard[3]	92	–	8	–	100
James Rijanto[2]	92	–	8	–	100
Below S$250,000					
Intekhab Khan[1]	–	100	–	–	100
Bala Chandran[4]	–	100	–	–	100
Gerald Lim Thien Su[5]	–	100	–	–	100
Nandakumar Ponniya Servai[6]	–	100	–	–	100
Bangun Madong Parulian Samosir	–	100	–	–	100

Name of Top 5 Management Personnel (who are not Directors or CEO)	Base Salary	Directors' Fee	Bonus	Provident Fund Contribution	Total
Below S$250,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Suherman Budiono	100	–	–	–	100
Jeremy Ng[7]	85	–	7	8	100
Rudy Herlambang	100	–	–	–	100
Lili Haryanto	100	–	–	–	100
Natalia Hermanto	92	–	8	–	100

Notes:–

1 Mr Intekhab Khan has resigned from his position as Independent Non-Executive Chairman as of 3 March 2018
2 Mr James Rijanto has resigned from his position as Executive Director as of 31 July 2019
3 Mr Philip Cecil Rickard was re-designated from "Chief Executive Officer and Executive Director" to "Executive Chairman and Chief Executive Officer" as of 3 March 2018
4 Mr Bala Chandran has resigned from his position as Independent Director as of 31 July 2019
5 Mr Gerald Lim Thien Su has resigned from his position as Independent Director as of 31 July 2019
6 Mr Nandakumar Ponniya Servai has resigned from his position as Independent Director as of 31 July 2019
7 Mr Jeremy Ng has resigned from his position as Chief Financial Officer as of 31 July 2019.

The Company is of the view that full disclosure of the specific remuneration of each Directors and key executives is not in the best interest of the Company due to reasons of commercial sensitivity.

For FY2018, the aggregate total remuneration paid to the top five management personnel (who are not Directors or CEO) was approximately S$483,036.

During the financial year ended 31 December 2018, there were no employees in the Group who were immediate family members of the Directors or the CEO.

BlackGold has in place an Employee Share Option Scheme which had been approved by shareholders at an extraordinary general meeting of the Company in 2015. Subsequent to FY2018 and as at the date of this report, 9,950,000 shares have been awarded under the BlackGold Employee Share Option Scheme.

The BlackGold Share Award Scheme ("**ESAS**") was approved by shareholders at an extraordinary general meeting held in 2017 by the Group. Under the ESAS, participants are granted fully-paid shares, free of charge, provided that certain conditions are met. The ESAS seeks to motivate employees and non-executive directors of the Group to optimise and recognise key contributions made to the Group, instil loyalty to, and retain key employees whose work are essential to the long-term prosperity of the Group.

10. ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is committed to, and understands its accountability to the shareholders in presenting a balanced and understandable assessment of the Company's quarterly and full-year financial performance, position and prospects, that is in compliance with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7H of the Catalist Rules to undertake to use their best endeavors to comply with the Catalist Rules and to procure that the Company shall so comply. Similar undertakings have been executed by the Executive Officers.

Management also provides the Board with reports for planning, decision-making and review of consolidated quarterly and year-end performances for public disclosure through the SGXNET and public announcements. In addition, where necessary, the Board also provides shareholders with periodic updates and reports through announcements with regards to the Group's developments.

CORPORATE GOVERNANCE REPORT

The Board takes adequate steps to comply with legislative and regulatory requirements and observes the obligation of continuing disclosure as required under the Catalist Rules.

11. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognizes the importance in having an effective system of internal controls and risk management in place to safeguard shareholders' interests and the Group's assets, compliance with the appropriate legislation, maintenance of proper accounting records and mitigate any business risks.

Currently, the Group does not have a risk management committee. The responsibility of the risk management function is assumed by the Board and Management.

The Board, with assistance from the internal auditors, is responsible for the governance of risk by ensuring the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

The external auditors, during the conduct of their annual audit procedures on the statutory financial statements, may also report on matters relating to internal controls relevant to the Group's preparation of financial statements as specified by their scope of work as stated in their audit plan. Any material non-compliance and internal control weaknesses noted by the external auditors and recommendation for improvement will be reported to the AC. The Management will then take corrective measures to strengthen the internal controls.

The system of internal controls in place is reviewed by the AC annually to ensure its adequacy, effectiveness and integrity in addressing financial, operational, compliance and information technology controls, and risk management systems. The CEO and Chief Financial Officer (the "**CFO**") have also provided assurance to the Board a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and b) regarding the effectiveness of the Group's risk management and internal controls. The CFO, in order to provide assurance, has met and held various discussions with Mr Jeremy Ng Lip Wee, the former CFO of the Group who resigned as of 31 July 2019, as well as with the external auditors to understand any underlying issues, if any pertaining to the Group, and review the necessary documentation.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls of the Group are adequate and effective in addressing the financial, operational, information technology controls, compliance risks and risk management systems as at 31 December 2018.

The Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Information relating to risk management are discussed in "Financial Risk Management" in the Financial Statements of this report.

12. AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

As at the date of this report, the AC comprises Mr Lim, as the Chairman, Mr Samosir, Mr Mahadi, Mr Soh, and Mr Chng as members and are all non-executive independent directors.

All members of the AC have the requisite skills and qualifications to effectively carry out their duties.

The AC is guided by its terms of reference, its duties and functions include:–

- Reviewing with the internal and external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management's response and results of the audits conducted by the internal and external auditors;
- Reviewing the internal control and procedures and ensure coordination between the external auditors and Management;
- Monitoring the integrity of the financial information provided by the Company, assessing, and challenging, where necessary, the correctness, completeness, and consistency of financial information before submission to the Board for approval;
- Assessing the adequacy and effectiveness of the internal control systems established by Management to identify, assess, manage, and disclose financial, operational, compliance and information technology controls (including those relating to compliances with existing legislation and regulation);
- Monitoring and assessing the role and effectiveness of the internal audit function in the overall context of the Company's risk management system, including review of the internal auditors' reports on the effectiveness of the systems for internal control, financial reporting and risk management;
- In connection with the terms of engagement to the external auditors, making recommendations to the Board on the selection, appointment, re-appointment, and resignation of the external auditors based on a thorough assessment of the external auditors' functioning, and approve the remuneration and terms of engagement of the external audit;
- Monitoring and assessing the external auditors' independence annually and keep the nature and extent of non-audit services provided by the external auditors under review to ensure the external auditors' independence or objectivity is not impaired, and to nominate them for re-appointment;
- Reviewing the interested person transactions on a quarterly basis; and
- Assessing, at the end of the audit cycle, the effectiveness of the audit process.

The AC has full authority to investigate any matters within its term of reference, full access to and cooperation from the Management and full discretion to invite any director, key management personnel or other employee of the Group to attend its meetings and is given reasonable resources to enable it to discharge its functions properly and effectively.

During the year, the AC reviewed the quarterly and full year results of FY2018, including the adequacy of disclosures as well as the key changes in accounting policies applied. Management is kept abreast of changes in the accounting standards by both internal and external auditors; the information is then relayed to the AC. Each year, Management would review the changes or updates in accounting standards or any other issues that are applicable to the Group's financial statements, if any and brief the AC and Board on such changes.

CORPORATE GOVERNANCE REPORT

Annually, the AC will meet with the internal and external auditors without the presence of the Management as and when necessary to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors. The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Messrs PricewaterhouseCoopers LLP is the appointed external auditors of the Company. The fees payable to the external auditors in 2018 for audit services amounted to S$220,000. In FY2017, the aggregate amount of audit fees paid to the Company's external auditors was S$220,000. The AC noted that there was no non-audit related work carried out by the external auditors for FY2018. The AC was satisfied that the external auditors had been objective and independent in the audit of the Group. Accordingly, the AC has recommended to the Board that, Messrs PricewaterhouseCoopers LLP be nominated for re-appointment as external auditors at the forthcoming AGM.

No former partner or director of the Company's auditing firm has acted as a member of the Company's AC.

The Group has established a whistleblowing policy since 2015 to provide a defined and accessible channel for employees and any persons outside of the employment of the Group to report any actual or suspected wrongdoings in matters of business activities, financial reporting or other matters. During FY2018, no whistleblowing reports were received.

13. INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognizes that it is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Company's businesses and assets while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner.

For the financial year under review, as the size of the Group does not warrant an in-house internal audit function, the Company has outsourced its internal audit function to Nexia TS Risk Advisory Pte Ltd. Audit work performed by the internal auditors is guided by International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The internal auditors' primary line of reporting would be to the chairman of the AC, although the internal auditors would also report administratively to the CEO.

Before the commencement of the annual internal audit, the internal auditors will propose an internal audit plan to the AC and obtain the approval from the AC before proceeding. The findings of such review are submitted to the AC for their review. Subsequent to the internal audit conducted, the findings and corresponding responses from the Management to address these findings were reported at the meeting of the AC.

For FY2018, the AC has reviewed the adequacy and effectiveness of the internal audit function of the Company, and is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The AC also reviews the internal audit reports as well as the remedial measures recommended by the internal auditors and adopted by Management to address any issues or inadequacies identified.

14. SHAREHOLDER RIGHTS
15. COMMUNICATION WITH SHAREHOLDERS
16. CONDUCT OF SHAREHOLDERS MEETINGS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company recognizes the importance of effective communication through accurate and timely information in accordance with best practices and rules to ensure shareholders make well-informed investment decisions. The Company ensures timely public disclosure of material information, financial results, annual reports and any other Company developments is made via SGXNET announcements and the Group's corporate website within the mandatory period prescribed.

Management participates actively in investor seminars or conferences organized by various external organisations that encourage investor engagement. Connecting with investors through such events allow Management to receive direct feedback from the investment community as well as allow potential or existing shareholders a better understanding of the Group and its business.

Shareholders of the Company will receive the annual report for the financial reporting year as well as the notices for general meetings will be accompanied with a report/circular, disseminated as an announcement via SGXNET and advertised in the local newspapers.

At general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors or Management regarding the Company and the Group. Shareholders can have access to the Company's financial information as well as developments of the Company through its website at http://www.blackgold-group.com.

The Company's Constitution allows all shareholders to appoint proxies to attend and vote on their behalf at the general meetings. Shareholders can appoint up to two proxies to attend, vote and voice any questions relating to the resolutions tabled in a general meeting and/or company affairs, for and on behalf of those shareholders, in the event that such shareholders are not able to attend the said general meeting personally. Shareholders who are relevant intermediaries (as defined under Section 181(6) of the Companies Act) are allowed to appoint more than two proxies to attend, speak and vote at general meetings. Voting in absentia may only be possible following careful study to ensure the integrity of the information and authentication of shareholders' identities through the web or other means are not compromised.

CORPORATE GOVERNANCE REPORT

At general meetings, the Company welcomes shareholders' participation and to raise any concerns regarding the Group which they may have to the Directors, chairpersons of the AC, NC and RC as well as the Company's external auditors, whom will be present and available to the shareholders at these meetings. All resolutions at the forthcoming AGM will be put to vote by poll, in compliance with the Catalist Rules to allow greater transparency and more equitable participation by shareholders. The proceedings of the AGM will be properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and these minutes will be available to shareholders upon their request. Detailed results of the general meetings, which include the number of votes cast for and against each resolution were disclosed via SGXNET.

The Company does not have a fixed dividend policy. The Board has reviewed and has not declared any dividend for FY2018 as the Company requires the existing cash to fund its operating activities.

17. DEALINGS IN SECURITIES

In compliance with Catalist Rule 1204(19) of the Catalist Rules, the Company has adopted an internal securities code of compliance to provide guidance to the Directors and all employees with regard to dealings in securities. All Directors and employees of the Company are advised by way of quarterly circulars to (i) not deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information and (ii) that they are required to report on their dealings in shares of the Company. The Company prohibits dealings in its shares by its Directors and employees during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the results.

Directors and employees are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price-sensitive information and they are not to deal in the Company's securities on short-term considerations.

The Group confirms that it has adhered to its internal securities code of compliance for FY2018.

18. INTERESTED PERSON TRANSACTIONS

The Company has in place a policy and procedures to ensure all transactions with interested persons are reviewed and/or approved by the AC quarterly, and that such transactions are carried out on an arm's length basis.

The Company does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules for FY2018.

Save for interested person transactions with a value of less than S$100,000 each, there were no interested persons transactions entered into by the Group during FY2018.

As at 31 December 2018, 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. On 21 March 2019, Twin Gold Ventures S.A. and Novel Creation Holdings Limited (collectively the "Lenders") signed a fifth supplemental deed to the Shareholder's Loan to extend the Non-Repayment period 31 March 2021.

19. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholders, either still subsisting at the end of financial year, or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2017:–

1. Service Agreements entered into between the Executive Directors and the Company.
2. Loan agreement dated 20 December 2012 between Twin Gold Ventures S.A. ("Twin Gold Ventures") and BlackGold Energy Limited ("BGE") for a loan facility from Twin Gold Ventures to BGE for up to US$10 million. The loan is interest-free and unsecured.
3. Loan agreement dated 20 December 2012 between Twin Gold Ventures and BlackGold Asia Resources Pte. Ltd. ("BGA") for a loan facility from Twin Gold Ventures to BGA for up to US$10 million. The loan is interest-free and unsecured.
4. Loan agreement dated 20 December 2012 between Twin Gold Ventures and PT Samantaka Batubara ("PT SB") for a loan facility from Twin Gold Ventures to PT SB for up to US$10 million. The loan is interest-free and unsecured.
5. Loan agreement dated 26 March 2013 between Novel Creation Holdings Limited ("Novel Creation") and PT SB for a loan facility from Novel Creation to PT SB for up to US$10 million. The loan is interest-free and unsecured.
6. First Supplemental Deed dated 29 September 2014 between Twin Gold Ventures, Novel Creation (collectively, the "Lenders") and BGA, BGE and PT SB (collectively, the "Subsidiaries") to extend the Non-Repayment Period to 9 September 2016.
7. Second Supplemental Deed dated 31 March 2016 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 9 March 2018.
8. Third Supplemental Deed dated 12 May 2017 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2019.
9. Fourth Supplemental Deed dated 29 March 2018 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2020.
10. Fifth Supplemental Deed dated 20 March 2019 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2021.

Material contracts (2) to (6) set out above were entered into prior to the completion of the Reverse Takeover on 10 March 2015, and details have been set out in the Circular.

CORPORATE GOVERNANCE REPORT

20. SPONSORSHIP

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fee paid to the SAC Capital Private Limited during FY2018.

TABLE A

Mr Wahyu Mahadi, Mr Lim Chee San, Mr Chng Hee Kok, and Mr Philip Soh Sai Kiang are the Directors seeking re-election at the forthcoming AGM (collectively, the "**Retiring Directors**" and each a "**Retiring Director**"). The key information relating to the Retiring Directors are as follows:–

	Mr Wahyu Mahadi	**Mr Lim Chee San**
Date of appointment	31 July 2019	31 July 2019
Date of last re-appointment	Not Applicable	Not Applicable
Age	49	59
Country of principal residence	Indonesia	Singapore
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has accepted the NC's recommendation to re-elect Mr Wahyu Mahadi ("**Mr Mahadi**") as an Independent Director of the Company, after taking into consideration of Mr Mahadi's performance since he was appointed as an Independent Director of the Company. The Board considers Mr Mahadi to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.	The Board of Directors of the Company has accepted the NC's recommendation to re-elect Mr Lim Chee San ("**Mr Lim**") as an Independent Director of the Company, after taking into consideration of Mr Lim's performance since he was appointed as an Independent Director of the Company. The Board considers Mr Lim to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title	Independent Director	Independent Director
Professional qualifications	Bachelor's Degree in Electrical Engineering	Barrister-at-law, England & Wales Advocate & Solicitor, Singapore FCCA – Fellow of the Association of Chartered Certified Accountants, UK CAS – Chartered Accountant, Singapore MBCS/CITP -- Chartered Information Technology Professional

	Mr Wahyu Mahadi	**Mr Lim Chee San**
Working experience, occupation(s) during the past 10 years and Principal Commitments Including Directorships	2017 to Present: PT Hutchison 3 Indonesia Telecommunication – General Manager of National Roll Out Delivery and Implementation 2015 to 2017: PT Hutchison 3 Indonesia Telecommunication – General Manager of National Business Operation Support 2013 to 2015: PT Hutchison CP Telecommunications – Deputy General Manager of National Roll Out Programme 2008 to 2013: PT Hutchison CP Telecommunication – Senior Regional Branch Manager of Jabodetabek Area Past Directorship (for the last 5 years) N/A Present Directorship and Other Principal Commitments N/A	2004 to Present: TanLim Partnership – Partner (Litigation, Corporate Law, Conveyancing) Past Directorship (for the last 5 years) Resources Prima Group Limited (formerly known as Sky One Holdings Limited) Fujiyama Pte. Ltd. New Line International Investments Pte. Ltd. Present Directorship and Other Principal Commitments Hupsteel Limited Soon Lian Holdings Limited Panaudit Business Services Pte Ltd Pan Services Pte Ltd Rees Consultancy Pte Ltd
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issue or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None

CORPORATE GOVERNANCE REPORT

	Mr Chng Hee Kok	Mr Philip Soh Sai Kiang
Date of appointment	17 September 2019	17 September 2019
Date of last re-appointment	Not Applicable	Not Applicable
Age	70	51
Country of principal residence	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has accepted the NC's recommendation to re-elect Mr Chng Hee Kok ("**Mr Chng**") as an Independent Director of the Company, after taking into consideration of Mr Chng's performance since he was appointed as an Independent Director of the Company. The Board considers Mr Chng to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.	The Board of Directors of the Company has accepted the NC's recommendation to re-elect Mr Philip Soh Sai Kiang ("**Mr Soh**") as an Independent Director of the Company, after taking into consideration of Mr Soh's performance since he was appointed as an Independent Director of the Company. The Board considers Mr Soh to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title	Independent Director	Independent Director
Professional qualifications	Bachelor's Degree in Engineering (1st Class Hon) National University of Singapore: MBA PED IMD Lausanne Switzerland	Graduated with Merit from the National University of Singapore, majored in Economics and Political Science in 1993

	Mr Chng Hee Kok	**Mr Philip Soh Sai Kiang**
Working experience, occupation(s) during the past 10 years and Principal Commitments Including Directorships	2012 to 2016: Executive Director and Managing Director of LH Group Ltd 2010 to 2011: Executive Director of HG Metal Manufacturing Ltd 2008 to 2010: Executive Director and CEO of Hartawan Holdings Ltd Past Directorship (for the last 5 years) China Flexible Packaging Ltd LH Group Ltd (currently known as Pacific Star Development Limited) Pacific Century Regional Developments Limited Sino American Tours Corp Pte Ltd Infinio Group Ltd (currently known as Rich Capital Holdings Limited) Present Directorship and Other Principal Commitments Ellipsiz Ltd Samudera Shipping Line Ltd Full Apex Holdings Ltd (PRC) Luxking Group Holdings Ltd United Food Holdings Ltd (PRC) Chaswood Resources Holdings Ltd The Place Holdings Ltd	January 2008 to Present: UOB Kay Hian Pte Ltd - Director of Capital Markets Group Past Directorship (for the last 5 years) Artivision Technologies Ltd WBS Wealth Asia Pte Ltd DBPS Capital Pte Ltd Present Directorship and Other Principal Commitments Sin Heng Heavy Machinery Ltd Republic Healthcare Ltd (Listed on HKEX) Asidokona Mining Resources Pte Ltd BPTS Capital Pte Ltd OBOR Infrastructure Pte Ltd SRIH Mining Resources Pte Ltd SRIH Singapore Pte Ltd Alexander Resources Pte Ltd Algotech Holdings Ltd
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issue or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None

CORPORATE GOVERNANCE REPORT

The Retiring Directors had no interests in the share capital of the Company and its subsidiaries.

The Retiring Directors have prior experience as directors of listed issuers on the SGX-ST except for Mr Mahadi who will undergo training as prescribed by SGX-ST.

The Group had procured the undertaking of the Retiring Directors in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules of SGX-ST.

The Retiring Directors had responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules of SGX-ST except for Mr Chng on item (b) and (k). Mr. Chng is an independent director of Full Apex (Holdings) Limited ("FAHL"), a company listed on the main board of SGX-ST. A winding up petition was filed against FAHL on 8 February 2018 ("Petition") by certain creditors. For more details, please refer to FAHL s announcement dated 23 March 2018 on SGXNET. As announced by FAHL on 9 July 2019, the court had ordered for the Petition to be withdrawn during a court hearing for the Petition held on 14 June 2019. There are however certain post-completion obligations under a loan transfer agreement that are yet to be fulfilled prior to the discharge of the joint provisional liquidators of FAHL. Mr Chng was fined $5000 in Aug 2007 under section 156 of the Companies Act and given warning under section 28(B)(b) of the Prevention of Corruption Act Chapter 241.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 46 to 47 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements and

(b) at the date of this statement, based on the factors as described in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Philip Cecil Rickard
Bangun Madong Parulian Samosir
Lim Chee San (appointed on 31 July 2019)
Wahyu Mahadi (appointed on 31 July 2019)
Philip Soh Sai Kiang (appointed on 17 September 2019)
Chng Hee Kok (appointed on 17 September 2019)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2018	At 1.1.2018	At 31.12.2018	At 1.1.2018
BlackGold Natural Resources Limited				
(Ordinary shares)				
Philip Cecil Rickard[1]	**27,000,000**	–	**13,967,607**	13,967,607
James Rijanto (resigned on 31 July 2019)[2]	**198,000**	198,000	**13,967,607**	13,967,607
Bala Chandran (resigned on 31 July 2019)	**850,000**	100,000	**–**	–
Gerald Lim Thien Su (resigned on 31 July 2019)	**750,000**	–	**–**	–
Nandakumar Ponniya Servai (resigned on 31 July 2019)	**1,000,000**	–	**–**	–
Bangun Madong Parulian Samosir	**750,000**	–	**–**	–
(BlackGold Share Award Scheme (the "ESAS")				
Philip Cecil Rickard[1]	**1,500,000**	–	**–**	–
James Rijanto (resigned on 31 July 2019)[2]	**1,500,000**	–	**–**	–

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

Directors' interests in shares or debentures (continued)

(1) Pursuant to Section 7 of the Companies Act, Mr Philip Cecil Rickard is deemed to be interested in 13,967,607 shares held by Cerenti Investments Ltd.

(2) Pursuant to Section 7 of the Companies Act, Mr James Rijanto is deemed to be interested in 13,967,607 shares held by Cerenti Investments Ltd.

The directors' interests in the ordinary shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

Share options

At an Extraordinary General Meeting held on 28 January 2015, shareholders of the Company approved the BlackGold Employee Share Option Scheme (the "ESOS") for the granting of transferable options that are settled by issuance or transfer of the ordinary shares of the Company, as the employee may elect, in the name of the Central Depository (Pte) Limited ("CDP") for credit to the securities account of the employee maintained with CDP, the employee's securities sub-account with a CDP Depository Agent or the Central Provident Fund ("CPF") investment account maintained with a CPF agent bank.

During the financial year, there were:

(i) no options granted to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Share awards

The shareholders also approved the BlackGold Share Award Scheme (the "ESAS") on 30 August 2017, for granting the fully-paid shares to the selected person, free of charge, upon achieving prescribed service and/or performance conditions of the Company prior to the expiry of the prescribed performance period. As at 31 December 2018, the total number of outstanding ESAS are as follows:

	As at 31 December 2018		Vested period
Category	**No. of persons**	**No. of ESAS**	
Executive Director	2	3,000,000	21 June 2019
Employee	5	800,000	21 June 2019

The Remuneration Committee ("RC") is responsible for administering the ESOS and ESAS. At the date of this report, the members of the RC are Lim Chee San (Chairman of the RC), Bangun Madong Parulian Samosir, Wahyu Mahadi, Philip Soh Sai Kiang and Chng Hee Kok.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Gerald Lim Thien Su (Chairman) (resigned on 31 July 2019)
Nandakumar Ponniya Servai (resigned on 31 July 2019)
Bala Chandran (resigned on 31 July 2019)

All members of the Audit Committee were independent non-executive directors of the Company.

Audit Committee (continued)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing these functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Philip Cecil Rickard
Director

Bangun Madong Parulian Samosir
Director

1 November 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Blackgold Natural Resources Limited
For the financial year ended 31 December 2018

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 2018;
- the balance sheet of the Group as at 31 December 2018;
- the balance sheet of the Company as at 31 December 2018;
- 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$6,178,935 for the financial year ended 31 December 2018. In addition, as at 31 December 2018, the Group's current liabilities exceeded the current assets by US$1,879,118 and the Company's current liabilities exceeded its current assets by US$1,328,314. 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.

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.

Basis for Disclaimer of Opinion (continued)

Impairment of deposits and prepayments, property, plant and equipment and mining properties of the Group and investment in subsidiary of the Company

As at 31 December 2018, the Group has deposits and prepayments of US$314,136, property, plant and equipment of US$5,614,469 and mining properties of US$7,307,069, relating to a coal concession to which the Group has a right. The carrying amount of investment in subsidiary of the Company was US$13,316,575. As set out in Note 3.1 and 3.2 to the financial statements, management assessed that the recoverable amount of deposits and prepayments, property, plant and equipment and mining properties of the Group and investment in subsidiary of the Company is the fair value of the coal concession. We were unable to obtain sufficient appropriate audit evidence regarding forecasted demand for coal which was among the key inputs for determining the fair value of the coal concession. Consequently, we were unable to ascertain whether the carrying value of deposits and prepayments, property, plant and equipment and mining properties of the Group and investment in subsidiary of the Company were appropriate.

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 Group 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Blackgold Natural Resources Limited
For the financial year ended 31 December 2018

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, 1 November 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018 US$	2017 US$ (restated)
Sales	4	**5,647,854**	4,096,803
Cost of sales	6	**(5,307,918)**	(4,211,310)
Gross profit/(loss)		**339,936**	(114,507)
Other income – net	5	**10,775**	10,455
Other (losses)/gains	5	**(314,589)**	159,291
Expenses			
– Administrative	6	**(4,552,305)**	(4,980,422)
– Finance	6	**(370,426)**	(214,856)
– Others	6	**(1,291,296)**	(2,128,684)
Loss before income tax		**(6,177,905)**	(7,268,723)
Income tax expense	8	**(1,030)**	(329)
Loss for the financial year		**(6,178,935)**	(7,269,052)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(771,975)**	(152,612)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(3,377)**	(14,832)
Other comprehensive loss, net of tax		**(775,352)**	(167,444)
Total comprehensive loss, net of tax		**(6,954,287)**	(7,436,496)
Loss attributable to:			
Equity holders of the Company		**(6,139,065)**	(7,198,763)
Non-controlling interests		**(39,870)**	(70,289)
		(6,178,935)	(7,269,052)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(6,911,040)**	(7,351,375)
Non-controlling interests		**(43,247)**	(85,121)
		(6,954,287)	(7,436,496)
Losses per share for loss attributable to equity holders of the Company (US cents per share)			
Basic and diluted losses per share	9	**(0.66)**	(0.83)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET – GROUP

As at 31 December 2018

	Note	31 December 2018 US$	31 December 2017 US$ (restated)	1 January 2017 US$ (restated)
ASSETS				
Current assets				
Cash and cash equivalents	10	**547,816**	1,203,825	123,541
Restricted cash	14	**24,497**	–	–
Trade and other receivables	11	**1,448,078**	1,066,133	169,232
Inventories	12	**1,882,602**	2,436,891	34,270
Deposits and prepayments	13	**210,372**	456,221	3,503,550
		4,113,365	5,163,070	3,830,593
Non-current assets				
Property, plant and equipment	18	**5,614,469**	5,587,009	1,582,599
Mining properties	16	**7,307,069**	7,835,048	4,940,778
Exploration and evaluation expenditure	15	**–**	1,406,942	1,989,136
Deposits and prepayments	13	**103,764**	870,309	4,147,469
Restricted cash	14	**177,781**	189,360	190,052
		13,203,083	15,888,668	12,850,034
Total assets		**17,316,448**	21,051,738	16,680,627
LIABILITIES				
Current liabilities				
Trade and other payables	19	**2,342,872**	796,134	999,772
Accrued operating expenses	20	**2,507,976**	2,448,456	1,718,178
Finance lease liabilities	23	**–**	1,856	2,451
Borrowings	24	**1,141,421**	–	–
Current income tax liabilities		**214**	413	73
		5,992,483	3,246,859	2,720,474
Non-current liabilities				
Finance lease liabilities	23	**–**	–	1,715
Other non-current liabilities		**83,279**	82,266	47,222
Loans from shareholders	22	**3,900,221**	3,900,824	3,727,042
Provisions	21	**110,972**	101,230	33,199
		4,094,472	4,084,320	3,809,178
Total liabilities		**10,086,955**	7,331,179	6,529,652
NET ASSETS		**7,229,493**	13,720,559	10,150,975
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25	**55,619,594**	55,619,594	44,854,402
Currency translation reserve		**(2,076,535)**	(1,304,560)	(1,151,948)
Other reserve	26	**1,360,720**	897,499	656,611
Accumulated losses		**(47,558,844)**	(41,419,779)	(34,221,016)
		7,344,935	13,792,754	10,138,049
Non-controlling interests		**(115,442)**	(72,195)	12,926
Total equity		**7,299,493**	13,720,559	10,150,975

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET – COMPANY

As at 31 December 2018

	Note	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$
ASSETS				
Current assets				
Cash and cash equivalents	10	**26,649**	1,086,089	81,472
Other receivables	11	**14,866**	23,091,975	14,193,433
Prepayments	13	**5,958**	31,636	7,149
		47,473	24,209,700	14,282,054
Non-current assets				
Equipment	18	**2,789**	6,466	5,196
Investments in subsidiaries	17	**13,316,575**	92,752,976	123,409,681
		13,319,364	92,759,442	123,414,877
Total assets		**13,366,837**	116,969,142	137,696,931
LIABILITIES				
Current liabilities				
Other payables	19	**1,065,248**	714,557	951,665
Accrued operating expenses	20	**310,325**	249,650	276,329
Current income tax liabilities		**214**	413	73
		1,375,787	964,620	1,228,067
Total liabilities		**1,375,787**	964,620	1,228,067
NET ASSETS		**11,991,050**	116,004,522	136,468,864
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25	**170,716,789**	170,716,789	159,951,597
Currency translation reserve		**781,153**	1,213,380	(706,456)
Other reserve	26	**245,872**	–	–
Accumulated losses	27	**(159,752,764)**	(55,925,647)	(22,776,277)
Total equity		**11,991,050**	116,004,522	136,468,864

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Note	Share capital US$	Other reserve	Currency translation reserve US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total equity US$
		← Attributable to equity holders of the Company				→		
2018								
Beginning of financial year (as previously reported)		**55,619,594**	**–**	**(1,304,560)**	**(40,806,303)**	**13,508,731**	**(72,195)**	**13,436,536**
Prior year adjustment	34	**–**	**897,499**	**–**	**(613,476)**	**284,023**	**–**	**284,023**
Beginning of financial year (as restated)		**55,619,594**	**897,499**	**(1,304,560)**	**(41,419,779)**	**13,792,754**	**(72,195)**	**13,720,559**
Loss for the year		–	–	–	(6,139,065)	(6,139,065)	(39,870)	(6,178,935)
Other comprehensive loss for the year		–	–	(771,975)	–	(771,975)	(3,377)	(775,352)
Total comprehensive loss for the year		**–**	**–**	**(771,975)**	**(6,139,065)**	**(6,911,040)**	**(43,247)**	**(6,954,287)**
Fair value of interest free loan	26	–	217,349	–	–	217,349	–	217,349
Employee share awards – Value of employee services	26	–	245,872	–	–	245,872	–	245,872
Total transactions with owners, recognised directly in equity		**–**	**463,221**	**–**	**–**	**463,221**	**–**	**463,221**
End of financial year		**55,619,594**	**1,360,720**	**(2,076,535)**	**(47,558,844)**	**7,344,935**	**(115,442)**	**7,229,493**

	Note	Share capital US$	Other reserve	Currency translation reserve US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total equity US$
		← Attributable to equity holders of the Company				→		
2017								
Beginning of financial year (as previously reported)		**44,854,402**	**–**	**(1,151,948)**	**(33,822,210)**	**9,880,244**	**12,926**	**9,893,170**
Prior year adjustment	34	**–**	**656,611**	**–**	**(398,806)**	**257,805**	**–**	**257,805**
Beginning of financial year (as restated)		**44,854,402**	**656,611**	**(1,151,948)**	**(34,221,016)**	**10,138,049**	**12,926**	**10,150,975**
Loss for the year		–	–	–	(7,198,763)	(7,198,763)	(70,289)	(7,269,052)
Other comprehensive loss for the year		–	–	(152,612)	–	(152,612)	(14,832)	(167,444)
Total comprehensive loss for the year		**–**	**–**	**(152,612)**	**(7,198,763)**	**(7,351,375)**	**(85,121)**	**(7,436,496)**
Fair value of interest free loan	26	–	240,888	240,888	240,888	240,888	–	240,888
Issuance of placement shares		10,765,192	–	–	–	10,765,192	–	10,765,192
Total transactions with owners, recognised directly in equity		**10,765,192**	**240,888**	**–**	**–**	**11,006,080**	**–**	**11,006,080**
End of financial year (as restated)		**55,619,594**	**897,499**	**(1,304,560)**	**(41,419,779)**	**13,792,754**	**(72,195)**	**13,720,559**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 US$	2017 US$ (restated)
Cash flows from operating activities			
Loss after tax		**(6,178,935)**	(7,269,052)
Adjustments for:			
– Depreciation		**226,746**	66,678
– Amortisation of mining properties		**48,904**	39,744
– Impairment of exploration and evaluation expenditure		**1,291,261**	2,128,684
– Share-based compensation expense		**245,872**	–
– Loss on disposal of property, plant and equipment		**14,271**	695
– Interest income		**(10,754)**	(9,777)
– Interest expense		**370,426**	214,856
– Income tax expense		**1,030**	329
– Unrealised currency translation losses/(gains)		**275,244**	(182,704)
		(3,715,935)	(5,010,547)
Changes in working capital:			
– Inventories		**547,111**	(2,239,495)
– Deposits and prepayments		**230,980**	(419,245)
– Trade and other receivables		**(446,546)**	(897,046)
– Trade and other payables		**1,642,447**	230,896
– Other non-current liabilities		**6,044**	35,216
– Provisions		**15,932**	68,152
Cash used in operations		**(1,719,967)**	(8,232,069)
Tax (paid)/refund		**(1,229)**	11
Net cash used in operating activities		**(1,721,196)**	(8,232,058)
Cash flows from investing activities			
Payment for exploration and evaluation expenditure		**–**	(206,801)
Addition of mining properties		**–**	(1,329,719)
Addition of property, plant and equipment		**(26,456)**	(131,411)
Interest received		**10,754**	9,777
Net cash used in investing activities		**(15,702)**	(1,658,154)
Cash flows from financing activities			
Proceeds from shareholders' loans		**–**	200,000
Proceeds from issuance of placement shares		**–**	10,765,192
Proceeds from borrowings		**1,599,848**	–
Repayment of borrowings		**(464,860)**	–
Repayment of lease liabilities		**(1,861)**	(2,839)
Placement of restricted cash		**(24,497)**	–
Net cash provided by financing activities		**1,108,630**	10,962,353
Net (decrease)/increase in cash and cash equivalents		**(628,268)**	1,072,141
Cash and cash equivalents			
Beginning of financial year	10	**1,203,825**	123,541
Effects of currency translation on cash and cash equivalents		**(27,741)**	8,143
End of financial year	10	**547,816**	1,203,825

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

Reconciliation of liabilities arising from financing activities

	1 January 2018 US$ (restated)	Proceeds from borrowing US$	Principal and interest payments US$	Non-cash changes US$			31 December 2018 US$
				Interest expenses	Foreign exchange movement	Fair value of interest free loan (Note 26)	
Finance Lease	1,856	–	(1,861)	41	(36)	–	–
Borrowings	–	1,599,848	(618,499)	153,639	6,433	–	1,141,421
Loans from shareholders	3,900,824	–	–	216,746	–	(217,349)	3,900,221

	1 January 2017 US$ (restated)	Proceeds from borrowing US$	Principal and interest payments US$	Non-cash changes US$			31 December 2017 US$ (restated)
				Interest expenses	Foreign exchange movement	Fair value of interest free loan (Note 26)	
Finance Lease	4,166	–	(2,839)	186	343	–	1,856
Loans from shareholders	3,727,042	200,000	–	214,670	–	(240,888)	3,900,824

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

BlackGold Natural Resources Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 7 Temasek Boulevard, Suntec Tower One, #06-02A, Singapore 038987.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going concern basis

The Group reported a loss after tax of US$6,178,935 for the financial year ended 31 December 2018. In addition, as at 31 December 2018, the Group's current liabilities exceeded the current assets by US$1,879,118. Furthermore, the Company's current liabilities exceeded its current assets by US$1,328,314 at that date. During the financial year, a heads of agreement to collaborate with a stated-owned power plant operator in Indonesia has expired. This resulted in a significant decrease in future demand for coal. Furthermore in July 2019, certain independent directors and the Chief Investment Officer and Chief Financial Offer have resigned from their positions. 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 its projection of profits and cash flow for the next 12 months from the reporting date considering the ability to draw down from the shareholders' loans facility (Note 22).

The projection was developed based on management's best estimate of revenue and costs and includes cash inflows from secured and unsecured contracts from existing and new customers. While management is actively negotiating for contracts with new customers and there are some uncertainties relating to future contracts, management remains confident that sufficient profitable contracts will be secured. The profitability and cash flow projection for the next 12 months from the reporting date prepared by management resulted in net cash inflows. Also, as set out in Note 22 to the financial statements, management has been successful in negotiating for an extension to the Non-Repayment Period of the loans from shareholders. In addition, the Group has remaining undrawn facility amounting to approximately US$35.8 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Going concern basis (continued)

Management believes that these provide the necessary financial support to the Group to continue operations and meet its liabilities as and when they fall due within the next 12 months from the reporting date.

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.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Short-term exemption on adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity, total comprehensive income and statement of cash flows reported in accordance with SFRS to SFRS(I).

There were no material adjustments to the Group's equity, total comprehensive income and statement of cash flows arising from the transition from SFRS to SFRS(I) and adoption of SFRS(I) 9 and SFRS(I) 15.

2.3 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group. A sale is recognised when control has been transferred. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

(a) Sale of goods – coal

Revenue from the sale of coal is recognised when control of the coal has transferred to the customer. Revenue is recognised at the point in time when the coal has been delivered to a contractually agreed location by its customers and the customers have accepted the coal in accordance with the sales contract. Consequentially, a receivable is recognised by the Group as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For contracts which contain separate performance obligations for the sale of coal and the provision of freight services, the portion of revenue representing the obligation to perform the freight service is deferred and recognised over time as the obligation is fulfilled, along with the associated costs.

(b) Interest income

Interest income is recognised using the effective interest method.

2.4 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

(ii) Acquisitions

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.6 Property, plant and equipment

(a) *Measurement*

All property, plant and equipment except for freehold land is initially recognised at cost and is subsequently carried at cost less accumulated depreciation and accumulated impairment loss.

Freehold land is stated at cost and is not depreciated.

(b) *Depreciation*

Except for assets under construction and freehold land which are not depreciated, depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Motor vehicles	5 years
Furniture and fittings	3 – 5 years
Equipment	3 – 20 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and (losses)". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.7 Mining properties

Mining properties are stated at cost less accumulated amortisation, and include costs transferred from exploration and evaluation expenditure once technical feasibility and commercial viability of an area of interest are demonstrable, and subsequent costs to develop the mine to the production phase.

The mining properties balance are amortised using the units-of-production method based on estimated coal reserves from commencement of commercial production.

2.8 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

Property, plant and equipment, mining properties, exploration and evaluation expenditure and investments in subsidiaries

Property, plant and equipment, mining properties, exploration and evaluation expenditure and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

Property, plant and equipment, mining properties, exploration and evaluation expenditure and investments in subsidiaries (continued)

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.10 Financial assets

The accounting for financial assets before 1 January 2018 is as follows:

(a) Classification

The Group reclassified its financial assets in the following category: loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets are acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

Loans and receivables are presented as "cash and cash equivalents" (Note 10), "trade and other receivables" (Note 11), "deposits and prepayments" (Note 13) and "restricted cash" (Note 14) on the balance sheet.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Loans and receivables are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(c) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for financial assets from 1 January 2018 is as follows:

(f) Classification and measurement

The Group classifies its financial assets as amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit of loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(f) *Classification and measurement* (continued)

(ii) *At subsequent measurement*

Debt instrument

Debt instruments of the Group comprise of cash and cash equivalents, restricted cash, and trade and other receivables.

The Group managed this group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

(g) *Impairment*

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The general 3-stage approach is applied for other receivables, deposits, cash and cash equivalent and restricted cash. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.11 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

(i) the rights of tenure of exploring and evaluating an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

(ii) exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or in relation to the area are continuing.

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective area and is reviewed at the end of each accounting period. Exploration and evaluation expenditure in respect of an area of interest, which has been abandoned, or for which a decision has been made by the Company's directors against the commercial viability of the area of interest are written-off in the period the decision is made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Exploration and evaluation expenditure (continued)

Exploration and evaluation expenditure represents the accumulated costs relating to general investigation, administration and licensing, geology and geophysics expenditures.

Exploration and evaluation expenditure are assessed for impairment if facts and circumstances indicate that impairment may exist.

Cash flows associated with exploration and evaluation expenditure are classified as investing activities in the consolidated statement of cash flows.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

The Group leases equipment under finance and operating leases from non-related parties.

(a) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(b) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises direct labour, other direct cost, amortisation of mining properties, depreciation of fixed assets and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.19 Mine reclamation and rehabilitation

Mine reclamation and rehabilitation expenditures are costs associated with mine reclamation during the mine operation period, mine closure and decommissioning and demobilisation of facilities and other closure activities.

Provision for estimated costs of mine reclamation and rehabilitation and provision for mine closure are recorded on an incremental basis based on the quantity produced. The rate used is subject to a regular review based on mine reclamation and mine closure plans.

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Share-based compensation

The Group operates equity-settled, share-based compensation plans, where shares are issued by the Company to eligible executives and directors of the Group. The value of the employee services received in exchange for the grant of the shares is recognised as an expense with a corresponding entry to reserves over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted at the grant date and the number of shares vested by vesting date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the estimates of the number of shares that are expected to become vested.

The fair value of services received from the employees of the Company and its subsidiaries in exchange for the grant of the shares are essentially services rendered in the past, are charged out to profit or loss immediately. Before the end of the vesting period, at each reporting date, the Company will revise its estimates of the number of shares that are expected to be vested at the vesting date and it recognises the impact of this revision in profit or loss with a corresponding adjustment to equity. After the vesting date, no adjustment to profit or loss is made. For performance shares that are expected to be granted, due to services received before grant date, the total amount to be recognised over the vesting period is determined by reference to the fair value of the performance shares at the end of the reporting period, until the date of grant has been established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The 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.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "other (losses)/gains".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

The Executive Committee ("Exco") is the Group's chief operating decision maker. Exco comprises the Chief Executive Officer, the Chief Financial Officer, Head of Mining and Exploration and Head of Infrastructure and Facilities. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decision, allocate resources and assess performance.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Impairment of deposits and prepayments, property, plant and equipment and mining properties

The Group assesses at each balance sheet date whether there is any objective evidence that the deposits and prepayments, property, plant and equipment and mining properties are impaired. For the purpose of impairment testing, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The Group has deposits and prepayments of US$314,136, property, plant and equipment of US$5,614,469 and mining properties of US$7,307,069 as at 31 December 2018, relating primarily to a coal concession to which the Group has a right.

Management has performed an impairment assessment in relation to this coal concession and concluded that no impairment charge was required to be recorded. As part of its impairment assessment, management has also relied on the indicative economic value of the coal mining concession in a report prepared by an Independent Qualified Person, an external, independent and qualified geologist. The report was prepared in accordance with The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves.

The estimation of the coal price, production volume, operating costs and pre-tax discount rates in computing the recoverable amounts involve significant judgement.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 Impairment of deposits and prepayments, property, plant and equipment and mining properties (continued)

For the recoverable amount attributable to the deposits and prepayments, property, plant and equipment and mining properties:

- If the estimated coal price used in the calculation had been 1% lower than management's estimates, the Group would have recognised an impairment charge of approximately US$1,869,000;
- If the estimated production volume used in the calculation had been 2% lower than management's estimates, the Group would have recognised an impairment charge of approximately US$293,000;
- If the estimated operating costs used in the calculation had been 1% higher than management's estimates, the Group would have recognised an impairment charge of approximately US$1,600,000; and
- If the estimated pre-tax discount rate applied to the discounted cash flows for the coal mining concession had been 1% higher than management estimates, the Group would have recognised an impairment charge of approximately US$555,000.

3.2 Impairment of investment in subsidiary

The Company had recognised an impairment charge of US$79,436,401 (2017: US$30,656,705) in relation to investment in subsidiary for the current financial year.

The cost of investment in BlackGold Asia Resources Pte. Ltd., whose subsidiary – PT Samantaka Batubara is the legal owner of the right to the coal concession has a carrying amount of US$13,316,575. Management has assessed that the recoverable amount of the investment in subsidiary is the fair value of the coal concession. The Company assesses at each balance sheet date whether there is objective evidence that the investment in subsidiary is impaired and recognises an impairment charge when such evidence exists.

The Company based its impairment calculation on detailed budgets and forecast calculations which are prepared for the subsidiary's mining operations. These budgets and forecast calculations cover the expected life of the mine. The estimation of the coal price, production volume, operating costs and pre-tax discount rates in computing the recoverable amounts involve significant judgement.

For the recoverable amount attributable to the investment in subsidiary:

- If the estimated coal price used in the calculation had been 1% lower than management's estimates, the Company would have recognised a further impairment charge of approximately US$1,950,000;
- If the estimated production volume used had been 1% lower than management's estimates, the Company would have recognised a further impairment charge of approximately US$187,000;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.2 Impairment of investment in subsidiary (continued)

- If the estimated operating costs used in the calculation had been 1% higher than management's estimates, the Company would have recognised a further impairment charge of approximately US$1,681,000; and

- If the estimated pre-tax discount rate applied to the discounted cash flows for the coal mining concession had be 1% higher than management estimates, the Company would have recognised a further impairment charge of approximately US$636,000.

4. REVENUE

	At a point in time US$	Over time US$	Total US$
2018			
Coal sales	**4,414,789**	**1,233,065**	**5,647,854**

	At a point in time US$	Over time US$	Total US$
2017			
Coal sales	3,144,187	952,616	4,096,803

There is no unsatisfied performance obligation as at 31 December 2018, 2017 and 1 January 2017.

5. OTHER INCOME AND OTHER (LOSSES)/GAINS

	Group	
	2018 US$	**2017 US$**
Other income		
Interest income	**10,754**	9,777
Wage credit scheme	**–**	662
Others	**21**	16
	10,775	10,455
Other (losses)/gains		
Currency exchange (losses)/gains – net	**(300,318)**	159,986
Loss on disposal of property, plant and equipment	**(14,271)**	(695)
	(314,589)	159,291

6. EXPENSES BY NATURE

	Group	
	2018	**2017**
	US$	**US$**
		(restated)
Mining costs	**4,116,804**	3,223,687
Transportation costs	**970,589**	823,908
Royalties	**220,525**	163,715
Employee compensation (Note 7)	**1,257,220**	1,172,366
Directors' fees	**346,181**	323,481
Medical expenses	**11,309**	10,461
Depreciation of property, plant and equipment (Note 18)	**211,918**	34,029
Travelling expenses	**191,464**	224,517
Licensing and compliance costs	**376,543**	646,903
Sponsor fees	**88,984**	86,930
Legal expenses	**18,339**	61,989
Rental expenses	**250,561**	261,220
Representative expenses	**12,528**	110,136
Corporate social responsibility expenses	**4,748**	29,156
Professional fees	**574,054**	897,117
Geologist and surveyor fees	**633,731**	538,857
Finance costs	**370,426**	214,856
Printing and supplies	**41,794**	77,621
Selling and marketing	**97,413**	97,823
Impairment of exploration and evaluation expenditure (Note 15)	**1,291,261**	2,128,684
Others	**435,553**	407,816
Total expenses	**11,521,945**	11,535,272

7. EMPLOYEE COMPENSATION

	Group	
	2018	**2017**
	US$	**US$**
Wages and salaries	**1,134,482**	1,103,437
Other benefits	**7,369**	35,626
Employer's contribution to defined contribution plans including Central Provident Fund	**47,170**	33,303
Share-based payments	**68,199**	–
	1,257,220	1,172,366

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

8. INCOME TAXES

(a) Income tax expense

	Group 2018 US$	Group 2017 US$
Tax expense attributable to profit is made up of:		
Current income tax		
– current year	**1,030**	329

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2018 US$	Group 2017 US$ (restated)
Loss before tax	**(6,177,905)**	(7,268,723)
Tax calculated at tax rate of 17% (2017: 17%)	**(1,050,244)**	(1,235,683)
Effects of:		
– different tax rates in other countries	**(277,875)**	(526,384)
– expenses not deductible for tax purposes	**567,081**	837,112
– unutilised tax losses not recognised	**760,238**	923,622
– income not subject to tax	**1,830**	1,662
Tax charge	**1,030**	329

As at 31 December 2018, the subsidiaries of the Group had an estimated unutilised income tax losses of approximately US$8,454,317 (2017:US$5,765,910). The unutilised income tax losses are available for set-off against future taxable profits, subject to the agreement of the relevant tax authorities and compliance with certain provisions of the income tax regulations of the respective countries in which the subsidiaries operate. The unutilised tax losses will expire at various date up to and including 2023.

(b) The tax charge relating to each component of other comprehensive income is as follows:

Group	2018			2017		
	Before tax US$	**Tax charge US$**	**After tax US$**	**Before tax US$**	**Tax charge US$**	**After tax US$**
Currency translation differences arising from consolidation of subsidiaries	(775,352)	–	(775,352)	(167,444)	–	(167,444)
Other comprehensive loss	**(775,352)**	**–**	**(775,352)**	(167,444)	–	(167,444)

9. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2018	2017 (restated)
Net loss attributable to equity holders of the Company (US$)	**(6,139,065)**	(7,198,763)
Weighted average number of ordinary shares outstanding for basic earnings per share	**933,916,601**	871,395,710
Basic loss per share (US cents per share)	**(0.66)**	(0.83)

(b) Diluted losses per share

For the purpose of calculating diluted losses per share, losses attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

For share awards, the weighted average number of shares on issue has been adjusted as if all dilutive share awards were vested.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	2018	2017 (restated)
Weighted average number of ordinary shares outstanding for basic earnings per share	**933,916,601**	871,395,710
Adjustment for:		
– BlackGold Share Award Scheme	**1,073,500**	–
	934,990,101	871,395,710
Diluted losses per share (US cents per share)	**(0.66)**	(0.83)

10. CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US$	US$	US$	US$	US$	US$
Cash at bank and on hand	**547,816**	1,203,825	123,541	**26,649**	1,086,089	81,472

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

11. TRADE AND OTHER RECEIVABLES – CURRENT

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US$	US$	US$	US$	US$	US$
Trade receivables						
– Non-related parties	**1,419,982**	1,041,519	7,694	**–**	–	–
Other receivables						
– Non-related parties	**19,795**	15,772	152,664	**14,866**	14,152	5,465
– Subsidiaries	**–**	–	–	**22,533,413**	23,077,823	14,187,968
– Non-controlling shareholder of a subsidiary	**8,301**	8,842	8,874	**–**	–	–
	1,448,078	1,066,133	169,232	**22,548,279**	23,091,975	14,193,433
Less: Loss allowance	**–**	–	–	**(22,533,413)**	–	–
	1,448,078	1,066,133	169,232	**14,866**	23,091,975	14,193,433

Other receivables due from non-controlling shareholder of a subsidiary are unsecured, interest-free and repayable on demand.

12. INVENTORIES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US$	US$	US$	US$	US$	US$
Coal, at cost	**1,882,602**	2,436,891	34,270	**–**	–	–

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US$4,116,804 (2017: US$3,223,687).

13. DEPOSITS AND PREPAYMENTS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US$	US$	US$	US$	US$	US$
Current						
Deposits	**22,946**	23,404	21,352	**–**	–	–
Prepayments	**187,426**	432,817	3,482,198	**5,958**	31,636	7,149
	210,372	456,221	3,503,550	**5,958**	31,636	7,149
Non-current						
Prepayments	**103,764**	870,309	4,147,469	**–**	–	–
	314,136	1,326,530	7,651,019	**5,958**	31,636	7,149

Prepayments of the Group primarily consist of down payments made for exploration and evaluation activities and acquisition of plant and equipment in connection with the mining activities.

The fair value of prepayments approximate the carrying amounts.

14. RESTRICTED CASH

	Group		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Escrows	**24,497**	–	–
Time deposits	**177,781**	189,360	190,052
	202,278	189,360	190,052

Time deposits are security deposit placed in Bank Kepulauan Riau until the expiry of the Mining Business Licence (Izin Usaha Pertambangan, "IUP") on 26 February 2023 as required by the Department of Mining and Energy of the Regency of Riau, Indonesia.

Interest rates on time deposit during 31 December 2018 were 6.0% (2017: 6.0%, 1 January 2017: 6.0%) per annum.

15. EXPLORATION AND EVALUATION EXPENDITURE

	Group		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Beginning of the financial year	**1,406,942**	1,989,136	6,123,360
Expenditure capitalised during the financial year	**–**	1,422,614	934,790
Reclassification to mining properties (Note 16)	**–**	–	(4,945,234)
Impairment loss (Note 6)	**(1,291,261)**	(2,128,684)	–
Depreciation capitalised during the financial year (Note 18)	**–**	3,787	11,792
Currency translation differences	**(115,681)**	120,089	(135,572)
End of financial year	**–**	1,406,942	1,989,136

16. MINING PROPERTIES

	Group		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Cost			
Beginning of the financial year	**7,913,224**	4,945,234	–
Additions	**–**	2,986,005	–
Reclassification from exploration and evaluation expenditure (Note 15)	**–**	–	4,945,234
Currency translation differences	**(483,855)**	(18,015)	–
End of financial year	**7,429,369**	7,913,224	4,945,234
Accumulated amortisation			
Beginning of the financial year	**78,176**	4,456	–
Amortisation charge	**48,904**	73,736	4,456
Currency translation differences	**(4,780)**	(16)	–
End of financial year	**122,300**	78,176	4,456
Net carrying value at end of the financial year	**7,307,069**	7,835,048	4,940,778

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

17. INVESTMENTS IN SUBSIDIARIES

	Company		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Equity investments at cost			
Beginning of financial year	**123,409,681**	123,409,681	123,409,681
Less: Allowance for impairment	**(110,093,106)**	(30,656,705)	–
End of financial year	**13,316,575**	92,752,976	123,409,681

The movements in allowance for impairment are as follows:

	Company		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Beginning of financial year	**30,656,705**	–	–
Allowance charged to profit or loss	**79,436,401**	30,656,705	–
End of financial year	**110,093,106**	30,656,705	–

The Group has the following subsidiaries as at 31 December 2018 and 2017 and 1 January 2017:

	Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by Group			Proportion of ordinary shares directly held by non-controlling interests		
				31 December		1 January	31 December		1 January
				2018	2017	2017	2018	2017	2017
				%	%	%	%	%	%
	Held by the Company								
1	BlackGold Asia Resources Pte. Ltd.[(a)]	Investment holding	Singapore	**100**	100	100	**–**	–	–
2	BlackGold Energy Limited[(c)]	Investment holding	Hong Kong	**100**	100	100	**–**	–	–
3	BlackGold Power Pte. Ltd.[(a)]	Investment holding	Singapore	**100**	100	100	**–**	–	–
	Held by the subsidiaries								
4	PT BlackGold Energy Indonesia[(b)]	Investment holding	Indonesia	**99**	99	99	**1**	1	1
5	PT BlackGold Energy Power[(d)]	Investment holding	Indonesia	**99**	99	99	**1**	1	1
6	PT Samantaka Batubara[(b)]	Coal mining	Indonesia	**99**	99	99	**1**	1	1
7	PT Ausindo Prima Andalas[(b)]	Coal mining	Indonesia	**99**	99	99	**1**	1	1
8	PT Ausindo Andalas Mandiri[(b)]	Coal mining	Indonesia	**99**	99	99	**1**	1	1

(a) Audited by PricewaterhouseCoopers LLP, Singapore
(b) Audited by KAP Tanudiredja, Wibisana, Rintis dan Rekan, PwC Indonesia, for the purpose of preparation of consolidated financial statements of the Group
(c) Audited by Heng & Tan, Certified Public Accountants, Hong Kong
(d) Not required to be audited under the laws of the country of incorporation

The Directors are of the view that the non-controlling interests in subsidiaries are not material to the Group.

18. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land US$	Motor vehicles US$	Furniture and fittings US$	Equipment US$	Assets under construction US$	Total US$
Group						
2018						
Cost						
Beginning of financial year	496,020	57,485	11,425	5,232,959	13,479	5,811,368
Additions	698,674	–	1,357	25,099	–	725,130
Disposals	–	–	–	(4,071)	(13,479)	(17,550)
Currency translation differences	(30,329)	(3,514)	(224)	(318,469)	–	(352,536)
End of financial year	1,164,365	53,971	12,558	4,935,518	–	6,166,412
Accumulated depreciation						
Beginning of financial year	–	57,485	11,277	155,597	–	224,359
Depreciation charge	–	–	148	348,285	–	348,433
Disposals	–	–	–	(3,279)	–	(3,279)
Currency translation differences	–	(3,514)	191	(14,247)	–	(17,570)
End of financial year	–	53,971	11,616	486,356	–	551,943
Net book value						
End of financial year	**1,164,365**	**–**	**942**	**4,449,162**	**–**	**5,614,469**

	Freehold Land US$	Motor vehicles US$	Furniture and fittings US$	Equipment US$	Assets under construction US$	Total US$
Group						
2017						
Cost						
Beginning of financial year	497,833	58,698	10,555	95,523	1,034,060	1,696,669
Additions	–	–	–	4,118,032	–	4,118,032
Disposals	–	(999)	–	–	–	(999)
Transfers	–	–	–	1,016,814	(1,016,814)	–
Currency translation differences	(1,813)	(214)	870	2,590	(3,767)	(2,334)
End of financial year	496,020	57,485	11,425	5,232,959	13,479	5,811,368
Accumulated depreciation						
Beginning of financial year	–	53,995	10,152	49,923	–	114,070
Depreciation charge	–	3,997	280	104,363	–	108,640
Disposals	–	(304)	–	–	–	(304)
Currency translation differences	–	(203)	845	1,311	–	1,953
End of financial year	–	57,485	11,277	155,597	–	224,359
Net book value						
End of financial year	**496,020**	**–**	**148**	**5,077,362**	**13,479**	**5,587,009**

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For the financial year ended 31 December 2018

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Total depreciation of property, plant and equipment was allocated as follows:

	Group 31 December 2018 US$	Group 31 December 2017 US$
Administrative expenses	**211,918**	34,029
Cost of sales	**14,828**	32,649
Capitalised as inventory	**121,687**	38,175
Capitalised as exploration and evaluation expenditure (Note 15)	**–**	3,787
	348,433	108,640

	Equipment US$
Company	
2018	
Cost	
Beginning of financial year	14,355
Additions	880
Currency translation differences	181
End of financial year	15,416
Accumulated depreciation	
Beginning of financial year	7,889
Depreciation charge	5,049
Currency translation differences	(311)
End of financial year	12,627
Net book value	
End of financial year	**2,789**

	Equipment US$
Company	
2017	
Cost	
Beginning of financial year	9,177
Additions	4,422
Currency translation differences	756
End of financial year	14,355
Accumulated depreciation	
Beginning of financial year	3,981
Depreciation charge	3,473
Currency translation differences	435
End of financial year	7,889
Net book value	
End of financial year	**6,466**

19. TRADE AND OTHER PAYABLES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US$	US$	US$	US$	US$	US$
Trade payables to:						
– non-related parties	**1,725,509**	637,502	–	**–**	–	–
Other payables to:						
– non-related parties	**569,567**	151,051	629,266	**323,601**	11,307	196,306
– subsidiaries	**–**	–	–	**701,432**	703,250	503,359
Remuneration payable to:						
– directors	**32,000**	–	192,000	**32,000**	–	192,000
– others	**8,215**	–	60,000	**8,215**	–	60,000
Amounts payable to non-controlling shareholder of subsidiaries	**7,581**	7,581	118,506	**–**	–	–
	2,342,872	796,134	999,772	**1,065,248**	714,557	951,665

Other payables due to subsidiaries and non-controlling shareholder of subsidiaries are unsecured, interest-free and repayable on demand.

20. ACCRUED OPERATING EXPENSES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US$	US$	US$	US$	US$	US$
Accrued operating expenses for						
– Dead rent	**1,601,443**	1,432,428	1,234,888	**–**	–	–
– Professional fees	**265,199**	202,704	245,046	**250,862**	185,505	230,666
– Directors' fee	**9,682**	9,876	7,602	**9,682**	9,876	7,602
– Mining services	**152,186**	460,600	–	**–**	–	–
– Others	**479,466**	342,848	230,642	**49,781**	54,269	38,061
	2,507,976	2,448,456	1,718,178	**310,325**	249,650	276,329

During the duration of the licence (Note 14), the Company is required to pay rent ("dead rent") which is based on the number of hectares covered by the mining concession, as well as the stage of mining operations.

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For the financial year ended 31 December 2018

21. PROVISIONS

Movements in provision for mine reclamation and rehabilitation are as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Beginning of financial year	**101,230**	33,199	–
Provision for the financial year	**15,932**	68,152	32,642
Currency translation differences	**(6,190)**	(121)	557
End of financial year	**110,972**	101,230	33,199

The fair value of provision for mine reclamation and rehabilitation approximate the carrying amounts.

22. LOANS FROM SHAREHOLDERS

The Group entered into shareholders' loan agreements with Twin Gold Ventures S.A. and Novel Creation Holdings Limited (together, the "Lenders") on 20 December 2012 and 26 March 2013 for a facility of US$40,000,000 in aggregate. These loans are unsecured, interest-free and repayable on demand.

Through various supplemental deeds to the shareholders' loan agreements, the Lenders agreed that they would not demand for repayment of all or any part of the loans from shareholders (the "Non-Repayment Period") as follows:

Supplemental deeds dated	Non-Repayment Period extended to
29 September 2014	9 September 2016
31 March 2016	9 March 2018
12 May 2017	31 March 2019
29 March 2018	31 March 2020
20 March 2019	31 March 2021

The Group currently has a remaining undrawn facility amount of approximately US$35.8 million on the loans from shareholders.

The carrying value of loans from shareholders approximate its fair value. The fair values are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date of 6.6% (2017: 5.8%, 1 January 2017: 5.8%) which the directors expect to be available to the Group.

23. FINANCE LEASE LIABILITIES

The Group leases equipment from a non-related party under a finance lease. The lease agreement does not have a renewal clause but provides the Group with the option to purchase the leased asset at a nominal value at the end of the lease term.

	Group		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Minimum lease payments due			
– Not later than one year	**–**	1,897	2,629
– Between one and five years	**–**	–	1,753
	–	1,897	4,382
Less: Future finance charges	**–**	(41)	(216)
Present value of finance lease liabilities	**–**	1,856	4,166

The present values of finance lease liabilities are analysed as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Not later than one year	**–**	1,856	2,451
Later than one year			
– Between one and five years	**–**	–	1,715
Total	**–**	1,856	4,166

24. BORROWINGS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	US$	US$	US$	US$	US$	US$
Current						
Borrowings	**1,141,421**	–	–	**–**	–	–

The Group borrowings comprise a fixed rate loan and a profit sharing loan. The fixed rate loan is unsecured, bears interest at 2% per month and is repayable on demand. The profit sharing is an unsecured loan facility denominated in IDR of up to approximately US$3,450,000 and can be drawn down based on the working capital required for the production. The interest is calculated based on 50% of net profit of each shipment as defined in the loan agreement. The Group will repay the amount drawn down and interest upon the collection of sales proceeds. As of 31 December 2018, US$631,000 has been drawn down.

NOTES TO THE FINANCIAL STATEMENTS

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25. SHARE CAPITAL

	No. of ordinary shares issued Company & Group	Amount of share capital US$ Group	Amount of share capital US$ Company
2018			
Beginning of financial year	930,860,437	55,619,594	170,716,789
Shares issued	5,750,000	–	–
End of financial year	936,610,437	55,619,594	170,716,789
2017			
Beginning of financial year	788,708,783	44,854,402	159,951,597
Issue of placement shares	142,151,654	10,765,192	10,765,192
End of financial year	930,860,437	55,619,594	170,716,789

During the financial year, the Company issued 5,750,000 ordinary shares as share awards under the BlackGold Share Award Scheme (Note 26). The newly issued shares rank pari passu in all respects with the previously issued shares.

On 10 March 2015, the Company completed its acquisition of the entire share capital of BlackGold Asia Resources Pte. Ltd., BlackGold Energy Limited and their subsidiaries (collectively, the "BlackGold Group") via the issuance of new ordinary shares in the Company to the shareholders of the BlackGold Group ("Reverse Acquisition").

The Reverse Acquisition is a reverse takeover of the Company as the shareholders of the BlackGold Group became the controlling shareholders of the Company on completion of the transaction. Accordingly, the BlackGold Group (being the legal subsidiaries in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

26. OTHER RESERVES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 US$	2017 US$ (restated)	2017 US$ (restated)	2018 US$	2017 US$	2017 US$
Capital reserve	**1,114,848**	897,499	656,611	**–**	–	–
Share awards reserve	**245,872**	–	–	**245,872**	–	–
	1,360,720	897,499	656,611	**245,872**	–	–

Capital reserve represents a fair value adjustment, being the difference between the loans received from shareholders and fair value of the loans computed as a transaction with shareholders in the Group's statement of changes in equity as at 31 December 2018.

Share awards reserve comprise cumulative fair value of services received from employees measured at the date of grant under the BlackGold Share Award Scheme (the "ESAS").

26. OTHER RESERVES (CONTINUED)

On 25 April 2018, the shareholders of the Company approved the adoption of the ESAS for the Initial Period of 1 year. The objective of ESAS is to attract and retain the Group's executives, executive directors and non-executive directors and allows the Group to manage its fixed overheads.

Under the ESAS, the Company may grant to participants awards which represent the right of such participants to receive fully paid shares free of charge, upon such participants satisfying the criteria set out in the ESAS and such conditions as may be imposed. The number of shares which are the subject of each award shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account various criteria including those set out in the rules of the ESAS. The Company will deliver shares to be received under an award by issuing new shares.

The vesting of performance shares granted under ESAS to employees is subject to the achieving of pre-agreed service and/or performance conditions over the performance period. The vesting of performance shares granted to certain directors vest immediately.

For performance share grants with pre-agreed service conditions, the fair value was determined based on the Company's closing market price at the date of grant. The weighted average fair value per share granted in 2018 was US$0.031.

Movements in the number of performance shares outstanding are as follows:

	Group and Company	
	2018	**2017**
Beginning of financial year	**–**	–
Granted	**9,950,000**	–
Forfeited	**(400,000)**	
Issued	**(5,750,000)**	–
End of financial year	**3,800,000**	–

A summary of the performance shares granted to the Directors of the Group since the commencement of the ESAS are set out below:

	Number of ESAS granted	
	2018	**2017**
Directors		
Intekhab Khan (resigned on 2 March 2018)	**2,500,000**	–
Phillip Cecil Rickard	**1,500,000**	–
James Rijanto (resigned on 31 July 2019)	**1,500,000**	–
Nandakumar Ponniya Servai (resigned on 31 July 2019)	**1,000,000**	–
Gerald Lim Thien Su (resigned on 31 July 2019)	**750,000**	–
Bala Chandran (resigned on 31 July 2019)	**750,000**	–
Bandun Madong Parulian Samosir	**750,000**	–
	8,750,000	–

Other than the Directors listed above, no other employee has received 5% or more of the total number of awards granted during the financial year.

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For the financial year ended 31 December 2018

27. ACCUMULATED LOSSES

Movement in accumulated losses for the Company is as follows:

	Company	
	2018 US$	2017 US$
Beginning of financial year	**(55,925,647)**	(22,776,277)
Net loss	**(103,827,117)**	(33,149,370)
End of financial year	**(159,752,764)**	(55,925,647)

28. GENERAL RESERVE

The Limited Liability Company Law of the Republic of Indonesia No. 40/2007, introduced in August 2007, requires the establishment of a general reserve from net profits amounting to at least 20% of a company's issued and paid up capital. There is no set period of time over which this reserve should be established. As at 31 December 2018, the Group has not yet established a general reserve, as it has accumulated losses rather than profits.

29. COMMITMENTS

Operating lease commitments – where the Group is a lessee

The Group leases offices from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		
	31 December		1 January
	2018 US$	2017 US$	2017 US$
Not later than one year	**131,113**	303,381	128,378
Between one and five years	**37,968**	393,380	328
	169,081	696,761	128,706

30. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to currency risk, credit risk, liquidity risk and capital risk. The management is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Currency risk

The Group operates in Singapore and Indonesia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2018				
Financial assets				
Cash and cash equivalents	20,026	13,659	514,131	547,816
Restricted cash	–	–	202,278	202,278
Inter-group receivables	22,986,167	1,745,724	3,156,501	27,888,392
Trade and other receivables	14,866	–	1,433,212	1,448,078
Deposits	22,946	–	–	22,946
	23,044,005	1,759,383	5,306,122	30,109,510
Financial liabilities				
Trade and other payables	(240,230)	(139,036)	(1,856,653)	(2,235,919)
Accrued operating expenses	(366,685)	(542,005)	(1,599,286)	(2,507,976)
Inter-group payables	(22,934,555)	(1,745,724)	(3,156,501)	(27,836,780)
Loans from shareholders	–	(3,900,221)	–	(3,900,221)
Borrowings	–	–	(1,141,421)	(1,141,421)
	(23,541,470)	(6,326,986)	(7,753,861)	(37,622,317)
Net financial liabilities	(497,465)	(4,567,603)	(2,447,739)	(7,512,807)
Financial (liabilities)/ assets denominated in the respective entities' functional currencies	(21,764,590)	1,263,710	433,306	(20,067,574)
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	(22,262,055)	(3,303,893)	(2,014,433)	(27,580,381)

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For the financial year ended 31 December 2018

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2017 (restated)				
Financial assets				
Cash and cash equivalents	1,090,305	13,835	99,685	1,203,825
Restricted cash	–	–	189,360	189,360
Inter-group receivables	23,538,534	1,745,724	3,368,570	28,652,828
Trade and other receivables	14,153	–	1,051,980	1,066,133
Deposits	23,404	–	–	23,404
	24,666,396	1,759,559	4,709,595	31,135,550
Financial liabilities				
Trade and other payables	(11,307)	(15,369)	(693,558)	(720,234)
Accrued operating expenses	(308,377)	(455,325)	(1,684,754)	(2,448,456)
Finance lease liabilities	(1,856)	–	–	(1,856)
Inter-group payables	(23,538,534)	(1,745,724)	(3,368,570)	(28,652,828)
Loans from shareholders	–	(3,900,824)	–	(3,900,824)
	(23,860,074)	(6,117,242)	(5,746,882)	(35,724,198)
Net financial assets/ (liabilities)	806,322	(4,357,683)	(1,037,287)	(4,588,648)
Financial liabilities/(assets) denominated in the respective entities' functional currencies	(23,821,265)	1,263,604	107,417	(22,450,244)
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	(23,014,943)	(3,094,079)	(929,870)	(27,038,892)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD US$	USD US$	IDR US$	Total US$
At 1 January 2017 (restated)				
Financial assets				
Cash and cash equivalents	97,416	6,470	19,655	123,541
Restricted cash	–	–	190,052	190,052
Inter-group receivables	14,648,045	1,268,471	3,816,954	19,733,470
Trade and other receivables	5,465	–	163,767	169,232
Deposits	21,352	–	–	21,352
	14,772,278	1,274,941	4,190,428	20,237,647
Financial liabilities				
Trade and other payables	(113,301)	(350,699)	(497,893)	(961,893)
Accrued operating expenses	(412,972)	(543,983)	(761,223)	(1,718,178)
Finance lease liabilities	(4,166)	–	–	(4,166)
Inter-group payables	(14,648,045)	(1,268,471)	(3,816,954)	(19,733,470)
Loans from shareholders	–	(3,727,042)	–	(3,727,042)
	(15,178,484)	(5,890,195)	(5,076,070)	(26,144,749)
Net financial liabilities	(406,206)	(4,615,254)	(885,642)	(5,907,102)
Financial liabilities/(assets) denominated in the respective entities' functional currencies	(13,971,672)	1,263,604	(85,041)	(12,793,109)
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	(14,377,878)	(3,351,650)	(970,683)	(18,700,211)

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30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2018				
Financial assets				
Cash and cash equivalents	**18,617**	**8,032**	**–**	**26,649**
Other receivables	**22,513,281**	**–**	**34,998**	**22,548,279**
	22,531,898	**8,032**	**34,998**	**22,574,928**
Financial liabilities				
Other payables	**(240,150)**	**(797,138)**	**(27,960)**	**(1,065,248)**
Accrued operating expenses	**(310,325)**	**–**	**–**	**(310,325)**
	(550,475)	**(797,138)**	**(27,960)**	**(1,375,573)**
Net financial assets/ (liabilities)	**21,981,243**	**(789,106)**	**7,038**	**21,199,355**
Financial liabilities denominated in the entity's functional currency	**(21,981,423)**	**–**	**–**	**(21,981,423)**
Currency exposure of financial liabilities, net of those denominated in the entity's functional currency	**–**	**(789,106)**	**7,038**	**(782,068)**

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2017				
Financial assets				
Cash and cash equivalents	1,078,061	8,028	–	1,086,089
Other receivables	23,054,700	–	37,275	23,091,975
	24,132,761	8,028	37,275	24,178,064
Financial liabilities				
Other payables	(11,306)	(673,471)	(29,780)	(714,557)
Accrued operating expenses	(249,650)	–	–	(249,650)
	(260,956)	(673,471)	(29,780)	(964,207)
Net financial assets/ (liabilities)	23,871,805	(665,443)	7,495	23,213,857
Financial assets denominated in the entity's functional currency	(23,871,805)	–	–	(23,871,805)
Currency exposure of financial liabilities, net of those denominated in the entity's functional currency	–	(665,443)	7,495	(657,948)

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30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD US$	USD US$	IDR US$	Total US$
At 1 January 2017				
Financial assets				
Cash and cash equivalents	81,472	–	–	81,472
Other receivables	14,193,433	–	–	14,193,433
	14,274,905	–	–	14,274,905
Financial liabilities				
Other payables	(112,976)	(808,801)	(29,888)	(951,665)
Accrued expenses	(276,329)	–	–	(276,329)
	(389,305)	(808,801)	(29,888)	(1,227,994)
Net financial liabilities	13,885,600	(808,801)	(29,888)	(13,046,911)
Financial liabilities denominated in the entity's functional currency	(13,885,600)	–	–	(13,885,600)
Currency exposure of financial liabilities, net of those denominated in the entity's functional currency	–	(808,801)	(29,888)	(838,689)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the SGD, USD and IDR change against the respective functional currencies by 5% (31 December 2017: 5%, 1 January 2017: 5%), 5% (31 December 2017: 5%, 1 January 2017: 5%) and 5% (31 December 2017: 5%, 1 January 2017: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease)		
	31 December		1 January
	2018 Loss after tax	2017 Loss after tax	2017 Loss after tax
Group			
SGD			
– Strengthened	**923,875**	955,120	596,682
– Weakened	**(923,875)**	(955,120)	(596,682)
USD			
– Strengthened	**137,112**	128,404	139,093
– Weakened	**(137,112)**	(128,404)	(139,093)
IDR			
– Strengthened	**83,599**	38,590	40,283
– Weakened	**(83,599)**	(38,590)	(40,283)
Company			
USD			
– Strengthened	**32,748**	27,616	33,565
– Weakened	**(32,748)**	(27,616)	(33,565)
IDR			
– Strengthened	**(292)**	(311)	(1,240)
– Weakened	**292**	311	1,240

(ii) *Price risk*

The Group and Company have insignificant exposure to equity risk because it does not hold any financial assets which are classified as financial assets at fair value through profit or loss.

(iii) *Interest rate risk*

The Group and Company have insignificant exposure to interest rate risk as at 31 December 2018 and 2017 and 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade and other receivables, the Group adopts the policy of dealing only with customers with appropriate credit standing and history.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Chief Financial Officer based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by the Chief Financial Officer.

Coal sales to customers are required to be settled in cash, mitigating credit risk. The Group has significant credit exposure to a single counterparty which comprised 98% (2017: 97%) of the total trade and other receivables as at 31 December 2018. The directors are of the opinion that the amounts are fully recoverable.

As the Group and the Company do not hold collateral the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Bank deposits and other receivables from non-related parties are subject to immaterial credit loss.

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are assessed based on the specific credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for the customer and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customer to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 1 year when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 1 year past due. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Management assessed that there is immaterial loss allowance relating to these receivables in the current and previous financial years.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets

The Company's other receivables due from subsidiaries of $22,533,413 as at 31 December 2018 is subject to more than immaterial credit losses where the expected credit loss model has been applied.

The expected credit loss is measured based on the loss when default considering the probability of default by the subsidiaries. In making this assessment, the Company considers the financial ability of the subsidiaries to make those payments.

An allowance for expected credit loss of the full amount has been provided as the full receivable is assessed to be non-recoverable.

Previous accounting policy for impairment of trade receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	31 December 2017 US$	1 January 2017 US$	31 December 2017 US$	1 January 2017 US$
Past due < 3 months	1,037,318	–	–	–
Past due 3 to 6 months	2,914	7,694	–	–
Past due over 6 months	1,287	–	–	–
	1,041,519	7,694	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$
Group				
At 31 December 2018				
Trade and other payables	**2,235,919**	**–**	**–**	**–**
Accrued operating expenses	**2,507,976**	**–**	**–**	**–**
Borrowings	**1,141,421**	**–**	**–**	**–**
Loans from shareholders	**–**	**4,184,847**	**–**	**–**
At 31 December 2017				
Trade and other payables	720,234	–	–	–
Accrued operating expenses	2,448,456	–	–	–
Finance lease liabilities	1,856	–	–	–
Loans from shareholders	–	4,184,847	–	–
At 1 January 2017				
Trade and other payables	961,893	–	–	–
Accrued operating expenses	1,718,178	–	–	–
Finance lease liabilities	2,451	1,715	–	–
Loans from shareholders	–	3,984,847	–	–
Company				
At 31 December 2018				
Trade and other payables	**1,065,248**	**–**	**–**	**–**
Accrued operating expenses	**310,325**	**–**	**–**	**–**
At 31 December 2017				
Trade and other payables	714,557	–	–	–
Accrued operating expenses	249,650	–	–	–
At 1 January 2017				
Trade and other payables	951,665	–	–	–
Accrued operating expenses	276,329	–	–	–

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Board of Directors monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as loans from shareholders plus borrowings, trade and other payables, accrued operating expenses and finance lease liabilities less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		
	31 December		**1 January**
	2018	**2017**	**2017**
	US$	**US$**	**US$**
		(restated)	**(restated)**
Net debt	**8,203,253**	5,943,445	6,325,617
Total equity	**7,229,493**	13,720,559	10,150,975
Total capital	**15,432,746**	19,644,004	16,476,592
Gearing ratio	**53%**	30%	38%

	Company		
	31 December		**1 January**
	2018	**2017**	**2017**
	US$	**US$**	**US$**
Net debt	**1,348,924**	(121,882)	1,146,522
Total equity	**11,991,050**	116,004,522	136,468,864
Total capital	**13,339,974**	115,998,826	137,615,386
Gearing ratio	**10%**	–[(a)]	1%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2017 and 2018.

(a) Not meaningful

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised cost are as follows:

	Group		
	31 December		**1 January**
	2018	**2017**	**2017**
	US$	**US$**	**US$**
		(restated)	**(restated)**
Financial assets, at amortised cost	**2,221,118**	–	–
Loans and receivables	**–**	2,482,722	490,519
Financial liabilities, at amortised cost	**9,892,490**	7,147,720	6,449,158

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

31. RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and a related party at terms agreed between the parties:

	Group		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Professional services rendered by a related party	**25,166**	72,912	63,445

A related party is a company which is controlled by a director.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	US$	US$	US$
Wages and salaries	**784,360**	819,914	805,298
Share-based payments	**238,671**	–	–
Employer's contribution to defined contribution plans, including Central Provident Fund	**10,822**	11,038	10,021
	1,033,853	830,952	815,319

32. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the management that are used to make strategic decisions.

The management considers that the entire Group's operations constitute a single segment which is the exploration and mining of coal in Indonesia. The mining concessions in Indonesia are held by investment holding companies incorporated in Singapore and Hong Kong. The management assesses the performance of the Group's operations based on the profit before income, total assets and total liabilities which are measured in a manner consistent with that of the financial statements.

33. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 20 March 2019, the shareholders entered into a fifth supplemental deed to the shareholders' loan agreements with subsidiaries dated on 20 December 2012 and 26 March 2013 to extend the Non-Repayment Period to 31 March 2021. Refer to Note 22 of the financial statements.

On 31 July 2019, the Company allocated and issued 63,333,333 Placement Shares, at an issue price of S$0.015 per Placement Share, amounting to an aggregate gross proceeds of S$950,000, in accordance with the terms of the Placement Agreement.

34. RETROSPECTIVE ADJUSTMENT OF PRIOR YEAR ERRORS

The loans from shareholders were recognised at cost since inception of the loans in 2012 and 2013. Under the previous standard FRS 39 Financial Instruments: Recognition and Measurement, these loans should have been recognised at fair value at inception and then subsequently at amortised cost using the effective interest rate. On transition to SFRS(I) (Note 2.2), the measurement basis under SFRS(I) 9 Financial Instruments remains the same. These loans have been restated during the year through a retrospective adjustment.

The effects of this restatement are as follows:

	Finance cost US$	Loss before tax US$	Loss after tax US$
2017			
As previously reported	186	7,054,053	7,054,382
Prior year adjustment	214,670	214,670	214,670
As restated	214,856	7,268,723	7,269,052

	As previously reported US$	Prior year adjustment US$	Restated US$
As at 31 December 2017			
Loans from shareholders	4,184,847	(284,023)	3,900,824
Accumulated losses	(40,806,303)	(613,476)	(41,419,779)
Capital reserve	–	897,499	897,499
As at 1 January 2017			
Loans from shareholders	3,984,847	(257,805)	3,727,042
Accumulated losses	(33,822,210)	(398,806)	(34,221,016)
Capital reserve	–	656,611	656,611

35. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019 using the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the mount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

35. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019) (continued)

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $169,081 (Note 29).

The Group has assessed that the adoption of the new standard will not have significant impact on the Group's financial statements. However, some additional disclosures will be required from next financial year.

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

(i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty

(ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored

(iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment

(iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and

(v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions.

36. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of BlackGold Natural Resources Limited on 1 November 2019.

SHAREHOLDINGS STATISTICS

As at 31 October 2019

No. of Treasury Shares Held	–	Nil
No. of Subsidiary Holdings Held	–	Nil
Class of Shares	–	Ordinary shares
No. of Ordinary Shares	–	1,003,743,770
Voting Rights	–	On a show of hands: 1 vote On a poll: 1 vote for each ordinary share

Shareholdings Held in Hands of Public

As at 31 October 2019, approximately 62% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	3	0.20	32	0.00
100 – 1,000	344	23.42	114,579	0.01
1,001 – 10,000	203	13.82	1,129,158	0.11
10,001 – 1,000,000	855	58.20	151,160,600	15.06
1,000,001 and above	64	4.36	851,339,401	84.82
	1,469	100.00	1,003,743,770	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	UOB Kay Hian Pte Ltd	434,018,891	43.24
2	BNP Paribas Nominees Singapore Pte Ltd	89,662,556	8.93
3	DBS Nominees Pte Ltd	50,653,785	5.05
4	OCBC Securities Private Ltd	29,881,109	2.98
5	Yao Hsiao Tung	21,800,000	2.17
6	Phillip Securities Pte Ltd	19,047,900	1.90
7	Raffles Nominees (Pte) Ltd	15,774,800	1.57
8	United Overseas Bank Nominees Pte Ltd	10,857,500	1.08
9	Citibank Nominees Singapore Pte Ltd	10,320,500	1.03
10	Goh Guan Siong (Wu Yuanxiang)	9,280,000	0.92
11	CGS-CIMB Securities (S) Pte Ltd	8,881,700	0.88
12	NCL Housing Pte Ltd	8,500,000	0.85
13	Paul Goh Moh Chye	7,000,000	0.70
14	Wong Yat Foo	7,000,000	0.70
15	Lin Guan Yu @ Jerry Lum	6,845,800	0.68
16	Ho Beng Siang	6,300,000	0.63
17	Ian Frederick	6,300,000	0.63
18	Ng Kia Jin	6,000,000	0.60
19	Teo Wee Loong (Zhang Weilong)	5,870,000	0.58
20	Tan Chin Chai	5,500,000	0.55
		759,494,541	75.67

SHAREHOLDINGS STATISTICS

As at 31 October 2019

SUBSTANTIAL SHAREHOLDERS

	Name of Substantial Shareholders	Direct Interest No. of Shares	Direct Interest %	Deemed Interest No. of Shares	Deemed Interest %
1.	Rockfield Lake Limited	105,386,197	10.50	–	–
2.	Lerman Ambarita[1]	–	–	105,386,197	10.50
3.	Twin Gold Ventures S.A	96,074,260	9.57	–	–
4.	Sujono Hadi Sudarno[2]	–	–	103,203,167	10.28
5.	Novel Creation Holdings Limited	82,162,556	8.19	–	–
6.	Sudiarso Prasetio[3]	–	–	83,362,556	8.31
7.	Luhendri	63,333,333	6.31	–	–

Notes:

1. Lerman Ambarita is deemed interested in 105,386,197 Shares held by Rockfield Lake Limited.
2. Sujono Hadi Sudarno is deemed interested in 96,074,260 Shares held by Twin Gold Ventures S.A. and 7,128,907 Shares held by Cerenti Investments Ltd.
3. Sudiarso Prasetio is deemed interested in 82,162,556 Shares held by Novel Creation Holdings Limited and 1,200,000 Shares held by Ultimate Tri Noble Ltd.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BLACKGOLD NATURAL RESOURCES LIMITED (the "**Company**") will be held at NUSS Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119244, on Friday, 29 November 2019 at 9.00 am, for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018, the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To record the retirement of Mr. Phillip Cecil Rickard, a director retiring pursuant to Article 94 of the Constitution, who has decided not to seek re-election and will retire at the conclusion of the forthcoming Annual General Meeting [See Explanatory Note I].

3. To re-elect the following Directors of the Company retiring pursuant to Article 95 of the Constitution of the Company and who, being eligible, offer themselves for re-election, as Directors of the Company:

   (a) Mr. Wahyu Mahadi **(Resolution 2)**
   (b) Mr. Chng Hee Kok **(Resolution 3)**
   (c) Mr. Lim Chee San **(Resolution 4)**
   (d) Mr. Soh Sai Kiang **(Resolution 5)**

   [See Explanatory Note II]

4. To approve Directors' fees of up to S$185,000 for the financial year ending 31 December 2019 ("**FY2019**") to be payable quarterly in arrears. **(Resolution 6)**

5. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions with or without any modifications:

7. Authority to allot and issue shares and convertible securities.

   That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:

   (A) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares; and/or

NOTICE OF ANNUAL GENERAL MEETING

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force at the time the Shares are to be issued) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis, then the aggregate number of Shares to be issued under such circumstances (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustment as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (i) above, the percentage of the aggregate number of Shares and Instruments shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the provisions of the Listing Manual Section B: Rules of Catalist of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note III] **(Resolution 8)**

8. Authority to grant share options and issue Shares under the BlackGold Employee Share Option Scheme.

That, pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to grant share options in accordance with the provisions of the BlackGold Employee Share Option Scheme ("**BGG ESOS**") and to issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the share options granted under the BGG ESOS, provided always that the aggregate number of Shares to be issued pursuant to the BGG ESOS, when aggregated together with the Shares issued and/or issuable in respect of all share options granted under the BGG ESOS, and all Shares issued and/or issuable in respect of all share options or share awards granted under any other share schemes or share plans adopted by the Company for the time being, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note IV] **(Resolution 9)**

9. Authority to grant share awards and issue Shares under the BlackGold Share Award Scheme.

That, pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to grant share awards in accordance with the provisions of the BlackGold Share Award Scheme ("**ESAS**") and to issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the ESAS, provided always that the aggregate number of Shares to be issued pursuant to the ESAS, when aggregated together with the Shares issued and/or issuable in respect of all share options granted under the ESAS, and all Shares issued and/or issuable in respect of all share options or share awards granted under any other share schemes or share plans adopted by the Company for the time being, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note V] **(Resolution 10)**

BY ORDER OF THE BOARD

Nor Hafiza Alwi
Company Secretary

SINGAPORE
14 November 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

I. Mr. Phillip Cecil Rickard will retire as a Director and Executive Chairman of the Board and resigning as Chief Executive Officer at the conclusion of the forthcoming AGM. Upon Mr. Phillip Cecil Rickard's retirement, he will cease to be a member of the Nominating Committee.

II. Mr. Wahyu Mahadi will, upon re-election as a Director of the Company, remain as the Independent Director of the Company and a member of the Audit Committee and will cease to be a member of the Remuneration Committee. There are no relationships (including immediate family relationships) between Mr. Wahyu Mahadi and the other Directors, the Company, its related corporations, and its Substantial Shareholders or its officers. The Board considers Mr. Wahyu Mahadi to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr. Chng Hee Kok will, upon re-election as a Director of the Company, remain as the Independent Director of the Company, a member of the Audit Committee and Nominating Committee and be appointed as the Chairman of Remuneration Committee. There are no relationships (including immediate family relationships) between Mr. Chng Hee Kok and the other Directors, the Company, its related corporations, and its Substantial Shareholders or its officers. The Board considers Mr. Chng Hee Kok to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr. Lim Chee San will, upon re-election as a Director of the Company, remain as the Independent Director of the Company, the Chairman of Audit Committee and be re-designated as a member of the Nominating Committee and Remuneration Committee. There are no relationships (including immediate family relationships) between Mr. Lim Chee San and the other Directors, the Company, its related corporations, and its Substantial Shareholders or its officers. The Board considers Mr. Lim Chee San to be independent for the purpose of Rule 704(7) of the Catalist Rules.

In light of the retirement of Mr. Phillip Cecil Rickard as a Director and Executive Chairman with effect from the conclusion of the forthcoming Annual General Meeting, the Board of Directors has, on the recommendation of the Nominating Committee, proposed the re-designation of Mr. Soh Sai Kiang from Independent Director to Independent Non-Executive Chairman of the Board of Directors following the conclusion of the Annual General Meeting. Mr. Soh, if elected, will also remain as a member of Audit Committee and Remuneration Committee and be appointed as the Chairman of the Nominating Committee. There are no relationships (including immediate family relationships) between Mr. Soh Sai Kiang and the other Directors, the Company, its related corporations, and its Substantial Shareholders or its officers. The Board considers Mr. Soh Sai Kiang to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Further detailed information on the abovementioned Directors who are proposed to be re-appointed at the Annual General Meeting of the Company can be found under the sections entitled "**Board of Directors**", "**Corporate Governance**" and "**Director's Statement**" of the Company's Annual Report 2018.

III. Resolution 8, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares and to make or grant convertible securities convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in aggregate 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the total number of Shares and convertible securities issued other than on a pro-rata basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company.

This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

For the purpose of this Resolution, the total number of issued Shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

IV. Resolution 9, if passed, will empower the Directors of the Company from the date of the above meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to grant share options under the BGG ESOS and to issue Shares pursuant to the exercise of such share options in accordance with the BGG ESOS.

V. Resolution 10, if passed, will empower the Directors of the Company from the date of the above meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to grant share awards under the ESAS and to issue Shares pursuant to the vesting of share awards in accordance with the ESAS.

Notes:

(a) A member (who is not a relevant intermediary) entitled to attend and vote at the Annual General Meeting may appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy, failing which, the appointment shall be deemed to be in the alternative. A proxy need not be a member of the Company.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her. Where such member's form of proxy appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

(c) If the appointor is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its attorney or duly authorised officer.

(d) The instrument appointing a proxy must be deposited at the Share Registrar's office at M&C Services Pte. Ltd. at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

(e) The sending of a form of proxy by a member does not preclude him/her from attending and voting in person at the Annual General Meeting if he/she so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the form of proxy to the Annual General Meeting.

(f) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").*

*This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made, or reports contained in this notice.*

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

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BLACKGOLD NATURAL RESOURCES LIMITED
(Company Registration No. 199704544C)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy shares of BLACKGOLD NATURAL RESOURCES LIMITED, this report is forwarded to them at the request of their CPF Approved Nominees and is solely FOR INFORMATION ONLY.
2. The Proxy Form is, therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

ANNUAL GENERAL MEETING

I/We ______________________________ (Name) ______________ (NRIC/Passport No.)

of ____ (Address)
being a member/members of BLACKGOLD NATURAL RESOURCES LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as *my/our *proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at NUSS Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119244, on Friday, 29 November 2019 at 9.00 am, and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	Resolutions	For**	Against**
	Ordinary Business		
1	To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018, the Directors' Statement and the Independent Auditors Report thereon.		
2	To re-elect Mr. Wahyu Mahadi, a Director retiring under Article 95 of the Constitution of the Company.		
3	To re-elect Mr. Chng Hee Kok, a Director retiring under Article 95 of the Constitution of the Company.		
4	To re-elect Mr Mr. Lim Chee San, a Director retiring under Article 95 of the Constitution of the Company.		
5	To re-elect Mr Mr. Soh Sai Kiang, a Director retiring under Article 95 of the Constitution of the Company.		
6	To approve Directors' fees of up to S$185,000 for the financial year ending 31 December 2019 ("**FY2019**") to be payable quarterly in arrears.		
7	To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
8	Authority to allot and issue Shares and convertible securities.		
9	Authority to grant share options and issue Shares under the BlackGold Employee Share Option Scheme.		
10	Authority to grant share awards and issue Shares under the BlackGold Share Award Scheme.		

All resolutions will be put to vote by poll in accordance with the listing rules of the Singapore Exchange Securities Trading Limited.

* *Please indicate your vote "For" or "Against" with a "√" within the box provided.*
** *If you wish to exercise all your votes "For" or "Against", please indicate with a "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ______________, 2019.

Total no. of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal of Corporate Member(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of Shares is not inserted, the instrument appointing a proxy or proxies will be deemed to relate to the entire number of Shares in the Company registered in your name(s).

2. A member who is not a relevant intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same general meeting. In any case where instrument appointing a proxy or proxies appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies.

3. Pursuant to Section 181(6) of the Companies Act, Chapter 50 of Singapore, a member who is a relevant intermediary may appoint more than two (2) proxies in relation to a meeting to exercise all or any of the member's rights to attend and to speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by the member (which number and class of Shares shall be specified). In such an event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

4. A proxy need not be a member of the Company.

5. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the Annual General Meeting.

7. The instrument appointing a proxy or proxies must be deposited at the Share Registrar's office at M&C Services Pte. Ltd. at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies, failing which the instrument of proxy may be treated as invalid.

9. A corporation, which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

10. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

11. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register as at 72 hours before the time set for the Annual General Meeting.

12. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Annual General Meeting dated 14 November 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Philip Cecil Rickard
Executive Chairman and Chief Executive Officer

Lim Chee San
Lead Independent Director

Chng Hee Kok
Independent Director

Philip Soh Sai Kiang
Independent Director

Bangun Madong Parulian Samosir
Independent Director

Wahyu Mahadi
Independent Director

AUDIT COMMITTEE

Lim Chee San, *Chairman*
Chng Hee Kok
Philip Soh Sai Kiang
Wahyu Mahadi
Bangun Madong Parulian Samosir

NOMINATING COMMITTEE

Lim Chee San, *Chairman*
Philip Cecil Rickard
Chng Hee Kok
Philip Soh Sai Kiang
Bangun Madong Parulian Samosir

REMUNERATION COMMITTEE

Lim Chee San, *Chairman*
Chng Hee Kok
Philip Soh Sai Kiang
Wahyu Mahadi
Bangun Madong Parulian Samosir

COMPANY SECRETARY

Nor Hafiza Alwi

AUDITORS

PRICEWATERHOUSECOOPERS LLP
Public Accountants and Chartered Accountants
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

AUDIT PARTNER-IN-CHARGE

Mohamad Saiful Saroni
Appointed since the financial year ended
31 December 2018

SHARE REGISTRAR

M&C SERVICES PTE LTD
112 Robinson Road #05-01
Singapore 068902

PRINCIPAL BANKERS

DBS BANK LTD
12 Marina Boulevard
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

SPONSOR

SAC CAPITAL PRIVATE LIMITED
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

REGISTERED OFFICE

8 Robinson Road #03-00
ASO Building
Singapore 048544
Tel: (65) 6884 4418
Fax: (65) 6884 4406
Website: http://www.blackgold-group.com

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Natural Resources Limited

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