

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2022**

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

In view of the disclaimer of opinion issued by the Company's independent auditor, PKF-CAP LLP, on the audited financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**"), the Company is required by the SGX-ST to announce its quarterly financial statements pursuant to Catalist Rule 705(2C) of the Catalist Rules. The Company had on 13 April 2022 sought an extension of time of two (2) months to hold its annual general meeting for the financial year ended 31 December 2021 ("**FY2021**") and received the no objection from the SGX-ST on 21 April 2022. Accordingly, the Company will release the FY2021 audited financial statements on or before 15 June 2022.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		Change +/- %
		1Q2022 US\$	1Q2021 US\$	
Revenue		2,768,282	1,578,590	75
Cost of Sales		(2,245,070)	(1,225,158)	83
Gross Profit		523,212	353,432	48
Other income	2.11	1,335	4,425	(70)
Other losses				
- Currency translation differences	2.11	(19,295)	(106,488)	(82)
Fair value gains, financial liabilities FVPL		4,663	108,576	(96)
Expenses				
- Administrative		(516,519)	(748,968)	(31)
- Finance		(224,918)	(703,986)	(68)
Loss before tax	2.12	(231,522)	(1,093,009)	(79)
Income tax expense		-	(923)	n.m.
Loss for the financial period		(231,522)	(1,093,932)	(79)

n.m. denotes not meaningful

Note	1Q2022 US\$	1Q2021 US\$	Change +/- %
<u>Other Comprehensive Income/Loss:</u>			
<i>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Currency translation differences arising from consolidation	57,725	276,309	(79)
<i>Items that will not be reclassified to profit or loss in subsequent periods (net of tax)</i>			
- Currency translation differences arising from consolidation	1,637	6,357	(74)
Other comprehensive gain, net of tax	59,362	282,666	(79)
Total comprehensive loss for the period, net of tax	(172,160)	(811,266)	(79)
Net loss attributable to:			
- Equity holders of the Company	(232,844)	(1,086,254)	(79)
- Non-controlling interests	1,322	(7,678)	n.m.
	(231,522)	(1,093,932)	(79)
Total comprehensive loss attributable to:			
- Equity holders of the Company	(175,119)	(809,945)	(78)
- Non-controlling interests	2,959	(1,321)	n.m.
	(172,160)	(811,266)	(79)
Losses per share for net loss attributable to equity holders of the Company (US cents per share)			
Basic losses per share	(0.02)	(0.11)	
Diluted losses per share	(0.02)	(0.09)	

n.m. denotes not meaningful

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

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		As at	As at	As at	As at
		31/03/2022	31/12/2021	31/03/2022	31/12/2021
		US\$	US\$	US\$	US\$
ASSETS					
Current assets					
Cash and cash equivalents		181,521	205,405	5,414	9,567
Restricted cash	2.7	458	7,244	-	-
Trade and other receivables	2.7	13,527,038	11,342,561	309,712	290,843
Inventories		1,246,993	1,140,856	-	-
Deposits and prepayments	2.7	102,920	116,836	11,849	16,745
		15,058,930	12,812,902	326,975	317,155
Non-current assets					
Property, plant and equipment		74,942	90,461	67,902	78,619
Investment in subsidiaries		-	-	1,415	1,415
Restricted cash	2.7	64,658	65,160	-	-
		139,600	155,621	69,317	80,034
Total assets		15,198,530	12,968,523	396,292	397,189
LIABILITIES					
Current liabilities					
Trade and other payables	2.8	2,967,344	3,098,999	1,505,795	1,428,174
Accrued operating expenses	2.8	17,753,502	15,374,087	1,035,887	910,916
Borrowings	2.8	41,435	44,450	36,876	36,843
Financial liabilities, at amortised cost	2.8	1,195,933	1,138,053	1,195,933	1,138,053
Financial liabilities, at FVPL	2.8	678,188	685,123	678,188	685,123
Current income tax liabilities		3,701	3,714	3,632	3,644
		22,640,103	20,344,426	4,456,311	4,202,753
Non-current liabilities					
Borrowings	2.9	37,285	46,766	26,443	35,840
Loans from shareholders	2.10	3,661,457	3,577,489	-	-
Provisions		602,195	584,902	-	-
Other non-current liabilities		111,207	127,045	-	-
		4,412,144	4,336,202	26,443	35,840
Total liabilities		27,052,247	24,680,628	4,482,754	4,238,593
NET ASSETS		(11,853,717)	(11,712,105)	(4,086,462)	(3,841,404)

Note	GROUP		COMPANY	
	As at	As at	As at	As at
	31/03/2022	31/12/2021	31/03/2022	31/12/2021
	US\$	US\$	US\$	US\$
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	56,453,281	56,453,281	171,550,476	171,550,476
Currency translation reserve	(2,472,676)	(2,530,401)	474,480	461,405
Other reserve	3,146,724	3,116,482	581,652	581,652
Accumulated losses	(68,709,130)	(68,476,286)	(176,693,070)	(176,434,937)
	(11,581,801)	(11,436,924)	(4,086,462)	(3,841,404)
Non-controlling interests	(271,916)	(275,181)	-	-
Total equity	(11,853,717)	(11,712,105)	(4,086,462)	(3,841,404)

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

GROUP - Current period	Share Capital	Currency Translation reserve	Other Reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2022	56,453,281	(2,530,401)	3,116,482	(68,476,286)	(275,181)	(11,712,105)
Fair value of interest-free loans	-	-	30,242	-	306	30,548
Loss for the period	-	-	-	(232,844)	1,322	(231,522)
Other comprehensive income for the period	-	57,725	-	-	1,637	59,362
Balance at 31 March 2022	56,453,281	(2,472,676)	3,146,724	(68,709,130)	(271,916)	(11,853,717)

GROUP - Prior period

	Share Capital	Currency Translation reserve	Other Reserve	Accumulated losses	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2021	56,453,281	(2,709,427)	2,410,416	(65,739,333)	(269,182)	(9,854,245)
Fair value of interest-free loans	-	-	420,583	-	910	421,493
Loss for the period	-	-	-	(1,086,254)	(7,678)	(1,093,932)
Other comprehensive income for the period	-	276,309	-	-	6,357	282,666
Balance at 31 March 2021	56,453,281	(2,433,118)	2,830,999	(66,825,587)	(269,593)	(10,244,018)

COMPANY - Current period

	Share Capital	Currency Translation reserve	Other Reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2022	171,550,476	461,405	581,652	(176,434,937)	(3,841,404)
Loss for the period	-	-	-	(258,133)	(258,133)
Other comprehensive income for the period	-	13,075	-	-	13,075
Balance at 31 March 2022	171,550,476	474,480	581,652	(176,693,070)	(4,086,462)

COMPANY - Prior period

	Share Capital	Currency Translation reserve	Other Reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2021	171,550,476	381,478	296,169	(175,792,258)	(3,564,135)
Loss for the period	-	-	-	(249,067)	(249,067)
Other comprehensive income for the period	-	65,231	-	-	65,231
Balance at 31 March 2021	171,550,476	446,709	296,169	(176,041,325)	(3,747,971)

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 3M2022 US\$	Unaudited 3M2021 US\$
Cash flows from operating activities		
Loss for the financial period	(231,522)	(1,093,932)
Adjustments for:		
- Depreciation of property, plant and equipment	15,181	15,518
- Fair value gains, financial liabilities at FVPL	(4,663)	(108,576)
- Interest income	(1,335)	(2,029)
- Interest expense	224,918	703,986
- Income tax expense	-	923
- Provision for mine reclamation and rehabilitation	21,797	14,365
- Unrealised currency translation differences	21,129	96,802
	<u>45,505</u>	<u>(372,943)</u>
Change in working capital:		
Inventories	(114,924)	227,194
Deposit and prepayments	13,093	(84,743)
Trade and other receivables	(2,322,017)	(684,685)
Trade and other payables	2,382,553	1,137,116
Other non-current liabilities	(14,860)	7,507
Cash (used in)/generated by operations	(10,650)	229,446
Tax paid	-	-
Net cash (used in)/generated from operating activities	<u>(10,650)</u>	<u>229,446</u>
Cash flows from investing activities		
Interest received	1,335	2,029
Net cash provided by investing activities	<u>1,335</u>	<u>2,029</u>
Cash flows from financing activities		
Repayment of borrowings	-	(315,595)
Principal repayment of lease liabilities	(18,929)	(15,398)
Interest paid	(847)	(4,002)
Withdrawal/(placement) of restricted cash	6,730	(653)
Net cash used in financing activities	<u>(13,046)</u>	<u>(335,648)</u>
Net decrease in cash and cash equivalents	<u>(22,361)</u>	<u>(104,173)</u>
Cash and cash equivalents at the beginning of the period	205,405	440,015
Effects of currency translation on cash and cash equivalents	(1,523)	(10,981)
Cash and cash equivalents at the end of the period	<u>181,521</u>	<u>324,861</u>

2. Condensed interim notes to the financial statements

2.1 Corporate Information

The Company is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The condensed interim consolidated financial statements for the three months ended 31 March 2022 and condensed interim statement of comprehensive income for the three months ended 31 March 2022, comprise the Company and its subsidiaries (collectively, the “Group”).

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

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

2.2 Basis of preparation

The condensed interim financial statements for the three months ended 31 March 2022 and the condensed interim statement of comprehensive income for the three months ended 31 March 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the year ended 31 December 2021.

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2020 and the unaudited financial statements for the year ended 31 December 2021, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.3.

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

Going concern basis

The Group reported a loss after tax of US\$231,522 (31 March 2021: US\$1,093,932) for the three months ended 31 March 2022. In addition, as at 31 March 2022, the Group’s current liabilities exceeded the current assets by US\$7,581,173 (31 December 2021: US\$7,531,524), and the Company’s current liabilities exceeded its current assets by US\$4,129,336 (31 December 2021: US\$3,885,598). These indicate the existence of material uncertainties that cast significant doubt about the ability of the Group and of the Company to operate as going concerns.

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

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

(ii) Revenue of the Group for the three-month period ended 31 March 2022 (“**3M2022**” or “**1Q2022**”) has improved by 48%, as compared to the three-month period ended 31 March 2021 (“**3M2021**” or “**1Q2021**”);

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

(iv) On 5 February 2020, the Company had announced that it has signed an offtake agreement with a new customer (on 29 January 2020) to supply coal at a minimum quantity of not less than 4.8 million tonnes of coal per year. On 12 May 2022, the Company announced that it has signed a second supplemental offtake agreement to extend the expiry date from 29 January 2022 to 31 May 2023. If successful, the profits from the sales under the offtake agreement are expected to improve the Group’s cash flow position; and

(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. In addition, management was successful in negotiating with Novel Creations Holdings Limited (“**Novel Creation**”), for an extension of up to 31 March 2024, on or before which Novel Creation has agreed not to demand repayment of the shareholders’ loans. Another shareholder, Twin Gold Ventures S.A. (“**TGV**”) has agreed not to demand for repayment of the shareholders’ loan on or before 31 March 2023.

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

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

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

Note 2: On 16 November 2020, the Company has obtained the approval of shareholders for the issuance of another S\$8.0M of convertible bonds under the Series B Convertible Bonds. These bonds may be subscribed at the option of the subscribers. As at the date of this announcement, the subscribers have not subscribed to the Series B Convertible Bonds.

2.3 New and amended standards adopted by the Group

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

2.4. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group’s accounting

policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the financial period ended 31 December 2020 and the unaudited consolidated financial statements as at end of the financial period ended 31 December 2021. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the view that there are no critical judgements involved which the management has made in the process of applying the Group's accounting policies that may have a significant effect on the amounts recognised in the condensed interim financial statements.

2.5. Seasonal operations

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

2.6. Segment and revenue information

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

2.7. Financial assets

	<u>Group</u>		<u>Company</u>	
	<u>As at</u> <u>31/3/22</u> <u>US\$</u>	<u>As at</u> <u>31/12/21</u> <u>US\$</u>	<u>As at</u> <u>31/3/22</u> <u>US\$</u>	<u>As at</u> <u>31/12/21</u> <u>US\$</u>
Trade receivables				
- Non-related parties	3,490,078	3,932,442	-	-
Other receivables				
- Non-related parties	10,028,599	7,401,693	27,516	29,578
- Subsidiaries	-	-	22,467,119	22,563,270
- Non-controlling shareholder of a subsidiary	8,361	8,426	-	-
	<u>10,036,960</u>	<u>7,410,119</u>	<u>22,494,635</u>	<u>22,592,848</u>
Less: Loss allowance	-	-	(22,184,923)	(22,302,005)
	<u>13,527,038</u>	<u>11,342,561</u>	<u>309,712</u>	<u>290,843</u>
Deposits	6,352	6,373	6,352	6,373
Restricted cash	65,116	72,404	-	-
Cash and cash equivalents	181,521	205,405	5,414	9,567
Total financial assets at amortised cost	<u>13,780,027</u>	<u>11,626,743</u>	<u>321,478</u>	<u>306,783</u>

2.8. Financial liabilities

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	31/3/22	31/12/21	31/3/22	31/12/21
	US\$	US\$	US\$	US\$
Trade and other payables	2,967,344	3,098,999	1,505,795	1,428,174
Accrued operating expenses	17,753,502	15,374,087	1,035,887	910,916
Financial liabilities, at amortised cost	1,195,933	1,138,053	1,195,933	1,138,053
Financial liabilities, at FVPL	678,188	685,123	678,188	685,123
Borrowings	78,720	91,216	63,319	72,683
Loans from shareholders	3,661,457	3,577,489	-	-
Total financial liabilities at amortised cost	<u>26,335,144</u>	<u>23,964,967</u>	<u>4,479,122</u>	<u>4,234,949</u>

2.9. Loans and borrowings

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	31/3/22	31/12/21	31/3/22	31/12/21
	US\$	US\$	US\$	US\$
<i>Current</i>				
Lease liabilities	41,435	44,450	36,876	36,843
<i>Non-current</i>				
Lease liabilities	37,285	46,766	26,443	35,840
Total borrowings	<u>78,720</u>	<u>91,216</u>	<u>63,319</u>	<u>72,683</u>

The lease liabilities (current and non-current) as at 31 March 2022 and 31 December 2021 are unsecured.

2.10. Loans from shareholders

The loans relate to shareholders' loans from TGV and Novel Creation. The loans are non-interest bearing, unsecured and repayable upon demand.

On 31 March 2022, the Group entered into an eighth supplemental deed with Novel Creation for an extension of up to 31 March 2024, on or before which Novel Creation has agreed not to demand repayment of the shareholders' loans. The date on or before which TGV has agreed not to demand repayment of the shareholders' loans remains on 31 March 2023. There has been no request for repayment to date by Novel Creation and TGV.

The Group has drawn down US\$4,184,847 of the shareholders' loan to date and the remaining undrawn facility amounts to US\$35,815,153. The Group has not drawn on its shareholders' loan facilities for 3M2022. Any movements arising are due to the fair valuation of the shareholders loans.

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

	As at 31/3 /22		As at 31/12/21	
	Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
Amount repayable in one year or less, or on demand				
Lease liabilities	-	41,435	-	44,450
Amount repayable after one year				
Lease liabilities	-	37,285	-	46,766
Shareholders' loan	-	3,661,457	-	3,577,489

2.11. Other income and other gains/(losses)

	3M2022 US\$	3M2021 US\$
Interest income	1,335	2,029
Other income	-	2,396
	<u>1,335</u>	<u>4,425</u>
Currency translation differences	<u>(19,295)</u>	<u>(106,488)</u>
	<u>(17,960)</u>	<u>(102,063)</u>

2.12. Loss before tax

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

	3M2022 US\$	3M2021 US\$
Cost of goods sold	2,245,070	1,225,158
Staff costs	154,463	208,741
Depreciation	15,181	15,518
Licensing and legal expenses	80,981	86,274
Professional fees	105,296	110,239
Rental expenses	9,897	12,587
Finance costs	224,918	703,986

2.13. Taxation

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

	3M2022 US\$	3M2021 US\$
Current income tax expense	-	923

3. Other information required by the listing rules

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

Changes in the Company's share capital

	No. of Shares	Share capital (US\$)
2022		
As at 1 January 2022	1,049,427,103	171,550,476
As at 31 March 2022	<u>1,049,427,103</u>	<u>171,550,476</u>
	No. of Shares	Share capital (US\$)
2021		
As at 1 January 2021	1,017,077,103	171,550,476
As at 31 March 2021	<u>1,017,077,103</u>	<u>171,550,476</u>

There were no changes in the issued and paid-up share capital of the Company from 31 December 2021 to 31 March 2022.

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

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

There were 133,333,332 outstanding convertible shares granted under the Series A Convertible Bonds, and no outstanding share options were granted as at 31 March 2022 and 31 March 2021.

There were no treasury shares or subsidiary holdings held or issued as at 31 March 2022 and 31 March 2021.

3.2 Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 March 2022	As at 31 December 2021
Number of issued shares excluding treasury shares	1,049,427,103	1,049,427,103

3.3 A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

3.4 A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

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

4. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The condensed consolidated statements of financial position of the Group and Company as at 31 March 2022, the related condensed interim consolidated statement of comprehensive income for the 3 months then ended, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the 3 months then ended, and certain explanatory notes have not been audited or reviewed by the Group's auditors.

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

Not applicable.

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

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

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

In respect of the audited financial statements for FY2021, being the latest completed financial year, the Company will be releasing it on or before 15 June 2022. Please refer to the Company's announcement dated 21 April 2022 for more details.

Notwithstanding the foregoing, in the Company's latest audited financial statements for FY2020, PKF-CAP LLP, the Group's auditors, had issued a disclaimer of opinion in respect of the Company's going concern ("**Going Concern Assumption**").

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

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

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

6. Whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been followed.

Accounting policies and methods of computations used in the consolidated financial statements for the quarter ended 31 March 2022 are consistent with those applied in the audited financial statements for the year ended 31 December 2020 and the unaudited financial statements for the year ended 31 December 2021, except for the adoption of accounting standards (including its subsequent amendments) and interpretations applicable for the financial period beginning 1 January 2022.

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

The Group has adopted all new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") that are effective for annual periods beginning on or after 1 January 2022.

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

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

	3M2021 US\$	3M2021 US\$
Loss attributable to equity holders of the Company for the financial year	<u>(232,844)</u>	<u>(1,086,254)</u>
Weighted average number of shares for the purpose of computing basic loss per share	<u>1,049,427,103</u>	<u>1,017,077,103</u>
Basic loss per share (cents)	(0.02)	(0.11)
Weighted average number of shares for the purpose of computing fully diluted loss per share	<u>1,182,760,435</u>	<u>1,150,410,435</u>
Fully diluted loss per share (cents)	(0.02)	(0.09)

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

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

	31 March 2022	31 Dec 2021
	US\$	US\$
Net liabilities of the Group	11,853,717	11,712,105
No. of ordinary shares in issue	1,049,427,103	1,049,427,103
Net liability value of the Group per ordinary share (cents)	1.13	1.12
Net liabilities of the Company	4,086,462	3,841,404
No. of ordinary shares in issue	1,049,427,103	1,049,427,103
Net liability value of the Company per ordinary share (cents)	0.39	0.37

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

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

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

Review of Profit & Loss

Revenue

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

Revenue amounted to US\$2.8M for 1Q2022 as compared to US\$1.6M for 1Q2021.

During 1Q2022, revenue increased by US\$1.2M or 75% due to an increase in sales volume of approximately 123%. The increase in sales volume was partially offset by a 21% decrease in unit selling price as more sales were transacted on an "free on board" basis.

Cost of sales

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

COS amounted to US\$2.2M in 1Q2022 as compared to US\$1.2M in 1Q2021.

COS increased by US\$1.0M or 83% due to an increase in sales volume and higher transportation costs from rising fuel prices.

Gross Profit

The Group recorded gross profit of US\$523K in 1Q2022, as compared to gross profit of US\$353K in 1Q2021.

The reduced gross profit margin from 22% in 1Q2021 to 19% in 1Q2022 was mainly due to a decrease in unit selling price and increased transportation costs.

Currency translation differences

The Group recorded a currency translation loss of US\$19K in 1Q2022, as compared to a currency translation loss of US\$106K in 1Q2021.

During 1Q2022, the currency translation losses were mainly due to translation differences on shareholders' loans at its Singapore and Indonesia subsidiaries. The United States Dollar (being the currency in which these liabilities are denominated) had strengthened against the Singapore Dollar and the Indonesia Rupiah (being the recording currencies for these liabilities), thereby accounting for the currency translation loss.

Fair value gains, financial liabilities at FVPL

The Group recorded fair value gains of US\$5K in 1Q2022, as compared to a fair value gain of US\$109K in 1Q2021, mainly from fair value movements in financial liabilities, fair value through profit or loss ("FVPL") in relation to the conversion options from the Series A convertible bonds.

Administrative Expenses

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

Administrative expenses amounted to US\$517K in 1Q2022, as compared to US\$749K in 1Q2021.

During 1Q2022, administrative expenses decreased by US\$232K or 31% due mainly to:

- a decrease in staff costs from lesser directors' fees declared, and
- a decrease in taxes and duties from lower amounts of taxable supplies purchased.

Finance Expenses

Finance expenses amounted to US\$225K in 1Q2022, as compared to US\$704K in 1Q2021.

During 1Q2022, finance expenses decreased by US\$479K or 68% due mainly to:

- lower finance costs arising from the profit-sharing arrangement with a cooperation partner as a result of lower gross profit margin for 1Q2022,

which was offset by:

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

Loss for the financial period

As a result of the abovementioned factors, the Group recorded a net loss of US\$232K in 1Q2022, as compared to a net loss of US\$1.1M in 1Q2021.

Review of Statement of Financial Position

Current assets

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

Current assets increased by US\$2.2M from US\$12.9M as at 31 December 2021 to US\$15.1M as at 31 March 2022.

The increase in current assets was due to the following:

- increase in other receivables of US\$2.6M due to higher sales and higher amounts of sales receipts held by the Group's cooperation partner for the purpose of paying vendors. Upon payment to the vendors, the receivables shall be offset accordingly. Due to slower payments to the vendors, the receivables have increased accordingly, and
- increase in inventories of US\$106K due to more production as the end of 1Q2022.

The increase in current assets was partially offset by the following:

- decrease in cash and cash equivalents of US\$24K, mainly arising from payments to suppliers offset against receipts from customers. Please refer to section titled "Review of Statement of Cash Flows" for more details; and
- decrease in trade receivables of US\$442K from collections of sales receipts from the Group's customers; and
- decrease in deposits and prepayments of US\$14K, mainly due to utilisation of prepayments to vendors for the Group's production activities.

Non-current assets

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

Non-current assets decreased by US\$16K from US\$156K as at 31 December 2021 to US\$140K as at 31 March 2022, mainly due to a decrease in the property, plant and equipment as a result of depreciation expenses of US\$15K.

Current liabilities

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

Current liabilities increased by US\$2.3M from US\$20.3M as at 31 December 2021 to US\$22.6M as at 31 March 2022. The increase was mainly due to the following:

- increase in accrued operating expenses of US\$2.4M from higher levels of production activity, and
- increase in financial liabilities, at amortised cost of US\$58K due to fair valuation of convertible bonds.

The increase in current liabilities was partially offset by:

- decrease in trade and other payables of US\$132K owing to mining and transportation contractors.

Consequent to the increase in current assets and current liabilities as set out above, the Group recorded a negative working capital of US\$7.6M as at 31 March 2022.

Non-current liabilities

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

Non-current liabilities increased by US\$76K from US\$4.3M as at 31 December 2021 to US\$4.4M as at 31 March 2022. The increase was mainly due to:

- increase in fair value movement in shareholders' loans of US\$84K, and
- increase in provision for mine reclamation and rehabilitation of US\$22K.

The increase in non-current liabilities was partially offset by:

- decrease in provision for employee benefits of US\$16K.

Going Concern and Working Capital

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

As stated in the going-concern assumptions provided in the annual report for FY2020, please see paragraphs (i) and (iii) below, as well as further updates and efforts undertaken by the Group in paragraphs (ii), (iv) and (v) below:

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

(ii) Revenue of the Group in 3M2022 has improved by 75% against 3M2021;

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

(iv) On 5 February 2020, the Company had announced that it has signed an offtake agreement with a new customer (on 29 January 2020) to supply coal at a minimum quantity of not less than 4.8 million tonnes of coal per year. On 12 May 2022, the Company announced that it has signed a second supplemental offtake agreement to extend the expiry date from 29 January 2022 to 31 May 2023. If successful, the profits from the sales under the offtake agreement are expected to improve the Group's cash flow position; and

(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. In addition, management was successful in

negotiating with Novel Creations, for an extension of up to 31 March 2024, on or before which Novel Creation has agreed not to demand repayment of the shareholders' loans. Another shareholder, TGV has agreed not to demand for repayment of the shareholders' loan on or before 31 March 2023.

Review of Statement of Cash Flows

3M2022

The Group recorded net cash used in operating activities of US\$11K for 3M2022 which was a result of changes in net working capital of US\$56K which was offset by operating gains before changes in working capital of approximately US\$46K..

Net cash provided by investing activities of US\$1K in 3M2022 was due to interest income from current account and time deposits.

Net cash used in financing activities of US\$13K was mainly due to principal repayment of lease liabilities.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of US\$22K in 3M2022.

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

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

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

As reported by Antara News¹ on 14 April 2022, the Minister of Energy and Mineral Resources ("ESDM"), Arifin Tasrif said the Indonesian Government will form a special coal entity in June 2022 to resolve the domestic coal supply problem in the long term.

The special coal entity will be formed in June 2022 through direct coordination with the Coordinating Ministry for Maritime Affairs and Investment.

The Indonesian Government has decided to form the special coal entity to ensure adequate domestic coal supply.

As reported by Big News Network² on 21 April 2022, the number of Indonesia's thermal coal shipments overseas is rising following Europe's ban on Russian coal amid the ongoing conflict in Ukraine. Russia, the world's third-largest coal supplier, dominates sales to Europe, but the Russian ban has disrupted supplies to Europe.

This year, Indonesia aims to produce about 663 million tons of coal, with around 166 million tons for the domestic market and about 497 million tons for exports.

Barring unforeseen circumstances, the indications of strong domestic demand for coal will bode well for the Group, which primarily operates in the Indonesian domestic market.

News Articles:

Note 1: <https://en.antaranews.com/news/225113/government-to-form-special-coal-entity-in-june-energy-minister>

Note 2: <https://www.bignewsnetwork.com/news/272502118/roundup-indonesias-coal-exports-increase-amid-russia-ukraine-conflict>

13. If a decision regarding dividend has been made:-

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

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for 1Q2022 as the Group is loss-making and requires the existing cash to fund its operating activities.

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

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules.

There were no interested person transactions entered into by the Group during 1Q2022.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

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

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

In 1Q2022, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US\$)	Actual usage of funds (US\$)
Production activities	30,000	28,000
General working capital	281,000	216,000
Total	313,000	244,000

Actual cash used for production activities and general working capital was less than forecasted by US\$69,000 as the Group intends to make the relevant payments in subsequent quarters.

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

For the second quarter ending 30 June 2022, the Group's uses of funds for production activities are expected to be as follows:-

Purpose	Amount
	(US\$)
Production activities	27,000
General working capital	316,000
Total	343,000

Principal Assumptions

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

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

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

18. Rule 705(7) of the 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 1Q2022, no exploration activities were conducted. In relation to production activities, a total of approximately 88,300 metric tonnes of coal were produced during 1Q2022.

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

During 1Q2022, the cash expenditure paid for production activities amounted to US\$244K.

Explanation for the variances from previous projections on the uses of funds/cash for 1Q2022 may be found in the paragraph titled "Rule 705(6)(a) of the Catalist Rules" above.

19. Confirmation by the Company pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings from all its directors and executive officers of the Company as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

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

On behalf of the Board, we, the undersigned, hereby confirm that to the best knowledge of the Board, nothing has come to the attention of the Board which may render the unaudited condensed interim financial statements for 1Q2022 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Soh Sai Kiang
Independent Non-Executive Chairman

Andreas Rinaldi
Executive Director and CEO

12 May 2022