

**UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD  
 ENDED 31 MARCH 2020**

In view of the disclaimer of opinion issued by the Company's independent auditor, Pricewaterhouse Coopers LLP, on the audited financial statements of the Group for the financial ended 31 December 2018, the Company is required by the Singapore Exchange Securities Trading Limited to announce its quarterly financial statements pursuant to Catalist Rule 705.

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS**
**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated financial results of the Group for the first quarter ended 31 March 2020 ("1Q2020") and the corresponding first quarter ended 31 March 2019 ("1Q2019").

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

	GROUP		
	Unaudited 1Q2020 US\$	Unaudited 1Q2019 US\$	Change +/- %
Sales	2,735,007	980,416	179
Cost of Sales	(2,148,558)	(838,481)	156
Gross Profit	586,449	141,935	313
Other income	3,476	4,454	(22)
Currency translation differences	(513,935)	136,237	n.m.
Other gains/(losses)	73,007	-	n.m.
Expenses			
- Administrative	(843,674)	(765,452)	10
- Finance	(144,956)	(115,123)	26
<b>Loss before tax</b>	(839,633)	(597,949)	40
Income tax expense	-	(36)	n.m.
<b>Loss net of tax</b>	(839,633)	(597,985)	40

*n.m. denotes not meaningful*

	GROUP		
	Unaudited 1Q2020 US\$	Unaudited 1Q2019 US\$	Change +/- %
<b>Other Comprehensive</b>			
<b>Income/Loss:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences arising from consolidation	(745,728)	76,399	n.m.
Other comprehensive (losses)/gains, net of tax	(745,728)	76,399	n.m.
<b>Total comprehensive loss, net of tax</b>	<b>(1,585,361)</b>	<b>(521,586)</b>	<b>204</b>
<b>Net loss attributable to:</b>			
- Equity holders of the Company	(834,453)	(595,667)	40
- Non-controlling interests	(5,180)	(2,318)	123
	<b>(839,633)</b>	<b>(597,985)</b>	<b>40</b>
<b>Total comprehensive loss attributable to:</b>			
- Equity holders of the Company	(1,583,894)	(518,831)	205
- Non-controlling interests	(1,467)	(2,755)	(47)
	<b>(1,585,361)</b>	<b>(521,586)</b>	<b>204</b>

*n.m. denotes not meaningful*

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

	GROUP		
	Unaudited 1Q2020 US\$	Unaudited 1Q2019 US\$	Change +/- %
Interest income	2,442	3,080	(21)
Employee compensation & directors' fees	(188,457)	(318,410)	(41)
Professional fees, travelling and corporate social responsibility expenses	(245,909)	(111,001)	122
Legal and licensing expenses	(92,722)	(95,401)	(3)
Rental expenses	(12,321)	(23,046)	(47)
Geology and surveyor expenses	(152,548)	-	n.m.
Depreciation of property, plant and equipment	(47,215)	(90,557)	(48)
Amortisation of mining properties	(58,876)	(13,483)	337
Loss on disposal of property, plant and equipment	-	(29,827)	n.m.

*n.m. denotes not meaningful*

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

	GROUP		COMPANY	
	Unaudited As at 31/3/2020 US\$	Unaudited As at 31/12/2019 US\$	Unaudited As at 31/3/2020 US\$	Unaudited As at 31/12/2019 US\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,029,443	89,132	862,790	1,528
Restricted cash	1,498	171	-	-
Trade and other receivables	5,498,352	5,153,080	122,799	810,018
Inventories	953,447	423,731	-	-
Deposits and prepayments	413,599	477,892	32,598	3,761
	<b>7,896,339</b>	<b>6,144,006</b>	<b>1,018,187</b>	<b>815,307</b>
<b>Non-current assets</b>				
Property, plant and equipment	725,262	1,622,510	2,981	1,456
Right-of-use assets	65,125	75,513	62,169	-
Mining properties	6,967,514	7,554,053	-	-
Investment in subsidiaries	-	-	13,316,575	13,316,575
Restricted cash	157,251	185,363	-	-
	<b>7,915,152</b>	<b>9,437,439</b>	<b>13,381,725</b>	<b>13,318,031</b>
<b>Total assets</b>	<b>15,811,491</b>	<b>15,581,445</b>	<b>14,399,912</b>	<b>14,133,338</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	1,841,082	1,648,454	990,111	1,332,404
Accrued operating expenses	4,103,482	3,841,285	712,851	501,947
Lease liabilities	35,938	37,005	35,066	-
Borrowings	3,236,828	3,012,526	-	-
Financial liabilities, at amortised cost	837,853	-	837,853	-
Financial liabilities, at FVPL	405,047	-	405,047	-
Current income tax liability	364	393	303	320
	<b>10,460,594</b>	<b>8,539,663</b>	<b>2,981,231</b>	<b>1,834,671</b>
<b>Non-current liabilities</b>				
Lease liabilities	27,303	38,642	25,144	-
Other non-current liabilities	143,155	153,542	-	-
Loans from shareholders	3,693,164	3,900,221	-	-
Provisions	212,366	221,467	-	-
	<b>4,075,988</b>	<b>4,313,872</b>	<b>25,144</b>	<b>-</b>
<b>Total liabilities</b>	<b>14,536,582</b>	<b>12,853,535</b>	<b>3,006,375</b>	<b>1,834,671</b>
<b>NET ASSETS</b>	<b>1,274,909</b>	<b>2,727,910</b>	<b>11,393,537</b>	<b>12,298,667</b>

	GROUP		COMPANY	
	Unaudited As at 31/3/2020 US\$	Unaudited As at 31/12/2019 US\$	Unaudited As at 31/3/2020 US\$	Unaudited As at 31/12/2019 US\$
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	56,312,822	56,312,822	171,410,017	171,410,017
Currency translation reserve	(2,516,667)	(1,767,226)	744,965	662,355
Other reserve	1,745,780	1,613,598	293,474	293,474
Accumulated losses	(54,109,479)	(53,274,998)	(161,054,919)	(160,067,179)
	(1,432,456)	2,884,196	11,393,537	12,298,667
<b>Non-controlling interests</b>	(157,547)	(156,286)	-	-
<b>Total equity</b>	<b>1,274,909</b>	<b>2,727,910</b>	<b>11,393,537</b>	<b>12,298,667</b>

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

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

	As at 31/3/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Borrowings	3,047,903	188,925	2,984,526	28,000

Secured borrowings are financing facilities provided from banks and are secured by the account receivables of the Group.

Unsecured borrowings relate to an unsecured revolving loan facility denominated in IDR from a third party financier that is used to fund working capital requirements.

The average interest rate on borrowings in aggregate amounted to 3.96% for the quarter.

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

	As at 31/3/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Shareholders' loans	-	3,693,164	-	3,900,221

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

On 20 March 2020, the Group entered into a sixth supplemental deed with the Lenders to extend until 31 March 2022 the period during which the Lenders have agreed not to demand repayment. There has been no request for repayment to date, which can be further extended by the shareholders.

The Group has drawn down US\$4,184,847 of the shareholders' loan to date and the remaining undrawn facility amounts to US\$35,815,153. The Group has not drawn on its shareholders' loan facilities in 1Q2020. Any movements arising are from fair valuation of the shareholders' loans.

**(c) Details of any collateral**

Not applicable.

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

	Unaudited 1Q2020 US\$	Unaudited 1Q2019 US\$
<b>Cash flows from operating activities</b>		
Total Loss	(839,633)	(597,985)
Adjustments for:		
- Depreciation of property, plant and equipment	47,215	90,557
- Amortisation of mining properties	58,876	13,483
- Loss on disposal of property, plant and equipment	-	29,827
- Interest income from fixed deposits and current account	(2,442)	(3,080)
- Fair value gains, financial liabilities FVPL	(73,007)	-
- Interest expense	144,956	115,123
- Income tax expense	-	36
- Unrealised currency translation differences	243,367	(123,854)
	<hr/>	<hr/>
	(420,668)	(475,893)
Change in working capital:		
Inventories	(593,979)	301,647
Deposit and prepayments	(7,609)	(139,180)
Trade and other receivables	(980,014)	700,352
Trade and other payables	864,915	(947,056)
Other non-current liabilities	1,317	-
Provision for employee benefits	12,899	16,413
Restricted cash	(1,354)	(336)
Other provisions	24,488	7,816
	<hr/>	<hr/>
Cash used in operating activities	(1,100,005)	(536,237)
Tax paid	(22,947)	(52,641)
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<b>Net cash used in operating activities</b>	(1,122,952)	(588,878)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,663)	(4,556)
Interest received	2,442	3,080
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(221)	(1,476)
<b>Cash flows from financing activities</b>		
Proceeds from convertible loan	1,405,186	-
Proceeds from borrowings	1,987,377	1,356,573
Repayment of borrowings	(1,306,193)	(749,238)
Repayment of lease liabilities	(9,403)	(22,089)
Interest paid	(358)	(243)
	<hr/>	<hr/>
<b>Net cash provided by financing activities</b>	2,076,608	585,003
<b>Net increase/(decrease) in cash and cash equivalents</b>	953,435	(5,351)
Cash and cash equivalents at the beginning of the period	89,132	547,816
Effects of currency translation on cash and cash equivalents	(13,124)	7,947
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	1,029,443	550,412

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

**GROUP - Current period**

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 31 December 2019	56,312,822	1,613,598	(1,767,226)	(53,274,998)	(156,286)	2,727,910
Fair value of interest-free loans	-	132,182	-	(28)	206	132,360
Total comprehensive loss for the period	-	-	(749,441)	(834,453)	(1,467)	(1,585,361)
Balance at 31 March 2020	<u>56,312,822</u>	<u>1,745,780</u>	<u>(2,516,667)</u>	<u>(54,109,479)</u>	<u>(157,547)</u>	<u>1,274,909</u>

**GROUP - Prior period**

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 31 December 2018 (as restated)	55,619,594	1,360,720	(2,076,535)	(47,558,844)	(115,442)	7,229,493
Employee share awards - Value of employee Services	-	29,827	-	-	-	29,827
Total comprehensive loss for the period	-	-	76,836	(595,667)	(2,755)	(521,586)
Balance at 31 March 2019 (as restated)	<u>55,619,594</u>	<u>1,390,547</u>	<u>(1,999,699)</u>	<u>(48,154,511)</u>	<u>(118,197)</u>	<u>6,737,734</u>

**COMPANY - Current period**

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 31 December 2019	171,410,017	293,474	662,355	(160,067,179)	12,298,667
Total comprehensive loss for the period	-	-	82,610	(987,740)	(905,130)
Balance at 31 March 2020	<u>171,410,017</u>	<u>293,474</u>	<u>744,965</u>	<u>(161,054,919)</u>	<u>11,393,537</u>

**COMPANY - Prior period**

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 31 December 2018 (as restated)	170,716,789	245,872	781,153	(159,752,764)	11,991,050
Employee share awards - Value of employee Services	-	29,827	-	-	29,827
Total comprehensive loss for the period	-	-	121,797	(313,524)	(191,727)
Balance at 31 March 2019 (as restated)	<u>170,716,789</u>	<u>275,699</u>	<u>902,950</u>	<u>(160,066,288)</u>	<u>11,829,150</u>

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

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

	<b>No. of Shares</b>	<b>Share capital (US\$)</b>
As at 31 December 2019	1,003,743,770	171,410,017
As at 31 March 2020	<u>1,003,743,770</u>	<u>171,410,017</u>

There were no changes in the issued and paid-up share capital of the Company from 31 December 2019 to 31 March 2020.

The Company has, on 26 March 2020, partially completed the issue of its Series A Convertible Bonds. An aggregate of S\$2,000,000 of convertible bonds were issued. A total of 133,333,333 new shares may be issued at conversion at a conversion price of 1.5 Singapore Cents. There were no outstanding convertibles or share options granted as at 31 March 2019.

There were no treasury shares or subsidiary holdings held or issued as at 31 March 2020 and 31 March 2019.

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

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>
Number of issued shares excluding treasury shares	1,003,743,770	1,003,743,770

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

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

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

Not applicable. The Company does not have any subsidiary holdings.



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

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

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

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

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

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

In the Company's latest audited financial statements for the financial year ended 31 December 2018 ("**FY2018**"), PricewaterhouseCoopers LLP, the Group's auditors, has issued a disclaimer of opinion in respect of the (i) Going Concern ("**Going Concern Assumption**"); and (ii) Impairment of deposits and prepayments, property, plant and equipment and mining properties of the Group and investment in subsidiary of the Company ("**Impairments**").

Details relating to the Group's comments on the Going Concern Assumption and its efforts taken to resolve the matter may be found in paragraph 8 of this announcement.

In relation to Impairments, the Group is in the process of finalising its reserves estimates and is working with the Qualified Person to complete its assessment for any impairment.

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

The Board confirms that all impact of outstanding audit issues on the financial statements in relation to FY2018 have been adequately disclosed.

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

Accounting policies and methods of computations used in the consolidated financial statements for the quarter ended 31 March 2020 are consistent with those applied in the financial statements for the year ended 31 December 2019, except for the adoption of accounting standards (including its subsequent amendments) and interpretations applicable for the financial period beginning 1 January 2020.

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

The Group adopted the new/revised Singapore Financial Reporting Standards ("**SFRS**") that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group's

accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS.

The following is the new or amended SFRS(I) that is relevant to the Group :

- SFRS(I) 3 Business Combination

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

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

	1Q2020 US\$	1Q2019 US\$
Loss for the financial period	<u>(834,453)</u>	<u>(595,667)</u>
Weighted average number of shares for the purpose of computing basic loss per share	<u>1,003,743,770</u>	<u>936,610,437</u>
Basic loss per share (cents)	(0.08)	(0.06)
Weighted average number of shares for the purpose of computing fully diluted loss per share	<u>1,012,534,979</u>	<u>939,567,152</u>
Fully diluted loss per share (cents)	(0.08)	(0.06)

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

**(a) Current financial period reported on; and**

**(b) Immediately preceding financial year.**

	31 Mar 2020 US\$	31 Dec 2019 US\$
Net assets of the Group	1,274,909	2,727,910
No. of ordinary shares in issue	1,003,743,770	1,003,743,770
Net asset value of the Group per ordinary share (cents)	0.1	0.3
Net assets of the Company	11,393,537	12,298,667
No. of ordinary shares in issue	1,003,743,770	1,003,743,770
Net asset value of the Company per ordinary share (cents)	1.1	1.2

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

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

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

### **Review of Profit & Loss**

#### Revenue

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

Revenue amounted to US\$2.7M in 1Q2020, as compared to US\$980K in 1Q2019. This is due to an increase of 165% in tons of coal sold during 1Q2020.

#### Cost of sales

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

COS amounted to US\$2.1M in 1Q2020, as compared to US\$838K in 1Q2019. The variance in COS is in line with the movements in sales volume for the periods reported.

#### Gross Profit

The Group recorded a gross profit of US\$586K in 1Q2020 as compared to gross profit of US\$142K in 1Q2019.

The improved gross profit margin from 14.5% in 1Q2019 to 21.4% in 1Q2020 was mainly attributable to lower costs of production and reduced logistics costs of coal delivery to the Group's customers arising from economy of scale setting in.

#### Currency translation gain

The Group recorded a currency translation loss of US\$514K in 1Q2020, as compared to a currency translation gain of US\$136K in 1Q2019.

The currency translation loss in 1Q2020 was mainly due to translation differences on shareholders' loans, land rent and borrowings at its Singapore and Indonesia subsidiaries. The United States Dollar (being the currency in which these liabilities are denominated) had strengthened against the Singapore Dollar and the Indonesia Rupiah (being the recording currencies for these liabilities), thereby accounting for the currency translation loss.

#### Other gains/losses

The Group recorded other gains of US\$73,007 in 1Q2020 from fair value movements in financial liabilities, fair value to profit or loss ("FVPL") in relation to the conversion options from the Series A convertible bonds.

### Administrative Expenses

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

Administrative expenses increased by US\$78K or 10% from US\$765K in 1Q2019 to approximately US\$843K in 1Q2020. The increase was mainly attributable to:

- an increase of US\$152K for one-off mobilization expenses from the mining contractors as the Group increases its production volumes, and
- an increase in professional fees of US\$97K due to an increase in professional services contracted.

which were partially offset by:

- a reduction in staff costs of US\$129K due to a decrease in headcount, and
- a reduction in depreciation expenses of US\$48K. There was an impairment in the Group's property, plant and equipment during financial year 2019 which resulted in a lower depreciable value of assets in 1Q2020.

### Finance Expenses

Finance expenses increased by US\$29K from US\$115K in 1Q2019 to approximately US\$145K in 1Q2020 from fair valuation of shareholders loans and financial liabilities at amortised cost, which was partially offset by an increase in financing expenses from other third party borrowings.

### **Loss after tax**

As a result of the above factors, the Group recorded net losses of US\$840K in 1Q2020 against net losses of US\$598K in 1Q2019.

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

#### Current assets

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

Current assets increased by US\$1.8M from US\$6.1M as at 31 December 2019 to US\$7.9M as at 31 March 2020.

Cash and cash equivalents increased by US\$940K, mainly arising from receipts from customers and the issuance of convertible bonds amounting to US\$1.4M. Please refer to Note 1(c) Cash Flow Statement for more details.

Inventories increased by US\$530K due to additional stockpile from increased production volumes.

Trade and other receivables increased by US\$345K due to increased sales, partially offset by faster repayments by customers.

This was partially offset by a decrease in deposits and prepayments by US\$64K, mainly due to transfer of prepayments to expenses.

#### Non-current assets

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

Non-current assets decreased by US\$1.5M, from US\$9.4M as at 31 December 2019 to US\$7.9M as at 31 March 2020, mainly due to (i) foreign exchange differences of US\$1.3M, (ii) depreciation of property, plant and equipment of US\$47K, and (iii) amortisation of mining properties of US\$58K.

#### Current liabilities

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

Current liabilities increased by US\$1.9M, from US\$8.5M as at 31 December 2019 to US\$10.5M as at 31 March 2020. The increase was mainly due to higher trade and other payables of US\$193K, owing to mining and transportation contractors for the Group's production activities; increases in external borrowings amounting to US\$224K; increases in financial liabilities of US\$1.2M in relation to the partial issuance of Series A convertible bonds and increases in accrued operating expenses of US\$262K for the Group's operations.

#### Non-current liabilities

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

Non-current liabilities decreased by US\$238K from US\$4.3M as at 31 December 2019 to US\$4.1M as at 31 March 2020. The decrease was mainly due to fair value movements in shareholders' loans of US\$207K, reduction of US\$10K in provision for employee benefits and reduction of US\$9K in other provisions.

#### Going Concern and Working Capital

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

As stated in the going-concern assumptions provided in the FY2018 Annual Report, please see paragraphs (iii), (v) and (vi) below, as well as further updates and efforts undertaken by the Group in paragraphs (i), (ii) and (iv) below:

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

(ii) As at the date of this announcement, the Company had received S\$2.0M of the Series A Bonds;

(iii) The Group has enlarged its portfolio of customers in 1Q2020, increasing its sales volume by 165% from 1Q2019;

(iv) The Group has achieved better gross profits of US\$586K in 1Q2020 as compared to 1Q2019. The Group believes that the trend will continue as the Group gains new customers and continues increasing production, moving towards a stronger working capital position over the course of the next 12 months;

(v) The Group has an available loan facility from its shareholders amounting to US\$35,815,153 from which it can draw upon when required; and

(vi) The Group has secured supply chain financing facilities from a third party bank to support its operations.

## **Review of Statement of Cash Flows**

### 1Q2020

The Group recorded net cash used in operating activities of US\$1.1M for 1Q2020 which was a result of operating losses before changes in working capital of approximately US\$421K, adjusted for changes in net working capital and tax paid of US\$679K and US\$23K respectively.

Net cash used in investing activities of US\$221 in 1Q2020 was mainly due to purchase of property, plant and equipment, offset by proceeds from interest income of US\$2K from current account and time deposits.

Net cash provided by financing activities of US\$2.1M was mainly due to cash proceeds from a partial issuance of the Series A bonds amounting to US\$1.4M, proceeds from borrowings of US\$2.0M, offset by repayment of borrowings of US\$1.3M.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of US\$953K in 1Q2020.

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

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

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

As reported by Argus Media on 1 April 2020, Indonesia exported 456.36 million tonnes of coal in 2019. This was 6.4 percent higher than in 2018 and was likely an all-time high, with the increase driven by firm demand from China and India, as well as growing demand from Southeast Asia. Thermal coal accounted for 428.83 million tonnes of 2019 exports, up by 35.2 million tonnes from 2018. Nevertheless, Indonesian exports could contract by around 15 million tonnes this year amid a slowdown in demand in the Asia-Pacific region, said Hong Kong-based trading firm Noble Resources' head of research Rodrigo Echeverri. Despite the weaker demand outlook, Indonesian mining companies may not look to cut output immediately, especially given the recent slump in crude prices that has reduced their coal production costs significantly.

The outbreak of the Novel Coronavirus (“**Covid-19**”) has impacted the local and international business environment. While Covid-19 outbreak may have an impact on the international market, underlying low calorie coal demand for the local market remains healthy. In support of the government, the Group has taken various measures to limit the spreads of Covid-19. On 31 March 2020, the Indonesian government declared a Covid-19 public health emergency. Subsequent to the implementation of Limitation of Large-Scale Social Interactions with effect from 10 April 2020 by the region of Jakarta, the Group’s office in Jakarta has implemented work-from-home arrangement for its staff and employees. Similarly, following the circuit breaker measures enactment in Singapore, the Group’s office in Singapore has implemented working from home processes with telecommuting becoming the order of the day to effect appropriate social distancing. The Group also provides medical supplies such as hand sanitizers and masks to its employees, restricting non-essential travels, as well as educating staff and employees about the Covid-19 symptoms and possible prevention measures.

The Group’s current operation is not significantly impacted by the ongoing Covid-19 pandemic. Notwithstanding the foregoing, pending further development and spread of Covid-19 subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will continue to closely monitor the development of Covid-19 and adjust its business strategies according to Covid-19’s impact on the financial position and operating results of the Group.

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News Articles:

*Indonesia Coal Producers Consider Output Cuts*

<https://www.argusmedia.com/en/news/2092454-indonesian-coal-producers-consider-output-cuts>

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

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

None.

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

Not applicable.

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended during 1Q2020. The Group has not declared any dividend for 1Q2020 as the Group is loss-making and requires the existing cash to fund its operating activities.

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

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

Below is the table detailing the amount of shareholders’ loan that was drawn down during 1Q2020:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transaction conducted under the shareholders' mandate pursuant to Rule 920)  S\$	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000)  S\$
	1Q2020	1Q2020
N.A.	-	-

There were no interested person transactions that were individually more than S\$100,000 entered into by the Group during 1Q2020.



#### 14. Use of Proceeds from Issuance Series A Bonds

Pursuant to Rule 1204(5)(f) of the Catalist Rules, the Board wishes to provide an update on the use of the proceeds arising from the issuance of Series A Bonds :

<b>Intended use of Series A Net Proceeds</b>	<b>Allocation of Net Proceeds as disclosed in the announcement dated 5 February 2020 (\$)</b>	<b>Net Proceeds utilised as at date of this announcement (\$)</b>	<b>Balance of the Net Proceeds as at the date of this announcement (\$)</b>
Payment of outstanding professional fees due to the Group's auditors, legal counsel and Sponsor	795,000	495,000	300,000
Payment of outstanding director's fees	167,000	167,000	-
Working capital	3,958,000	280,000 <sup>(2)</sup>	3,678,000
<b>Total</b>	<b>4,920,000<sup>(1)</sup></b>	<b>942,000</b>	<b>3,978,000</b>

**Note :**

(1). As at the date of this announcement, out of the total quantum of S\$5,000,000 to be issued under the Series A Bonds, an aggregate of S\$2,000,000 was received from the completion of the Series A Bonds issuance with Kingpin and Atrium Asia.

(2). Working Capital comprises (a) staff costs and administrative expenses of S\$143,000; (b) other professional fees of S\$111,000 and (c) other operating expenses of S\$26,000.

#### 15. Disclosure of incorporation of new subsidiary under Catalist Rule 706A

The Company has incorporated the following subsidiary as at the date of this announcement :

Name of subsidiary	:	BGNR Trading Pte Ltd (" <b>BGT</b> ")
Incorporation Date	:	8 April 2020
Issued and paid-up share capital	:	S\$1,000 divided into 1,000 ordinary shares
Percentage of issued and paid-up share capital held by the Company	:	100%
Principal activities	:	Trading of commodities

The Incorporation is funded through internal resources and is not expected to have any material impact on the net tangible assets and earnings per share of the Company and the Group for the financial year ending 31 December 2020.

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

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

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

In 1Q2020, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US\$)	Actual usage of funds (US\$)
Production activities	1,419,000	1,021,000
General working capital	1,114,000	326,000
Total	2,533,000	1,347,000

Actual cash used for production activities and general working capital was lower than forecasted by US\$1,186,000 because payment to contractors/suppliers are to be made in the subsequent quarter.

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

For the next immediate quarter (financial period from 1 April 2020 to 30 June 2020 ("2Q2020")), the Group's use of funds for production activities are expected to be as follows:-

Purpose	Amount
	(US\$)
Production activities	1,352,000
General working capital	344,000
Total	1,696,000

#### Principal Assumptions

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

### 16 (a). Rule 705(6)(b) of the Catalist Rules

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

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

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

During 1Q2020, no exploration activities were conducted. In relation to production activities, a total of approximately 115,304 metric tonnes of coal were produced during 1Q2020.

During 1Q2020, cash expenditure paid for production activities amounted to US\$1,347,000.

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

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

## **BY ORDER OF THE BOARD**

Soh Sai Kiang  
Independent Non-Executive Chairman

Andreas Rinaldi  
Executive Director and CEO

15 May 2020

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This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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

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