

**UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD
 ENDED 30 SEPTEMBER 2020**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR
 AND FULL YEAR RESULTS**
**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER AND
 NINE MONTHS ENDED 30 SEPTEMBER 2020**

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited consolidated financial results of the Group for the third quarter (“**3Q2020**”) and nine months (“**9M2020**”) ended 30 September 2020. The corresponding unaudited consolidated financial results for the third quarter (“**3Q2019**”) and nine months (“**9M2019**”) ended 30 September 2019 are presented for comparison.

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

	GROUP					
	Unaudited 3Q2020	Unaudited 3Q2019	Change +/-	Unaudited 9M2020	Unaudited 9M2019	Change +/-
	US\$	US\$ (restated)	%	US\$	US\$ (restated)	%
Sales	1,783,735	3,534,238	(50)	6,616,155	6,434,605	3
Cost of Sales	(1,456,764)	(2,806,034)	(48)	(5,360,895)	(5,393,560)	(1)
Gross Profit	326,971	728,204	(55)	1,255,260	1,041,045	21
Other income	10,511	3,152	233	17,134	10,123	69
Currency translation differences	(20,626)	318,082	n.m.	(561,837)	716,925	n.m.
Fair value losses	(144,457)	-	n.m.	(239,521)	-	n.m.
Expenses						
- Administrative	(1,247,159)	(745,772)	67	(2,778,088)	(2,189,619)	27
- Finance	(228,955)	(253,847)	(10)	(725,477)	(527,442)	38
- Others	(486)	-	n.m.	(486)	(5,550)	(91)
Loss before tax	(1,304,201)	49,819	n.m.	(3,033,015)	(954,518)	218
Income tax expense	-	(17)	n.m.	-	(103)	n.m.
Loss net of tax	(1,304,201)	49,802	n.m.	(3,033,015)	(954,621)	218

n.m. denotes not meaningful

Restated comparatives for 3Q2019 and 9M2019 reflect the financial figures in the Company's audited financial statements for year ended 31 December 2019

	GROUP					
	Unaudited 3Q2020 US\$	Unaudited 3Q2019 US\$ (restated)	Change +/- %	Unaudited 9M2020 US\$	Unaudited 9M2019 US\$ (restated)	Change +/- %
Other Comprehensive Income/Loss:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Currency translation differences arising from consolidation	32,834	(302,496)	n.m.	630,196	(717,036)	n.m.
Other comprehensive losses, net of tax	32,834	(302,496)	n.m.	630,196	(717,036)	n.m.
Total comprehensive loss, net of tax	(1,271,367)	(252,694)	n.m.	(2,402,819)	(1,671,657)	44
Net loss attributable to:						
- Equity holders of the Company	(1,295,813)	45,089	n.m.	(3,017,285)	(957,368)	215
- Non-controlling interests	(8,388)	4,713	n.m.	(15,730)	2,747	n.m.
	(1,304,201)	49,802	n.m.	(3,033,015)	(954,621)	218
Total comprehensive loss attributable to:						
- Equity holders of the Company	(1,260,111)	(258,452)	388	(2,397,097)	(1,669,666)	44
- Non-controlling interests	(11,256)	5,758	n.m.	(5,722)	(1,991)	187
	(1,271,367)	(252,694)	n.m.	(2,402,819)	(1,671,657)	44

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

	GROUP					
	Unaudited 3Q2020 US\$	Unaudited 3Q2019 US\$ (Restated)	Change +/- %	Unaudited 9M2020 US\$	Unaudited 9M2019 US\$ (Restated)	Change +/- %
Interest income	2,168	2,955	(27)	6,882	8,552	(20)
Staff costs	(386,402)	(216,924)	78	(780,102)	(855,913)	(9)
Professional fees, travelling and corporate social responsibility expenses	(62,444)	(149,143)	(58)	(470,403)	(386,427)	22
Legal and licensing expenses	(108,343)	(91,339)	19	(274,270)	(272,052)	1
Rental expenses	(13,403)	(19,792)	(32)	(34,718)	(62,757)	(45)
Depreciation of property, plant and equipment	(31,480)	(22,094)	42	(44,297)	(65,803)	(33)
Mining, geology and survey expenses	(11,079)	(1,697)	n.m.	(163,627)	(2,259)	n.m.

n.m. denotes not meaningful

Restated comparatives for 3Q2019 and 9M2019 reflect the financial figures in the Company's audited financial statements for year ended 31 December 2019

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 30/9/2020 US\$	Audited As at 31/12/2019 US\$	Unaudited As at 30/9/2020 US\$	Audited As at 31/12/2019 US\$
ASSETS				
Current assets				
Cash and cash equivalents	454,051	89,132	431,405	1,528
Restricted cash	1,942	171	-	-
Trade and other receivables	1,529,582	4,865,841	121,282	31,938
Inventories	1,171,118	405,659	-	-
Deposits and prepayments	831,877	469,855	26,614	13,231
	3,988,570	5,830,658	579,301	46,697
Non-current assets				
Property, plant and equipment	92,297	106,716	54,957	76,852
Investment in subsidiaries	-	-	1,415	707
Restricted cash	172,362	185,363	-	-
	264,659	292,079	56,372	77,559
Total assets	4,253,229	6,122,737	635,673	124,256
LIABILITIES				
Current liabilities				
Trade and other payables	1,795,650	1,642,951	1,249,992	1,465,217
Accrued operating expenses	5,088,582	3,832,025	859,448	487,699
Borrowings	73,188	2,909,188	36,823	36,941
Financial liabilities, at amortised cost	958,023	-	958,023	-
Financial liabilities, at FVPL	740,524	-	740,524	-
Current income tax liability	383	393	316	321
	8,656,351	8,384,557	3,845,126	1,990,178
Non-current liabilities				
Borrowings	9,132	38,592	7,692	35,936
Loans from shareholders	3,848,588	3,895,589	-	-
Provisions	317,604	221,465	-	-
Other non-current liabilities	189,297	153,542	-	-
	4,364,621	4,309,188	7,692	35,936
Total liabilities	13,020,972	12,693,745	3,852,818	2,026,114
NET LIABILITIES	(8,767,743)	(6,571,008)	(3,217,145)	(1,901,858)

	GROUP		COMPANY	
	Unaudited As at 30/9/2020 US\$	Audited As at 31/12/2019 US\$	Unaudited As at 30/9/2020 US\$	Audited As at 31/12/2019 US\$
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	56,312,822	56,312,822	171,410,017	171,410,017
Currency translation reserve	(1,911,541)	(2,531,727)	489,980	481,364
Other reserve	1,820,731	1,614,648	296,169	296,169
Accumulated losses	(64,735,570)	(61,718,287)	(175,412,311)	(174,089,408)
	(8,513,558)	(6,322,544)	(3,217,145)	(1,901,858)
Non-controlling interests	(254,185)	(248,464)	-	-
Total equity	(8,767,743)	(6,571,008)	(3,217,145)	(1,901,858)

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 30/9/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Borrowings	-	73,188	2,843,682	65,506

The Group does not have any secured borrowings as at 30 September 2020. The secured borrowings are financing facilities provided from third party banks and are secured by the account receivables of the Group.

The unsecured borrowings as at 30 September 2020 are lease liabilities.

(b) the amount repayable after one year;

	As at 30/9/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
Borrowings	-	9,132	-	38,592
Shareholders' loans	-	3,848,588	-	3,895,589

The unsecured borrowings as at 30 September 2020 are lease liabilities.

The shareholders' loans from Twin Gold Ventures S.A. ("TGV") and Novel Creation Holdings Limited ("Novel Creation") (together, the "Lenders") 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 shareholder loan facilities in 3Q2020. Any movements arising are from fair valuation of shareholders' loan.

(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 3Q2020 US\$	Audited 3Q2019 US\$ (Restated)
Cash flows from operating activities		
(Loss)/profit after tax	(1,304,201)	49,802
Adjustments for:		
- Depreciation of property, plant and equipment	31,480	22,094
- Interest income from fixed deposits and current account	(2,168)	(2,955)
- Loss on disposal of property, plant and equipment	486	-
- Fair value losses, financial liabilities FVPL	144,457	-
- Interest expense	228,955	253,847
- Income tax expense	-	17
- Unrealised currency translation differences	6,446	(328,397)
	<hr/>	<hr/>
	(894,545)	(5,592)
Change in working capital:		
Inventories	(158,860)	410,165
Deposit and prepayments	499,093	(40,602)
Trade and other receivables	(115,163)	(864,477)
Trade and other payables	420,966	(178,088)
Provision for employee benefits	33,893	288
Other provisions	36,627	21,577
	<hr/>	<hr/>
Net cash used in operating activities	(177,989)	(656,729)
Cash flows from investing activities		
Interest received	2,168	2,955
	<hr/>	<hr/>
Net cash provided by investing activities	2,168	2,955
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	693,228
Repayment of lease liability	(14,649)	(23,066)
Interest paid	(636)	(179)
Withdrawal of restricted cash	17,963	1,080
	<hr/>	<hr/>
Net cash provided by financing activities	2,678	671,063
Net (decrease)/increase in cash and cash equivalents	(173,143)	17,289
Cash and cash equivalents at the beginning of the period	616,328	33,071
Effects of currency translation on cash and cash equivalents	10,866	(271)
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Cash and cash equivalents at the end of the period	454,051	50,089

Restated comparatives for 3Q2019 and 9M2019 reflect the financial figures in the Company's audited financial statements for year ended 31 December 2019

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 30 June 2020	56,312,822	1,820,731	(1,947,243)	(63,439,757)	(242,929)	(7,496,376)
Total comprehensive loss for the period	-	-	35,702	(1,295,813)	(11,256)	(1,271,367)
Balance at 30 September 2020	<u>56,312,822</u>	<u>1,820,731</u>	<u>(1,911,541)</u>	<u>(64,735,570)</u>	<u>(254,185)</u>	<u>(8,767,743)</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 30 June 2019 (Restated)	55,735,481	1,496,065	(723,132)	(63,230,333)	(252,297)	(6,974,216)
Issuance of placement shares	693,228	-	-	-	-	693,228
Total comprehensive loss for the period	-	-	(303,541)	45,089	5,758	(252,694)
Balance at 30 September 2019 (Restated)	<u>56,428,709</u>	<u>1,496,065</u>	<u>(1,026,673)</u>	<u>(63,185,244)</u>	<u>(246,539)</u>	<u>(6,533,682)</u>

COMPANY - Current period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 30 June 2020	171,410,017	296,169	544,828	(174,929,581)	(2,678,567)
Total comprehensive loss for the period	-	-	(54,848)	(482,730)	(538,578)
Balance at 30 September 2020	<u>171,410,017</u>	<u>296,169</u>	<u>489,980</u>	<u>(175,412,311)</u>	<u>(3,217,145)</u>

COMPANY - Prior period

	Share Capital	Other Reserve	Currency Translation reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 30 June 2019 (Restated)	170,832,677	177,586	493,639	(173,423,160)	(1,919,258)
Issuance of placement shares	693,228	-	-	-	693,228
Total comprehensive loss for the period	-	-	35,275	(304,149)	(268,874)
Balance at 30 September 2019 (Restated)	<u>171,525,905</u>	<u>177,586</u>	<u>528,914</u>	<u>(173,727,309)</u>	<u>(1,494,904)</u>

Restated comparatives reflect the financial figures in the Company's audited financial statements for year ended 31 December 2019

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

	No. of Shares	Share capital (US\$)
As at 30 June 2020	1,003,743,770	171,410,017
As at 30 September 2020	1,003,743,770	171,410,017

There were no changes in the issued and paid-up share capital of the Company from 31 December 2019 to 30 September 2020.

The Company has, on 26 March 2020, partially completed the issue of its Series A Convertible Bonds. An aggregate of S\$2 million of Series A Convertible Bonds were issued. As of the date of this announcement, there have not been any conversion of the Series A Convertible Bonds to new shares. A total of 133,333,332 new shares may be issued at conversion at a conversion price of 1.5 Singapore Cents if Series A Convertible Bonds were fully converted. The allotment and issuance of 533,333,332 new shares of Series B Convertible Bonds which will raise an amount of S\$8 million will be subjected to the approval of shareholders of the Company. A circular to shareholders will be despatched by the Company in due course.

There were no other outstanding convertibles or share options granted as at 30 September 2020 and 30 September 2019.

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

	As at 30 September 2020	As at 31 December 2019
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, as the Company does not have any subsidiary holdings.

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

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

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

Not applicable.

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 2019 ("FY 2019"), PricewaterhouseCoopers LLP, the Group's auditors, has issued a disclaimer of opinion in respect of the Going Concern ("Going Concern Assumption").

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

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

The Board confirms that all impact of outstanding audit issues on the financial statements in relation to FY2019 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 30 September 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.

	9M2020 US\$	9M2019 US\$
Loss for the financial period	<u>(3,017,285)</u>	<u>(957,368)</u>
Weighted average number of shares for the purpose of computing basic loss per share	1,003,743,770	952,413,612
Basic loss per share (cents)	(0.30)	(0.10)
Weighted average number of shares for the purpose of computing fully diluted loss per share	<u>1,096,051,461</u>	<u>954,793,831</u>
Fully diluted loss per share (cents)	(0.28)	(0.10)

For the purpose of calculating the weighted average number of shares and the diluted losses per share for 9M2020, the Company has assumed the conversion from the issuance of the S\$2 million Series A Bonds that were subscribed on 26 March 2020.

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

- (a) Current financial period reported on; and
(b) Immediately preceding financial year.**

	30 Sep 2020 US\$	31 Dec 2019 US\$
Net assets of the Group	(8,767,743)	(6,571,008)
No. of ordinary shares in issue	1,003,743,770	1,003,743,770
Net asset value of the Group per ordinary share (cents)	(0.87)	(0.65)
Net assets of the Company	(3,217,145)	(1,901,858)
No. of ordinary shares in issue	1,003,743,770	1,003,743,770
Net asset value of the Company per ordinary share (cents)	(0.32)	(0.19)

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 in 3Q2020 decreased by 50% to US\$1.8M as compared to US\$3.5M in 3Q2019. This was mainly due to reduced demand by customers.

Revenue in 9M2020 of US\$6.6M increased by 3% from 9M2019 revenues of US\$6.4M and remained fairly stable across the comparable periods of both years.

Cost of Goods Sold

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

COS in 3Q2020 decreased to approximately US\$1.5M as compared to US\$2.8M in 3Q2019. The decrease is in line with the reduction in revenues.

COS of US\$5.4M in 9M2020 decreased by 1% from 9M2019 COS of US\$5.4M and remained fairly stable across the comparable periods of both years.

Gross Profit

The Group recorded a gross profit of US\$327K in 3Q2020 as compared to US\$728K in 3Q2019. Gross profit margins had reduced to 18% in 3Q2020 against 21% in 3Q2019. This mainly arises from higher fixed costs per unit due to reduced sale volumes.

Gross profit of US\$1.3M in 9M2020 had increased against US\$1.0M in 9M2019. Gross profit margins increased to 19% in 9M2020, as compared to 16% in 9M2019. This was mainly due to lower costs in the first half of 2020.

Currency translation gain

The Group recorded currency translation losses of US\$21K in 3Q2020, as compared to currency translation gains of US\$318K in 3Q2019, and currency translation losses of US\$562K in 9M2020, as compared to currency translation gains of US\$717K in 9M2019.

The currency translation losses in 3Q2020 and 9M2020 were mainly due to translation differences in shareholders' loans at its Indonesian subsidiary. The United States Dollar (being the currency in which these loans are denominated) had strengthened against the Indonesian

Rupiah (being the recording currency for these liabilities), thereby accounting for the currency translation losses.

Other gains/losses

The Group recorded other losses of US\$144K in 3Q2020 and US\$240K in 9M2020 from fair valuation movements in financial liabilities, fair value to profit or loss ("FVPL") in relation to the conversion options from the Series A Bonds.

Administrative Expenses

The Group's 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 during 3Q2020 increased by approximately US\$501K or 67% from US\$746K in 3Q2019 to US\$1.2M in 3Q2020. The increase was mainly attributable to an (i) increase in staff costs mainly as a result of higher director fees, (ii) maintenance costs and licence fees at the Group's mining concessions. This was partially offset by a reduction in professional fees.

Administrative expenses during 9M2020 increased by approximately US\$588K or 27% from US\$2.2M in 9M2019 to US\$2.8M in 9M2020. The increase was mainly due to a one-off mobilization expenses to contractors during 1Q2020 for additional mobilization of equipment to increase production and increased maintenance costs at the mining concessions, offset by lower staff costs.

Finance Expenses

Finance expenses in 3Q2020 decreased by US\$25K or 10% against 3Q2019 due to lower trade financing expenses as the Group's had made repayment on its borrowings.

Finance expenses in 9M2020 increased by US\$198K due to higher trade financing expenses in the first half of the 2020 and interest expenses arising from valuation of the Group's convertible bonds.

Loss after tax

As a result of the abovementioned factors, the Group recorded net losses of US\$1.3M in 3Q2020 and US\$3.0M in 9M2020, against net profits of US\$50K in 3Q2019 and net losses of US\$955K in 9M2019.

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.

The Group's current assets decreased by approximately US\$1.8M from US\$5.8M as at 31 December 2019 to US\$4.0M as at 30 September 2020, mainly due to a decrease of US\$3.3M in trade and other receivables from sales collections received.

The decrease in trade and other receivables was offset by the following:

Cash and equivalents increased by approximately US\$365K due to proceeds from issue of convertible bonds, partially reduced by payment for production activities and working capital. Please refer to Note 1(c) Cash Flow Statement for more details.

The Group's inventory had increased by US\$765K due to slower sales during 9M2020.

Deposits and prepayments increased by approximately US\$362K due to prepayment to vendors for production activities.

Non-current assets

Non-current assets of the Group comprise property, plant and equipment and restricted cash*.

The Group's non-current assets decreased by approximately US\$27K from US\$292K as at 31 December 2019 to US\$265K as at 30 September 2020, mainly due to (i) withdrawal of restricted cash of US\$13K, and (ii) depreciation on property, plant and equipment of US\$44K, which was partially offset by newly capitalised leasehold assets of approximately US\$30K.

*Restricted cash consists of security deposits as required by the mining authorities in Indonesia and escrow accounts.

Current liabilities

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

Current liabilities increased by US\$272K, from US\$8.4M as at 31 December 2019 to US\$8.7M as at 30 September 2020.

The increase was mainly due to (i) an increase in accrued operating expenses of US\$1.3M, (ii) increase in trade and other payables of US\$153K for the Group's operations, and (iii) an increase in financial liabilities of US\$1.7M in relation to the issuance of Series A Bonds. The increase was partially offset by a reduction of US\$2.8M from repayment of borrowings.

Non-current liabilities

Non-current liabilities comprise loans from shareholders, provision for employee benefits, lease liabilities and provisions for reclamation and land rehabilitation at the mining concession.

Non-current liabilities increased by approximately US\$55K from US\$4.3M as at 31 December 2019 to US\$4.4M as at 30 September 2020. The increase was mainly due to increases in provision for employee benefits and other provisions, offset by a reduction in borrowings from payment of lease liabilities.

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 assumption provided in the FY2019 Annual Report, please see paragraphs (iv) and (v) below, as well as further updates and efforts taken by the Group in paragraphs (i) to (iii) 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 details¹;
- (ii) As at the date of this announcement, the Company had received S\$2.0M from subscription of the Series A Bonds;
- (iii) Revenues and gross profit of the Group in 9M2020 have improved by 3% and 21% respectively, against 9M2019;
- (iv) The Group has an available loan facility from its shareholders amounting to US\$35,815,153 for which it can draw upon when required; and
- (v) The Group has secured supply chain financing facilities from a third party bank to support its operations.

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

Review of Statement of Cash Flows

3Q2020

The Group recorded net cash used in operating activities of US\$178K for 3Q2020 which was a result of operating losses before changes in working capital of approximately US\$1.3M adjusted for net working capital inflows of approximately US\$717K.

Mainly as a result of the above, the Group recorded a net decrease in cash and cash equivalents of US\$173K in 3Q2020.

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 IDN Financials² on 1 October 2020, The Indonesian government raised coal reference price (HBA) by 3.2% to US\$ 51 per ton for September 2020.

Agung Pribadi, the Head of the Communications Bureau of the Ministry of Energy and Mineral Resources, said that the decision to raise HBA for September was influenced by positive signals from industries in China and Japan.

In addition, Pribadi added that the increase in HBA was also influenced by the average monthly index that constitute HBA, including the Indonesian Coal Index (ICI) which increased by 0.53%, the Newcastle Export Index (NEX) (grew by 6.01%), and the Global Coal Newcastle Index (GCNC) (grew by 6.29%).

During the COVID-19 pandemic, HBA reached its highest point in March 2020, (US\$ 67.08 per ton). Then, it fell gradually in April to US\$65.77 per ton, May (US\$61.11 per ton), June (US\$52.34 per ton), July (US\$ 52.16 per ton), and August (US\$50.34 per ton). This decreasing price trend is expected to result in headwinds in the near future. However, the Group is continually exploring new growth and aims to broaden its portfolio of customers so as to soften the impact of any price reductions.

The Group continues to actively enforce safe social distancing measures for employees at its offices in Singapore and Indonesia and remains vigilant in educating its employees on prevention measures against Covid-19.

The coal industry is likely to experience volatility in the year ahead due to the global effects of Covid-19. The Group's current operation is not significantly impacted by the ongoing Covid-19 pandemic. The global proliferation of Covid-19 is a new risk factor and accordingly, the Group will cautiously monitor the development of Covid-19 and implement various precautionary measures required to support its operations.

News Articles:

Note 2: <https://www.idnfinancials.com/news/36454/coal-reference-price-raised>

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 reason(s) for the decision.

No dividend has been declared or recommended during 3Q2020. The Group has not declared any dividend for 3Q2020 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”).

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)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000)	
	S\$		S\$	
	3Q2020	9M2020	3Q2020	9M2020
N.A.	-	-	-	-

There were no interested person transactions entered into by the Group during 3Q2020 and 9M2020.

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 :-

Intended use of Series A Net Proceeds	Allocation of Net Proceeds as disclosed in the announcement dated 5 February 2020 (S\$)	After reallocation of Net Proceeds (S\$)	Net Proceeds utilised as at date of this announcement (S\$)	Balance of the Net Proceeds as at the date of this announcement (S\$)
Payment of outstanding professional fees due to Group's auditors, legal counsel and Sponsor	795,000	777,000	495,000	282,000
Payment of outstanding director's fees	167,000	185,000	185,000	-
Working capital	958,000	958,000	789,000 ⁽²⁾	169,000
Total	1,920,000⁽¹⁾	1,920,000	1,469,000	451,000

Note :-

(1). As at the date of this announcement, an aggregate of S\$2,000,000 was received from the completion of the Series A Bonds issuance with Kingpin and Atrium Asia. The convertible bond agreement with

Jinzhou Business Investment Logistics Co., Ltd had lapsed on 30 September 2020. As such, the amount of Net Proceeds is now S\$1,920,000.

- (2). Working Capital comprises (a) staff costs and administrative expenses of S\$331,000; (b) other professional fees of S\$414,000 and (c) other operating expenses of S\$44,000.

15. Disclosure of acquisition or sale of a subsidiary or an associated company of the Group under Catalist Rule 706A

Not applicable. There was no new acquisition or sale of a subsidiary or an associated company of the Group during 3Q2020.

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 3Q2020, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US\$)	Actual usage of funds (US\$)
Production activities	457,000	909,000
General working capital	507,000	539,000
Total	964,000	1,448,000

Actual cash used for production activities and general working capital was higher than forecasted by US\$484,000. Due to a shorter repayment period from its customers, the receipts from faster sales collections were utilized for payment to the Group's vendors.

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

For the next immediate quarter (financial period from 1 October 2020 to 31 December 2020 ("4Q2020")), the Group's use of funds for production activities are expected to be as follows:-

Purpose	Forecasted usage of funds
	(US\$)
Production activities	706,000
General working capital	949,000
Total	1,655,000

Principal Assumptions

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

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 3Q2020, no exploration or development activities were conducted. In relation to production activities, a total of approximately 78,000 metric tonnes of coal was produced during 3Q2020.

During 3Q2020, cash expenditure paid for production activities amounted to US\$1,448,000.

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

12 November 2020

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.
